MARKETING ORIENTATION AND BUSINESS PERFORMANCE
OF MOBILE PHONE COMPANIES IN KENYA

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

Signature ........................................ Date ................................

Elizabeth Mwende Mbonoka

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This research project has been submitted for examination with my approval as University supervisor.

Signature ........................................ Date ................................

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DEDICATION

This piece of work is dedicated to my Late Mum, who taught me that the best kind of knowledge to have is that which is learned for its own sake and that even the largest task can be accomplished if it is done one step at a time. To my mentor, Hassan; it was your support and encouragement that made my study a success.
ACKNOWLEDGEMENT

The process of this master’s project writing has been a wonderful learning experience in my academic life. It was filled with challenges and rewards. The completion of my present study leads to a new beginning and a step forward in my endeavors.

First and foremost I am grateful to God almighty the one above all, who has always been there in my endeavors in life including this study. My profound gratitude to my supervisor Catherine Ngahu and moderator Vincent Ndambuki for their insightful guidance; it’s through it that I was able to complete this great task. Am thankful for the corrections they made on my error friendly drafts, their continuous encouragement, support and guidance in writing this project. I am also indebted to my family, my boss at my place of work and friends whom I may not mention in person for their material and moral support which enabled me clear my MBA course successfully.
ABSTRACT

An accepted position among business executives is that external factors such as competition situation and market size are key success factors in the communication industry. Therefore it is a key function among the top leadership of a business unit to come up with appropriate strategies to capture opportunities presenting itself in the market and at the same time limit any threats present in the market. This means that business entities adjust their operations continuously so as to capture the opportunities that arise as well as vend of any business challenges that will affect the business strategies. Therefore, the capacity of a firm to re-orientation has a strong and positive impact on performance. However, in doing so, due consideration should be given to the specific firm capabilities used to implement market orientation into the target market. The objective of the study was to determine the effect of marketing orientation on business performance of mobile phone companies in Kenya. The study used primary data which was collected using self-administered questionnaires. The data collected was analyzed using statistical package for social sciences and presented in tables and charts. Regression analysis was undertaken to determine the relationship between marketing orientation and performance. The study found out that customer orientation has enabled the firms to ensure that its customers are satisfied, increase customer value, understanding customer needs, closely monitoring and assessing company level of commitment in serving customer needs. Customer orientation enabled the sales people regularly share information within the organization concerning competitors’ strategies, target customers when the company has opportunity, discuss competitors’ strength and weaknesses and responds rapidly to competitive actions. The inter-functional coordination was achieved by the companies through communication of customers’ information, all the departments being responsive to one another’s needs and requests, managers understanding how employees can contribute to the value of customers and that all the business functions are integrated in serving the needs of target markets. The regression analysis showed that customer orientation, competitor orientation and inter-functional coordination jointly influence the firm performance.
# TABLE OF CONTENTS

DECLARATION .................................................................................................................. ii

DEDICATION ................................................................................................................... iii

ACKNOWLEDGEMENT ................................................................................................... iv

ABSTRACT ....................................................................................................................... v

LIST OF TABLES ............................................................................................................. x

LIST OF FIGURES ........................................................................................................ xi

**CHAPTER ONE: INTRODUCTION** .............................................................................. 1

1.1 Background of the Study ......................................................................................... 1

1.1.1 Market Orientation Concept ............................................................................. 3

1.1.2 Organization Performance ................................................................................ 4

1.1.3 Mobile Phone Companies in Kenya ................................................................. 4

1.2 Research Problem ................................................................................................. 6

1.3 Research Objective ................................................................................................ 8

1.4 Value of the Study ................................................................................................ 8

**CHAPTER TWO: LITERATURE REVIEW** ................................................................. 10

2.1 Introduction .......................................................................................................... 10
2.2 Theoretical Foundation of the Study

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.1 Organizational Learning Theory</td>
<td>10</td>
</tr>
<tr>
<td>2.2.2 Resource Based View Theory</td>
<td>11</td>
</tr>
</tbody>
</table>

2.3 Marketing Orientation Strategies

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3.1 Customer Orientation Strategy</td>
<td>13</td>
</tr>
<tr>
<td>2.3.2 Competitor Orientation Strategy</td>
<td>15</td>
</tr>
<tr>
<td>2.3.3 Inter-Functional Coordination Strategy</td>
<td>16</td>
</tr>
</tbody>
</table>

2.4 Effect of Marketing Orientation on Performance

CHAPTER THREE: RESEARCH METHODOLOGY

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Introduction</td>
<td>21</td>
</tr>
<tr>
<td>3.2 Research Design</td>
<td>21</td>
</tr>
<tr>
<td>3.3 Target Population</td>
<td>22</td>
</tr>
<tr>
<td>3.4 Data Collection</td>
<td>22</td>
</tr>
<tr>
<td>3.5 Data Analysis</td>
<td>23</td>
</tr>
</tbody>
</table>

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

<table>
<thead>
<tr>
<th>Subsection</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Introduction</td>
<td>24</td>
</tr>
<tr>
<td>4.2 Response Rate</td>
<td>24</td>
</tr>
<tr>
<td>4.3 Demographic Profile</td>
<td>24</td>
</tr>
</tbody>
</table>
LIST OF TABLES

Table 4.1: Highest level of Education ................................................................. 25

Table 4.2: Customer orientation ................................................................. 29

Table 4.3: Competitor orientation ................................................................. 30

Table 4.4: Inter-Functional Coordination Strategy ......................................... 31

Table 4.5: Performance Indicators ................................................................. 33

Table 4.6: ANOVA Results for Regression Model ........................................... 34

Table 4.7: Regression Coefficients for Marketing Orientation Strategies ....... 35
LIST OF FIGURES

Figure 4.1: Length of service with the company ................................................................. 26

Figure 4.2: Number of Employees in the Companies......................................................... 27
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the present day business environment, rivalry and competition among the business firms has reached unprecedented heights and in the process acquiring and sustaining competitive edge has become a key strategy to survival for most of the firms. It is also claimed that market orientation plays an important role in the performance of business firms (Kirca, Jayachandran and Bearden, 2005). They point that market orientation provides an additional strategic dimension and is a fundamental approach to understanding markets since it provides better understanding of the environment and can satisfy the customer needs in a better way. Firms using Market Orientation perform better because they better understand their customers, rivals and channels. Indeed as Eisenhardt and Martin, (2000) opine, Market Orientation and market capabilities can act together to enable the organization to perform better than its competitors. Market Orientation can result in better customer relationship which can enhance performance outcomes like sales, growth, market share and profits.

