MARKET ORIENTATION, FIRM CHARACTERISTICS, COMPETITIVE INTENSITY AND PERFORMANCE OF PRIVATE SECURITY FIRMS IN KENYA

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DECLARATION

I declare that the work contained in this thesis is my original work and has not been presented for examination in any other college or university.

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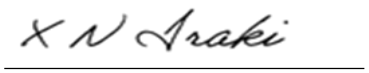
Signed:  Date: 17 May 2021

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DEDICATION

This thesis is dedicated to my mothers Jane Amanya and Marisiana Haule in Songea-Tanzania, the late Mwalimu Alfred Mlai in Moshi-Tanzania, Danford Haule in Dar es Salaam, Nehemiah Philemoni Mghamba and family in Moshi, Team Marketing members Moiz Dossaji in Tanga and Dip Patel for their contributions to the successful completion of this thesis. I also dedicate this thesis to the late Dr. Joseph Aranga for his guidance during the proposal development and thesis writing and also because I was his first PhD candidate. I believe that with the successful completion of my PhD studies, I have made him proud. May his soul rest in eternal peace.

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ABBREVIATIONS AND ACRONYMS

ANOVA : Analysis of Variance

CEO : Chief Executive Officer

CI : Competitive Intensity

COMPETOR : Competitor Orientation

CUSTOR : Customer Orientation

CV : Coefficient of Variation

DCT : Dynamic Capabilities Theory

DV : Dependent Variable

FA : Firm Age

FC : Firm Characteristics

FOS : Firm Ownership Structure

FP : Firm Performance

FIN-PERF : Financial performance

GDP : Gross Domestic Product

IFC : Inter-Functional Coordination

IT : Information Technology

KMO : Kaiser-Meyer - Olkin

KSIA : Kenya Security Industry Association

MBV : Market Based View

MO : Market Orientation

NON-FP : Non-Financial performance

PSFs : Private Security Firms

PSIA : Protective Security Industry Association

PSI : Private Security Industry

PSIRA : Private Security Industry Regulatory Authority

PSRA : Private Security Regulatory Authority

PSR-Act : Private Security Regulation Act

RBT : Resource Based Theory

ROA : Return on Assets

ROE : Return on Equity

ROI : Return on Investment

SACCOs : Savings and Credit Co-operative Societies.

SCA : Sustainable Competitive Advantage

SEM : Structural equation modelling

SEM-PLS : Structural Equation Modelling – Partial Least Squares

SIA : Security Industry Authority

SMEs : Small and Medium Enterprises

VIFs : Variance Inflation Factors

ABSTRACT

Market orientation enables organizations to acquire customer information for purposes of developing innovative products capable of satisfying customer needs better than competitors. The study analyzed the influence of market orientation, firm characteristics and performance of private security firms in Kenya. The specific study objectives were to determine the influence of market orientation on firm performance, to examine the influence of firm characteristics on market orientation and firm performance, to establish the effect of competitive intensity on the relationship between market orientation and firm performance and to determine the combined effect of market orientation, firm characteristics and competitive intensity on firm performance. The study was founded on the dynamic capability theory and the market based view as its theoretical perspectives. The underlying assumption of the dynamic capability theory is that only business firms that are effective at sensing and seizing new market opportunities as well as being able to reconfigure their resources to exploit the new opportunities will be able to achieve and sustain their competitive advantage. The market based view was also used to explain how the external industry factors such as industry rivalry and bargaining power of customers influence the market orientation and firm performance relationship. The study adopted a positivist research philosophy because it involved quantitative data collection and analysis as well as the researcher being independent. A cross-sectional design was adopted and the study population were all private security firms registered under the Kenya Security Industry Association (KSIA) and they were thirty-nine (39) firms. A census was conducted since the population was relatively small and 37 firms participated in the study. Data collection was done using a structured questionnaire and Cronbach's alpha coefficient and factor analysis confirmed the research instrument's reliability and validity. Findings of the regression analysis indicated that market orientation positively affected non-financial performance of security firms ($F = 35.618$, $p = 0.000$, $t = 5.968$, $p = 0.000$) and this effect was significant. Similarly, market orientation positively affected financial performance of the private security firms ($F = 12.859$, $p = 0.001$, $t = 3.586$, $p = 0.001$) and this effect was significant. Firm characteristics (size, age and ownership structure) did not moderate market orientation's effect on non-financial and financial performance. Competitive intensity moderated the effect of market orientation on non-financial performance but not with financial performance. The joint contribution of market orientation, firm characteristics and competitive intensity to non-financial and financial performance was significant. The study findings contribute to marketing theory by demonstrating that in market situations where demand for firm products is high and competitive intensity is high, market orientation has a positive effect on firm performance. Study findings will help industry stakeholders to make policy decisions especially regarding government regulation of the industry. Limitations of the study included collecting data at one point in time, study population being limited to the members of Kenya Security Industry Association only and this limited the generalizability of the study findings. However, the limitations mentioned did not negatively affect the findings of the study. The researcher proposes that a longitudinal study be done since government regulation of the industry had taken effect after the study has been concluded including studying the influence of corporate reputation on market orientation and firm performance. Future studies should also consider using Structural equation modelling in their data analysis as well as the possibility of using new measurement scales to measure the market orientation construct.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Market orientation (MO) as a theoretical variable has generated a lot of conceptual and empirical discussions among scholars. Market orientation is regarded by scholars as an important firm capability which provides competitive advantage through continuous collection, analysis and responsiveness to customer and competitor information. Sorensen (2009) stated that in hostile and competitive environments, market orientation improves a firm's market responsiveness. Market orientation explains the differences in performance between firms (Raaij & Stoelhorst, 2008). The market orientation of a firm can be influenced by firm characteristics. Ong, Yeap and Ismail (2015) argued that size and ownership structure of a firm affects market orientation of firms hence analyzing the influence of structural characteristics of firms on the relationship between market orientation and performance of the firm leads management of a firm to better understand their influence on market orientation activities of the firm. According to Islam and Karim (2011), small firms tend to pay greater attention to customer satisfaction and they also develop a quality culture and this makes them to be better than large firms when it comes to the quality of their goods and services, their level of awareness of the needs of customers and their ability to respond quickly to customer needs and wants.

The age of a firm is an indicator of the level of experience the firm has in the industry and it can be linked to the ability of the firm to sustain itself in the market (Nguyen, Beeton & Halog, 2015). The experience brought about by the age of the firm can lead to the firm having better control of its operations as a result of the learning effect. However, St-Pierre, Julien and Molin (2010) posit that firm age is a relative concept and that a firm may have existed for many years but may have lost touch with current

market dynamics because of management reluctance to change yet younger firms might be very effective at detecting and responding to current dynamics in the market place. The ownership structure of a firm is an important influence on business performance because it acts as an internal mechanism for firms to acquire and maintain vital resources that drive their market orientation (Sanusi & Pel, 2015). The opinion of Coffie, Dadzie and Blankson (2018) is that foreign owned firms tend to be more market oriented than firms that are owned by locals and the reason they give for this is that foreign owned firms have a management team that is more experienced in the application of the marketing concept with strong support from their parent organization which guides their implementation of the market orientation concept.

In relation to intensity of competition in an industry, Kohli and Jaworski (1990) pointed out that not being market oriented can lead organizations to lose customers to competitors in highly competitive industries. This implies that high levels of competitive intensity make market oriented firms to perform better (Brownhilder, 2016). Business firms need to keep an eye on their external environment when developing a market orientation culture based on the suggestions of Kohli and Jaworski (1990) who were of the opinion that the need for business firms to be market oriented is dependent on the external environment in which they operate. Drnevich and Kriauciunas (2011) also stated that firms that operate in a turbulent industry may not survive if they are not market oriented. This view is supported by Houston (2004) who argued that when competitive intensity in the industry increases, so does the need for a firm to be market oriented.

In a volatile industry, business firms need to sustain their competitive advantage and this necessitates them to continuously reconfigure their resources and build new capabilities that match the changes taking place in the market place. The study was

based on the dynamic capabilities theory and the market based view. The dynamic capabilities theory is a theory of competitive advantage that best applies to a dynamic business environment and it recognizes that the resources of a firm in themselves are not valuable. The value of the resources of the firm lies in the ability of the resources to perform activities or operations in a way that gives the firm a competitive edge in the market. However, the value of the resources of the firm can be diminished by changing needs of customers, changes in technology as well as competitor activities (Porter, 1998) and this can make it difficult for firms to sustain a competitive advantage. This implies that to compete effectively in volatile markets, firms need to be responsive to market changes while using their resources optimally and this requires the firms to demonstrate their dynamic capabilities (Teece et al., 1997). A firm's dynamic capabilities make it possible for the management team of the firm to identify the changes in the business environment, identify which of the changes represent market opportunities to the firm. This ensures that the firm is in a position to exploit the market opportunities through a deployment and re-deployment of the various resources available to the firm and therefore Teece et al. (1997) argues that firms need to have the ability to integrate, build and reconfigure its resources to cope with environmental changes.

The market based view looks at the characteristics of the industry the firms operate in to explain their differences in performance. The two best known theories under the market based view are the Structure-Conduct-Performance (SCP) framework by Bain (1968) and the five forces model by Porter (1980) and they argue that the industry structure and external environmental forces are the primary determinants of the performance of the firm. The SCP framework explains how the structure of the industry affects the behavior of firms (Conduct) and this influences firm performance.

The five forces model by Porter (1980) indicates that external industry forces which are threats posed by new firms entering the industry and substitute goods and services, bargaining influence of buyers and suppliers as well as rivalry between firms in the industry are the main determinants of the performance of the firm. This implies that business firms should develop their strategies in response to the structure of the industries they operate in as well as the external environmental forces for them to gain a competitive advantage.

Over the last six years or so, security has become a major expense to firms doing business in Kenya due to the increased risk of terror attacks. The Westgate shopping mall and Garissa University terror attacks in 2013 and 2015 respectively by Al Shabaab militants increased the demand for private security services by the business community in Kenya. Most recently in January 2019 terrorists attacked the DusitD2 complex in Nairobi and this incident fueled demand for private security guards to be armed to be able to deal with such threats. Private security firms (PSFs) provide security services to clients including the government itself since no economic activities can take place without security and this demonstrates their value to the economy. Mkutu and Sabala (2007) argued that the inability of the Kenyan police to deal with insecurity has contributed to the growth of private security firms and this has made the private security industry to be very competitive. Security threats are dynamic and therefore market orientation is necessary for private security firms to be aware of customer needs and satisfy them in a way that is superior to that of rival firms.

1.1.1 Market Orientation

The market orientation variable is thought of by Narver and Slater (1990) as an organizational culture that enables business organizations to create superior value for customers effectively and efficiently. This leads to firms attaining the desired market

performance. Jaworski and Kohli (1996) stated that market orientation involves the company-wide process of generating marketing intelligence relating to competitors, customers and all forces that affect them, disseminating intelligence internally and proactive and reactive responsiveness to the intelligence. On the other hand, Deshpande and Farley (1998) defined market orientation as processes that cut across different organizational functions which are meant to create and satisfy customers by continuously assessing their needs and delivering superior value for their money to them.

Recent definitions of market orientation include that by Yu et al. (2016) who defined market orientation as a process through which firms collect market information and share it within the firm so that the firm can respond to market changes effectively. Kajalo and Lindblom (2015) posited that market orientation is the ability of the firm to create value for customers through the use of customer and competitor intelligence. Another recent definition of market orientation by Julian et al. (2014) views it as a strategy which helps businesses to improve their performance. It should be noted that even though there is no consensus among scholars about the definition of market orientation, it is clear that the definitions emphasize the need to understand customer needs and satisfy them in a superior way.

Market orientation as a concept can be discussed from cultural and behavioural points of view. Narver and Slater (1990) conceptualized market orientation from the view point of culture based on activities in which a business firm focuses on customers, competitors and co-ordination between various departments of the organization. Customer orientation (CUSTOR) involves collection of information about present and future needs of clients based on the belief that customers should be the organization's priority at all times (Taleghani & Tayebi, 2013). The implication is that customer-

oriented firms gather information about customer needs so that they can offer superior value-added goods and services (Hillman & Kaliappen, 2014). Customer orientation is required for firms to understand its current and potential customers' needs to enable value addition to be consistently provided to clients and this requires firms' understanding of customers' value chain as it is currently as well as in future subject to changes in market forces (Narver & Slater, 1990).

Customer orientation also contributes to the success of a firm because it helps in determining customers' product needs for appropriate products to be developed, prices set competitively and communication and distribution of the products done in a differentiated way that gives the organization a competitive advantage (Sheth, Sisodia & Sharma, 2000). Similarly, Im, Mason and Houston (2007) suggested that customer orientation leads to satisfied customers who then engage in repeat buying and influence others to purchase the firm's products and this enhances the firm's customer retention and attraction capabilities. This in turn leads to increase sales revenue by the firm and higher incomes enable the firm to achieve higher profits and business growth. Generally, the more a firm has up to date information about the needs of its customers, the better it will be at providing product solutions to those needs. Business organizations that have good knowledge of market dynamics and which respond to client needs with the intention of acquiring a competitive advantage are known as market oriented firms.

Competitor orientation (COMPETOR) is defined by Han et al. (1998) as the activities of organizations that help them to identify their competitors, understand and respond appropriately to competitor strengths and weaknesses, strategies and capabilities by continuously collecting information regarding competitors from the market. Kai and Fan (2010) opined that competitor orientation allows a firm to monitor its competitors

so that it can be aware of their plans and strategies. This means that competitor-oriented organizations comprehensively evaluate their rivals by using the information to achieve sustainable competitive advantage. Business firms need to constantly monitor the strengths and weaknesses of competitors and anticipate competitor actions that may affect the firm and this implies that competitor orientation requires business organizations to have top management who discuss the strengths and weaknesses of competitor firms so that they can be able to respond quickly to competitor actions (Musa, Mustapha & Aziz, 2018). Actions of competitors are important in helping a firm to develop competitive strategies. However, a firm should not be too competitor oriented otherwise it may lose focus of its customer orientation.

An over-reliance on a competitor orientation can lead the firm's market strategy to be incomplete because it confines the firm to being reactive rather than proactive when dealing with competitors' actions (Han, Kim & Srivastava, 1998). On the same note Deshpande et al. (1993) cautioned that having too much focus on competitors can be detrimental because it can lead the firm to neglect the needs of its customers and this can negatively affect firm performance. Competitor orientation requires managers of a firm to know who their industry competitors are, what products are they offering and whether the competitors offer a better option from the viewpoint of customers (Slater & Narver, 1994) and having this information helps the firm to plan their market activities with reference to competitors.

Inter-functional co-ordination (IFC) as a component of market orientation is about information collected by the firm about its customers and competitors. It requires all functions or departments within the organization to coordinate their activities and share information on customers and competitors' actions to enable organizations to offer superior customer value. Kaliappen and Hillman (2013) argued that all functional areas

of the organization must be aligned to develop an inter-departmental dependency in through which each department perceives the advantages of cooperating closely with others. Co-ordination between the various departments of functions within the firm requires all employees in every department to have knowledge on customer needs including strengths and limitations of competitors. The top managers of organizations should be at the forefront of coordinating the sharing of information between the departments especially customer and competitor information so that it can be used effectively for strategic marketing planning (Homburg, Grozdanovic & Klarmann, 2007).

Market orientation of firms can also be evaluated from two viewpoints which are proactive and responsive market orientations (Narver, Slater & Maclachlan, 2004). This is similar to the arguments of Jaworski et al. (2001) that market orientation can be conceptualized into market – driving and market – driven perspectives. In the market – driving perspective, firms act by inducing changes in the market place through a proactive market orientation while in the market-driven perspective, firms are focused on satisfaction of current needs of clients through a market orientation that is responsive in nature. Narver et al. (2004) stated that a proactive market orientation involves organizations finding out and satisfying latent and unarticulated customers' needs by observing behaviours of customers in context in order to identify new market opportunities and to identify future needs of customers and where necessary, cannibalize the sales of current products. Sevester and Krones (2012) posited that a proactive market orientation requires a firm to probe into the sub-conscious mind of its customers to determine what goods or services they will need in future. The implication of a proactive market orientation to a firm is that it must invest heavily in market research and development of new products that serve new customer needs.

A responsive market orientation is found in customer-led cultures (Ruzgar, Kocak & Ruzgar, 2015) and it involves a firm collecting, sharing and reacting to market information relating to the current products and markets. It requires organizations to invest in satisfaction of current customer needs. This implies that a responsive market orientation requires organizations to accept the constraints and structure of the market as they are because the firm operates on the premise that customers know and articulate their needs and wants. Day (1999) suggested that if the customer needs and wants are understood by the firm, it can be able to respond by offering superior products and gaining a competitive advantage. However, Christensen and Bowen (1996) argued that many organizations perform poorly because they "listen too carefully" and sometimes customers may place stringent limits on the strategies the firm can implement.

Market orientation was conceptualized from the viewpoint of behavior by Kohli and Jaworski, (1990) as activities that generate intelligence, share intelligence across all departments and respond to intelligence. Market intelligence generation requires a firm to conduct market research, analyze sales reports and examine eternal environmental factors such as competitors and industry regulations that affect customer preferences and current or future customer needs. Disseminating the intelligence requires inter-functional openness in communication by sharing the market intelligence across departments. Responsiveness requires a firm to select target market based on the intelligence generated and shared among departments after which the firm develops products that satisfy current and potential future customer needs in a superior manner than competitors and this provides competitive advantage.

The behavioural dimension put forward by Kohli and Jaworski (1990) measures market orientation using the MARKOR scale which measures the market orientation of a firm in terms of the behavior or attitudes of the managers of the firm. The MARKOR scale is confined to measuring three behavioural dimensions which are generating intelligence from the market, disseminating the intelligence and reacting to it through appropriate actions and strategies. The cultural perspective of market orientation is measured using MKTOR scale by Narver and Slater (1990) and it measures an organization's level of market orientation based on customer orientation, competitor orientation and inter-functional activities of the organization. MAKTOR and MARKOR are the most commonly used scales in measuring market orientation but there is no consensus among scholars regarding which scale is superior.

The MARKOR scale was criticized by Gabel (1994) who argued that it did not consider the perceptions of channel members and customers in the measurement of a firm's market orientation. He further argued that its reliability was questionable and that it lacked discriminant and face validity. Kohli, Jaworski and Kumar (1993) criticized MKTOR as a measurement scale by pointing out that it does not tap the speed at which firms generate and disseminate market intelligence and that it is too focused on customers and competitors and fails to consider other environmental factors such as industry regulation and technological changes that usually affect an organization's market orientation and firm performance.

A content analysis conducted by Mokoena (2019) indicated that there are significant similarities between MARKOR and MKTOR scales and the validity and reliability checks of the content analysis confirmed the MKTOR scale as being superior than MARKOR in terms of sampling adequacy and cumulative percentage of variance. A confirmatory factor analysis of scale items revealed the overall fit indices of the

MKTOR scale were superior to that of MARKOR and this justified the adoption of the MKTOR scale by this study for measurement of market orientation of private security firms in Kenya.

The cultural perspective of market orientation was adopted by the study because it emphasizes an orientation towards, customers, competitors and the sharing of information that is concerned with customers and competitors among all departments. This makes market orientation to be a culture of the firm and hence a responsibility of all departments. Market orientation has been acknowledged by Njeru (2013) as a key element of successful firms which involves putting customer needs first, listening to and serving customers better than competitor firms. Harris (2002) emphasizes that market orientation requires a firm to develop processes and activities that create and satisfy customers by continuously analyzing their needs and providing superior need satisfaction.

Security threats are dynamic in nature and therefore, private security firms need to Constantly monitor the changing nature of the threats facing individual and organizational customers as well as the products being offered by competitor firms. The information about customers and competitors should then be shared among all the departments of the firms so that they can collaborate and provide superior value to customers. This implies that private security firms should be market oriented by identifying, anticipating and satisfying customers' needs to achieve sustainable competitive advantage. The market orientation of private security firms in Kenya was conceptualized based on the cultural perspective of Narver and Slater (1990) in terms of customer orientation, competitor orientation and inter-functional coordination.

1.1.2 Firm Characteristics

Firm characteristics (FC) refer to demographic and managerial aspects which are internal to a firm (Zou & Stan, 1998). However, Mgeni and Nayak (2016) argued that conceptualization of firm characteristics has been done differently by authors depending on the criteria used to define them. They further argued that characteristics of a firm can be analyzed in terms of capital, market and structure. Firm characteristics related to structure include firm size, firm age and structure of firm ownership (Kisengo & Kombo, 2012). Most studies have used structural characteristics of the firm which are ownership structure of the firm, age and size because they are more related to performance of organizations than market related firm characteristics such as industry type or environmental uncertainty (Kipesha, 2013).