Organizational learning theory (OLT) has advanced by Argyris and Schon (1978) suggests that product innovation in particular plays a key mediating role in the effect of market orientation on firm performance. It points out that market-oriented firms are actively engaged in the development of new knowledge and learning, which facilitates
effective product innovation to boost sales, market share, and other aspects of firm performance (Baker and Sinkula 2007). A stream of research has drawn on OLT to examine the mediating role of product innovation in the relationship between market orientation and firm performance. OLT contends that the effectiveness of organizational learning depends not only on how much firms learn but also on how firms learn and adapt. Thus firms must continuously study and adapt to their ever-changing environments. Thus, success depends not just on the amount of learning, but also on how the knowledge is learned and how the organization uses its information to adapt its future behaviors (Baker and Sinkula 2007).

The need to come up with marketing strategies has also affected the telecommunication industry. Currently there are three mobile phone companies in Kenya; Safaricom, Airtel/YU and Orange (Formerly Telkom Kenya). According to industry experts, in June 1999, Kenya had 15000 mobile phone subscribers. By the end of 2007, there were more than 13 million subscribers. The telecommunication industry like any other environment continues to transform with changes such as new taxation laws, innovative products and services, political shifts, stabilities and instabilities among others. The need to retain the largest market share in the midst of much competition has driven much of the strategic thinking adopted by these companies. Morgan (1988) equates this type of business management to surfing in a turbulent sea and asserts that like surfers, managers and their organizations have to ride on a sea of change that can twist and turn with all the power of the ocean. Consequently, there is need for the mobile firms to come up with strategies, such as re-orienting their businesses, to much the demands of the market.
1.1.1 Market Orientation Concept

Strategic orientation has been gaining more attention since it was recognized as the core element to success for many organizations. Gatignon and Xuereb (1997) postulate that marketing orientation is concerned with creating proper behaviors to will result in superior performance. This orientation focuses on the way a firm adapts to and interacts with its external environments (Zhou and Li 2010). Strategic orientation has also been described as strategic fit, strategic predisposition, strategic thrust, and strategic choice. They further point that strategic orientation as the way an organization responds to changeable environmental factors. Strategic orientation guides organizations to create proper strategies to achieve the goal effectively.

Market Orientation is a source of competitive advantage. Firms using Market Orientation perform better because they better understand their customers, rivals and channels (Hult and Ketchen, 2011). They further claim that Market Orientation and market capabilities can act together to enable the organization to perform better than its competitors. Market Orientation can result in better customer relationship which can enhance performance outcomes like sales, growth, market share and profits. However, due consideration should be given to the specific firm capabilities used to implement Market Orientation into the target market. In a business set up, market capabilities can be observed at different levels and many of these capabilities cross different functional areas. Capabilities associated with the implementation of market resources exploitation are normally linked with the marketing function (Daneels, 2007). This aspect has led many authors to believe that marketing capabilities are also positively related with business performance.
1.1.2 Organization Performance

The concept of performance is a fairly broad and it’s meaning changes in accordance with user’s perspective and needs (Lebas, 2005). Traditionally performance has been assessed through financial statements and in accounting terms (Avci, Madanoglu and Okumus, 2011). They point that in the case of listed corporation, accounting data and related financial statements are readily available in published form but in case of non-listed companies or small business ventures, financial data is normally treated as confidential information. Most of the times, respondents are reluctant to disclose actual figures.

In the service sector, non-financial performance receives serious consideration (Law, Cooper, Strong, Stewart, Rigby and Letts, 2006). Financial performance can be objectively measured through accounting ratios but non-financial performance has to be measured in subjective terms. Nonfinancial organizational performance is defined as the organization’s effective marketing activities and can be evaluated through customer satisfaction, customer loyalty, customer benefit and market share. Out of all these components, only market share can be measured in quantitative terms, whereas all the elements of financial performance can easily be measured quantitatively.

1.1.3 Mobile Phone Companies in Kenya

The mobile communication sector is the most vibrant in the industry and has grown over the years beginning at a few thousand subscribers in the 90’s to millions of subscribers currently. The types of mobile phone services available have also changed drastically. Mobile money transfer, SMS, email and internet services, video conferencing as well as
voice services are offered by the operators. There are currently three main players in this industry in Kenya; these include Safaricom, Airtel and Orange/Telkom Kenya. Licensing of these operators has seen the government make good of its promise to Kenyans to grow this sector. The overall government objective for this industry is on course as the industry optimizes its contribution to the development of the Kenyan economy, through ensuring availability of efficient, reliable and affordable communication services throughout the country.

Currently, there are over 33.6 million mobile phone users in Kenya which is around 82% of the population. Safaricom with approximately 22.5 million subscribers, controls 67.4% of the market, Bharti Airtel has around 22.6% of the subscriber base, with Orange Telkom having 10% (CAK, 2015). Mobile operators have partnered with multinational telecommunication equipment manufacturers and suppliers for provision of hi-tech communication equipment and services. Telecommunication vendors deal with manufacture, supply, installation, integration and commission of the telecommunication equipment as well as provision of related services for Network operators. They also undertake operation and maintenance, training, consultancy and network planning and optimization amongst others. In this regard, telecommunication vendors play a critical role in the growth of the industry. They are the pillars behind the success of telecommunication operators. Globally, the top telecommunication vendors are Huawei Technologies, Ericsson, Nokia, CISCO, Alcatel Lucent and ZTE Corporation. These six vendors together earn more than half of the world's telecom equipment and service revenue and share a common thread: they offer products and services across the entire telecom spectrum (Infonetics, 2015).
1.2 Research Problem

An accepted position among business executives is that external factors such as competition situation and market size are key success factors in the communication industry (Fu et al., 2005). Therefore it is a key function among the top leadership of a business unit to come up with appropriate strategies to capture opportunities presenting itself in the market and at the same time limit any threats present in the market. This means that business entities adjust their operations continuously so as to capture the opportunities that arise as well as vend of any business challenges that will affect the business strategies. Therefore, the capacity of a firm to re-orientation has a strong and positive impact on performance. However, in doing so, due consideration should be given to the specific firm capabilities used to implement Market Orientation into the target market (Daneels, 2007). The focus of market-oriented firms on understanding and satisfying customer needs often leads to a variety of worthwhile outcomes. These benefits include increased sales and market share as well as superior promotional efforts, customer service, employee morale, and product innovation.

The Mobile Service industry in Kenya has been recognized as one of the fastest growing sectors and at the same time witnessing high level of competition in Africa (World Bank Report, 2012). The telecommunication industry in Kenya like any other environment continues to transform with changes such as new taxation laws, innovative products and services, political shifts, stabilities and instabilities among others. The need to retain the largest market share in the midst of much competition has driven much of the strategic thinking adopted by these companies. The customers have at the same time become quite enlightened and demand better services than before albeit at a lower prices. With the
change of technology, many customers are adopting the use of cheap communication means such as the internet and Voice over Internet Protocol. Thus, in such a unpredictable market, managers of these firms will need to develop appropriate strategies that will help them to manage effectively emergent exogenous disturbance caused by the market competition. It is on the basis of these emergent challenges to the mobile phone companies that the present study will seek to establish the marketing orientation strategies that are employed by these mobile firms in Kenya.