Firm size (FS) is usually reflected by the value of assets the firm owns as well as number of employees. The staff head count and balance sheet or annual turnover of firms can be used to classify firms into micro, small, medium and large enterprises (Commission of the European Communities, 2003). The commission further classified micro enterprises as those that have less than 10 employees with an annual balance sheet total not exceeding 2 million Euros, small firms as those that have 10 to 49 employees with an annual balance sheet total not exceeding 10 million Euros, medium sized enterprises as having 50 to 249 workers with an annual balance sheet total not exceeding 43 million Euros and large organizations as having 250 or more workers. McMahon (2001) argued that the size of a firm significantly influences firm performance as larger firms tend to have a superior level of success than smaller ones. However, small firms are known to be more innovative than larger firms which influences their business performance.

Firm age is about how long a firm has been operating in the industry. Age related factors of a firm also affect firm performance since older firms may have more customers which may drive economies of scale (Usman & Zahid, 2011). Firm age (FA) can be linked to the learning curve and therefore older firms have more market experience than new comers (Kisengo & Kombo, 2012). In a highly competitive and dynamic industry, firm age may influence a firm's credibility in the eyes of customers. Gonewe and Sunny (2013) argue that firm age serves to buttress and validate the trust building capability of a firm which makes the firm's activities more credible and effective. Similarly, firm age also implies that the firm has greater knowledge which it has gained from learning and experience and this influences its performance. Gauzente (2002) argued that the age of a firm constitutes a determining variable of the firm's strategic choices and its ability to change. This implies that firm age can be considered as an influential variable in the adoption and implementation of market orientation. This is because the age of a firm can either inhibit or facilitate the firm's adoption of market orientation.

A negative relationship between market orientation and firm age exist based on the argument of Mintzberg (1989) who argued that older firms are not likely to change because of their inertia and bureaucratization. On the other hand, it can also be argued that older firms have survived through time because they were able to adapt and implement market orientation. A study by Kipesha (2013) evaluated the impact of firm size and firm age on performance of Tanzanian microfinance organizations. Thirty firms were sampled and results of the study indicated that age and size of the microfinance institutions influenced performance positively. This implied that the older and the bigger the firms became, the better they performed financially and non-financially.

On firm ownership structure (FOS), studies have been conducted by scholars to determine whether firms that are foreign owned perform better than those with local ownership. Boardman et al. (1997) suggested that multinational firms have better performance due to their superior financial and human resources. An empirical analysis conducted by Majumdar (1997) indicated that firm ownership structure affected firm performance and that firms owned by foreigners performed better than those owned by locals. Study findings by Blomstrom and Sjoholm (1999) also indicated that firms with foreign ownership experienced a higher level of labour productivity than those with local or domestic ownership while Khawar (2003) analyzed the Mexican industries and found that those owned by foreigners were more productive than those owned by locals.

On a similar note, Barbosa and Louri (2005) suggested that multinational firms have superior performance as a result of them having more financial resources, international reputation, highly differentiated products and superior corporate governance practices. Firms with foreign ownership usually have superior managerial and technical expertise including organizational and financial resources (Juzoh, 2015). Similarly, Globerman et al. (1994) suggested that organizations that have foreign ownership perform better than those with domestic ownership because they possess organization specific advantages which includes access to advanced technology which domestically owned firms may not be able to access.

However, several studies by a number of authors have produced findings showing domestic firms performing better than foreign owned firms and others showing no significant difference in performance between domestically owned and foreign owned firms. Huang and Shiu (2009) argued that firms with domestic ownership may be more knowledgeable about local market conditions than firms with foreign ownership and this may lead to better business performance. Findings from a study by Kim and Lyn

(1990) showed that domestically owned firms in USA performed better than foreign-owned firms while the results of a study by Barbosa and Louri (2005) indicated no significant difference in performance of foreign owned firms and domestically owned firms in Portugal and this inconsistency in study finding strongly calls for researched to conduct more studies to have conclusive evidence.

In view of these inconsistent study findings, the study adopted the structural characteristics of the firm and firm age was conceptualized based on the number of years a firm had been operational in the security industry, firm size was conceptualized based on the number of staff employed while firm ownership structure was conceptualized according to whether the firms were fully foreign owned, fully Kenyan owned or partially foreign owned. The size, age and ownership structure of security firms can explain the differences in performance of the private security firms operating in Kenya because of the resources they are likely to have at their disposal such as armoured vehicles for cash in transit services.

1.1.3 Competitive Intensity

Competitive intensity (CI) is viewed by Sorensen (2009) as the level of competition within an industry. Competitive intensity is high when there are many competitors offering the same products and hence opportunities for market growth diminish. Olalekan and Binuyo (2012) argued that when competitive intensity is high, firms adapt by taking risks and engaging in proactive activities that involve learning and market exploration in order to avoid price wars. However, when competitors are few, firms can operate using their existing systems to exploit market opportunities. An industry with a high level of competition will experience reduced firm-level performance because customers have many options to choose from. Operating cost structures of firms can

also explain differences in performance since those with higher costs perform poorly than those with lower costs (Sorensen, 2009).

The five forces model by Porter (2008) identifies forces that affect the intensity of competition within an industry and they are; rivalry among industry players, threats of substitutes goods and services and new entrants, bargaining power of supplier firms and that of target customers. These five forces combine to influence industry profits. A high level of industry rivalry affects industry profitability while high entry barriers restrict the number of firms in the industry (Johnson et al., 2008). If customers in the market have high market power, they can drive prices down and this reduces firm profitability. Powerful suppliers can increase prices for materials which influences firm profits negatively. Substitute products restrict the potential profits in an industry especially if the customers' costs of switching to the substitute products are low (Hubbard & Beamish, 2011). When competitive intensity in an industry is high, market orientation's effect on performance of organizations will be felt more strongly (Kohli & Jaworski, 1990). Slater and Narver (1994) opined that customer orientation for a firm is critical in industries that have high levels of competitive rivalry, highly segmented end-user markets and shifting mobility barriers because it enables the management of the firms to have a better understanding of customer needs and wants and be able to offer them products that satisfy those needs better than competitors.

In situations where there is low competitive intensity in the market and the market is stable with predictable demand, a competitor orientation would be a priority. Kumar et al. (1998) supported the suggestion that industries with a high degree of competitive intensity makes it necessary for business organizations to be competitor oriented by arguing that the high degree of competitive rivalry requires organizations to identify strengths and weaknesses of competitors firms including being able to be proactive and

respond to the actions of rival organizations. It is estimated that there are between 200 and 400 private security firms in Kenya (Noor & Wagacha, 2015) which implies that competitive intensity in the industry is high. Information asymmetry exists in the private security industry in Kenya because customers have less information on security matters and for this reason they rely completely on what is provided by private security firms.

A study by Sorensen (2009) found that intensity of competition in the industry moderated the effect of customer orientation on financial performance. However, competitive intensity had no moderating effect on competitor orientation and financial performance. Private security firms operate in a growing market because of the increased threats to security of individual households and businesses.

Competitive intensity in the private security industry in Kenya is high since there are many firms operating and customers have many options to choose from. This implies that the private security firms need to be aware of what competitors are offering so that they can offer value added services to customers in a way that gives them competitive advantage and improves their non-financial and financial performance.

1.1.4 Firm Performance

Performance of a firm also known as firm performance (FP) is the degree to which a business organization achieves its business related objectives. Alternatively, Yildiz (2010) stated that performance is a concept that can qualitatively or quantitatively determine what is produced as a result of a planned or intended activity. Organizations measure their performance to determine whether they are satisfying the needs of their stakeholders such as customers, employees and shareholders among others. Parker (2000) opined that performance measurement helps the managers of a firm in making

business decisions based on reliable data which highlights positive and or negative performance areas. Differences in firm performance have contributed to increased studies of the performance construct to help identify factors that drive performance.

Measuring firm performance is crucial to the development of a firm's strategic plan as well as providing indicators on whether the firm is able to achieve its performance objectives (Ittner & Larcker, 1998). Performance measurement is therefore necessary to help firms to translate their strategy into the desired results (Ladipo, Rahim, Oguntoyibo & Okikiola, 2016). Authors like Panigyrakis and Theodoridis (2009) argue that monetary and non-monetary indicators of firm performance are the most commonly used by organizations. Santos and Brito (2012) posited that firm performance can be analyzed non-financially by looking at measures such as employee and customer satisfaction levels, customer retention capabilities of a firm as well as financial (quantitative) measures such as Return on Assets and Equity, sales revenue and profitability of the firm. Financial performance (FIN-PERF) measures can be found by evaluating the figures provided on an organization's financial statements.

The arguments of Kaplan and Norton (2008) asserted that non-financial or qualitative measures of performance usually indicate a firm's future financial performance better than lagged financial measures. Similarly, Wiersma (2008) indicated that non-financial measures tend to have more information about firm activities than financial indicators which only partially reflect the effect of the current actions of a firm's managers. The implication is that financial measures only indicate what the firm has achieved in the past. Non-financial measures are effective in examining performance because they allow for comparison across contexts, firms and economic conditions (Song et al., 2005) and they are a good alternative to financial measures if they are focused on the current condition of the organization (Kim, 2006). Carton (1996) argued that there is

no common position among authors on the best measure of firm performance. However, financial and non-financial measures were found to be correlated positively by Wall et al. (2004) and Dalves (1999). The standout feature among studies on market orientation and firm performance is that they designate their performance variables in terms of non-financial measures (Dalves, 1999). However, Kajendra (2008) contends that while there is an assumption that non-financial measures are not appropriate, the top managers of a firm may not be ready to reveal the real financial performance data because they perceive it as confidential and sensitive in nature. In view of the opinions of scholars regarding non-financial and financial performance measures, the study analyzed the performance of private security firms in Kenya using non-financial measures of performance such as customer acquisition, customer retention and financial measure of performance in terms of sales revenue generated by the firms.

1.1.5 Private Security Industry in Kenya

Socio-economic structures of any societal group in the world depend on security systems within that societal group. Kaguru and Ombui (2014) posited that societies, over time have come up with techniques to protect their properties and themselves from real or perceived threats. The government is the most powerful force in matters of security in the country but it faces limitations in terms of the resources required to secure all citizens from threats to life and property. Private security industries exist in Kenya and elsewhere as a consequence of the security gap caused by financial and manpower limitations of the government (Mkutu & Sabala, 2007). This view is supported by Ngugi (2004) who argued that a larger section of the Kenyan population relies on private security providers.

Previously, the private security industry relied on self-regulation only but the government through parliament passed the Private Security Regulation Act (PSR-Act)

of 2016 to regulate the private security industry that had relied on self-regulation only. The Private Security Regulation Act of 2016 defines private security as activities that include providing security for cash in transit, manned guarding, installation of access control systems, installation of closed-circuit television (CCTV), private investigations and consultancy, car tracking or surveillance and provision of guard dog services. Therefore, firms engaging in one or more of these activities are classified as private security firms by the act. The Private Security Regulation Act of 2016 also provides a framework for the regulation of foreign ownership and control of firms operating as private security service providers in Kenya as well as cooperation between private security service providers and state agencies that deal with security matters.

The Private Security Regulatory Authority of Kenya (PSRA) is empowered by the Private Security Regulation Act of 2016 to regulate all matters concerning private security in Kenya. The act also provides a code of conduct which all private security firms must adhere to and a framework for stakeholders to inquire into the conduct of private security firms. The Protective Services Industry Association (PSIA) together with Kenya Security Industry Association (KSIA) are the only two bodies that have been regulating firms in the private security industry in Kenya. Protective Services Industry Association members are small and medium sized security firms and they were sixty-eight (68) firms while Kenya Security Industry Association had thirty-nine (39) private security firms and these figures were as at October 2018.

The total number of private security companies registered by the two industry associations were 107. The specific number of private security firms operating in Kenya is not known and Chepkwony (2019) stated that they could be as many as 2500 firms operating in Kenya. However, other authors have estimated the number of private security firms to vary from 400 to 2000 (Abrahamsen & Williams, 2005) while Noor

and Wagacha (2015) estimated that there are between 2000 and 4000 private security firms operating in Kenya. This implies that there are very many private security firms that are not registered with Kenya Security Industry Association or Protective Services Industry Association and this means that they fall outside industry self-regulation mechanisms (Gatoto, Wachira & Mwenda, 2015) and this makes it very difficult to monitor their activities. The increased threat of terror attacks at shopping malls, airports, educational institutions, hotels and other tourist attraction sites in Kenya have driven up the demand for private security services. Currently, guards from private security firms in Kenya are not armed but the terror attack at the DusitD2 complex on 15th January 2019 led to calls by industry stakeholders for private security guards to be armed so that they can deal with such security threats. The Director – General of the PSRA indicated after the incident that the government was considering the proposal to arm private security guards after they undergo fresh training and background checks.

The private security industry tends to be anti-cyclic as it performs well when the rest of the economy faces security threats. The private security industry is a significant employer and Nkaari (2018) stated that more than 500,000 people are employed by private security firms in Kenya with an annual turnover that is estimated to be Ksh. 300 billion. Private Security firms in Kenya offer services which include physical guarding of public and private assets, cash in transit escort services, providing guard dogs, installation of alarms, electric fences and closed circuit television (CCTV) cameras, private investigation services as well as providing security at public or private events such as private parties, weddings and graduation ceremonies.

The National Police Service Commission (2016) indicated that there were 90,442 police officers in Kenya. However, an article by Vidija (2019) mentioned that an audit report had indicated that Kenya has 101,288 police officers which means that the private

security industry employs more people than the police service and this indicates the value of the private security industry to the economy. Private security firms that engage in sensitive and high risk assignments such as cash in transit usually have armed escort provided by the Kenya police with at least one officer travelling in the vehicle carrying the cash and two officers in the chase car following closely behind. This indicates that some level of collaboration exists between government security agencies and private security firms in Kenya.

1.2 Research Problem

The volatility in the market environment necessitates firms to consider customer needs as an organizational priority. Market orientation is a key capability of the firm and a driver of competitive advantages (Brownhilder, 2016). This makes it a key asset for firms operating in highly competitive industries. Firm characteristics influence the market orientation of a firm and Weerakoon's (2013) study findings indicated that gender of firm managers, educational level and management experience influenced the market orientation of firms. The age of a firm also influences firm performance through market knowledge and experience. Increased competitive intensity in an industry affects firm performance and outcomes of a study by Morah et al. (2015) implied that competitive rivalry had a moderating effect on market orientation and firm performance. Whenever the intensity of competitive rivalry in a given industry is high, Kohli and Jaworski (1990) suggested that the link between market orientation and firm performance becomes stronger. Barriers to market entry influence firm performance because the more the barriers to entry, the lower the pressure of competitive rivalry on firms already operating in the industry and this implies a better level of performance for organizations already operating in an industry (Sorensen, 2009).

Private security organizations exist in Kenya and other countries in the world to fill the security gap caused by the government's inability to ensure adequate security for all due to resource limitations. The increased threat of terror attacks in Kenya has increased the demand for private security firms making private security a major cost to businesses and private homes. Security is mentioned in Sessional Paper No. 10 of 2012 as one of the key sectors that form the foundations of society for social-political and economic growth. The second medium term plan for Kenya Vision 2030 (2013-2017) also outlines the need for implementation of a regulatory policy on private security providers as part of the policy reforms by the government. The achievement of the Vision 2030 depends on the government's ability to provide security and attract investors and therefore the role of private security firms in complementing government efforts in providing security cannot be ignored.

Despite the significant value of private security firms to the economy, the market orientation construct has not been studied in the private security industry in Kenya. For instance, Gatoto et al. (2015) focused on service quality strategies of private security firms while Kaguru and Ombui (2014) used a case study to analyze factors influencing performance of G4S Company. A case study makes it difficult to generalize their study findings. The link between market orientation and firm performance was also not analyzed in both studies. The existing marketing literature lacks conclusive evidence on the impact of market orientation and firm performance. Many studies have been done on market orientation and firm performance with the findings indicating that market orientation had a positive and significant effect on firm performance. However, other studies have reported findings of a negative effect of market orientation on firm performance while others have found market orientation having an insignificant impact on firm performance.

A study by Protcko and Donberger (2014) used a study design that was cross sectional to examine the link between market orientation and firm performance among knowledge intensive firms in Russia. The study used a sample size of 62 respondents and its results indicated a positive influence of market orientation on non-financial and financial performance of the firms. In another study, Long, Kara and Spillan (2016) analyzed the influence of market orientation on performance of Chinese IT firms using a cross sectional study and 214 respondents. The findings of the study showed market orientation positively impacting performance of IT firms. This contradicts the study findings of Gholami and Birjandi (2016) who evaluated the effect of market orientation on performance of small and medium enterprises using a descriptive design of 350 SMEs in Iran and found that the influence of market orientation on performance of small and medium enterprises was insignificant.

A negative effect of market orientation on firm performance has also been found by various scholars. Aliyu, Ahmed and Utai (2015) evaluated the business environment's moderator influence on the relationship between market orientation and performance of small and medium enterprises in Nigeria using a sample size of 640 managers. Their findings indicated that market orientation had a negative influence on performance of small and medium enterprises. Chin, Lo and Ramayah (2013) analyzed performance and market orientation of hotels in Malaysia and Study results showed that inter-functional coordination and customer orientation dimensions of market orientation negatively influenced hotel performance. The findings of a negative impact of market orientation on hotel performance contradict the market orientation literature that indicates the positive influence of market orientation on firm performance and this highlighted the need for further research.

The findings of Chin et al. (2013) whose study results indicated that inter-functional coordination and customer orientation dimensions of market orientation negatively influenced firm performance contradict those of Brownhilder (2016) who evaluated the link between market orientation and performance of small and medium enterprises using a cross sectional study and a sample size of 320 executives in South Africa. The outcomes of the study indicated that customer and competitor orientation positively affected performance of small and medium enterprises but inter-functional coordination had no influence on performance of small and medium enterprises. There are contradictions in the findings of Brownhilder with those of Ali (2016) who studied the relationship between market orientation and firm performance using 102 respondents from small and medium enterprises in Somalia and found that customer orientation and inter-functional coordination were significantly related with firm performance but competitor orientation did not influence firm performance.

A study by Njeru (2013) examined market orientation and performance of Kenyan tour firms using a cross sectional study of 104 firms and found a significant and positive impact of customer orientation, competitor orientation and inter-functional coordination on firm performance. Findings of Njeru (2013) are inconsistent with those of Ali (2016) who found that competitor orientation did not influence firm performance and Brownhilder (2016) who found that inter-functional coordination did not influence performance and this indicated the existence of inconsistencies in the findings of these authors.

The inconsistency of research findings among authors is an indication that the available research evidence on the link between market orientation and performance of business organizations is inconclusive. Therefore, there is a need for further studies to be

conducted. The reason for the inconsistency in the research findings could be that the relationship between firm performance and market orientation is context-specific and depends on competitive factors affecting the firm. Studies on market orientation in the private security industry are rare and this highlighted the value of this study which analyzed the combined effect of market orientation, firm characteristics, and competitive intensity on firm performance. The research question to be answered by the study was; what relationship exists between market orientation, firm characteristics, competitive intensity and performance of private security firms?

1.3 Research Objectives

The overall study objective was to determine how market orientation, firm characteristics and competitive intensity affected performance of private security firms in Kenya. Specific objectives of the research were to;

i. Determine the relationship between market orientation and performance of private security firms in Kenya.
ii. Examine the influence of firm characteristics on the market orientation and firm performance relationship.
iii. Establish the effect of competitive intensity on the market orientation and firm performance relationship.
iv. Determine the joint contribution of market orientation, firm characteristics and competitive intensity to firm performance.

1.4 Value of the Study

This research will make contributions to marketing theory, practice and policy making. In terms of marketing theory, the study findings will indicate that market orientation is an important organizational resource to firms operating in industries that are dynamic

in nature and this adds to the academic discussions on the dynamic capabilities theory and the market based view by scholars with respect to industry analysis and competitive advantage.

The study findings will be used to enhance the understanding of these two theories especially where the findings lend support to the assumptions of the theories. The study findings will also enhance the understanding of how competitive intensity and characteristics of the firm like firm size and age influence the market orientation and performance relationship. The results of this study which was done in a service industry will also be used as a basis of comparison with those of studies done in other service and manufacturing industries locally and abroad for purposes of identifying similarities and differences in the findings and methodology used to study and analyze the variables.

In policy making, the government, through the Private Security Regulatory Authority will use the recommendations of the study for policy formulation in the regulation of the private security industry under the Private Security Regulation Act of 2016. The role of Private Security Regulatory Authority is to regulate and control private security firms in the interest of the populace and hence results and recommendations of the study will be valuable in the regulation and control of the industry which is among the recommendations for the private security industry in Kenya's Vision 2030.

The recommendations of the study will also enable Kenya Security Industry Association as a key stakeholder in the private security industry in Kenya to have a basis of engaging in security collaborations with the government because the private security firms have more manpower resources than the government security agencies and a collaboration between private security firms and the government can help to

address security challenges the country is facing. The findings of the study will also be valuable to the top management of private security firms and other business organizations who will understand the impact of market orientation activities on firm performance.

The management of the firms also be able to understand how the competitive intensity in the private security industry influences the competitive advantage of their firms. This will improve their competitive strategy formulation and implementation capabilities. The findings on the effect of firm characteristics on the relationship between market orientation and performance of private security firms will also help the management to understand whether the size, age or ownership structure influences the level of an organizations market orientation or not.