This aspect of marketing orientation has led many authors to believe that marketing capabilities are also positively related with business performance. Vorhies et al. (2009) have taken this as one of the main hypotheses of their research and had concluded that there is a significant direct relationship between firm’s marketing capabilities and performance assessed in both subjective and objective ways. Despite these recent advances, we do not have a complete understanding of how strategic orientations influence firm performance. Hakala (2010) views market and entrepreneurial orientations as strategic orientation, whereas Rhee et al. (2010) claim that strategic orientation is a combination of learning and entrepreneurial orientations. Other studies done on marketing orientation strategies include Gachanja (2008) research on marketing orientation and sales growth of large manufacturing firms in the food industry in Nairobi. The study established that the firms that had adopted more marketing orientation programs did have better sales growth than those that had fewer programs. Njeru (2013) undertook a study on market orientation, marketing practices, firm characteristics, external environment and performance of tour firms in Kenya and established that firm characteristics do not influence firm performance nor moderate the relationship between
market orientation and marketing practices. Oduyo (2014) researched on the relationship between market orientation and performance of commercial banks in Kenya and established that there was significant positive relationship between and bank performance and customer orientation, competitor orientation and inter-functional coordination. With the absence of a comprehensive convergent views on how market orientation affect the business performance, the research question was therefore: What is the effect of marketing orientation strategies on the performance of mobile phone companies in Kenya?

1.3 Research Objective

i. To establish the marketing orientation strategies employed by mobile phone companies in Kenya;

ii. To determine the effect of marketing orientation strategies on the performance of mobile phone companies in Kenya.

1.4 Value of the Study

The study will be of value to theoretical knowledge of the study which lies in verifying the marketing orientation strategies as well as supporting the existing literature knowledge in this area by evaluating several response strategies adopted by the telecommunication firms. The study will shed new light on the degree to which firms possess specific marketing resources and marketing capabilities to implement marketing orientation. It is believed that MO is the market-sensing capability that provides a
knowledge base upon which firms develop a distinctive combination of marketing resources and marketing capabilities in their efforts to outperform competitors.

The management and staff of the Mobile service providers will find this study an invaluable source of material in developing and harnessing their strategic responses in the present day competitive business environment. This study will provide insight on some of the challenges that may be faced in the development and implementation of their marketing orientation strategies and how they can avoid them. The authorities will strive to avoid the pitfalls and capitalize on the strengths.

Other organizations can also find use in developing their unique strategic competitive responses that shall not be easily be imitable and thus create their own individual firm competitive advantages. The government and regulators of the industry will also find invaluable information in how competitive responses can be adopted and as a result put in place policies that will guide and encourage other organizations within and without the industry in implementing their strategies in an ethical manner.

The findings of this study are expected to contribute to research and practice, by elaborating the strategies that are pursued by the companies in order to respond to competition in the industry. The study may also add to the existing body of knowledge by stimulating new areas for further research through the findings and subsequent recommendations. The policy makers could use the results of the study to identify and bridge up gaps in the existing marketing strategies. Additionally, the study also helps researchers in provision of information as secondary data for future use in the academic arena.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter literature of relevance to the study was reviewed. Key areas of literature that took center stage in this section include the theoretical framework. The study further put into context marketing orientation strategies and the effect of marketing orientation on performance.

2.2 Theoretical Foundation of the Study

Theoretical foundation of the study helps in identifying a core set of connectors within a topic and showing how they fit together. This study will be guided by organizational learning theory and resource based view theory.

2.2.1 Organizational Learning Theory

The organizational learning theory on market orientation emphasizes identifying and meeting customers’ needs which can guide firms to engage in activities that generate, disseminate, and respond to information about customers, competitors, and the overall market (Narver and Slater 2003). Firms can act on this information to change their products or operations, either incrementally with a focus on exploitative (adaptive) learning, or radically with a focus on explorative (generative) learning. Many firms implement both types of innovation simultaneously, whereas others survive with little learning and innovation. Since the effectiveness of organizational learning depends on
how firms learn and adapt, radical and incremental innovation may have differential effects on both new product performance and overall firm performance. Because a firm’s market orientation influences how it acquires and uses information, OLT helps explain why market orientation may have important implications for organizational performance (Narver and Slater 2003).

Baker and Sinkula (2007) argue the impact of market orientation and learning orientation synergy. They said a company with lower learning capability is supposed to be weak in market flexibility and less adaptive. Oriented learning company is not only gaining and spreading market information or using market knowledge to find a new way in customer service but also continuously able to investigate market development. Slater and Narver (2005) explain that maximizing business ability in market learning and creating market orientation become the beginning that requires further process in the form of ongoing learning process. Learning orientation is the source of company competitive advantages. Therefore company should facilitate learning organization process as the main priority in business. Attitude and management action are supposed to facilitate learning and market orientation. Furthermore; both of them essentially need the spirit of innovation. The understanding that market implementation relies on the company capability to distinguish either their product or market activity is one step forward than the competitors so that innovative attitude will be created (Choe, 2013).

2.2.2 Resource Based View Theory

The resource-based view of the firm is concerned with the various internal attributes of a firm and considers organizations as bundles of resources (Barney, 1991). It is argued that because no two firms consist of identical sets of resources and capabilities, the unique
combination within a company represents the potential for sustainable competitive advantage. Hunt and Morgan (2009) argue that a successful implementation of market orientation requires skills, but that market orientation is itself not a skill. They describe market orientation as intangible, something that cannot be purchased, and a socially complex phenomenon which has components that are highly interconnected. Based on these arguments, Hunt and Morgan (2009) regard market orientation as a higher-order resource, hence something else than simply a skill or a resource. They further suggested that the firms which look for superior financial performance, they need to engage major innovations as a new resource to become competitive advantage as compare to the competitors. Market orientation serves as the intangible resources offered value for market segments to the firm to produce efficiently and/or effectively.

Sandvik (2011) argue that this theoretical perspective can contribute to the understanding how and why market orientation contributes to achieving and sustaining competitive advantages. He considers market orientation as learning capabilities and argues that market orientation creates and develops market knowledge. Day (2013) argue that firms need many capabilities to be able to carry out necessary activities to create superior value for customers. Hence, market orientation in terms of the ability to gain market intelligence is one necessary, but not sufficient, capability to achieve and sustain competitive advantages. Ordinary capabilities enable firms to better handle the day-to-day issues arising in their customer relations by utilizing their market intelligence to make short term improvements. Dynamic capabilities allow firms to develop high quality products and processes based on their market intelligence resources in order to meet the requirements of customers and the competition from other sellers. Gounaris and Arlonitis
(2011) noted that market oriented firms are informed regarding the market and the potential for sustainable competitive advantages. Such firms may be more aware of their shortcomings in regard to exploiting potential advantages than their less market oriented competitors. Hence, market oriented firms may also acknowledge the value and importance of both ordinary and dynamic capabilities and make efforts to create and develop such capabilities. The application of this theory will lay the organization to observe and take up market orientation as one of the important strategy in performing their marketing strategy to achieve superior performance.