1.5 Structure of the Thesis

There are five chapters in this thesis. The first chapter outlines the study background, a discussion of the variables studied, the research problem, overall and specific objectives and value of the study. In the second chapter the researcher discusses the theoretical foundation and empirically reviews relevant literature on the variables. Knowledge gaps identified have also been provided. A conceptual model based on study variables and hypotheses have been provided.

Chapter three presents a discussion on the philosophy which guided the researcher, the study design and population as well as how study variables were operationalized of study variables. Data collection methods and the techniques used in analyzing the data have been discussed.

The fourth chapter provides findings of analysis of data including interpretations and discussions of the findings based on research objectives and conceptual hypotheses.

The revised conceptual model has been provided to depict the findings regarding the relationships between the variables in the model.

The fifth chapter provides summarized the study findings and its contributions to marketing theory, practice and policy making. It also provides conclusions, contributions made by the study, recommendations and study limitations. Suggestions for further study have also been provided by the researcher.

1.6 Chapter Summary

Chapter one has outlined the background of the study, descriptions of market orientation, firm characteristics, competitive intensity and firm performance as well as providing an overview of the Kenyan private security industry. The research problem and study objectives as well as the value of the study have also been provided.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The theoretical foundations including relationships between market orientation, firm characteristics, competitive intensity and firm performance are provided in this chapter. The chapter also outlines the gaps in knowledge, the conceptual framework and the study's conceptual hypotheses.

2.2 Theoretical Perspectives of the Study

The Dynamic capabilities theory and the market based view were the theoretical perspectives on which this study was founded. They explain how business firms are able to achieve and sustain competitive advantage in response to the changes taking place in the business environment.

2.2.1 Dynamic Capabilities Theory

The Dynamic capabilities theory (DCT) is a theory of competitive advantage that was proposed by Teece, Pisano and Shuen (1997). The dynamic capabilities theory grew as an extension of the Resource Based Theory (RBT) that argued that firms with resources that are valuable, rare, inimitable and non-substitutable will perform better in the market place than their competitors. Since the resource based theory's emphasis was on the resources of the firm, it was criticized by scholars for only being able to explain to the competitive advantage of firms in a static environment and hence Teece et al. (1997) responded by extending the resource based theory to dynamic business environments. Their argument is that in an unpredictable and dynamic environment where the competitive landscape is likely to be shifting frequently, the firms that have dynamic capabilities are able to effectively integrate, build and re-organize their internal and external competencies to cope with environmental changes and in doing

so, thy will be able to build and sustain a competitive advantage. The dynamic capabilities theory recognizes that having resources is not enough for a firm to gain and maintain a competitive advantage especially in a changing environment but instead, it is what the firm is able to do with the resources it has that can lead to achievement of a sustainable competitive advantage.

Dynamic capabilities are defined by Teece et al. (1997) as the firm's ability to integrate, build and reconfigure internal and external competencies to respond to changes in the business environment. Helfat and Martin (2015) define dynamic capabilities as the capacity of business firms to intentionally create, extend or modify its resources in a way that responds to changes in the business environment and allows firms to gain a competitive advantage. Another definition of dynamic capabilities is provided by Eisenhardt and Martin (2000) who defined them as the ability of a firm to explicitly acquire, transfer or recombine the resources it has in reaction to market changes.

The definitions of dynamic capabilities provided by different authors indicate that dynamic capabilities are organizational processes whose main role is to change the resource base of the firm to cope with environmental changes. In response to the question of how dynamic capabilities are formed, Morgan (2012) stated that dynamic capabilities are formed when individuals and teams in an organization use their knowledge and skills to acquire, combine and transform the available resources within the firm so that it can cope with the changes taking place in the environment. Makadok (2001) argues that dynamic capabilities are built by firms and not bought and they are organizational process that are used to modify the resource base of a firm by doing away with resources that have lost value or recombining old resources in creative and new ways.

The assumptions of the dynamic capabilities theory are similar to those of the resource based theory and they are resource heterogeneity and resource immobility. Resource heterogeneity implies that firms may possess different resources even though they operate in the same industry and hence some firms will have better resources than others and this will make then to be able to undertake certain operations more effectively and skillfully than others (Peteraf & Barney, 2003). The assumption of resource immobility means that it is difficult to trade resources across firms and this makes it possible for firms to enjoy the benefits of having heterogeneous resources (Barney & Hesterley, 2006). Therefore, basic assumption of the dynamic capabilities theory is that the core competencies of a firm should be used to modify short-term competitive positions that can be used to build long-term competitive advantage (Teece, 2007). The dynamic capabilities of a firm allow the management team to deploy resources accordingly and this requires the use of implicit and explicit knowledge and this capacity is not transferable to other firms easily (Wang & Ahmed, 2007).

Dynamic capabilities can be grouped into sensing capabilities, seizing capabilities and reconfiguration capabilities (Teece, 2007). Identification and assessment of market opportunities and threats is made possible through the sensing capabilities which make it possible for the management of a firm to scan the business environment to identify changes in customer needs and other issue such as competitor actions. This requires managerial and employee cognitions, skills, knowledge and experience to enable them to sense the market opportunities and take the relevant action (Zitkiene et al., 2015).

Seizing capabilities enable the firms to exploit the market opportunities and it involves ensuring that the business model and organizational structure of the firm are ready for the exploitation of the market opportunities. This calls for a strategic response such as customizing the firm's product offers to fit individual and corporate customer needs.

The reconfiguration capabilities enable the management team of the firm to enhance, protect and modify its tangible and intangible assets so that it can gain and maintain a competitive advantage over other firms in the industry (Fischer et al., 2010). The reconfiguration can be done by replicating resources being used by the firm in one operational area into a new one or simply acquiring new resources that the environmental changes are calling for.

The dynamic capabilities theory supports the link between market orientation and firm performance because market orientation gives firms a sensing capability which they can use to identify and assess customer needs and competitor activities in the industry. Market orientation enables organizations to do this this through its customer and competitor orientations after which the customer and competitor information that is collected through the sensing capabilities is then shared among the various departments within the firm to facilitate the management to develop response strategies that will be used to exploit the market opportunities and avoid the threats. The inter-functional coordination dimension of market allows managers to make decisions on what resource the firm needs to reconfigure in order to cope with the market changes. The size and age of the firm can also affect the dynamic capabilities of the firm especially for older firms that may need to reconfigure their resources to respond to environmental changes.

2.2.2 The Market Based View

The market-based view (MBV) looks at firm strategy from a market requirements perspective. It suggests that the primary determinants of the performance of a firm are external market orientation and the nature of the industry structure (Peteraf & Barney, 2003; Porter, 2008). The market based view originated from Bain (1968) who proposed the Industrial Organization paradigm which is also referred to as the Structure-Conduct-Performance paradigm (SCP) which explains how the structure of an industry affects

firm behavior and performance. The Structure-Conduct-Performance paradigm was advanced further by Caves (1980) and Porter (1980) and it outlined why firms should develop strategy in reaction to the structure of the industries in which they operate so that they can perform better than their industry rivals. When developing strategy, Porter (2008) argued that firms usually analyze the external environment based on five forces which are; competition between existing rival firms in the industry, bargaining power of customers targeted by the firm, and that of supplier firms, the threat of substitute goods and services as including that of new firms entering the industry. These five forces form the basis of the assumptions of the market based view that they are the key factors for success of business firms in an industry.

Internal rivalry among existing firms within an industry affects firm performance. When the industry rivalry is strong as a result of many firms offering undifferentiated goods or services to the same target customers, the firms' ability to charge higher prices and generate more revenue will be limited. Higher bargaining power of a firm within the industry in relation to customers and suppliers leads to better performance (Grant, 1991). However, when the bargaining power of customers is high, it means that they can be able to negotiate for lower prices especially if they have many options to choose from. Similarly, when suppliers in an industry are few, their bargaining power increases and this can lead to increased costs of materials for firms. The bargaining power of suppliers can also increase if there are no substitutes to the suppliers' materials or products and this can affect the financial performance of the firm.

High entry barriers for new business organizations in the industry tend to reduce competition and enhance firm performance because the ability of new firms to enter the industry is limited by capital requirements or government regulations that may put stringent requirements for new entrants. New firms usually have the objective of market

penetration and gaining of market share and this could negatively influence performance of existing firms. The threat of substitute products is high when there are many low-cost alternatives within the industry which lower the customers' switching costs. Porter (1985) argued that, when the five forces are stronger collectively, there is intense competition which lowers the attractiveness of the industry. Firms strive to acquire sustainable and profitable industry positions to reduce the effects of industry competition. However, Porter (2008) stated that firms can use competitive strategies to affect each of the five forces in their favour.

In the opinion of Porter (1998), the five forces affecting rivalry are not equally critical for all industries because their strength varies from one industry to another and they change from time to time. Grant (1991) argues that in the market based view, the sources of market power for a firm are bargaining power, barriers to entry and monopoly status which enable firms to achieve superior performance when compared to their competitors. Monopoly status gives a firm a strong market position making it perform better (Peteraff, 1993) simply because customers may not have other alternatives to choose from and this reduces the bargaining power of customers hence giving firms a stronger market position.

The market based view was relevant to this study because the five forces proposed by Porter (1998) are applicable to the private security industry in Kenya. The security risks in the country affect the customers' bargaining power because the private security firms have more knowledge on security matters than the customers and this information asymmetry may give the firms an advantage but the threat of substitutes is limited because the substitutes to private security services would be the public sector which includes the Kenya Police Service that is currently facing resource and manpower limitations. The bargaining power of supplier firms is also affected because there are

many suppliers of security items like guard uniforms and CCTV systems. The rivalry among private security firms in Kenya is quite strong but new firms wishing to enter the industry will now be affected by the PSR-Act No.13 of 2016 which has made it harder for them to enter the industry and this is expected to influence industry rivalry and performance of private security firms in Kenya. This implies that the market based view was a suitable theory in explaining the influence of competitive intensity in the private security industry on the relationship between market orientation and performance of the private security firms in Kenya.

2.3 Market Orientation and Firm Performance

Market orientation improves performance of business organizations when they develop an organization culture that drives the provision of superior customer value (Kara et al., 2005). The market orientation literature provides evidence of market orientation's positive impact on firm performance. However, there are inconsistent study findings with a number of studies finding a negative impact of market orientation on firm performance while others have provided results indicating that market orientation had no relationship with performance. Salyova et al. (2015) examined market orientation and performance of businesses in Slovakia in the foodstuff industry and results indicated that market orientation affects business performance positively. Findings of Boachie – Mensah and Issau (2015) also showed market orientation positively influenced performance of SMEs in Ghana. However, their findings are contradictory with reference to the direction of the effect of market orientation with findings of Aliyu, Ahmed and Utai (2015) who found that market orientation negatively influenced the performance of SMEs in Nigeria.

A study by Hussin et al. (2014) also found that market orientation negatively affected performance of contractor firms in Malaysia and this also contradicts the findings of

Didonet, Frega, Toaldo and Diaz (2014) who used a cross sectional survey of 327 SMEs in Chile to analyze supply chain Integration effects on market orientation and firm performance but results indicated no relationship between firm performance and market orientation. Similarly, a study by O'Sullivan and Butler (2009) also provided results that indicated there was no link between market orientation and performance of organizations in high-value added sectors of Ireland and this contradicts the findings of Agbobli, Oni and Fatoki (2017) whose study results indicated market orientation positively influenced performance of small firms in South Africa.

In another study, Hakkak (2014) evaluated market orientation's influence on corporate performance using a case study of Khodro Industrial Group in Iran. A sample of 118 employees was used to provide data and results showed market orientation positively influenced corporate performance. The use of a case study however, makes generalization of study findings difficult. A study by Mokoena (2018) examined market orientation's impact on university performance by focusing on 6 (six) technology Universities in South Africa. The study used a sample of 507 academic staff and the Structural Equation Models (SEM) were used in the analysis of market orientation's effect on performance of Universities. Study results indicated that market orientation positively influenced university performance. This finding contradicts that of Nwokah (2008) who assessed how market orientation affects performance of Nigerian food and beverage firms and found that market orientation and firm performance had no strong association.

In the entertainment industry, Voss and Voss (2000) examined the impact of customer orientation, competitor orientation and inter-functional coordination of firms in non-profit professional theatre industry in USA. The study findings implied that customer orientation had a negative impact on total income, net surplus and subscriber

attendance. Competitor orientation was found to positively influence subscriber attendance but had no significant influence on total income. However, it had a negative impact on net surplus of the firm. The inter-functional coordination dimension was found to have a positive effect on net surplus, total income and subscriber attendance. Study results also indicated that customer orientation had a negative influence on non-financial and financial performance and this finding is not in tandem with that of Njeru (2013) and Ali (2016) whose study results showed that customer orientation positively influenced Tour firms' performance in Kenya and small and medium enterprises in Somalia respectively.

In the multinational service industries in Ghana, Ansah and Chinomona (2017) analyzed market orientation's impact on performance of businesses. Research data was provided by 11 marketing managers using in-depth interviews. Additional data was collected from 163 marketing managers using structured questionnaires that were based on the MKTOR scale. Data analysis was done using structural equation modelling technique and results revealed that customer orientation and competitor orientation had significant positive relationships with business performance but inter-functional coordination did not affect business performance. Their finding regarding the effect of inter-functional coordination is contrary to that of Voss and Voss (2000) who found that inter-functional coordination positively affected firm performance.

Prayitno, Wahyudi, Farida and Ngatno (2017) studied customer orientation and competitor orientation's effect on the performance of small and medium enterprises in Indonesia. Data was collected from 210 managers or owners of small and medium enterprises and structural equation modelling was used for data analysis. Results indicated customer orientation and competitor orientation positively influenced the performance of small and medium enterprises. However, the finding that customer

orientation positively influenced performance of small and medium enterprises contradicts that of Voss and Voss (2000) whose study results showed customer orientation negatively influenced performance of business organizations. The study did not to analyze the effect of inter-functional coordination on firm performance.

A study by Souisa (2018) evaluated entrepreneurial and market orientation's impact on performance of flower arrangement businesses in Indonesia. Both entrepreneurial and market orientation were studied as independent variables. A cross sectional study of 150 business owners provided research data. SEM with Partial Least Squares (SEM-PLS) was used in analysis of data and results indicated no significant influence of market orientation on firm performance and this contradicts the finding of a study by Oseyomon and Ogieva (2014) who examined the relationship between market orientation and sales of quoted Nigerian companies in Nigeria. A sample size 50 companies was used. Correlation analysis was conducted and results indicated market orientation's relationship with sales performance was positive. However, market orientation's effect on non-financial performance was not analyzed and this left a knowledge gap that needed to be explored. Another study by Sin et al. (2000) evaluated the influence of market orientation on performance of Chinese firms by sampling 300 firms. The study findings indicated market orientation positively affected sales growth and customer retention. This contradicts the findings of Aminu and Shariff (2014) who found no significant impact of market orientation on performance of Nigerian SMEs.

Shah and Dubey (2013) studied market orientation and performance of financial institutions in the United Arab Emirates. A sample size of 200 marketing executives was used to provide research data and results indicated market orientation positively influenced organizational performance. However, this finding does not corroborate the findings of Octavia and Ali (2017) who found market orientation did not significantly

influence performance of Indonesian small and medium enterprises. This is an indication of the various inconsistencies in study findings regarding the relationship between market orientation and the performance of firms.

Inconsistencies in the literature regarding the findings by various authors implied that existing research evidence about market orientation and organizational performance was inconclusive and more studies needed to be done to examine the relationship especially in different industry contexts and geographical areas. Most studies on market orientation were done in manufacturing industries and there was a strong need to conduct a study on market orientation's influence on performance of private security firms in Kenya.

2.4 Market Orientation, Firm Characteristics and Firm Performance

Market orientation as a strategy contributes to greater customer satisfaction leading to improved firm performance (Long et al., 2016). Diamontopoulos and Siguaw (2002) stated that as firms age and become more experienced, they tend to be inflexible and bureaucratic and this is likely to affect the firms' market orientation. Similarly, the size of the firm can be determined by analyzing factor such as number of staff employed and turnover in terms of income generated by the firm. The size of a firm can affect the nature and type of resources a firm can acquire and this affects its market orientation. Lui (1995) opined that firms that are medium in size are market orientated to a smaller extent than large ones. On the other hand, Sexton and Van Auken (1985) argued that many small and medium enterprises are noted for their inability to have long-term market focus and strategic orientation which may negatively affect their ability to be market oriented.

A study conducted by Gonzalez and Chiagouris (2006) focused on the moderator effect of firm size on the relationship between market orientation and performance of internet service providers and web hosting companies in USA. They used a sample of 50 marketing professionals working for the Internet service providers. Results indicated that market orientation was positively related with performance and firm size moderated the relationship. However, the effect of firm age and market orientation on non-financial performance was not examined by the study. The link between performance and market orientation of the firm and the mediating effect of entrepreneurial and managerial capabilities was examined by Celik and Zehir (2017). They used a cross sectional study by sampling 840 respondents from family owned businesses in Turkey. Data analysis was done using structural equation modelling and results showed that customer orientation and firm performance had no relationship while competitor orientation and inter-functional coordination positively affected firm performance. However, the study by Celik and Zehir (2017) did not analyze the impact of moderating variables on market orientation and firm performance and their finding that customer orientation had no relationship with firm performance contradicts the study findings of Voss and Voss (2000) who found that customer orientation had a negative impact on firm performance.

In hospitality, Oluwatoyin, Olufunke and Salome (2018) conducted a study on market orientation and non-financial performance of hotels in Nigeria. They further examined if size and age of hotels influenced their market orientation practices. A cross sectional study was done and questionnaires were used for data collection from 68 hotels. Correlation analysis indicated that market orientation positively influenced non-financial performance of the hotels such as customer satisfaction and retention. The results also suggested that hotel size did not influence their market orientation practices.

However, age of the hotels influenced their market orientation practices. Their study did not analyze firm ownership structure as a firm characteristic of the hotels. Similarly, market orientation's impact on the hotels' financial performance was not studied by Oluwatoyin et al. (2018).

Customer orientation and organizational performance was studied by Pongwiritthon and Noiphan (2014) among small and medium enterprises in Thailand. The study analyzed the moderator influence of marketing information systems and managerial attitudes on customer orientation and firm performance. Structured questionnaires were used for collecting data from a sample size of 222 Small and medium enterprises. Regression analysis results showed that customer orientation positively and significantly affected firm performance. Marketing information systems moderated the impact of customer orientation on firm performance. However, the study did not evaluate the effect of inter-functional coordination and competitor orientation on firm performance. Similarly, the influence of firm characteristics as moderators of the link between market orientation and firm performance was not evaluated by the study. Mahmoud (2011) studied market orientation and organization performance by surveying 191 Ghanaian small and medium enterprises. Results implied that adoption of market orientation in Ghanaian small and medium enterprises depended on the owners' attitudes and that market orientation led to superior firm performance under ceaseless competitive conditions.

A study by Ali, Mukulu, Kihoro and Nzulwa (2016) analyzed the moderator influence of firm size on functional integration and firm performance and found that size of the firm did not moderate the relationship. The findings of Ali et al. (2016) contradict that of Yabs and Awuor (2016) who found that firm characteristics moderated market orientation's influence on Kenyan fruit exporters' performance. A study by Ogbonna

and Ogwo (2013) examined firm performance and market orientation of Nigerian insurance companies. The moderating impact of firm age on market orientation and performance was also tested by the study. Data collection was done from 30 insurance firms and regression analysis was conducted on the data collected. Results indicated market orientation's positive influence on firm performance. Age of the organization was also found to have an insignificant influence on market orientation and firm performance. However, the study did not analyze the effects of firm ownership structure and size of the firm as moderators of the market orientation and firm performance relationship and this was an important knowledge gap that required more studies to be done in order to establish the moderator influence of firm ownership structure on the relationship between market orientation and firm performance.

In the context of listed firms, Arshad and Othman (2012) conducted a study to establish whether corporate social responsibility mediated the effect of market orientation on firm performance. A sample size of 242 public listed firms in Malaysia was used. Multiple regression was conducted and results showed that market orientation negatively and insignificantly affected financial performance of the firms. The findings indicated that corporate social responsibility did not mediate the relationship. This finding contradicts that of Alizadeh, Alipour and Hasanzadeh (2013) who studied market orientation and SME performance in Iran using correlation analysis and found that market orientation influenced firm performance positively. However, the studies by Arshad and Othman (2012) and Alizadeh et al. (2013) did not study moderator variables' impact on market orientation and organizational performance.

With regards to firm ownership structure, Gurbuz and Aybars (2010) examined foreign ownership and its influence on company performance. Two hundred and five Turkish companies were studied. The findings of their study indicated that organizations having

foreign ownership performed better domestically owned firms. However, Amin and Hamdan (2018) analyzed the impact of organizations' ownership structure on their performance in the Kingdom of Saudi Arabia. Their sample size was 171 firms and results of the study showed that foreign firms negatively influenced organizational performance and this contradicts the findings of the study by Gurbus and Aybars (2010). From an African perspective, Tsegba, Herbert and Ene (2014) evaluated the influence of corporate ownership on performance using a sample size of 70 firms in Nigeria. Outcomes of the study indicated that foreign firm ownership had a positive and significant effect on firm performance. However, this is inconsistent with findings of a study by Konings (2001) who analyzed the impact of foreign ownership on performance of organizations in Bulgaria, Romania and Poland and found that foreign owned firms did not perform better than domestically owned firms except in Poland.

Hussain, Wali and Shah (2016) evaluated entrepreneurial orientation as a moderator on market orientation and SME performance in Pakistan using data from 213 respondents. Results revealed that market orientation's influence on SME performance was positive and significant. However, the effect of firm age and firm ownership structure on market orientation and SME performance was not evaluated. Mothibi (2015) evaluated the impact of firm characteristics on SMEs' performance in South Africa and findings demonstrated that managerial competence, age, location and size of the organization all positively and significantly affected SMEs performance. These results contradict those of Njeru (2013) who found that market orientation influenced firm performance but firm characteristics (firm age and size) did not influence firm performance hence there is need for more studies to be done to establish if firm characteristics have a moderator influence on the market orientation and firm performance relationship.

The studies by Mahmoud (2011) and Mothibi (2015) were done in different geographical contexts which have different economic systems to that of Kenya in terms of Gross domestic product and market structures and this made it necessary for replication of similar studies in Kenya. This study sought to analyze whether structural characteristics of business organizations (firm age, firm size and firm ownership structure) influenced market orientation's effect on organizational performance of private security firms.

2.5 Market Orientation, Competitive Intensity and Firm Performance

The effect of market orientation on performance of organizations is affected by industry rivalry. In monopoly markets, customer options are very limited but when competitive intensity is high, customers can choose from many product options available. Kumar et al. (2011) suggested that increased competition enhances the impact of market orientation on firm performance because market oriented firms are able to improve their customer retention capabilities leading to improved performance. However, they also argued that late entrants into the industry can also be market oriented. Therefore, the moderator influence of competitive intensity on market orientation and fir performance tends to reduce as more firms in the industry adopt market orientation activities (Sorensen, 2009).

Past studies by researchers on competitive intensity's moderating influence on market orientation and firm performance have produced mixed results. Ng'ang'a, Lagat and Kieti (2016) examined competitive intensity as a moderator of customer orientation's influence on hotel performance using a cross sectional study and a sample of 132 hotels in Kenya. Customer orientation was found to positively influence hotel performance and competitive intensity moderated the relationship. However, this contradicts the findings of Zhang and Zhu (2016) who analyzed market orientation, product innovation

and export performance of Chinese firms. Their study findings indicated that market orientation positively influenced the firms' export but Competitive intensity did not moderate the influence of market orientation on firm performance.

A study by Chin, Lo and Ramayah (2013) examined service quality as a moderator of the relationship between market orientation and hotel performance in Malaysia. Results indicated customer orientation and inter-functional coordination negatively affected hotel performance and only competitor orientation positively affected performance. The study did not analyze competitive intensity as a moderator variable on the market orientation and firm performance link. This contradicts the findings of Ng'ang'a et al. (2016) whose study results indicated that customer orientation positively affected hotel performance. The inconsistency in the research findings of the various authors indicated the need for further studies on moderator variables on market orientation and firm performance. Sorensen (2009) evaluated customer orientation and competitor orientation's influence on financial performance of 2,527 firms in Denmark's manufacturing sector. Study results indicated that customer orientation negatively affected financial performance but competitor orientation positively influenced financial performance. Competitive intensity was found to moderate the customer orientation and financial performance relationship but did not moderate competitor orientation and financial performance relationship. The impact of customer orientation and competitor orientation on the firm's non-financial performance was not considered by the study.

A study by Subramanian and Gopalakrishna (2001) investigated market orientation's effect on performance of organizations by sampling 162 service and manufacturing firms in India. Results indicated market orientation's positive influence on firm performance. However, the results demonstrated that competitive intensity did not

moderate market orientation's impact on firm performance. In another study, Kumar, Subramanian and Yauger (1998) examined market orientation and hospital performance. 159 hospitals in USA were surveyed and results indicated market orientation's positive effect on hospital performance. However, their finding that competitive intensity moderated market orientation's impact on performance of the hotels contradicted that of Subramanian and Gopalakrishna (2001) who found that competitive intensity did not moderate market orientation's effect on firm performance. The two studies were also done in different contexts and geographical locations with one being done in the service and manufacturing sector in India while the other was done in the healthcare industry in USA.

A study by Gaur, Vasudevan and Gaur (2011) analyzed the impact of organizational resources and environmental factors on market orientation and SMEs performance in India. Results of their study indicated that customer orientation and inter-functional coordination positively affected performance of the SMEs. However, competitor orientation had no positive influence on performance of small and medium enterprises. The study also found that firm resources and competitive intensity moderated the market orientation and firm performance and this finding contradicts that of Subramanian and Gopalakrishna (2001) who found that competitive intensity did not moderate market orientation's influence on firm performance. Dubihlela and Dhurup (2015) evaluated market orientation's influence on performance of small and medium enterprises in South Africa. A sample size of 273 managers of the small and medium enterprises was used and data was collected through personal interviews. Data analysis was based on structural equation modelling and results indicated that market orientation positively influenced firm performance. The study also identified competitive intensity as a barrier to small and medium enterprises implementing market orientation activities

and results indicated that competitive intensity negatively affected the market orientation of small and medium enterprises. However, the effect of moderator variables on the market orientation and performance link was not examined by the study.

Another study by Brockman, Jones and Becherer (2012) studied the moderator influence of innovativeness, risk taking and opportunity focus on market performance and customer orientation of 180 small American firms. Results indicated customer orientation had no positive impact on performance of small firms under low levels of risk taking and this contradicts the finding of Gaur et al. (2011) whose results indicated customer orientation 's positive influence on firm performance. The study by Brockman et al. (2012) did not examine the influence of inter-functional coordination and competitor orientation on firm performance including the fact that competitive intensity was not studied as a moderator variable. In the fashion industry, Macaes, Farhangmehr and Pinho (2007) examined the synergistic impact of mediators and moderators on market orientation and firm performance using a sample of 130 Portuguese firms. The results showed market orientation had no direct influence on firm performance and competitive intensity had no moderating impact on the relationship. This finding was contrary to that of Brownhilder (2016) whose study results indicated that competitive rivalry negatively moderated the influence of market orientation on firm performance. Similarly, the finding by Macaes et al. (2007) that market orientation had no direct relation with firm performance contradicts that of Udegbe (2017) who studied market orientation practices and performance of hotels in Nigeria and findings indicated that market orientation positively affected hotel performance.

Study findings by Ruzgar, Kocak and Ruzgar (2015) also showed that competitive intensity moderated the link between market orientation and SME performance in Turkey. However, these findings contradict those of Hartono (2013) and Zhang and Zhou (2016) who found that competitive intensity did not moderate market orientation's impact on firm performance. Another study by Aziz and Yassin (2010) also examined external environment factors and market orientation's impact on SME performance in Malaysian Agro-food sector and results showed that competitive intensity had no moderating effect. Contradictions that exist in these study findings by authors call for further research especially in different geographical areas and contexts. This study sought to determine the influence of competitive intensity on the relationship between market orientation and performance of private security firms in Kenya.

2.6 Market Orientation, Firm Characteristics, Competitive Intensity and Firm Performance

As a concept, market orientation requires firms to collect market information about competitors and customers and distribute the information among their departments as well as ensuring that all departments within the organizations work together to develop and provide customers with superior value. Leal-Rodriguez and Albort-Morant (2016) studied market orientation, innovation and business performance of Spanish automotive firms. Findings showed that market orientation positively influenced performance of automotive firms. However, Langerak, Hultink and Robben (2004) analyzed market orientation, product advantage and launch proficiency on the performance of new products and that of the business organization. Data was collected from 126 firms in the Netherlands. The results showed no direct effect of market orientation on firm performance.

A study by Ahmed et al. (2011) examined firm characteristics and performance of Pakistani life insurance companies. The results suggested small firms performed poorly than large firms. The experience of the managers or owners also influenced firm performance. These findings are inconsistent with study results of Njeru (2013) who found that firm characteristics did not influence firm performance. On the other hand, Mbugua (2015) examined market orientation, firm characteristics, dynamic capabilities and performance of Kenyan deposit taking SACCOs and found that market orientation significantly influenced the non-financial performance of SACCOs. This finding is inconsistent with that of Nwokah (2008) and Didonet et al. (2014) who found that market orientation had no relationship with firm performance.

Several authors have reported in their studies that market orientation and firm performance have a positive relationship (Mbugua, 2015; Njeru, 2013) while others found a negative impact of market orientation on firm performance (Aliyu et al., 2015; Hussin et al., 2014) and others found market orientation having no significant impact on firm performance (Didonet et al., 2014; O'Sullivan & Butler, 2009). Previous studies analyzed different moderating variables including marketing practices and technological turbulence. This study analyzed competitive intensity and firm characteristics (firm age, firm size and firm ownership structure) as moderating variables on market orientation and firm performance relationship of private security firms in Kenya.

In terms of the global perspective, there has been an exponential growth in the private security firms around the world (Sarre, 2012) and it is estimated that there are more people employed to work as private security officers than those working as police officers (Van Dijk, 2008). The US-led invasion of Iraq gave the global private security

industry a boost in 2003 when the USA outsourced the protection of public buildings and foreign investments to American private security firms (African Business Magazine, 2012) which makes the United States a global leader in providing private security services. The private security industry is the largest industry in Israel due to the threats caused by the Israeli-Palestinian conflict (Mazali, 2009) and armed private security guards also man checkpoints through which Palestinians from the West Bank can cross into Israel. Deger (2016) stated that checkpoints manned by private security guards first appeared in 2006 after Israel's parliament allowed private security firms to control or support 35 of the 96 checkpoints in the West Bank. The private security industry in Israel is booming as a result of "the deep belief in security as the all-encompassing ideology that is widespread in Israel" (Grassiani, 2018).

In the United Kingdom, the private security industry is regulated by the Security Industry Authority (SIA) which was formed by the Private Security Industry Act of 2001 which allows SIA to handle the licensing of individuals or firms that undertake private security activities. According to the African Business Magazine (2012), G4S, a British multinational firm is the largest private security firm in the world and it employs more than 600,000 people from 125 countries. In the Netherlands, a legal framework on private security organizations came into effect in 1997 and it requires firms interested in engaging in private security work to submit an application to the Minister of Justice who then seeks the recommendation of the Chief of Police.

The law requires employees of private security firms to receive training in security work by obtaining the basic diploma for security employees within one year of being appointed (De Waard, 1999). However, security guards working for private firms in Netherlands are not authorized to carry firearms. A report by the United Nations

Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean (UNLIREC) and the Geneva Centre for the Democratic Control of Armed Forces (DCAF) in 2016 indicated that Mexico had the highest number of private security firms with the number at 3,518. This was probably because of the drug-related cases of violent and organized crime. Brazil was second with 2, 581, Argentina with 1,695 and Chile with 1,521. Jamaica had 222 firms, Haiti 41 and Grenada had the least number of private security firms with 8 and a total of 887 employees.

The report by the United Nations Regional Centre for Peace, Disarmament and Development in Latin America and the Caribbean and Geneva Centre for the Democratic Control of Armed Forces also indicated that Brazil and Mexico had the largest number of persons employed by the private security companies with Brazil having 583,100 personnel while Mexico had 450,000. In Jamaica, the government regulates the private security industry through the Private Security Regulation Authority (PSRA) which is a statutory body in the country's Ministry of National Security that was established under the Private Security Regulation Authority Act of 1992.

In Southern Africa, Gumedze (2007) stated that South Africa has the largest PSI in Africa due to the crime rate in the country. The government of South Africa regulates private security service providers through the Private Security Industry Regulatory Act, 56 of 2001 which set up the Private Security Industry Regulatory Authority (PSIRA) and as of 2014 there were 8,144 private security firms registered with PSIRA. The private security guards working for firms in South Africa are allowed to carry firearms if they have the required permits or authorization. In Swaziland (Now known as Eswatini), there is no specific legal framework that regulates the private security

industry and Simelane and Maziya (2015) stated that any issues touching on private security firms such as registration and terms of operating in the country are handled through the country's corporate regulations and labour laws.

In West Africa, the private security industry in Nigeria is governed by the Private Guard Companies Act No. 23 of 1986 which requires that private security firms in Nigeria must be fully owned by Nigerians. In Sierra Leone, the government regulates the private security industry through the National Security and Central Intelligence Act No. 10 of 2002 which legally empowers the Office of National Security to receive and vet applications from interested private security firms. In Gambia, the private security industry is regulated by the Private Security Guard Companies Act No. 5 of 2011. In order for a private security firm to operate in Gambia it must be incorporated under the Gambia Companies Act, it must have a license issued by the Interior Minister as well as have a minimum 50% of the company's shares being owned by Gambian nationals.

In East Africa, the private security service providers in Uganda are governed by the Police Regulations of 2004 which prohibit any firm from offering private security services in Uganda if they have not been registered as a private security organization. The regulations also require foreign firms interested in offering private security services to fulfill all formalities required by the Uganda Investment Authority and then submit an application to the Inspector General of Police who will then recommend whether they should be registered or not (Nakueira, 2015). The common private security firms in Uganda are KK Security, Ultimate Security, Security Group Africa and Tight Security. Private security guards working for firms in Uganda are allowed to carry authorized firearms in conformity with the country's fire arms act. A similar process is required to register private security firms in Tanzania.

The incidents of piracy along the horn of Africa coastline have made shipping firms plying the route to invest in private security services to protect their cargo during transit on the high seas and this has contributed to the increased demand for private security services by the maritime industry as well. Most private security firms also hire people who have worked before in the police and military forces which gives them a competitive advantage in terms of personnel skills and experience.

2.7 Summary of Knowledge Gaps

The extant literature review revealed inconsistent study findings on market orientation, firm characteristics (Firm age, firm size and firm ownership structure), competitive intensity and non-financial and financial performance.

The studies reviewed were conducted in different geographical areas, in different contexts while other studies did not study the moderator effects of variables on market orientation and firm performance. The research methodology used also varied from one study to another. A summary of the identified gaps in knowledge is provided in Table 2.1.

Table 2.1: Summarized Knowledge Gaps

Author(s)	Area of focus of the study	Methodology used	Knowledge Gaps identified	Area of focus of this study
Oluwatoyin et al. (2018)	Impact of market orientation on performance of selected hotels in Nigeria Tested the moderator effect of age and size of the organization	Cross sectional study of 68 hotels Correlation analysis used to test the relationship between the variables	Effect of market orientation on financial performance was not tested Firm ownership structure as a firm characteristic was not studied Used correlation analysis only to evaluate the relationship between study variables	Effect of Market orientation on non-financial and financial performance was studied Firm ownership structure as a firm characteristic was studied Regression analysis used to analyze the data.
Prayitno et al. (2017)	The link between customer and competitor orientation on business performance	Used a cross-sectional study and a sample size of 210 managers of SMEs in Indonesia SEM used for data analysis	Inter-functional coordination was not studied. Moderator effect of variables on Market orientation and firm performance was not studied	All the three dimensions of Market orientation were studied Moderator effects of variables on Market orientation and performance of PSFs in Kenya were studied.

Leal-Rodriguez and Albort-Morant (2016)	Market orientation, innovation and performance of Spanish small industrial enterprises	Used a survey design and a sample size of 145 automotive firms. Partial least squares used for data analysis	Effect of a moderator variable on Market orientation and Firm Performance not tested	Firm characteristics and Competitive Intensity were studied as moderator variables. Regression analysis was used to analyze the data
Ng'ang'a, Lagat and Kieti (2016)	Moderating influence of Competitive intensity on customer orientation and firm performance	Cross sectional study of 132 hotels in Kenya	Study focused on Customer orientation only. Competitor and Inter-Functional coordination were not studied	Influence of Customer orientation, Competitor orientation and Inter-Functional coordination were studied
Dubihlela and Dhurup (2015)	Determinants of and barriers to Market orientation and the relationship with business performance among SMEs	Cross sectional study using face to face interviews of 273 managers / owners of SMES Structural equation modelling used to analyze the data	Effect of moderating variables on Market orientation and Performance was not tested. Data collected qualitatively	Effects of moderating variables was tested. Data collected using questionnaires Regression analysis used to analyze the data
Gatoto et al. (2015)	Service Quality Strategies by Private Security Firms in Kenya	Census of 11 private security firms operating in Nyeri County	Studied Service quality strategies of private security firms. Study limited to private security firms operating in Nyeri County only	Market orientation and Firm performance relationship was studied on PSFs countrywide

Kaguru and Ombui (2014)	Factors influencing the performance of PSFs in Nairobi County	Used a Case Study of G4S security services (K) Ltd	Case study approach used to study G4S firm in Nairobi county.	Market orientation, firm characteristics and competitive intensity of private security firms Census method was used
Didonet et al. (2014)	Supply chain integration in the relationship between Market orientation and performance in SMEs	Cross sectional study using a sample size of 550 micro and small to medium sized firms in Chile.	Moderator effect not tested. Supply chain integration studied as a mediator	Competitive intensity & firm characteristics were examined as moderator variables.
Oseyomon and Ogieva (2014)	Market orientation and Sales of quoted companies in Nigeria	Cross sectional study of 50 firms Data analysis done using Correlation analysis	Effect of market orientation on non-financial performance not examined Effect of moderating variables not tested	Effect of market orientation on non-financial performance was examined Effect of moderating variables on firm performance was tested Regression analysis used to analyze the data.

Pongwiritthon and Noiphan (2014)	Customer orientation and firm performance among SMEs in Thailand	Cross sectional survey of 222 firms	Effect of competitor orientation and inter-functional coordination on Firm performance not tested.	Effect of all three dimensions of Market orientation on Firm performance were studied. Moderating effect of Firm characteristics and Competitive intensity was tested.
Njeru, (2013)	Market orientation, Marketing practices, Firm characteristics, External environment and Performance of Kenyan Tour Firms	Cross sectional survey of 104 Tour firms	Used qualitative measures of performance. Studied Firm characteristics as an Independent variable Study limited to Tour firms	Used both Financial and Non-Financial measures of performance Firm characteristics were studied as a moderator variable. Private security industry was the context

Source: Researcher (2020)

2.8 Conceptual Framework and Hypotheses

The conceptual framework and hypotheses were developed from the review of literature as well as the knowledge gaps presented in Table 2.1

2.8.1 The Conceptual Framework

The conceptual framework illustrates various relationships between study variables. As depicted by Figure 2.1, which is the model conceptualizing the variables, firm performance and market orientation have a direct relationship. Firm characteristics (ownership structure, size and age of the company) and competitive intensity moderate the link between market orientation and firm performance. Market orientation, firm characteristics and competitive intensity influence firm performance through a joint effect. Market orientation was measured through customer and competitor orientations including the level of inter-functional coordination.

The level of competitive intensity was evaluated based on the number of competitor firms operating in the private security industry, level of price competition among the firms, promotional wars and strength of competitors. Firm characteristics were analyzed in terms of firm age and size as well as ownership structure of the firms. Performance of the firms was measured non-financially and financially. Non-financial measures of performance were the number of new customers acquired and the number of customers retained. Sales revenue was used to measure the financial performance of the private security firms.