2.3 Marketing Orientation Strategies

For a business to maximize its long-run profits, it must continuously create superior value for its target customers. Organizations that work with rapidly changing technologies may be able to obtain a competitive advantage through technological innovation together with the market orientation (Etel et al. 2014). According to Narver and Slater (1990), market orientation is a one-dimension construct consisting of three closely interrelated behavioural components namely customer orientation, competitor orientation and inter-functional coordination.

2.3.1 Customer Orientation Strategy

Customer orientation is concerned with sufficient understanding of target customers to be able to create superior value. It requires that a marketer understands a buyers entire value chain (Day and Wensley, 2008). A customer focus is a critical element in determining market orientation. In order to serve the market better than competitors, market orientation requires the availability of all the various kinds of information regarding
existing and latent needs and wants of the customers and the factors affecting the fulfillment of those needs and wants. In this connection, Gounaris and Arlonitis (2011) suggested that, having made this information available, a companywide mobilization to satisfy customers’ needs and want should follow. Thus, availability of information on customers’ needs and wants at a companywide level becomes a major issue in the development of market orientation (Kohli and Jaworski, 1990).

Over the years, there has been increasing interest in the role of use of market information for strategic purposes. Choe (2013), external factors such as competition, uncertainty and needs are driving forces for strategic applications of market information. Collection and use of market information enabled by information systems is broadly considered to be a competitive weapon to cope with uncertain and volatile environments. Companies can deal with uncertainty by increasing their information inter organizational links between customers and suppliers. Knowledge-based resources and information gathering include specific technical and creative skills as well as integrative and coordinative skills (Mata et al., 2011). When customers tastes and rivals’ strategies are dynamic, there is need to redesign or adapt the product. Firm innovativeness described by the development and marketing of innovations is likely to involve market, technology and competitor uncertainty. This means need for new information, technical changes and new organizational arrangements.

It is essential that senior managers are committed to the concept of market orientation and fully understand the role of market information and sound overall intelligence. Strategy formulation and implementation necessitates the active participation and commitment of
staff throughout an organization. Clark (2010) posit that, companies need intelligence gathering capabilities to keep up with technology development, including both formal processes and information systems, and informal systems that involve employees and senior managers to have the responsibility to the company to gather, disseminate and interpret technological information. The more informed individuals engage more in problem solving discussions and create significant number of innovation which is associated with the ability to access knowledge from outside the boundaries of the firm and the ability to integrate knowledge across departmental boundaries within the firm. Kohli and Jaworski (1990) notes that the level of market orientation in a business unit in obtains and uses information from customers, develops a strategy which will meet customers’ needs, and implements that strategy by being responsive to customer needs and wants.

2.3.2 Competitor Orientation Strategy

Competitor orientation emphasizes understanding of the strengths and weaknesses of existing and potential competitors and at the same time monitoring competitor behaviours in order to meet the latent and potential needs of the target customer (Narver & Slater, 1990). Shin (2012) suggests that to understand current and potential competitors, a firm can assess its position, develop appropriate strategies, and respond quickly to competitors’ actions with prompt precise actions in the short run and at the same time modify marketing programmes in the long run. They noted that the capabilities arising from a market orientation enable the business to identify and exploit discontinuities in its current markets as well as un-served markets. As a form of business culture, a market orientation is difficult for competitors to observe and understand, much less to imitate
and, thus, is a competitive advantage (Slater and Narver, 1998). Therefore, a business’s opportunities for success will be maximized when all organizational members recognize that they can contribute to create buyer value and are motivated and empowered to do so.

Firms should adjust to market dynamics caused by competitors and better understand the changing market needs since the objective of a competitor oriented firm is to keep pace with or remain ahead of competitors (Han et al., 2011). The ability of a firm to offer superior product/service offering, competitive pricing strategy, differentiated channel management, unique marketing communication and continuous marketing research activities can be supported better by high levels of competitor orientation which can lead to superior firm performance. Alhakimi & Baharun (2009) noted that for a company to gain sustained advantages over competitors it is not enough to collect market intelligence and share it throughout the company. What is needed is an organization’s effective response capability based on intelligence and knowledge. They note that customer orientation need not necessarily result in customer response capability if the propensity to respond is not matched by the corresponding ability to respond. It can be concluded that the market orientation effect is determined by the company’s customer response capability and vice versa.

2.3.3 Inter-Functional Coordination Strategy

The inter-functional coordination is based on the existing information regarding the clients and competition and requires the integrated effort of all the departments of the institution and not just the one of marketing to create more value for their consumers (Akonkwa, 2009). Firms that seek effective inter-functional coordination do so from the
understanding that synergy among company members is required and value for customers is created (Alhakimi & Baharun, 2009). This view had earlier been advanced by Mata et al., (2011) who asserted that every department, facility, branch office and or any other organizational unit must be well-defined and understood and that all employees must recognize their role in helping the firm achieve and sustain competitive advantage. The inter-functional coordination and the execution of the marketing programmes may help firms generate better customer value and superior firm performance.

Ignacio et al., (2012) argued internal integration and coordination must be a faithful illustration among the organizations’ members in developing a group of activities aimed at the satisfaction of the target market. In this connection, Kohli and Jaworski (1990) suggested that, for an organization to adapt to market needs, market intelligence must be communicated, disseminated, and perhaps even sold to relevant departments and individuals in the organization. Reichheld (2013) found that market orientation is not marketing orientation, because a market orientation does not suggest that only the marketing department has the most important role here. On the contrary, market orientation emphasizes that all departments and all employees are aware of the fact that their job attitude towards internal and external customers is crucial.

2.4 Effect of Marketing Orientation on Performance

Market orientation is significantly important in enabling firms to understand the market place and develop appropriate product and service strategies to meet customer needs and requirements (Liu et al., 2012). Menguc and Auh (2006) noted that market orientation significantly contributes to firm performance through firm innovativeness. They find that
being innovative positively affects the influence of market orientation on firm performance. They also demonstrate that the effect of market orientation on firm performance is reinforced by firm innovativeness. Similarly, Slater and Narver (1994) name firm innovativeness as one of the core value-creating capabilities that drive positive relationships between market orientation and firm performance. Han et al., (2008) adopt this idea, with firm innovativeness serving a mediating role. Their findings suggest that market orientation contributes to firm innovativeness and, in turn, has a positive effect on firm performance, therefore showing the mediating effect of firm innovativeness. Keskin (2006) shows that market orientation can indirectly affect a firm’s performance through the firm’s innovative strategy in a study of 157 firms in Turkey. The study indicates that market orientation has a huge effect on customer satisfaction, using a firm’s innovative strategy as a medium.

Market-oriented firms that actively understand and utilize information about their customers, competitors, and business environments may directly improve new product and firm performance through all aspects of their marketing mixes and not just their product portfolios (Narver, Slater, and MacLachlan 2004). Moreover, market orientation provides firms with market-sensing (market information processing) as well as customer-linking capabilities. Market-oriented firms encourage employees to work toward the common goal of satisfying customers. As a result, market-oriented firms can build up higher-quality and longer-term relationships with their customers. Employees in market-oriented firms tend to have higher job satisfaction and commitment, which in turn improve firm performance (Kirca, Jayachandran, and Bearden 2005).
Etel et al. (2014) posit that managers who adopt a market orientation recognize that marketing is vital to the success of their organization. This realization is reflected in a fundamental approach of doing business that gives the customer the highest priority. It emphasizes customer orientation and coordination of marketing activities to achieve the organization’s performance objectives. A strong market orientation is required to focus organization on those environmental events that are likely to influence their ability to increase customers’ satisfaction relative to competitors. According to Kohli and Jaworski (1990) market orientation may not have critical importance in turbulent environments. Technical turbulence moderates customer and competitor orientations Impact upon innovation performance. Kohli and Jaworski (1990) suggested that market orientation leads to satisfied customers who spread the good work regarding the product and keep purchasing the product on a continuous basis. This means that market orientation leads to greater customer satisfaction as well as to repeat business.

Jaworski and Kohli (1993) put forward that recent research shows that the strength of the relationship between market orientation and firm performance is not influenced by the environment. As a result implementation of a market oriented strategy, reaching to market feedback may allow a firm to adapt successfully to external environmental changes. However, while a strong market orientation may keep a firm on a steady course, it may not necessarily constitute a dominant market position for the firm. Firms with both strong learning and market orientations may be best able to respond to environmental forces through learning that enables innovative and reactive market place behaviour (Baker and Sinkula, 2009).
Mata et al., (2011) posit that market orientation if implemented in an organization leads to increase in the performance of an organization, both financially and non-financial, this is because the organization will be assumed to be in a better position to provide customers with superior goods and services that meet customer requirements through innovativeness and also be in a better position to compete. This will be made possible because market orientation will help the organization to gather information on customers and competitors and disseminate such information within functional units/employees in the organization. This information disseminated will be used to the organization’s advantage of creating value (through innovativeness) for customers and also beat the competition. Reichheld (2013) argued that loyal customers could increase a firm’s profitability through the absence of acquisition costs, lowering operating costs and enhancing price tolerance. Market share will lead to profitability due to economies of scale and experience effects.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out the study. The chapter describes the proposed research design, the target population, data collection instruments and the techniques for data analysis.

3.2 Research Design

Research design provided the conceptual framework within which research was conducted; it constituted the blueprint or roadmap for the collection, measurement and analysis of data (Kothari, 2007). Furthermore, a research design was structured, has investigative questions and part of formal studies. The research design adopted in the study was a cross sectional descriptive design.

A cross sectional study looks at data collected across a whole population to provide a snapshot of that population at a single point in time. This kind of study was used to determine the effect of marketing orientation on business performance of mobile phone companies in Kenya. Descriptive design method provided quantitative data from cross section of the chosen population. This design provided further insight into research problem by describing the variables of interest.
3.3 Target Population

Population refers to an entire group of individuals, events or objects having common characteristics that can be observed and measured (Yin, 2003). A research study’s target population should be clearly defined and the unit of analysis should be identified, which is not easy sometimes. The target population consisted of all the units being studied. The unit of analysis is the entity or who is being analyzed.

The population of the study comprised of all the three mobile operators operating in Kenya. According to CCK (2015), there are 3 mobile phone companies operating in Kenya and all of them participated hence the study was a census survey. The respondents were marketing managers, business development managers, customer relationship managers and corporate affairs managers in all the three mobile operators. Thus four questionnaires were distributed to each company.

3.4 Data Collection

The study used primary data which was collected through self-administered questionnaires containing both open ended and closed questions. A questionnaire, as the data collection instrument of choice is, easy to formulate and administer and also provides a relatively simple and straightforward approach to the study of attitudes, values, beliefs and motives (Robson, 2002).

The questionnaires were distributed through ‘drop and pick’ method. There was a follow-up to ensure that questionnaires are collected on time and assistance to the respondents having difficulty in completing the questionnaires offered. Follow-up calls were made to
ensure that the questionnaires are dully filled within a reasonable period of time. This ensured that the information gathered was valid, reliable and suitable for the study. To measure business performance, each respondent in this study was asked to evaluate his/her company’s current business performance in local market relative to its major competitors.

3.5 Data Analysis

The data collected was analyzed using descriptive statistics (measures of central tendency and measures of variations). Once the data was collected, the questionnaires were edited for accuracy, consistency and completeness. However, before final analysis was performed, data was cleaned to eliminate discrepancies and thereafter, classified on the basis of similarity and then tabulated. The responses were coded into numerical form to facilitate statistical analysis.

Data was analyzed using statistical package for social sciences based on the questionnaires. In particular mean scores, standard deviations, percentages and frequency distribution was used to summarize the responses and to show the magnitude of similarities and differences. Results were presented in tables and charts. The Likert scale was used to analyze the mean score and standard deviation. Thereafter regression analyses were carried out in order to assess the relative importance of customer orientation, competitor orientation and inter-functional coordination on firm performance.
CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to determine the effect of marketing orientation on performance of mobile phone companies in Kenya. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations.

4.2 Response Rate

A total of 12 questionnaires were issued out and only 11 were returned. This represented a response rate of 92%. This response rate was adequate for data analysis and conforms to Mugenda and Mugenda (2003) stipulation that a response rate of 70% and over was adequate.

4.3 Demographic Profile

The demographic information considered in the study was respondents’ highest level of education, length of service with the mobile phone company and the number of employees in the company.

4.3.1 Level of Education

The respondents were requested to indicate the highest level of education they have attained. The level of education was important in order for the respondents to give a
description of the influence of market orientation on the performance of the companies. The results are presented in Table 4.1.

Table 4.1: Highest level of Education

<table>
<thead>
<tr>
<th>Highest level of education</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post graduate level</td>
<td>45.5</td>
<td>45.5</td>
</tr>
<tr>
<td>University</td>
<td>45.5</td>
<td>90.9</td>
</tr>
<tr>
<td>Tertiary</td>
<td>9.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher (2015)

The results indicate that 45.5% of the respondents had attained university level, another 45.5% of the respondents said that post graduate level was their highest level of education while 9.1% of the respondents indicated that tertiary level was their highest level of education. The results indicate that majority of the respondents have attained university level and above and therefore they would understand the effect of market orientation on the performance of the companies. The level of education has been cited as a critical success factor in helping firms survive and manage in difficult conditions and to improve business profitability.

4.3.2 Length of Service with the Company

The respondents were requested to indicate the length of service with the mobile phone company. Length of service with the company was important in order to determine the
respondents’ level of understanding of internal information pertinent to the company. The results are presented in Figure 4.1.