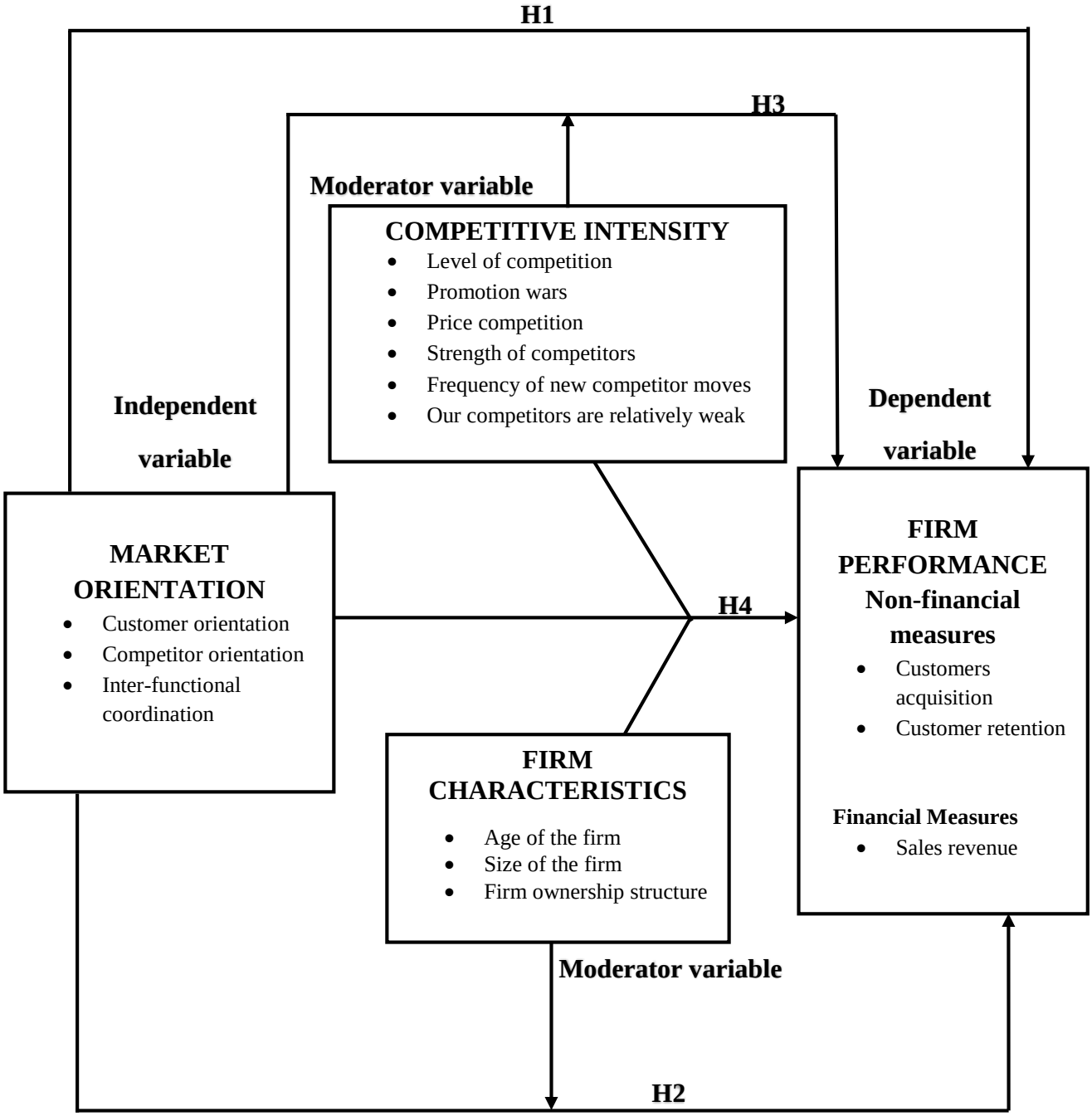

Figure 2.1: Conceptual Model

Source: Researcher (2020)

2.8.2 Conceptual Hypotheses

The hypotheses formulated from the relationships depicted in Figure 2.1 by the conceptual model were;

H_1: Market orientation has no significant influence on firm performance.

H_2: Firm characteristics have no significant moderating influence on the relationship between market orientation and firm performance.

H_3: Competitive intensity has no significant moderating effect on the relationship between market orientation and firm performance.

H_4: The joint contribution of market orientation, firm characteristics and competitive intensity to firm performance is not significant.

2.9 Chapter Summary

This chapter provides the study's theoretical foundation by reviewing the dynamic capabilities theory and the market based view. The theoretical and empirical review of past studies as well summarized knowledge gaps identified have been presented. The conceptual model and corresponding conceptual hypotheses have also been presented.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Descriptions of the study's research philosophy, research design and target population are provided in this chapter. It also describes the instrument used for collecting data in terms of the instrument's validity and reliability. Data analysis techniques and operationalization of study variables have been discussed as well.

3.2 Research Philosophy

A research philosophy is a framework comprising of beliefs, perceptions and understanding of the practices and theories used to conduct a study (Cohen, Manion & Morrison, 2000). The three main research paradigms are Interpretivism, Realism and Positivism (McNabb, 2008). Interpretivists focus on trying to understand the world from their own view point. Given the subjective nature of interpretivism, it is linked to qualitative approaches of data collection. Saunders et al. (2007) posited that assumptions of interpretivists are very contextual in nature and are not generalized. From the perspective of realism, Blaikie (1993) argued that realism accepts that reality may exist inspite of observation or science and it is concerned with what kind of things exist and their behaviour. Realism takes the view that researching from different angles contributes to understanding of the variables under study since reality can exist on multiple levels (Chia, 2002). Therefore, realism is also viewed as theory building or inductive in nature.

Positivism is founded on principles of truth, validity and reason. Its focus is specifically on facts collected through observations and measured using quantitative techniques and statistical analyses (Hatch & Cunliffe, 2006). Positivism involves the use of existing theories in the formulation of study hypotheses which are then tested using statistical

methods leading to the researcher rejecting or failing to reject the null hypotheses and further development of theories. The study was guided by a positivist philosophy because it was deductive in nature, it involved quantitative collection and analysis of data as well as the use of existing theories to develop and test hypotheses objectively. The researcher was also independent.

3.3 Research Design

The study adopted a research design that was cross-sectional and descriptive in nature. This was because cross-sectional studies enable the researcher(s) to engage in data collection at one instance in time (Saunders et al., 2007). Respondents in cross sectional studies are chosen based on the inclusion criteria set for the study. The cross-sectional design was chosen since it is relatively quick, easy and cheap to undertake. It also allows the researcher to evaluate the influence of multiple variables concurrently at no additional cost.

Descriptive cross sectional studies are recommended by Leedley (1997) for studies in business and social sciences because they allow the researcher to describe the various characteristics of constructs under study using frequencies, means, standard deviations and coefficient of variations of responses provided. Descriptive studies also establish the nature and strength of relationships between study variables (Sekaran & Bougie, 2010) hence it was appropriate for this study because it facilitated the study of market orientation, firm characteristics, competitive intensity and their effect on firm performance. This was done through statistical analyses and testing of hypotheses which enabled the researcher to make objective conclusions.

3.4 Population of the Study

The study population was all registered institutional members of Kenya Security Industry Association (KSIA). This was influenced by the work of Diphoorn (2016) who in her fieldwork report pointed out that the Protective Security Industry Association (PSIA) which is the other industry association, is an offshoot of the Kenya Security Industry Association whose members are firms whose membership applications had been rejected by KSIA because it required strict adherence to the code of conduct and payment of minimum wages to staff and in view of this, the study population was chosen by the researcher to be the private security firms that were members of Kenya Security Industry Association.

The unit of analysis for the study were private security firms registered as members under Kenya Security Industry Association and they are listed on its website (www.ksia.or.ke). Kenya Security Industry Association members are generally large and medium sized firms. A comprehensive list of all members is available under appendix III and they were 39 firms. A census was conducted since the population was relatively small.

3.5 Collection of Data

The primary data collection tool was a structured questionnaire with a measurement scale for market orientation adopted from the MKTOR scale of Narver and Slater (1990). Han et al. (1998) and Chackrabarty and Roge (2003) supported the use of MKTOR scale to measure the market orientation of a firm by suggesting that the individual dimensions of the scale fitted the data adequately. Mavondo and Farell (2000) compared MKTOR and MARKOR scales in terms of reliability and indicated that MKTOR scale was superior in cross-industry and cross-cultural studies.

A content analysis that was done by Mokoena (2019) on the MKTOR and MARKOR scales of measuring market orientation indicated that the MKTOR scale was superior in terms of sampling adequacy and cumulative percentage of variance and this justified the adoption of the scale by this study. The scale for measuring firm characteristics was adopted from Kisengo and Kombo (2012) and Gonewe and Sunny (2013) while that of measuring competitive intensity was adopted from Jaworski and Kohli (1993) and Sorensen (2009).

Measures of non-financial performance of the firms were adopted from Chen et al. (2009) and that of financial performance was adopted from Zhou et al. (2009). Study questionnaires were administered to respondents by research assistants hired by the researcher. The questionnaires were dropped at the private security firms and picked up later when they had been filled. A letter introducing the researcher from the University of Nairobi and a copy of the research license issued by the National Commission for Science, Technology and Innovation (NACOSTI) accompanied the questionnaires. Copies of the letter of introduction from the University of Nairobi and the research permit from NACOSTI are attached appendix I and II respectively.

The study targeted one respondent who was the key informant from each firm. The CEO or marketing manager from each firm was targeted as respondents because of their expert knowledge in market orientation, competitive intensity and firm performance. The use of a single respondent from each firm by this study is consistent with arguments of Narver and Slater (1998) and O'Cass et al. (2004) who stated that single respondents can provide valid and reliable data just like multiple respondents especially if the data sought is from their area of expertise.

3.6 Operationalization of Study Variables

Market orientation activities of private security firms and competitive intensity were measured using a 5-point rating scale ranging from 1= "Strongly disagree" to 5= "Strongly agree". Rating scales are appropriate when soliciting for a respondent's belief, opinion or when the value sought cannot be answered definitely or when addressing sensitive topics (Chimi & Russel, 2009). Table 3.1 provides details on how the variables in the study were operationalized.

Table 3.1: Operationalization of Variables of the Study

Study variables and their nature	Key indicators	Supporting literature	Measure and scale of measurement	Question
Market Orientation (Independent variable)	Customer orientation Competitor orientation Inter-functional coordination	Brownhilder (2016) Yabs and Awuor (2016) Njeru (2013) Narver and Slater (1990)	5-point rating scale 1-Strongly disagree 2-Disagree 3-Neutral 4-Agree 5-Strongly agree Interval scale	Section B 10a, 10b, 10c
Firm Characteristics (Moderating variable)	Firm age Firm size Ownership structure	Yabs and Awuor (2016) Kisengo and Kombo (2012) Njeru (2013) Gonewe and Sunny 2013)	Real value Real value Nominal scale	Section A 5,6 and 7
Competitive Intensity (Moderating variable)	Level of competition Price competition Promotion wars Strength of competitors Competitive moves	Zhang and Zhou (2016) Owino (2015) Sorensen (2009) Jaworski and Kohli (1993)	5-point rating scale 1-Strongly disagree 2-Disagree 3-Neutral 4-Agree 5-Strongly agree Interval scale	Section C 11

Firm Performance (Dependent variable)	**Non-financial measures** Customer acquisition Customer retention	Protcko and Donberger (2014) Chen et al. (2009)	Real value	Section D 12a
	Financial Measures Sales revenue	Zhou et al. (2009) Vazquez et al. (2001)	Ratio scale	12b

3.7 Tests of Reliability and Validity

A research instrument's reliability indicates the degree to which findings obtained by the instrument can be replicated (Wong, Ong & Kuek, 2012). Similarly, Bolarinwa (2015) defined validity as the ability of a data collection instrument to measure what it claims to measure or what it was intended to measure. Issues of validity also help researchers to estimate how accurately the data collected represents a study variable (Doodley, 2003).

3.7.1 Reliability Test

The Cronbach's alpha, a reliability coefficient, was used by the researcher to determine how reliable the constructs on the research questionnaire were. If the Cronbach's alpha is close to 1, the items on the research instrument have a high internal consistency. Scholars have argued about the acceptable level of the Cronbach's alpha and Cronbach (1951) proposed a lower limit of 0.5 while Nunally and Bernstein (1994) stated that a Cronbach alpha coefficient of 0.7 or higher is an indicator that the measures are reliable. Bagozzi and Youjae (2012) recommended a coefficient of 0.6 or greater but argued that a lower threshold of 0.5 could also be used. However, consensus has not been reached among authors on what the lower limit of the Cronbach's alpha coefficient should be.

Hair et al. (2006) proposed that a Cronbach's alpha coefficient of 0.6 should be the minimum for new measurement scales and though this study adopted established

measurement scales such as the MKTOR scale for measuring market orientation by Narver and Slater (1990) and Kohli and Jaworski (1993) scale for measuring competitive intensity, their use in the private security industry in Kenya was relatively new and therefore the study adopted a coefficient of 0.6 as the cut-off point because it is above the lower limit of 0.5 proposed by Bagozzi and Youjae (2012) and Cronbach (1951).

3.7.2 Validity Test

Content validity was ensured by adopting the MKTOR scale of Narver and Slater (1990) for measurement of market orientation based on arguments by Pelham (1997) that MKTOR is superior over MARKOR in terms of discriminant and convergent validity. Firm characteristics was measured using items adopted from Kisengo and Kombo (2012) and Njeru (2013) while measurement items for competitive intensity were adopted from Kohli and Jaworski (1993). Measurement items for non-financial performance were adopted from Chen et al. (2009) and financial measures were adopted from Zhou et al. (2009).

Pilot testing was done to identify weaknesses in the design of the questionnaire. Pilot testing is recommended by Dillman (2000) to ensure proper interpretation of the questionnaire by the target respondents and clarity of the statements. A pilot test covering five to ten respondents or firms is good enough to validate a questionnaire (Hair et al., 2007). The pilot test was done using ten (10) private security firms operating in Mombasa which were not members of Kenya Security Industry Association. This provided data used to calculate the Cronbach's alpha coefficient. The questionnaire statements were then revised accordingly.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy as well as the Bartlett's sphericity test were used to establish if the primary data was suitable for factor analysis. Hadi et al. (2016) stated that KMO values of 0.6 or higher are indicators that the sampling is adequate. Bartlett's test of sphericity values that are less than 0.05 confirm the suitability of the data for factor analysis. Validity of variables was determined through factor analysis to establish how well market orientation, firm characteristics, competitive intensity and performance of firms were reflected using individual measures. Kerlinger (1986) stated that factor analysis is a superior technique that can be used in establishing construct validity of specified constructs. Face validity was established through discussions with marketing managers of private security firms that were not members of Kenya Security Industry Association.

3.8 Analysis of Data

The researcher subjected the data from the field to cleaning, coding and then the Statistical Package for Social Sciences (SPSS) version 21, a software for quantitative data analysis was used to analyze the research data. Pearson's correlation coefficient (r) was used to explain the nature and strength of the relationship between variables. The significance of the correlation coefficient was evaluated using p-values. (r is significant if p-value is less than 0.05).

Simple and multiple regression analyses were conducted to establish whether predictor variables were effective in predicting the outcome variable as well as determining the variables that are significant predictors of the dependent study variable. The mean, variance and standard deviation were used to provide descriptive statistics of the data. Hierarchical regression analysis was used to test the moderator impact of firm characteristics and competitive intensity on the relationship between market orientation and firm performance.

3.8.1 Tests of Assumptions of Regression Analysis

Regression analysis has several assumptions that were tested by the study. They include linearity of the predictor and outcome variables, normality, multicollinearity, autocorrelation and heteroscedasticity. The Kolmogorov – Smirnov and the Shapiro-Wilk tests were used to examine the data for normality. P-values above 0.05 would be an indication that the data was normal.

The Q-Q plots were used to visually supplement the results of the normality tests on the dependent variable and independent variable in the study. Heteroscedasticity was tested using the Koenker test. Multi-collinearity was examined by computing Tolerance and Variance Inflation Factors (VIFs). VIF values falling between 1-10 are indicators of no multi-collinearity. If the VIF is less than 1 or greater than 10, then there is multi-collinearity (Robinson & Schumacker, 2009). Autocorrelation was tested using the Durbin Watson test.

3.8.2 Regression Model

The regression model for predicting the performance of private security firms was presented as;

$$FP=\beta_0+\beta_1 MO+\beta_2 FC+\beta_3 CI+e.$$

Where firm performance (FP) is the dependent variable, β0 is the regression Constant, β_1 to β_3 are the regression coefficients, MO (Market orientation) represents the composite score of market orientation activities and it was the independent variable. FC (Firm characteristics) was the moderating variable. CI (Competitive Intensity) was a second moderating variable while e was the random error term explaining the variance in firm performance that was not explicitly stated in the model. The moderation path

developed by Fairchild and Mackinnon (2009) was used to test if firm characteristics and competitive intensity moderated the influence of market orientation on firm performance. The moderation path is shown in figure 3.1

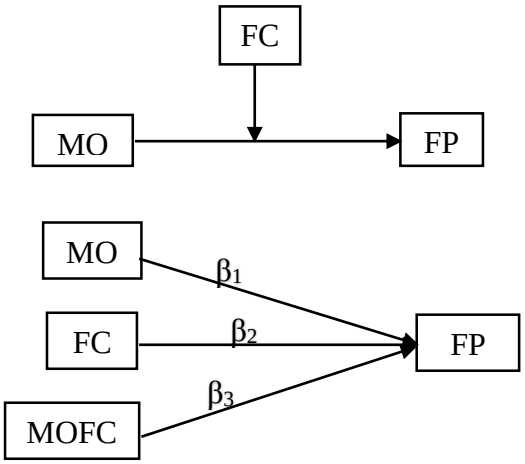

Figure 3.1 Moderation Path for Firm Characteristics

MO = Market orientation (Independent variable); FC = Firm characteristics (Moderator variable); MOFC=Interaction term, FP= Firm performance (Dependent variable); β_1 to β_3 = Beta Coefficients.

Source: Fairchild and Mackinnon (2009)

A hierarchical multiple regression analysis was done at three levels. The first step involved testing market orientation's (Independent variable) effect on firm performance (Dependent variable) and a significant result would lead to the second step which involved market orientation and firm characteristics being entered into the regression model as predictors of firm performance. The third step involved computing an interaction term by getting the product of market orientation (MO) and firm characteristics (FC). The interaction term is a joint relationship between market orientation and firm characteristics that assesses whether the relationship accounts for additional variation in firm performance beyond that explained by either market orientation or firm characteristics alone.

The interaction term was created by centralizing the market orientation and firm characteristics variables by subtracting the mean of the variables from all values of the independent variable (market orientation) and the moderator (Firm characteristics) so that the mean is zero. The interaction term was then created by multiplying the centralized independent variable and the centralized moderator variable (Market orientation X Firm characteristics). The interaction term was then entered into the model in the third step. The moderating influence of firm characteristics would be present if the interaction term explained a significant level of variance in firm performance. This was done for each of the three sub-constructs of firm characteristics (Firm age, firm size & firm ownership structure)

Another hierarchical multiple regression analysis was done to establish if competitive intensity had a moderating effect on the link between market orientation and firm performance. The hierarchical multiple regression analysis was done at three levels. The first step involved testing the influence of market orientation (Independent variable) on firm performance (Dependent variable) and a significant result would lead to the second step which involved market orientation and competitive intensity being entered into the regression model as predictors of firm performance. The third step involved computing an interaction term by calculating the product of market orientation and competitive intensity. The interaction term is a joint relationship between market orientation and competitive intensity that assesses whether the relationship accounts for additional variation in firm performance beyond that explained by either market orientation or competitive intensity alone. The interaction term was created by centralizing the market orientation and competitive intensity variables by subtracting the mean of the variables from all values of the independent variable (Market orientation) and the moderator (Competitive intensity) so that the mean is zero. The

interaction term was then created by multiplying the centralized independent variable and the centralized moderator variable (Market orientation X Competitive intensity). The interaction term was then entered into the model in the third step. The moderating effect of competitive intensity would be present if the interaction term explained a significant level of variation in firm performance. The moderation path for competitive intensity is shown in figure 3.2

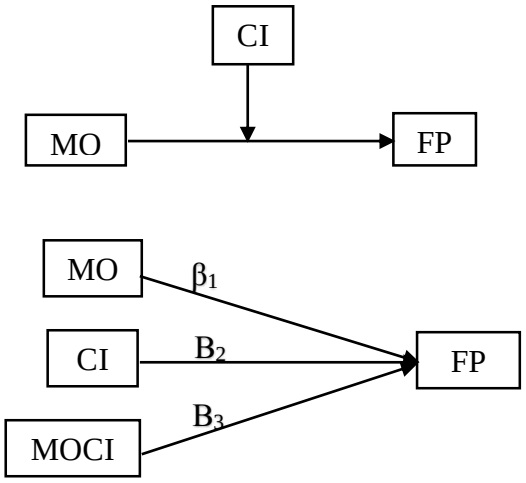

Figure 3.2: Moderation Path for Competitive Intensity

MO= Market orientation (Independent variable); CI= Competitive intensity (Moderator variable); MOCI=Interaction term, FP= Firm performance (Dependent variable); β_1 to β_3 = Beta Coefficients.