Figure 4. 1: Length of Service with the Company

Source: Researcher (2015)

The results show that 45.5% of the respondents have worked in the mobile phone companies for a period of between 5 and 10 years, 36.4% of the respondents indicated that they have worked in their respective mobile phone companies for less than 5 years while another 18.2% of the respondents indicated that they have worked in the mobile phone companies for over 10 years. The results indicate that majority of the respondents have worked in the mobile companies for a long time and therefore they understand the influence of market orientation on the performance of the companies and what needs to be done in order to get it right.
4.3.3 Number of Employees in the Companies

The respondents were asked to indicate the number of employees in the mobile phone company. This was important for the study as the number of employees indicate the size of the company. The results are presented in Figure 4.2.

**Figure 4.2: Number of Employees in the Companies**

![Bar chart showing percentage of companies with above 500 employees and between 100 and 499 employees.]

Source: Researcher (2015)

The results on the number of employees show that 54.5% of the companies have above 500 employees while 45.5% of the mobile phone companies have between 100 and 499 employees. The results indicate that the mobile phone companies have employed many employees and therefore in order to meet its operations costs, the companies need to undertake market orientation in order to improve its performance.

4.4 Marketing Orientation

Market orientation is a source of competitive advantage for firms as it enables them to perform better through better understanding of customers, rivals and channels. The respondents were requested to indicate the influence of market orientation on
performance of mobile phone companies in a five point Likert scale. The range was ‘strongly disagree (1)’ to ‘strongly agree’ (5). The scores of strongly disagree and disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; (0 ≤ S.E <2.4). The scores of ‘moderate extent’ have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale; (2.5 ≤ M.E. <3.4) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; (3.5 ≤ L.E. <5.0). A standard deviation of >0.9 implies a significant difference on the impact of the variable among respondents.

4.4.1 Customer Orientation

The respondents were requested to indicate the need of the mobile phone company to understand customer orientation and its influence on performance of the company. The results are presented in table 4.2 below.
Table 4.2: Customer Orientation

<table>
<thead>
<tr>
<th>Customer orientation</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company closely monitors and assesses our level of commitment in serving customer needs</td>
<td>3.8182</td>
<td>1.0787</td>
</tr>
<tr>
<td>The company business strategies are driven by goal of increasing customer value</td>
<td>4.1818</td>
<td>.4045</td>
</tr>
<tr>
<td>The company competitive advantage is based on understanding customer needs</td>
<td>3.9091</td>
<td>.8312</td>
</tr>
<tr>
<td>The company business objectives are driven by customer satisfaction</td>
<td>4.2727</td>
<td>.7862</td>
</tr>
<tr>
<td>The company pay close attention to after-sale-service</td>
<td>3.7273</td>
<td>.9045</td>
</tr>
</tbody>
</table>

Source: Researcher (2015)

The findings indicate that customer orientation enables the company to ensure that its customers are satisfied thus driving business objectives (mean 4.2727); increasing customer value with a mean score of 4.1818 and understanding customer needs thus enabling the company achieve competitive advantage (mean 3.9091). The study further established that customer orientation enables the company to closely monitor and assess company level of commitment in serving customer needs with a mean score of 3.8182 and that the company pays close attention to after-sale-service (mean 3.7273). The results indicate that customer orientation was being considered by the company as this will enable the company to understand customer needs and come up with ways to ensuring customer satisfaction.
4.4.2 Competitor Orientation

The respondents were requested to indicate the influence of competitor orientation on the mobile companies. This was important for the study in order to determine the strengths of the company in comparison to the competitors.

Table 4.3: Competitor Orientation

<table>
<thead>
<tr>
<th>Competitor orientation</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company responds rapidly to competitive actions that threaten our company</td>
<td>3.5636</td>
<td>1.0269</td>
</tr>
<tr>
<td>Top management regularly discusses competitors’ strength and weaknesses</td>
<td>3.6364</td>
<td>.8090</td>
</tr>
<tr>
<td>Customers are targeted when the company has an opportunity for competitive advantage</td>
<td>4.0909</td>
<td>.7006</td>
</tr>
<tr>
<td>The company sales people regularly share information within the organization concerning competitors’ strategies</td>
<td>4.2727</td>
<td>.7862</td>
</tr>
</tbody>
</table>

Source: Researcher (2015)

The finding on customer orientation was that the company sales people regularly share information within the organization concerning competitors’ strategies (mean 4.2727).

The respondents further noted that customers are targeted when the company has an opportunity for competitive advantage (mean 4.0909); top management regularly discusses competitors’ strength and weaknesses with a mean score of 3.6364 and that the
company responds rapidly to competitive actions with a mean score of 3.5636. From the results, the mobile companies undertake customer orientation in order to understand the competitors’ strategies, strength and weaknesses and also the customers when they have competitive advantage over competitors.

4.4.3 Inter-Functional Coordination strategy

The respondents were requested to indicate the influence of inter-functional strategy in order to find out synergy that exists in the whole company in order to create value for customer. The results are presented in table 4.4.

Table 4. 4: Inter-Functional Coordination Strategy

<table>
<thead>
<tr>
<th>Inter-Functional Coordination Strategy</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers in the company understands how employees can contribute to the value of customers</td>
<td>3.8543</td>
<td>.6466</td>
</tr>
<tr>
<td>Top managers from across the company regularly visit our current and prospective customers</td>
<td>3.6364</td>
<td>1.1200</td>
</tr>
<tr>
<td>All the departments in our company are responsive to one another’s needs and requests</td>
<td>4.1052</td>
<td>.8944</td>
</tr>
<tr>
<td>All of our business functions (e.g., marketing/sales, manufacturing, etc.) are integrated in serving the needs of our target markets</td>
<td>3.7273</td>
<td>.9045</td>
</tr>
<tr>
<td>Information about customers is freely communicated throughout the organization</td>
<td>4.2727</td>
<td>.7862</td>
</tr>
</tbody>
</table>

Source: Researcher (2015)
The finding on the use of inter-functional coordination by the mobile companies was that information about customers is freely communicated throughout the organization with a mean score of 4.2727. The study further established that all the departments are responsive to one another’s needs and requests (mean 4.1052); that the managers understand how employees can contribute to the value of customers with a mean score of 3.8543 and that all the business functions are integrated in serving the needs of target markets (mean 3.7273). The respondents noted that top managers regularly visit current and prospective customers with a mean score of 3.6364. From the findings, the inter-functional coordination was being used mobile companies through free communication throughout the organization and departments in order to understand the customers’ needs and come up with strategies that will ensure that the companies meet the needs of prospective and current customers.

**4.5 Performance Indicators**

The respondents were requested to indicate the effect of market orientation on performance of the companies. This was important for the study in order to determine whether market orientation has an effect on the performance of the companies.
Table 4.5: Performance Indicators

<table>
<thead>
<tr>
<th>Performance Indicators</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the profits of the company</td>
<td>4.1058</td>
<td>1.0954</td>
</tr>
<tr>
<td>Increase the company sales volume</td>
<td>3.5196</td>
<td>1.2135</td>
</tr>
<tr>
<td>It enhances the purchase of organizational products by the consumer</td>
<td>3.9091</td>
<td>.8312</td>
</tr>
<tr>
<td>Helps in increasing the market share of the company</td>
<td>3.3727</td>
<td>1.1037</td>
</tr>
<tr>
<td>It enhances the organization relationship with its customers (customer retention)</td>
<td>3.4545</td>
<td>1.1281</td>
</tr>
<tr>
<td>Customer orientation enables the company to be innovative</td>
<td>3.5042</td>
<td>1.2135</td>
</tr>
<tr>
<td>Increased return on investment</td>
<td>3.8182</td>
<td>1.0787</td>
</tr>
</tbody>
</table>

The results indicate that market orientation affects the performance of the companies as it increases the profits with a mean score of 4.1058. The respondents further noted that market orientation enhances the purchase of organizational products by the consumer and that it increases return investment with a mean score of 3.9091 and 3.8182 respectively. The respondents further said that marketing orientation increases company sales volume (mean 3.5196) and that it enables the company to be innovative (mean 3.5042). The respondents were neutral on whether marketing orientation enhances the organization relationship with its customers with a mean score of 3.4545 and whether it increases market share (mean 3.3727). From the results, the performance of the mobile companies
is affected by marketing orientation as it increases profits, purchase of products, return 
investment, sales and innovativeness of the companies.

4.6 Relationship between Marketing Orientation and Performance

The relationship between the marketing orientation strategies (customer orientation, 
competitor orientation and inter-functional) coordination and bank performance was 
tested by using linear regression analysis, based on the regression model presented. When 
mobile phone performance was regressed against the components of marketing 
orientation, the ANOVA results shown in Table 4.6 indicated that the regression model 
was significant (p<0.05).

Table 4.6 : ANOVA Results for Regression Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>472.309</td>
<td>3</td>
<td>157.436</td>
<td>21.862</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>252.050</td>
<td>35</td>
<td>7.201</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>724.359</td>
<td>38</td>
<td>7.201</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Orientation, Competitor Orientation, Inter-
functional Coordination

b. Dependent Variable: Performance

The regression model coefficient results for the independent variables (marketing 
orientation strategies) were as shown in Table 4.7.
Table 4.7: Regression Coefficients for Marketing Orientation Strategies

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>1.034</td>
<td>5.872</td>
<td>.176</td>
</tr>
<tr>
<td></td>
<td>Customer orientation</td>
<td>.539</td>
<td>.239</td>
<td>.244</td>
</tr>
<tr>
<td></td>
<td>Competitor orientation</td>
<td>.603</td>
<td>.126</td>
<td>.594</td>
</tr>
<tr>
<td></td>
<td>Inter-functional coordination</td>
<td>.171</td>
<td>.152</td>
<td>.140</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance

The multivariate correlation and regression analysis revealed that at p<0.05, MO strategies namely customer orientation, competitor orientation and inter-functional positively affected mobile companies performance. Thus, the resulting regression model would be:

Performance = 1.034 + 0.539(Customer Orientation) + 0.603(Competitor Orientation) + 0.171(Inter-functional Coordination).

The results in Table 4.6 reveal that customer orientation, competitor orientation and inter-functional coordination jointly influence the firm performance. Table 4.7 show competitor orientation had β value of .594 which was statistically significant (p-
value=.011) while inter-functional coordination had a β value of .140 which was not statistically significant. The results of the study show that performance of mobile telephone firms is highly influenced by competitor orientation and customer orientation.

4.7 Discussion

To survive in the dynamic environment, organizational strategies need to focus on their customers and dealing with emerging environmental changes in its operating environment. A customer therefore is core to an organization and ought to be satisfied with the products of the organization for it to succeed in an ever changing environment. Choe (2013) noted that the external factors such as competition, uncertainty and needs are driving forces for strategic applications of market information. Collection and use of market information enabled by information systems is broadly considered to be a competitive weapon to cope with uncertain and volatile environments. This is consistent with the findings of the study in that customer orientation enables the company to ensure that its customers are satisfied, increasing customer value, understanding customer needs, closely monitoring and assessing company level of commitment in serving customer needs.

The intensified competition for the mobile telephony markets has also led to the relevance of market orientation as an important firm strategy for the success of mobile firms as they market and grow their market share. The study established that the company sales people regularly share information within the organization concerning competitors’ strategies, targeting customers when the company has opportunity, top management regularly discussing competitors’ strength and weaknesses and that the company
responds rapidly to competitive actions. These results were found to be consistent with Alhakimi and Baharun (2009) findings which established that for a company to gain sustained advantages over competitors it is not enough to collect market intelligence and share it throughout the company. What is needed is an organization’s effective response capability based on intelligence and knowledge. They note that customer orientation need not necessarily result in customer response capability if the propensity to respond is not matched by the corresponding ability to respond. Shin (2012) suggests that to understand current and potential competitors, a firm can assess its position, develop appropriate strategies, and respond quickly to competitors’ actions with prompt precise actions in the short run and at the same time modify marketing programmes in the long run.

Given the complexities of the market place, increased competition, globalization, changing customer needs and wants, firms require a strong market orientation and innovative marketing practices to remain competitive. They should therefore manage their target markets more efficiently and effectively than their competitors. This requires them to be inter-functionally oriented. Inter-functional coordination is aimed at internal environment, however, the effects of inter-functional coordination are connected with internal, external and branch environment as well. According to Tomaskova and Kopfova (2011) management has high impact on inter-functional coordination and employees. Improving of management style leads to improving inter-functional coordination. Improvements in internal processes are visible during a short period. Employees can perceive changes very soon. Improvements in branch and external environment need more time. This was found to be consistent with the findings of the study which established that information about customers is freely communicated throughout the
organization, all the departments are responsive to one another’s needs and requests, managers understands how employees can contribute to the value of customers and that all the business functions are integrated in serving the needs of target markets.

Based on the findings of this study, the study concludes that the three components of market orientation in the context of the mobile telephony sector are interdependent, and inter-functional coordination has an impact on customer and competitor orientations in the companies. The level of adoption of each of the three components of market-orientation positively influences the level of mobile phone companies’ performance.
CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes and discusses the findings in relation to the research problem and research objectives. The chapter is thus outlined into summary of the findings, conclusions, recommendations, limitations of the study and suggestions for further research.

5.2 Summary of Findings

The study found out that the mobile companies value their customers as this will ensure that they achieve competitive advantage over their competitors. The companies were found to be utilizing customer orientation as it enabled the firms to ensure that its customers are satisfied, increasing customer value, understanding customer needs, closely monitoring and assessing company level of commitment in serving customer needs. Greater consumer satisfaction, eventual competitive advantage over competitors, and the resultant increase in profits are the likely results of an organization whose employees have been thoroughly trained in market orientation. Customers are the primary stakeholders for market oriented businesses. Employees are treated well because they are the customer value creators.