Source: Fairchild and Mackinnon (2009)

The analytical models of the study are summarized in Table 3.2

Table 3.2: Analytical Models of the Study

Objective	Hypotheses	Method of analysis	Interpretation of the output
Objective 1 To determine the relationship between market orientation and performance of private security firms in Kenya.	**H_{1a}:** Market orientation has no significant influence on non-financial performance.	Simple regression analysis NON-FP = $\beta_0+\beta_1 MO+e_1$ Where; NON-FP = Non-Financial performance β0 = Regression Constant MO = Composite index of market orientation behaviours β_1 = Regression coefficient e_1 = Error term	Hypothesis rejected if the p-value of the t-test is less than 0.05 Regression model is significant if p-value of the F-test is less than 0.05
	H_{1b}: Market orientation has no significant influence on financial performance.	Simple regression analysis FIN-PERF = $\beta_0+\beta_2 MO+e_2$ Where; FIN-PERF = Financial performance β0 = Regression Constant MO = Composite index of market orientation behaviours β_1 = Regression coefficient e_2 = Error term	Hypothesis rejected if the p-value of the t-test is less than 0.05 Regression model is significant if p-value of the F-test is less than 0.05

Objective 2 To examine the influence of firm characteristics on the relationship between MO and performance of PSFs in Kenya	**H_{2a}:** Firm age has no significant moderating influence on the relationship between market orientation and non-financial performance.	Hierarchical regression analysis Sig. F – Change Sig. of Interaction term	Hypothesis rejected if p-value of F-change and interaction term is less than 0.05
	H_{2b}: Firm size has no significant moderating influence on the relationship between market orientation and non-financial performance.	Hierarchical regression analysis Sig. F – Change Sig. of Interaction term	Hypothesis rejected if p-value of F-change and interaction term is less than 0.05
	H_{2c}: Firm ownership structure has no significant moderating influence on the relationship between Market orientation and non-financial performance.	Hierarchical regression analysis Sig. F – Change Sig. of Interaction term	Hypothesis rejected if p-value of F-change and interaction term is less than 0.05
	H_{2d}: Firm age has no significant moderating influence on the relationship between Market orientation and financial performance.	Hierarchical regression analysis Sig. F – Change Sig. of Interaction term	Hypothesis rejected if p-value of F-change and interaction term is less than 0.05

	H_{2e}: Firm size has no significant moderating influence on the relationship between market orientation and financial performance.	Hierarchical regression analysis Sig. F – Change Sig. of Interaction term	Hypothesis rejected if p-value of F-change and interaction term are less than 0.05
	H_{2f}: Firm ownership structure has no significant moderating influence on the relationship between market orientation and financial performance.	Hierarchical regression analysis Sig. F – Change Sig. of Interaction term	Hypothesis rejected if p-value of F-change and interaction term are less than 0.05
Objective 3 To establish the influence of competitive intensity on the relationship between market orientation and performance of private security firms in Kenya.	**H_{3a}:** Competitive intensity has no significant moderating effect on the relationship between market orientation and non-financial performance.	Hierarchical regression analysis Sig. F – Change Sig. of Interaction term	Hypothesis rejected if p-value of F-change and interaction term are less than 0.05
	H_{3b}: Competitive intensity has no significant moderating effect on the relationship between market orientation and financial performance	Hierarchical regression analysis Sig. F – Change Sig. of Interaction term	Hypothesis rejected if p-value of F-change and interaction term are less than 0.05

Objective 4 To determine the joint contribution of marketing orientation, firm characteristics and competitive intensity to performance of private security firms in Kenya.	**H_{4a}:** The joint contribution of market orientation, firm characteristics (Firm age, Firm size & Firm ownership structure) and competitive intensity to non-financial performance is not significant.	Multiple regression analysis Sig. F – Change	Hypothesis rejected if p-value of F-change is less than 0.05
	H_{4b}: The joint contribution of market orientation, firm characteristics (Firm age, Firm size & Firm ownership structure) and competitive intensity to financial performance is not significant	Multiple regression analysis Sig. F – Change	Hypothesis rejected if p-value of F-change is less than 0.05

3.9 Chapter Summary

The philosophy which guided this study, design of the study, study population and the methods used in collecting data have been discussed including details of how the study variables were operationalized. The tests of assumptions for regression analysis have also been discussed together with the research instrument's reliability as well as validity. The techniques used in analyzing the data have also been described.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter provides descriptive statistics on the response rate, profile of respondents, reliability and validity tests conducted on the research instrument, results of the diagnostic tests conducted on the data collected, demographic profile of the firms that took part in the study as well as the descriptive and inferential statistics on market orientation, firm characteristics, competitive intensity and firm performance.

4.2 Response Rate

Data was collected from private security firms that were registered members of Kenya Security Industry Association. In total, firms were thirty-nine (39) as of October 2018 and a census was conducted since the population was relatively small. Thirty-seven (37) firms responded by filling and returning the questionnaires and this was a response rate of 95% which was excellent. Tsui et al. (1995) cited in Alshamasi and Aljojo (2016) argued that a response rate of 90% or more though rare is excellent. The high response rate was probably influenced by the fact that the study's population was relatively small. In addition, the drop and pick up later method that was used to administer the research questionnaires gave the respondents time to fill the questionnaires at their own convenience including having up to two weeks to do so. Follow-ups were also done on firms whose respondents seemed to take longer than expected and this influenced the high response rate

The key informant method was used in choosing the respondents. The Chief Executive Officers (CEO) or the Sales/Marketing managers of the private security firms were targeted as key informants based on their knowledge of the firm's marketing practices

and competitive intensity in the private security industry. A single respondent was targeted by the researcher from each firm. O'Cass (2004) argued that single informants can provide data that is valid and reliable just like multiple informants. This view was also supported by Donaldson (1995) and Narver and Slater (1998) who pointed out that the key informant method can be used without affecting the reliability of the data provided by single respondents. Similarly, past studies that evaluated the influence of market orientation on performance of firms by Njeru (2013), Lagat et al. (2012) and Zorah and Sulaiman (2011) used single respondents during data collection.

4.3 Respondent Profile

The researcher sought to identify respondent characteristics such as gender, work experience in the industry and the education level of the target respondents. These characteristics were significant in helping the researcher to understand the nature of the individual respondents that provided information on the research variables.

4.3.1 Gender of Respondents

The gender information was required to determine whether managerial positions in private security firms are dominated by male or female persons. The respondents' gender distribution is provided in Table 4.1

Table 4.1: Gender Distribution of Respondents

Gender	Frequency	Percent
Male	30	81.1
Female	7	18.9
Total	**37**	**100.0**

Source: Primary Data (2020)

Findings regarding gender distribution presented in Table 4.1 demonstrate that managerial positions in private security firms are dominated by male persons. This is

not surprising because in Kenya, women are usually the minority when it comes to representation in managerial positions in private and public sectors of the economy. This finding is in tandem with that of Suda (2002) who examined gender disparities in labour market in Kenya and results indicated that female employees remained below 30% compared to male employees who held a disproportionately larger share of positions in the labour market.

The finding of this study on gender distribution is also similar to that of Jamleck and Kerre (2015) who studied the impact of the new Kenyan labour laws on gender disparities in Kenyan industrial occupations in organizations and found that gender disparities favoured male employees over women at all organizational levels. They further concluded that the disparities are higher at management levels of the firm compared to operational levels. Another possible reason for the gender disparity in the management positions in private security firms could be cultural factors that influence female persons to shy away from activities related to security because they consider them masculine in nature. Cultural factors also discourage women from working as security guards because it is seen as work that is for men.

4.3.2 Work Experience

The work experience can be linked to the respondents' industry knowledge as well as having knowledge about the research variables such as market orientation and competitive intensity in the industry. Table 4.2 provides details of respondents' experience working in the security industry.

Table 4.2: Work Experience of Respondents

Experience in years	Frequency	Percent
Below 10	14	37.8
10 - 20	17	45.9
Above 20	6	16.2
Total	**37**	**100.0**

Source: Primary Data (2020)

Table 4.2 provides findings indicating majority of respondents had between 10 and 20 years work experience which was sufficient for the respondents to have industry knowledge as well as knowledge on the research variables such as market orientation of the firm and level of competitive intensity in the private security industry. The mean score for the respondents' industry experience was 13 years. The fact that only six respondents had above 20 years of experience in the industry is an indication of high turnover of managerial staff in the industry. This high rate of turnover could be attributed to lack of career progression opportunities, lack of job security and poor pay.

4.3.3 Educational Level

The researcher sought to determine the educational level of managers of private security firms. This information was relevant because a study by Magoutas, Papadogonas and Sfakianakis (2012) on market structure, education and growth in the Greek manufacturing industry and concluded that the educational level of managers of an organization has a significant influence on business growth and performance. Table 4.3 presents details of the educational level of the respondents.

Table 4.3: Educational Level of Respondents

Level of Education	Frequency	Percent
Certificate	3	8.1
Diploma	5	13.5
Bachelors	24	64.9
Masters	5	13.5
Total	**37**	**100.0**

Source: Primary Data (2020)

Table 4.3 provides results showing majority of respondents from private security firms had a Bachelors level of education as their highest level of education followed by those with a Master's and Diploma level of education. A possible explanation for this could be that the private security firms source their management staff in critical areas such as finance and sales and marketing from outside the industry. This was expected because management of security companies requires educated people who can plan and handle the various security risks facing people and businesses. Weerakon (2013) posited that the managers' education level and the firms' market orientation are positively correlated. Agiomirgianakis, Asteriou and Monastiriotis (2002) also suggested that educational level of managers of a firm and firm performance are positively correlated because education empowers them with specialized skills in areas like communication skills, team building, decision making and problem solving. These skills make them very effective in ensuring that the firm adapts well to environmental challenges.

4.4 Demographic Profile of Respondent Firms

The study collected data on firm characteristics based on indicators such as firm age, firm size and firm ownership structure. Size of the private security firms was conceptualized in terms of the number of staff employed while age of security firms was pegged on how many years they had been operating. Firm ownership structure was

conceptualized according to whether a company was fully Kenyan owned, fully foreign owned or partially foreign owned. Previous authors that have used similar indicators of firm characteristics include Njeru (2013), Padron (2005), Saliha and Abdessatar (2011) and Gonec (2003).

4.4.1 Firm Age

The respondents were required to indicate how long their firms had been operating in the private security industry. The results presented in Table 4.4 indicate the age of private security firms that took part in the study

Table 4.4: Age of the Private Security Firms

Number of years in operation	Frequency	Percent
Less than 10 years	10	27.0
10-20 years	13	35.1
Above 20 years	14	37.8
Total	**37**	**100.0**

Source: Primary Data (2020)

Table 4.4 presents results showing a minority (27%) of private security firms had operated for less than ten (10) years. However, most of the firms that took part in this study had operated for between 10 – 20 years and more than 20 years and this implies that they were not new to the industry and therefore had sufficient industry experience. The mean score for firm age of the private security firms that participated in this study was 18 years. The longevity of the Private security firms in the industry can be attributed to the insufficient resources of the National Police Service which leads individuals and business firms to hire private security firms. It may also be as a result of the National Police Service being considered ineffective by the population as suggested by Musoi et al. (2013)

4.4.2 Firm Size

Firm size (FS) is an indicator of how big or small an enterprise is in terms of staff headcount and infrastructure. The size of the firm was conceptualized based on the number of staff hired by private security firms and respondents were required to provide details of their permanent, contract and casual employees. Tables 4.5, 4.6 and 4.7 provide details of the permanent, contract and casual employees employed by the private security firms

Table 4.5: Permanent Employees

No. of employees	Frequency	Percent
Less than 20	11	29.7
20-40	5	13.5
More than 40	21	56.8
Total	**37**	**100.0**

Source: Primary Data (2020)

Table 4.5 presents results showing majority of private security firms employed more than 40 permanent employees mainly in administrative duties while only 16 firms employed 40 or less employees. The average number of permanent staff employed by the private security firms was 39 employees. This implies that in general the security firms do not employ many permanent employees probably because they try to avoid the costs associated with having permanent employees. This supports the findings of Mariwo (2008) who did a study on the working conditions and labour relations in the private security industry in Zimbabwe and found that some firms view the labour force as an easily replaceable commodity and because of this, they base their operations on contract and casual employees. Table 4.6 provides findings on the contract employees hired by the private security firms

Table 4.6: Contract Employees

No. of employees	Frequency	Percent
Less than 100	2	5.4
100-200	10	27.0
More than 200	25	67.6
Total	**37**	**100.0**

Source: Primary Data (2020)

Table 4.6 provides results indicating most private security firms that participated in the study had more than 200 contract employees. This shows that the firms were either medium sized or large firms based on the Commission of European Communities (2003) classification of firms which considers the head count of employees of a firm. The average number of contract employees employed by the firms was 520 employees. This was expected because the key resource for private security firms are the employees who are usually hired to provide guarding services to government facilities, private residences and private business premises. Table 4.7 contains details of the number of casual employees hired by the private security private security firms.

Table 4.7: Casual Employees

No. of employees	Frequency	Percent
Less than 50	3	8.1
50-100	15	40.5
More than 100	19	51.4
Total	**37**	**100.0**

Source: Primary Data (2020)

The information in Table 4.7 indicates a minority of private security firms that participated in the study employed few casual employees. The average number of

casual employees hired by the firms was 112 employees. This was expected because private security firms usually try to cut costs by using the contract or casual employees because they are not entitled to certain benefits. For example, casual employees are not entitled to paid leave or medical insurance.

4.4.3 Firm Ownership Structure

The ownership structure of private security firms was evaluated by asking respondents to indicate whether the company was fully foreign owned, fully Kenyan owned or partially Kenyan owned. The results regarding ownership status are presented in Table 4.8

Table 4.8: Ownership Structure of Private Security Firms

Type	Frequency	Percent
Fully Kenyan owned	27	73.0
Fully foreign owned	6	16.2
Partly Kenyan owned	4	10.8
Total	**37**	**100.0**

Source: Primary Data (2020)

Table 4.8 provides findings indicating most private security firms were fully Kenyan owned. Only four firms were partially Kenyan owned. The 6 security firms that were fully foreign owned will have to restructure their shareholding to comply with the requirement of the Private Security Act of 2016 what states that foreign owned private security firms must have at least 25% of their shares being held by locals for them to be authorized to operate in Kenya by the Private Security Regulatory Authority. The requirement for 25% local shareholding by the act could have discouraged foreign investors. This regulatory requirement is similar to that found in Nigeria where the

government requires private security firms to be fully owned by Nigerians and in Gambia, at least 50% of the shares of the security firms must be held by locals.

4.4.4 Branch Network

The researcher collected data relating to the branch network of the private security firms. Respondents provided data on the number of towns their companies operated in and Table 4.9 presents the results.

Table 4.9: Branch Network of Private Security Firms

Branch Network	Frequency	Percent
Less than 5 towns	16	43.2
5-10 towns	7	18.9
More than 10	14	37.8
Total	**37**	**100.0**

Source: Primary Data (2020)

Table 4.9 provides findings showing majority of private security firms operated in less than 5 towns. A minority of the firms operated in between 5 to 10 towns. This was expected because most of the private security firms have their headquarters in Nairobi, Mombasa, Kisumu and Nakuru and therefore the concentration of their activities tends to be around these cities. This could be because many large firms both local and international usually have their head offices in these cities and this presents an opportunity for the private security firms to be strategically located to potential corporate clients.

4.6.5 Facilities Guarded by Private Security Firms

The researcher sought to determine the nature of organizations or individual persons that private security firms provided services to. The respondents indicated whether their

firms provided services to government institutions, private residences or private business premises. Table 4.10 provides the findings.

Table 4.10: Facilities Guarded by Private Security Firms

	Government facilities		**Private residences**		**Private business premises**	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Yes	23	62.2	34	91.9	37	100.0
No	14	37.8	3	8.1	0	0
Total	**37**	**100.0**	**37**	**100.0**	**37**	**100.0**

Source: Primary Data (2020)

Results in Table 4.10 indicates that all private security firms which participated in the study provide guarding services to private business premises. Similarly, an overwhelming majority of these firms provide guarding services to private residences and more than half of them provided guarding services to government facilities. This implies that the largest source of customers for private security firms is the private business community. This could be attributed to the increased threat of terror attacks as well as the normal need for business owners to secure their business interests from the various security threats that may arise such as robberies. Another reason for this is the inadequate numbers of members of the police since the government has not provided information to show that the National Police Service has met the recommended United Nations ratio of one policeman for every 450 people.

4.5 Reliability and Validity Tests

The study had four broad constructs which were market orientation, competitive intensity, firm characteristics and firm performance. Market orientation and firm

performance were further subdivided into sub-constructs with market orientation having three sub-constructs (competitor orientation, customer orientation and inter-functional coordination) while firm performance had two sub-constructs (non-financial and financial performance). Construct uni-dimensionality of the indicators of each sub-construct were evaluated by subjecting them to reliability test by determining the Cronbach's alpha and exploratory factor analyses. Exploratory factor analysis (EFA) was based on principal component analysis with varimax rotation. Preceding this, were the factor loadings, Kaiser-Meyer-Olkin measures of sampling adequacy and p-values for Barlett's Test of Sphericity which were used to check whether the data collected was suitable for factor analysis. Outcomes of the tests are provided in Table 4.11

Table 4.11: Results of KMO and Bartlett's Test of Constructs and Sub-constructs

Sub-construct	KMO Test
Customer orientation	0.654
Competitor orientation	0.560
Inter-functional coordination	0.588
Market orientation	0.681
Competitive intensity	0.536
Firm characteristics	0.546
Non-financial performance	0.500

Source: Primary Data (2020)

Table 4.11 provides findings indicating KMO measures of sampling adequacy for the Constructs and sub-constructs ranged from 0.500 (Non-financial performance) to 0.681 (Market orientation construct). This indicated that every EFA manifest variable had KMO measures of sampling adequacy had met the threshold of 0.5 and above proposed by Kaiser (1974). The outcomes of the Bartlett's test of sphericity are outlined in Table 4.12

Table 4.12: Bartlett's Test of Sphericity

Approx. χ^2	df	Sig.
35.493	15	.002
28.864	10	.001
21.756	3	.007
184.739	91	.000
72.882	15	.000
18.492	6	.005
11.702	1	.001

Source: Primary Data (2020)

The p-values from the Barlett's Test of Sphericity presented in Table 4.12 were found to be less than the alpha value of 0.05 and this implied that the variables were fit for inclusion for further tests as proposed by Barlett (1954). Factor loadings for all the items of each construct in the study were then examined. Only items that were found to have factor loadings above 0.4 were kept for further analysis. The internal consistency and reliability of indicators representing each sub-variable were estimated by obtaining item to total correlation scores for each indicator for all the sub-constructs in the study. The measurement scale for each sub-construct was further refined by only retaining indicators that had item to total correlation values higher than 0.3 for further analysis as proposed by Hair et al. (2010). Market orientation was divided into three sub-constructs which were customer orientation, competitor orientation and inter-functional coordination. Reliability and construct validity of sub-constructs were as presented in the subsequent sections.

4.5.1 Customer Orientation

The reliability as well as validity of the scale used to measure the customer orientation of security firms was assessed using Cronbach's alpha and factor analysis was conducted on the six indicators of customer orientation. The outcomes of factor analysis of the data are summarized and presented in Table 4.13

Table 4.13: Reliability and Validity Test Results for Customer Orientation Scale

Statement	Item factor loading	Item-Total Correlation	Alpha if statement is deleted
Customer satisfaction is our most important objective	.798	.483	.695
Our strategies for competitive advantage are based on our understanding of customer needs	.485	.456	.628
We Constantly monitor our level of commitment to serving customer needs	.607	.498	.573
We measure customer satisfaction frequently	.407	.406	.609
We pay close attention to after sales service	.676	.615	.511
Our firms looks for ways to offer customers more value	.618	.437	.636

Cronbach's alpha = .658 Grand mean score = 3.68

Source: Primary Data (2020)

Table 4.13 provides results showing Cronbach's alpha coefficient for customer orientation scale was acceptable at 0.658 since it was above the cut-off point of 0.6 that was proposed by Bagozzi and Youjae (2012). Exploratory factor analysis established that factor loadings achieved the acceptable threshold of 0.4 or higher that was proposed by Field (2013). The factor loadings of scale items fell between 0.485 and 0.798. Item

to total correlations scores fell between 0.406 and 0.615 and this was above the 0.3 cut-off point proposed by Cristobal, Flavian and Guinaliu (2007). Therefore, all the six indicators under customer orientation had their reliability and construct validity confirmed. Table 4.14 provides the factor loadings of the scale items and item to total correlation for the competitor orientation scale.

Table 4.14: Reliability and Validity Test Results for Competitor Orientation Scale

Statement	Item factor loading	Item-Total Correlation	Alpha if statement is deleted
Our sales people regularly share information about competitors strategies	.607	.431	.559
Our top management regularly visit our key customers and potential customers	.803	.614	.430
We quickly respond to actions of competitors that threaten us	.460	.350	.595
We target customers where we have or can develop a competitive advantage	.869	.404	.680
Top management regularly discuss competitors strengths and strategies	.534	.482	.524

Cronbach's alpha=.631 Grand mean score = 3.32

Source: Primary Data (2020)

Table 4.14 provides findings which indicate that Cronbach's alpha coefficient for the competitor orientation scale was 0.631. Exploratory factor analysis revealed that factor loadings of the statements were above the acceptable threshold of 0.4 proposed by Field (2013) and they fell between 0.46 and 0.869. Item to total correlations scores ranged between 0.35 and 0.482 and this was higher than the threshold of 0.3 that was proposed by Cristobal et al. (2007). Therefore, all statements under the competitor orientation

scale were kept for more tests because their construct validity and reliability was confirmed. Table 4.15 provides the item factor loadings for scale items and item to total correlation for measures of inter-functional coordination.

Table 4.15: Reliability and Validity Test Results for Inter-Functional Coordination

Statements	Item factor loading	Item-Total Correlation	Alpha if statement is deleted
Information about customers is freely communicated throughout the firm	.393	.645	.426
All our departments work together to satisfy customer needs	.514	.400	.745
All our managers understand how everyone in the firm can contribute to creating customer value.	.546	.652	.514

Cronbach's alpha = .753 Grand mean score = 3.59

Source: Primary Data (2020)

The outcomes from Table 4.15 demonstrate that Cronbach's alpha coefficient for inter-functional coordination scale was good at 0.753. Exploratory factor analysis established that factor loadings were higher than the acceptable threshold of 0.4 that was proposed by Field (2013) and they fell between 0.394 and 0.546. Item to total correlations scores also fell between 0.4 and 0.652 and this was also higher than the threshold of 0.3 proposed by Cristobal et al. (2007). Therefore, all three indicators for inter-functional coordination were kept for more tests because their construct validity and reliability was confirmed. The scree plot for market orientation is provided under appendix VIII. Table 4.16 provides the factor loadings and item to total correlation for firm characteristics.

Table 4.16: Reliability and Validity Test Results for Firm Characteristics

Indicators	Item factor loading	Item-Total Correlation	Alpha if statement is deleted
Period of operation (Age)	.665	.381	.415
Number of permanent employees	.829	.422	.584
Ownership status	.752	.425	.523
Branch network	.699	.507	.481

Cronbach's alpha =.649

Source: Primary Data (2020)

Table 4.16 provides results showing factor loadings on the four statements were higher the acceptable threshold of 0.4 proposed by Field (2013) and the factor loadings fell between 0.665 and 0.829. Item to total correlations scores also fell between 0.381 and 0.507 and this was higher than the 0.3 threshold proposed by Cristobal et al. (2007). Statements on the number of contract and casual employees were removed because their factor loadings were less than the 0.4 threshold and the item to total correlation scores were below the 0.3 threshold. The Cronbach's alpha coefficient for the firm characteristics scale was acceptable at 0.649. Therefore, all indicators for firm characteristics were kept for more tests as their construct validity and reliability was confirmed. The Table 4.17 indicates the factor loadings and item-total correlation for competitive intensity.

Table 4.17: Reliability and Validity Test Results for Competitive Intensity

Statement	Item factor loading	Item-Total Correlation	Alpha if statement is deleted
Competition in our industry is very stiff	.326	.413	.603
There are many promotion wars in our industry	.844	.743	.781
Anything one competitor can offer, others can match easily	.674	.640	.468
Price competition is a characteristic of our industry	.695	.566	.645
We hear of a new competitive move almost every day	.647	.542	.508
Our competitors are relatively weak	.772	.696	.765

Cronbach's alpha=.632 Grand mean score = 3.90

Source: Primary Data (2020)

Table 4.17 indicates Cronbach's alpha coefficient for the competitive intensity scale was 0.632 and this was acceptable. Exploratory factor analysis showed factor loadings to be higher than the acceptable threshold of 0.4 proposed by Field (2013). Item to total correlations scores fell between 0.413 and 0.743 which were higher than the 0.3 threshold proposed by Cristobal et al. (2007). Therefore, all statements under the competitive intensity scale were kept for more tests because their construct validity and reliability was confirmed. The scree plot for competitive intensity is provided under appendix X. Table 4.18 indicates the factor loadings and item to total correlation for non-financial performance measures.

Table 4.18: Reliability and Validity Test Results for Non-Financial Performance

Statement	Item factor loading	Item-Total Correlation	Alpha if statement is deleted
Number of new customers that you acquired in 2017	.768	.536	-
Number of customers who renewed their security contracts with you for the year 2017	.768	.536	-

Cronbach's alpha=.698 Grand mean score = 3.78

Source: Primary Data (2020)

Table 4.18 presents results showing item to total correlation scores for non-financial performance scale were 0.536 for both statements and this was above the 0.3 threshold proposed by Cristobal et al. (2007). The Cronbach alpha for non-financial performance scale was good at 0.698. Therefore, both the indicators of non-financial performance were kept for more tests because their construct validity and reliability was confirmed. A detailed outline of the factor analysis conducted on market orientation, competitive intensity and performance is found in appendix VI.

4.6 Diagnostic Tests (Tests of Assumptions of Regression Analysis)

The data collected was subjected to the tests of assumptions of regression analysis. They included tests of normality, heteroscedasticity, multicollinearity and autocorrelation.

4.6.1 Normality Tests

Normality tests were conducted to determine if the data collected was normally distributed. Razali and Wali (2011) argued that when the data collected is not normally distributed, the reliability of the interpretations and inferences from the analysis of the

data will be questionable. The Kolmogorov-Smirnov and Shapiro-Wilk tests of normality were used and the outcomes are presented in Table 4.19

Table 4.19: Results of Kolmogorov – Smirnov and Shapiro-Wilk Normality Tests

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**Df**	**Sig.**
Firm characteristics	.127	37	.142	.956	37	.152
Market orientation	.128	37	.128	.949	37	.088
Competitive intensity	.167	37	.079	.863	37	.120
Firm performance	.109	37	.200*	.980	37	.723

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Source: Primary Data (2020)

Normality test results in Table 4.19 show that p-values indicated by both Kolmogorov-Smirnov and Shapiro-Wilk tests were larger than 0.05 which was the alpha level for this study and this implied that the data was normally distributed. The Shapiro – Wilk test is sensitive to small samples and therefore in accordance with the suggestions of Field (2013), the Quantile – Quantile (Q-Q) plots were used to visually supplement the results of normality tests. The Q-Q plots for market orientation, firm characteristics, competitive intensity as well as non-financial and financial performance are illustrated in Figures 4.1, 4.2, 4.3, 4.4 and 4.5 respectively.

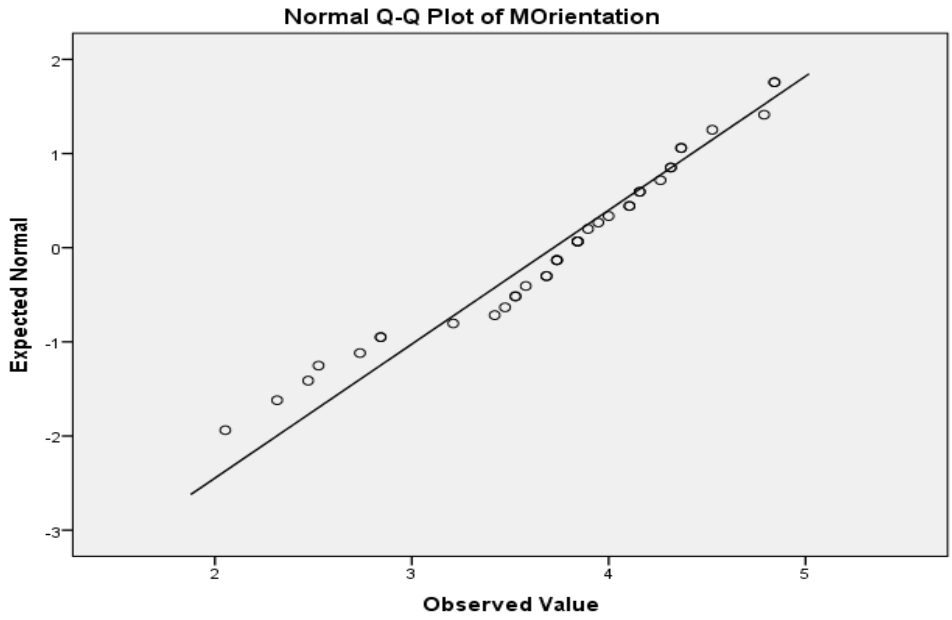

Figure 4.1: Q-Q Plot for Market Orientation

Source: Primary Data (2020)

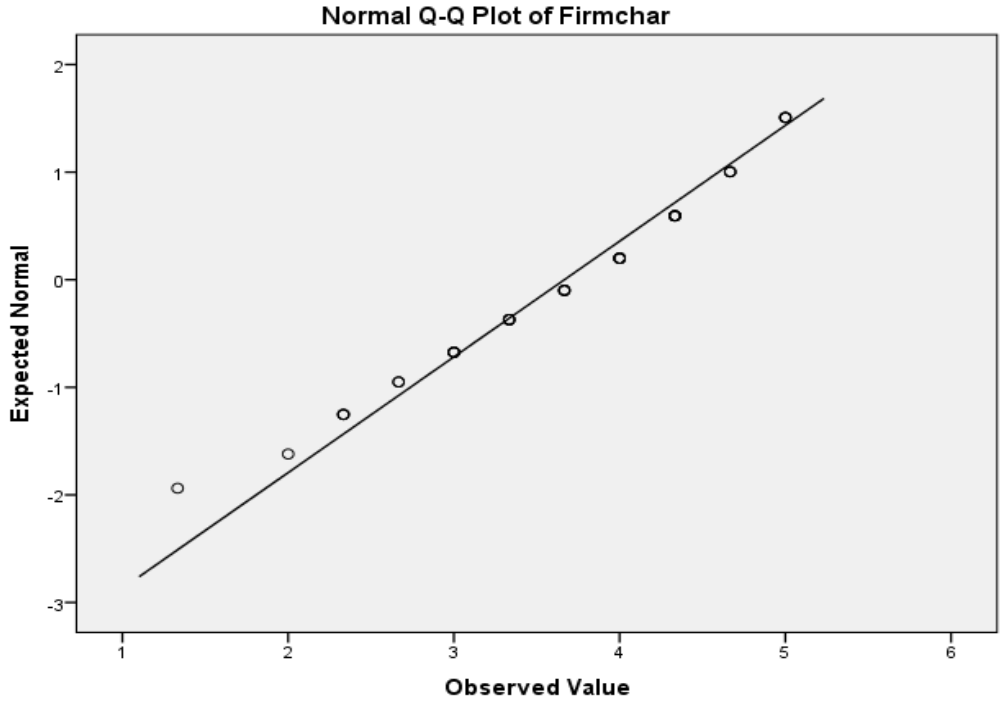

Figure 4.2: Q-Q Plot for Firm Characteristics

Source: Primary Data (2020)

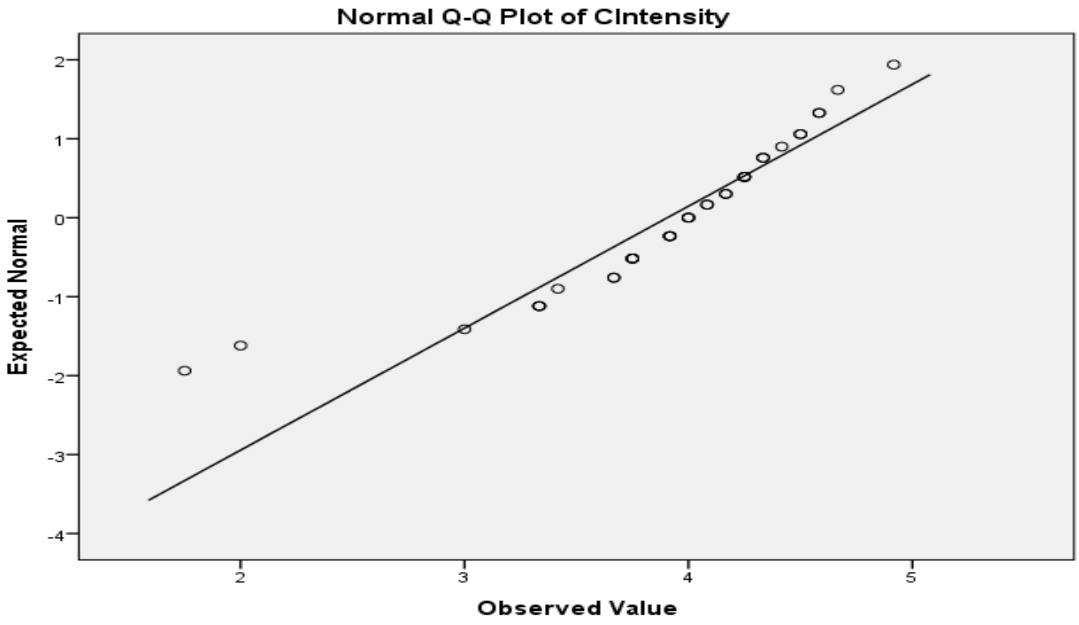

Figure 4.3: Q-Q Plot for Competitive Intensity

Source: Primary Data (2020)

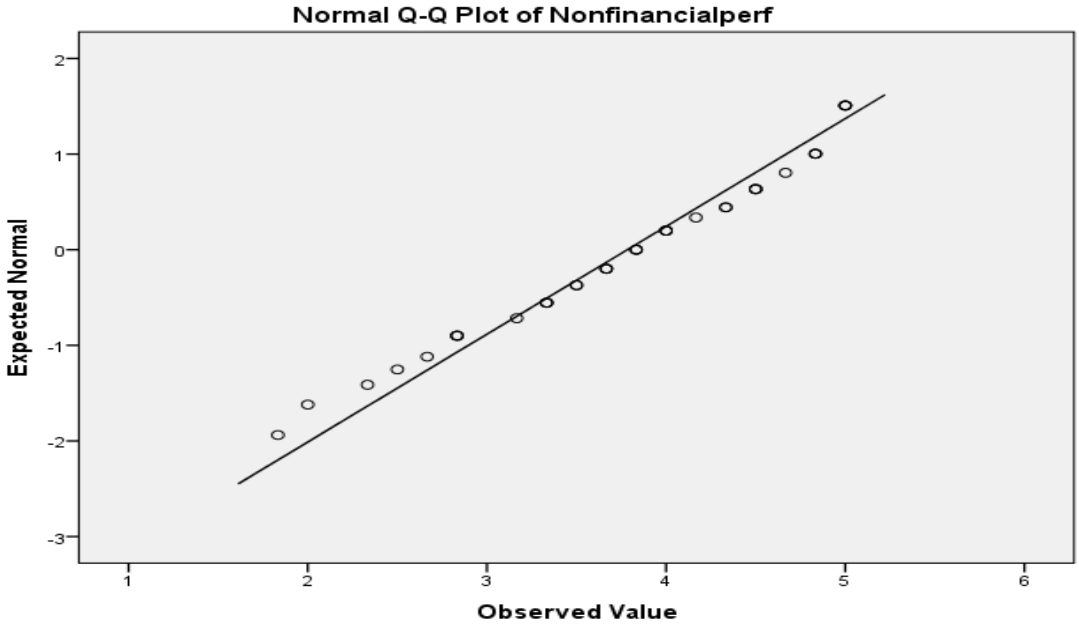

Figure 4.4 Q-Q Plot for Non-Financial Performance

Source: Primary Data (2020)

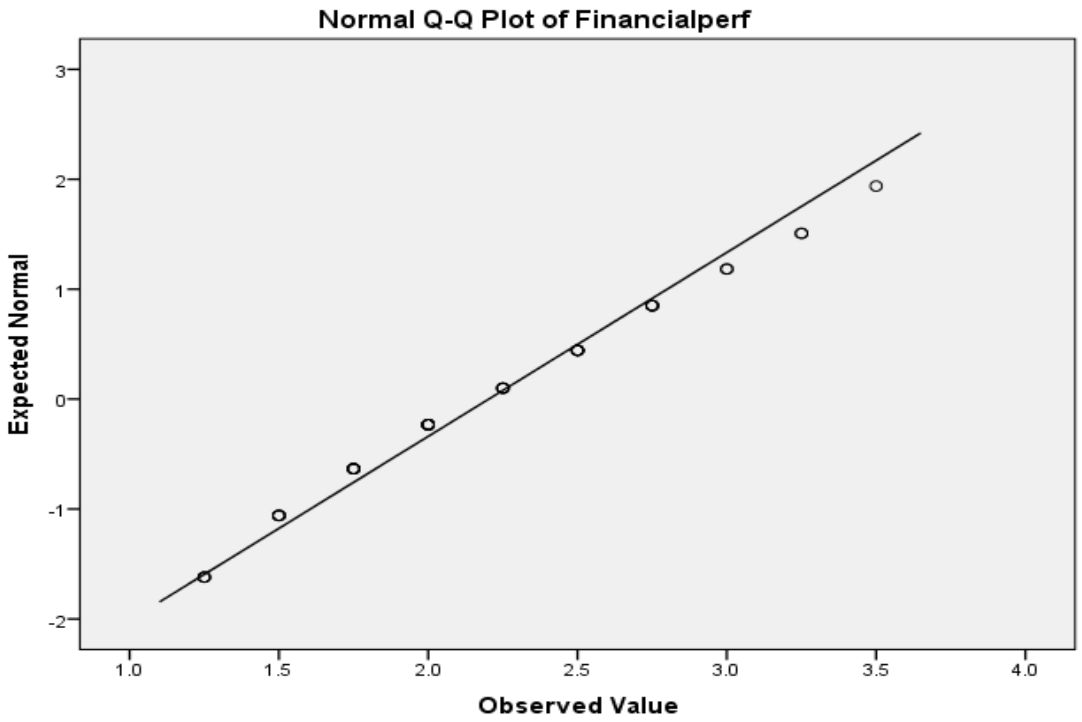

Figure 4.5: Q-Q Plot for Financial Performance

Source: Primary Data (2020)

The Q-Q plots in Figure 4.1 to Figure 4.5 show that the observed values for market orientation, firm characteristics, competitive intensity, non-financial and financial performance merged along the line of best-fit and this implied that data collected approached normality.

4.6.2 Test for Autocorrelation

The presence of autocorrelation among the study variables was tested using Durbin-Watson test. The Durbin-Watson test statistic values usually fall between 0 and 4. Test statistic values that are very close to 2 indicate that autocorrelation is not present, values close to 0 indicate the presence of positive autocorrelation while values close to 4 indicate that negative autocorrelation is present. The Durbin-Watson test outcomes are provided in Table 4.20

Table 4.20: Durbin –Watson Autocorrelation Test Results

Variables	Durbin Watson Test
Market orientation and non-financial performance	2.298
Market orientation and financial performance	1.556
Market orientation, firm characteristics and non-financial performance	2.302
Market orientation, firm characteristics and financial performance	1.598
Market orientation, competitive intensity and non-financial performance	2.229
Market orientation, competitive intensity and financial performance	1.544
Market orientation, firm characteristics, competitive intensity and non-financial performance	2.195
Market orientation, firm characteristics, competitive intensity and financial performance	1.558

Source: Primary Data (2020)

Table 4.20 provides results indicating test statistics for all variables fell between 1.7 and 2.2. Field (2009) argued that the rule of the thumb when interpreting the Durbin-Watson test statistic is that a test-statistic that fall within the range of 1.5 to 2.5 indicates the absence of autocorrelation. Therefore, the test results showed that there was no autocorrelation among the research variables.

4.6.3 Multicollinearity

Multicollinearity was measured using Tolerance and Variance Inflation Factors (VIFs). Table 4.21 provides the multicollinearity test results.

Table 4.21: Results of Multicollinearity Tests

Variables	Collinearity Test	
	Tolerance	VIF
Market orientation and non-financial performance	1.000	1.000
Market orientation and financial performance	1.000	1.000
Market orientation, firm characteristics and non-financial performance	.894	1.118
Market orientation, firm characteristics and financial performance,	.894	1.118
Market orientation, competitive intensity and non-financial performance	.697	1.436
Market orientation, competitive intensity and financial performance	.697	1.436
Market orientation, firm characteristics, competitive intensity and non-financial performance	.635	1.575
Market orientation, firm characteristics, competitive intensity and financial performance	.635	1.575

Source: Primary Data (2020)

Multicollinearity test results in Table 4.21 demonstrate that tolerance values fell between 0.635 and 1 and the VIF values fell between 1 and 1.575. Hair et al. (2010) stated that if the tolerance values are less than 0.2 and the VIF values exceed 4, then

multicollinearity will be a problem. Therefore, values of the tolerance and VIFs from the test results indicated no multicollinearity among the research variables.

4.6.4 Heteroscedasticity

Heteroscedasticity is said to be present in data when variance of error terms are different across observations. MacDonald (2014) stated that when heteroscedasticity is present among the variables, test statistics using the standard errors may not be valid and this increases the possibility of getting positive test results that are false even though the null hypothesis may be true. The Koenker test was used to determine if the variables were heteroscedastic or not. Table 4.22 outlines the Koenker test results.

Table 4.22: Results of Koenker Test

Variables	Koenker Test	
	LM	**Sig.**
Market orientation and non-financial performance	.640	.257
Market orientation and financial performance	.002	.965
Market orientation, firm characteristics and non-financial performance	.371	.225
Market orientation, firm characteristics and financial performance	.778	.678
Market orientation, competitive intensity and non-financial performance	.123	.346
Market orientation, competitive intensity and financial performance	.251	.882
Market orientation, firm characteristics, competitive intensity and non-financial performance	.801	.284
Market orientation, firm characteristics, competitive intensity and financial performance	.545	.909

Source: Primary Data (2020)

Table 4.22 provides results showing probability values of the test statistics were all above 0.05. When the confidence level is 95%, a probability value that is less than 0.05 is an indicator of statistically significant heteroscedasticity. The probability values from the Koenker test were higher than the alpha value of 0.05 which indicated that there was no heteroscedasticity among the data. DeShon and Alexander (1996) posited that when data is heteroscedastic, it can lead to inflated type one errors or low statistical power of the research findings. Therefore, the absence of heteroscedasticity implied that the data was suitable for regression analysis.