The competition in the mobile phone industry has seen the companies adopt customer orientation in order to respond adequately to competition in the industry. The results
found out that in the companies, the sales people regularly share information within the organization concerning competitors’ strategies, target customers when the company has opportunity, top management regularly discussing competitors’ strength and weaknesses and that the company responds rapidly to competitive actions. The inter-functional coordination enables the companies to ensure that the whole organization work towards the achievement of the set objectives and this was achieved by the mobile companies through freely communication of customers’ information, all the departments being responsive to one another’s needs and requests, managers understanding how employees can contribute to the value of customers and that all the business functions are integrated in serving the needs of target markets.

The study established a positive and significant relationship between market orientation and performance of the mobile phone companies in Kenya. This suggested that for mobile phone firms to achieve superior performance outcomes, they need to operate on customer-led approaches, monitor the competitor strategies and strengthen their Interfunctional integration.

5.3 Conclusion

Today’s consumers are highly knowledgeable and demanding. For the mobile phone companies to succeed in the competitive environment, they have to be responsive to the needs and wants of their target customers better than competitors. This call for companies to be customer-focused, competitor-oriented and utilization of the firms’ scarce resources efficiently. The results suggest that market orientation is an important strategy for the companies. The study found out that customer orientation enables the company to ensure
that its customers are satisfied, increasing customer value, understanding customer needs, closely monitoring and assessing company level of commitment in serving customer needs. The study concludes that the three components of market orientation in the context of the mobile telephony are interdependent, and Interfunctional coordination has an impact on customer and competitor orientations in a mobile phone company. The level of adoption of each of the three components of market-orientation positively influences the level of mobile phone company performance.

5.4 Recommendations for Policy and Practice

The study found out that market orientation enables the mobile phone companies to improve their performance, it is recommended that the companies should adapt and develop their market orientation in line with the conditions in the business environment, and with their internal capabilities of market oriented innovation, as they are able to exploit the full potential of a market orientation and achieve superior financial performance. The findings help the mobile phone companies to refine the order of the effects that ultimately results in corporate profitability, thereby providing a strong indication that it may be difficult to track the extent to which market orientation contributes to the profitability and that effects should be tracked and measured on other dimensions such as rate of innovation and customer satisfaction.

The study found out that market orientation influences company operations and it is recommended that it is important for the companies to develop and sustain a market-oriented organizational culture. In addition to directly affecting firm performance, a
strong market orientation contributes to both incremental and radical innovation, helping to balance the firm’s portfolio of offerings and achieve continuous success while reducing risk. A strong market orientation may also influence the decisions of new product development teams and other organizational gatekeepers that are critical to the success of radical innovations.

The study established that Inter-functional strategy influence the performance of the companies. It is therefore recommended that firms would do well to develop Inter-functional coordination capabilities, which will support the competitive behavior of innovativeness. This combination will help the mobile phone firms be truly effective in developing greater performance in a highly competitive market place. Therefore, management should develop structures and procedures to promote connections throughout the organization with an eye to innovation.

5.5 Limitations of the Study

The limitations of the study was found in the selection of the study variables which as not exhaustive. Specifically, the conceptualization of market orientation may be somewhat limited and it is arguable that market orientation may consist of more than customer orientation, competitor orientation and inter-functional coordination and the development and implementation of a market-oriented strategy. This means that other additional factors could provide further insight market orientation and performance relationship.

The study used key informants from mobile phone firms which put constraints on the generalizability of the results to other firms and other country contexts. The sample
selection may also limit the generalization of results to the overall population. The narrow and specific focus of this study means the results are limited to mobile phone companies only which may not translate to other industry and national contexts.

5.6 Suggestions for Further Research

The study was undertaken on mobile phone companies and it is recommended that future studies on market orientation on the firms or any type of firms or organizations should use both subjective and objective measures of performance so that the relationship between the two can be investigated as these was not tested in the context of the mobile phone firms in Kenya.

The replication of this study in other sectors in the service industry, the manufacturing sector, non-profit making organizations, government ministries, departments and agencies or a combination of the industries and organizations can give a more detailed view of the nature of the relationship identified in the study. The replication of this study in other countries especially in the Sub-Saharan region would demonstrate the universality and significance of the market orientation and performance relationship in general and on the performance of service firms in particular.
REFERENCES


APPENDIX I: Questionnaire

Please give answers in the spaces provided and tick (✓) in the box that matches your response to the questions.

Section A: Demographic Characteristics of Respondents

1. Name of the mobile phone company (Optional)………………………………………………

2. What is your highest level of education qualification?
   a) Post graduate level ( )
   b) University ( )
   c) Tertiary College ( )
   d) Secondary ( )

3. Length of continuous service with the company?
   a) Less than five years ( )
   b) 5-10 years ( )
   c) Over 10 years ( )

4. How many employees are there in your company?
   a) Less than 100 ( )
   b) 100 – 499 ( )
Section B: Marketing Orientation

5. To what extent do you agree with the following regarding marketing orientation in your company? Use 1-Strongly disagree, 2-Disagree, 3-Moderate extent, 4-Agree and 5-Strongly agree.

<table>
<thead>
<tr>
<th>Customer orientation</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The company closely monitors and assesses our level of commitment in serving customer needs</td>
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<td>The company business strategies are driven by goal of increasing customer value</td>
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<tr>
<td>The company competitive advantage is based on understanding customer needs</td>
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<tr>
<td>The company business objectives are driven by customer satisfaction</td>
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<tr>
<td>The company pay close attention to after-sale-service</td>
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</table>

Competitor Orientation Strategy

<p>| The company responds rapidly to competitive actions that threaten our company         |   |   |   |   |   |
| Top management regularly discusses competitors’ strength and                         |   |   |   |   |   |</p>
<table>
<thead>
<tr>
<th>weaknesses</th>
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<tbody>
<tr>
<td>Customers are targeted when the company has an opportunity for competitive advantage</td>
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<tr>
<td>The company sales people regularly share information within the organization concerning competitors’ strategies</td>
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</table>

**Inter-Functional coordination strategy**

Managers in the company understand how employees can contribute to the value of customers

Top managers from across the company regularly visit our current and prospective customers

All the departments in our company are responsive to one another’s needs and requests

All of our business functions (e.g., marketing/sales, manufacturing, etc.) are integrated in serving the needs of our target markets

Information about customers is freely communicated throughout the organization
6. To what extent has marketing orientation influenced the following performance measures of your company? Use 1- Very low extent, 2-Low extent, 3-Moderate extent, 4- Great extent, 5- Very great extent.

<table>
<thead>
<tr>
<th>Influence marketing orientation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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</thead>
<tbody>
<tr>
<td>Increase the profits of the company</td>
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<td>Increase the company sales volume</td>
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<td>It enhances the purchase of organizational products by the consumer</td>
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<td>Helps in increasing the market share of the company</td>
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<td>It enhances the organization relationship with its customers (customer retention)</td>
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<td>Customer orientation enables the company to be innovative</td>
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<tr>
<td>Increased return on investment</td>
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