4.7 Descriptive Statistics for Market Orientation

The market orientation scale (MKTOR) of Narver and Slater (1990) was adopted to measure the firms' market orientation activities. The MKTOR scale measures the market orientation activities of organizations using three sub-variables which are customer orientation, competitor orientation and inter-functional coordination.

In total the MKTOR scale had 14 statements from which respondents from private security firms outlined the extent to which they agreed or disagreed with them regarding market orientation activities in their firms on a five-point likert type scale that ranged from 1 = Strongly disagree to 5 = Strongly agree. The market orientation score of private security firms was then computed from the average of the mean scores of the three sub-constructs of market orientation. The standard deviation (SD) was also computed to indicate how far the distribution was from the mean while the coefficient of variation was computed to indicate the level of variations in the responses to the statements in the questionnaire. The findings are presented in Tables 4.23 (customer orientation), 4.24 (Competitor orientation) and 4.25 (Inter-functional coordination).

Table 4.23: Descriptive Statistics for Customer Orientation

Statement	N	Mean scores	Standard deviation (SD)	CV%
Customer satisfaction is our most important objective	37	4.24	.760	17.92
Our strategies for competitive advantage are based on our understanding of customer needs	37	4.00	.624	15.60
We Constantly monitor our level of commitment to serving customer needs	37	3.43	.801	23.35
We measure customer satisfaction frequently	37	3.54	.803	22.68
We pay close attention to after sales service	37	2.86	.976	34.13
Our firms looks for ways to offer customers more value	37	3.97	.552	13.90
Average scores	**37**	**3.68**	**0.465**	**12.64**

Source: Primary Data (2020)

Table 4.23 presents findings showing the most important objective of private security firms to be customer satisfaction. It had a mean score of 4.24 (SD = 0.760). The statement on customer satisfaction also had a coefficient of variation of 15.6% and this implied that customer satisfaction was the most important objective of the private security firms. The statement on the firms' strategies for competitive advantage being based on the firms' understanding of the needs of customers had a mean score of 4.00 (SD=0.624).

The coefficient of variation on the statement regarding the firms' strategies for competitive advantage indicated that the coefficient of variation was low (15.6%) and this implied that strategies used by the private security firms for competitive advantage are based on the firms' understanding of the needs of their customers. The responses

on whether private security firms Constantly monitored their level of commitment to serving the needs of their customers suggested that this was done to a moderate extent and this was indicated by a mean score of 3.43 (SD = 0.801) and a coefficient of variation of 23.3%. The respondents also indicated that the private security firms they worked for measured customer satisfaction frequently with the statement regarding the frequent measurement of customer satisfaction having a mean score of 3.54 (SD = 0.803) and a coefficient of variation of 22.6%. The private security firms also pay close attention to after-sales services to a moderate extent and this was indicated by a mean score of 2.86 (SD = 0.976) and this was probably due to the fact that most of the firms offered manned guarding services to their clients.

The statement on aftersales services had the highest coefficient of variation at 34.12% and this implies that private security firms engaged in follow-up activities to establish the level of customer satisfaction with the services provided. The private security firms also look for ways to offer customers more value and this is implied by the statement having a mean score of 3.97 (SD = 0.552) and the lowest coefficient of variation at 13.9%. In general, customer orientation as a sub-construct of market orientation had a grand mean score of 3.68 and this implies that private security firms' activities are customer oriented to a large extent. This supports the findings of Ekwenye, Theuri and Mwenda (2018) who studied drivers of quality service provision by private security firms in mitigating crime and found that private security firms adopted technology and employee capacity building among other things as part of their strategies of ensuring customer satisfaction. This was an indication of the firms being customer oriented in their activities. Table 4.24 provides the descriptive statistics for competitor orientation.

Table 4.24: Descriptive Statistics for Competitor Orientation

Statements	N	Mean score	Standard deviation (SD)	CV%
Our sales people regularly share information about competitors strategies	37	3.49	.768	22.01
Our top management regularly visit our key customers and potentials customers	37	2.73	1.170	42.87
We quickly respond to actions of competitors that threaten us	37	3.41	.762	22.35
We target customers where we have or we can develop a competitive advantage	37	3.92	.277	70.66
Top management regularly discuss competitors strategies	37	3.08	1.038	33.70
Average scores	**37**	**3.32**	**0.546**	**16.44**

Source: Primary Data (2020)

Table 4.24 presents findings indicating that statement 1 on the sales people of the private security firms regularly sharing information about competitors' strategies had a mean score of 3.49 (SD = 0.768, CV = 22.01%) indicated this implied that sharing of information on competitors' strategies by the firms' sale people is done within private security firms to a moderate extent. The statement on the top management regularly visiting the firms' key customers and potential customers had a mean score of 2.73 (SD = 1.17, CV = 42.86%) and this implies that top managers of the security firms visited key customers and potential customers to a moderate extent. The statement on the firms quickly responding to actions of competitors that threaten them had a mean score of 3.41 (SD = 0.762, CV= 22.35%) which implied that the security firms responded to competitors' actions to a moderate extent. The variations in the responses to this statement imply that resource limitations influenced whether the firms would respond or not to competitor actions.

The statement on targeting customers where the firms had or could develop a competitive advantage had the lowest coefficient of variation (CV = 0.071%) and a mean score of 3.92 (SD = 0.277) and this indicates that there was a general agreement that private security firms targeted customer segments where they have or could develop a competitive advantage. The descriptive statistics also indicated that the top management of the security firms discussed competitors' strategies only to a moderate extent as indicated by a mean score of 3.08 (SD = 1.038) and a CV of 33.7%. Competitor orientation as a sub-construct of market orientation had a grand mean score of 3.32 which implied that the activities of the security firms were competitor oriented to a moderate extent. Table 4.25 provides the descriptive statistics for inter-functional coordination.

Table 4.25: Descriptive Statistics for Inter-Functional Coordination

Statements	**N**	**Mean score**	**Standard deviation (SD)**	**CV%**
Information about customers is freely communicated throughout the firm	37	3.27	.693	21.19
All our department work together to satisfy customer needs	37	3.97	.499	12.57
All our managers understand how everyone in the firm can contribute to creating customer value	37	3.54	.691	19.52
Average scores	**37**	**3.59**	**0.438**	**12.20**

Source: Primary Data (2020)

Descriptive statistics in Table 4.25 show that the statement on all departments working together to satisfy customer needs had the highest mean and the lowest coefficient of variation and this indicated that the responses to this statement were similar and did not vary a lot. This implied that all the departments in the private security firms work

together to satisfy customer needs and this was expected because in the security industry clients may have different security needs. For instance, based on anecdotal evidence, some clients may have a need for vehicle tracking solutions, others may need electric fencing CCTV monitoring and guarding services including the use of guard dogs (K-9 services) and this requires the coordination of activities between several departments. The statement on managers of the firms understanding how every employee in the firm could can contribute to creation of customer value had the second highest mean score and the second highest variation in the responses given by the managers of the security firms. This implies that the managers of the security firms that took part in the study agreed to a large extent that they understood how their employees could create value for customers and this was very important especially in the allocation of duties and responsibilities to their employees.

The statement on the information about customer information being freely communicated throughout the firm had the lowest mean and the highest coefficient of variation which indicated that responses to this statement had a lot of variations among respondents. This implies that in some of the security firms, information about customers was not feely communicated throughout the organization. This was expected because of confidentiality issues and the sensitivity of some of the customer information. Inter-functional coordination as a sub-construct of market orientation was mean rated at 4.2 implying that respondents agreed that inter-functional coordination activities in their firms were done to a large extent.

4.8 Descriptive Statistics for Competitive Intensity

The respondents in the study outlined the degree to which they disagreed or agreed with statements on competitive intensity in the private security industry. Table 4.26 provides the descriptive statistics for the competitive intensity variable

Table 4.26: Descriptive Statistics for Competitive Intensity

Statement	N	Mean score	Standard deviation (SD)	CV%
Competition in our industry is very stiff	37	4.08	.493	12.08
There are many promotion wars in our industry	37	2.38	1.341	56.35
Anything one competitor can offer, others can match easily	37	2.35	1.086	46.21
Price competition is a characteristic of our industry	37	3.76	.641	17.05
We hear of a new competitive move almost every day	37	2.54	1.169	46.02
Our competitors are relatively weak	37	3.49	1.216	34.84
Average scores	**37**	**3.90**	**0.647**	**16.58**

Source: Primary Data (2020)

Table 4.26 provides results showing that stiff competition in the private security industry had the largest mean score (SD = 0.493) and the smallest coefficient of variation (CV = 12.08%). This indicated that to a large extent, competition in the private security industry in Kenya is very stiff. This was expected going by the high number of private security firms that operated in Kenya mainly without government regulation at the time of collecting data for this study. Promotion wars in the security industry exist to a small extent and this was illustrated by a mean score of 2.38 (SD = 1.341). The statement on promotion had the highest CV at 56.35% which indicated that the

variations in the responses was very high. The descriptive statistics on statement three indicates that to a small extent, what one competitor can offer, others cannot match easily and this statement had the second highest CV at 46.21% which was an indicator of a high level of variation in the responses.

The statement on price competition being a characteristic of the private security industry had the second highest mean score (SD = 0.641) with a coefficient of variation of 17.05% and this implied that to a large extent the managers of the firms agreed that price competition was a characteristic of the industry. This was again expected because of the high number of private security firms operating in Kenya with or without any form of registration. Competitors moves were heard of everyday in the industry to a small extent as indicated by a mean score of 2.54 (SD = 1.169). To a moderate extent, competitor firms in the industry are fairly strong as indicated by a mean score of 3.49 (SD = 1.216). This was expected because some of the private security firms have diversified their activities into areas such as private investigations, CCTV installation and monitoring, parcel transport and delivery services and vehicle tracking in an attempt to have highly differentiated products which would make it difficult for competitors to copy hence giving the firms a unique advantage.

4.9 Descriptive Statistics for Firm Performance

The performance of security firms was evaluated using non-financial and financial indicators. Table 4.27 provides the descriptive statistics for non-financial measures of the private security firms which was measured based on number of new customers attracted by the firms and number of contracts renewed by existing customers of the firms.

Table 4.27: Descriptive Statistics for Non-Financial Performance

Statement	N	Mean score	Standard deviation (SD)	CV%
Please indicate the number of new customers that you acquired in the year 2017	37	22.32	13.026	58.3
Please indicate the number of customers that renewed their security contracts with you for the year 2017	37	45.95	4.783	10.41

Source: Primary Data (2020)

Statistics provided in Table 4.27 show that on average, the private security firms acquired 22 customers in the year 2017. This was expected due to the fear of terror attacks and other insecurity incidents that influence businesses and individuals to seek private security services. The statement on customer acquisition had a CV of 58.3% which indicated that there was a high variation in the responses. On the number of customers that renewed their security contracts, the results indicated that on average, 46 customers renewed their contracts with the private security firms.

4.10 Descriptive Statistics for Financial Performance

The researcher sought to determine the approximate amount of sales revenue made by the private security firms for the year 2017. Due to the sensitivity of financial information, the respondent firms were required to choose the range of sales revenue which represented what their firms made in the year 2017. Table 4.28 illustrates the descriptive statistics for financial performance.

Table 4.28: Financial Performance of Private Security Firms

Amount of sales revenue	Frequency	Percentage
Less than Ksh.1 Billion	7	18.9
Ksh. 1 to 5 Billion	15	40.5
More than Ksh. 5 Billion	15	40.5
Total	**37**	**100.0**

Source: Primary Data (2020)

Table 4.28 presents results indicating that majority of the private security firms made sales revenue of between Ksh. 1 to 5 billion for the year 2017. A minority of the firms made sales revenue of more than Ksh. 10 billion.

4.11 Summary of Variables

The summarized descriptive statistics of the variables and sub-variables are provided in Table 4.39

Table 4.29: Summary of Study Variables

Variables/Sub-variables	N	Mean score	Standard deviation (SD)	CV%
Customer Orientation	37	3.6757	.46472	12.64
Competitor Orientation	37	3.3243	.54641	16.44
Inter-functional Coordination	37	3.5946	.43840	12.19
Market Orientation	37	3.7198	.70297	18.89
Competitive Intensity	37	3.9054	.64734	16.57
Customer acquisition	37	22.32	13.026	58.40
Customer retention	37	45.95	4.783	10.41

Source: Primary Data (2020)

Table 4.29 presents summarized results showing customer orientation sub-construct of market orientation had a mean score at 3.67 (SD = 0.465). The coefficient of variation of customer orientation was at 12.64% which indicated very low variation in the

responses. Out of the three sub-constructs of market orientation, competitor orientation had the highest variation in the responses with CV = 16.44%, Overall, market orientation had a mean score of 3.72 (SD = 0.712) implying that the respondents agreed to a large extent with the statements relating to market orientation activities conducted by their firms. The level of competitive intensity in the private security industry in Kenya was high (Mean score = 3.91, SD = 0.647). The customer acquisition aspect of non-financial performance of the private security firms had the highest variation in the responses with CV = 58.4% while that of customer retention was at 10.41% which was the lowest.

4.12 Correlation Analysis

Correlation analysis was conducted on the variables using the Pearson's correlation co-efficient to determine the strength of relationships between study variables. Table 4.30 presents outcomes of correlation analysis that was conducted

Table 4.30: Correlation Analysis Results

Variables		1	2	3	4	5	6	7
Market Orientation	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	37						
Firm size	Pearson Correlation	.326*	1					
	Sig. (2-tailed)	.049						
	N	37	37					
Firm age	Pearson Correlation	.380*	.124	1				
	Sig. (2-tailed)	.020	.465					
	N	37	37	37	37			
Ownership structure	Pearson Correlation	.054	-.044	.162	1			
	Sig. (2-tailed)	.753	.794	.339				
	N	37	37	37	37	37		
Competitive intensity	Pearson Correlation	.551**	.059	.193	.041	1		
	Sig. (2-tailed)	.000	.727	.253	.808			
	N	37	37	37	37	37	37	
Non-financial performance	Pearson Correlation	.710**	.071	.210	.040	.678**	1	
	Sig. (2-tailed)	.000	.677	.211	.816	.000		
	N	37	37	37	37	37	37	37
Financial performance	Pearson Correlation	.518**	.165	.238	.335*	.301	.552**	1
	Sig. (2-tailed)	.001	.329	.155	.043	.070	.000	
	N	37	37	37	37	37	37	37

*Significant at 0.05 level (2-tailed); **Significant at 0.01 level (2-tailed)

Source: Primary Data (2020)

The outcome of correlation analysis in Table 4.30 show the relationship between market orientation and firm size was weak and positive (r = 0.326) and this was significant at 0.05 level and for firm age it was also weak and positive (r = 0.380) which was also significant at 0.05 level. However, the correlation coefficient of market orientation and firm ownership structure was very weak (r = 0.054). The correlation results also indicated that the relationship between market orientation and competitive intensity was moderate and positive (r = 0.551) and this was significant at the 0.01 level. Market orientation and non-financial performance had a strong and positive relationship (r = 0.710) which was significant at the 0.01 level. Market orientation and financial performance had a moderate and positive relationship (r = 0.518) which was also significant at 0.01 level of significance.

4.13 Regression Analysis and Testing of Hypotheses

The assumption that a relationship does not exist between market orientation and firm performance was made by the researcher. The structural characteristics of a firm (Age, Size and Ownership structure) and competitive intensity were proposed to have insignificant moderating influences on the relationship. In order to find out the statistical significance of the conceptual hypotheses, simple, multiple and hierarchical regression analyses were done at the 95% confidence level.

4.13.1 Market Orientation and Firm Performance

Objective one of the researcher involved establishing market orientation's influence on performance of private security firms. Market orientation was measured based on customer orientation, competitor orientation and inter-functional coordination activities of the private security firms. The respondents indicated the level to which their firms engaged in market orientation activities. Firm performance was measured non-

financially in terms of customer attraction and customer retention and financially in terms of sales revenue generated by the firms for the previous year (2017). Therefore, to establish market orientation's influence on performance of private security firms, the hypothesis tested was;

H1: Market orientation has no significant influence on firm performance

This hypothesis was divided into two sub-hypotheses that tested the effect of market orientation on non-financial performance and financial performance as;

H_{1a}: Market orientation has no significant influence on non-financial performance

H_{1b}: Market orientation has no significant influence on financial performance

Regression results have been provided sequentially starting with non-financial performance and then financial performance

4.13.1.1 Influence of Market Orientation on Non-Financial Performance

Simple regression analysis was done to establish market orientation's influence on non-financial performance. Market orientation was measured in terms of the firm's level of customer orientation, competitor orientation and inter-functional coordination while non-financial performance was measured in terms of customer acquisition and customer retention levels of the firms. Table 4.31 provides results of the summarized regression model.

Table 4.31: Summarized Regression Model of Market Orientation and Non-Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.710[a]	.504	.490	.63334

a. Predictor: (Constant), Market orientation

Source: Primary Data (2020)

Table 4.31 presents results demonstrating that the coefficient of determination (R^2) was 0.504 which implied that market orientation explained 50.4% of variation in non-financial performance. Table 4.32 indicates the results of ANOVA on market orientation and non-financial performance.

Table 4.32: ANOVA results of Market Orientation and Non-Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.287	1	14.287	35.618	.000[b]
	Residual	14.039	35	.401		
	Total	28.326	36			

a. Dependent variable: Non-financial performance
b. Predictor: (Constant), Market orientation

Source: Primary Data (2020)

Table 4.32 provides ANOVA results showing that the F value was 35.618 with a p-value of 0.000 and this was significant. The regression model was therefore robust enough in explaining the relationship between market orientation and non-financial performance. This implied that the model was had good predictive power of the influence of market orientation on non-financial performance of the private security firms. Table 4.33 provides the regression coefficients of market orientation's effect on non-financial performance.

Table 4.33: Coefficients of Regression of the Influence of Market Orientation on Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.450	.568		.793	.433
	Market orientation	.896	.150	.710	5.968	.000

a. Dependent variable: Non-financial performance
Source: Primary Data (2020)

Regression coefficients outlined in Table 4.33 indicated that market orientation positively and significantly influenced non-financial performance of private security firms (t = 5.968, p = 0.000). The unstandardized regression coefficient also showed market orientation factors were significant (β = 0.896, p value = 0.000). Therefore, as an outcome of this analysis, the study rejected the null sub-hypothesis H_{1a}; which stated; Market orientation has no significant influence on non-financial performance. The regression equation for the influence of market orientation on non-financial performance is presented as;

$$\text{Non-Financial Performance} = \beta_0 + \beta_1 MO + e$$

$$\text{Non-Financial Performance} = .450 + .896MO$$

Where; β_0 = the regression constant, β_1 is the regression coefficient for market orientation (MO) and e is the error term.

4.13.1.2 Influence of Market Orientation on Financial Performance

Simple regression analysis was done to determine the influence of market orientation on financial performance. Tables 4.34 provides the regression analysis outcomes.

Table 4.34: Summarized Regression Model of Influence of Market Orientation on Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518[a]	.269	.248	.51826

a. Predictor: (Constant), Market orientation

Source: Primary Data (2020)

Table 4.34 provides a summarized regression model indicating the R^2 to be 0.269 and this demonstrates that market orientation explained 26.9% of variation in financial performance of the private security firms. Table 4.35 provides results of ANOVA that was conducted on market orientation and financial performance.

Table 4.35: ANOVA Results of Market Orientation and Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.454	1	3.454	12.859	.001[b]
	Residual	9.401	35	.269		
	Total	12.855	36			

a. Dependent variable: Financial performance (Sales revenue)
b. Predictor: (Constant), Market orientation

Source: Primary Data (2020)

Table 4.35 presents results of ANOVA showing a significant F value of 12.859 (p = 0.001). The regression model was therefore significant since the p value was less than 0.05. This confirmed the model had enough robustness in explaining the impact of market orientation on financial performance of private security firms. The regression model for market orientation and financial performance was therefore a good fit for the data. The regression coefficients of market orientation and financial performance are provided by Table 4.36

Table 4.36: Coefficients of Regression of Market Orientation and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.564	.465		1.212	.233
	Market orientation	.441	.123	.518	3.586	.001

a. Dependent variable: Financial performance

Source: Primary Data (2020)

From Table 4.36, findings indicate t = 3.586 and p = 0.001 which indicates that market orientation influenced financial performance positively and significantly. The unstandardized regression coefficients indicated that market orientation factors were significant (β = 0.441, p = 0.001). Therefore, based on this outcome, the null sub-hypothesis H_{1b} which stated that; market orientation has no significant influence on financial performance was rejected.

It is important to note that the coefficient of determination of the influence of market orientation on non-financial performance indicated that market orientation explained 50.4% of the variation in non-financial performance. This was higher that the coefficient of determination for the influence of market orientation on financial performance which was found to explain 26.9% of the variation in financial performance. The reason for this could be that when a firm is simply market oriented by engaging in customer orientation, competitor orientation and inter-functional coordination activities, it will experience a positive impact on its non-financial aspects of performance in terms of enhanced customer attraction and retention. However, this study suggests that for market orientation to explain a higher level of variation in financial performance, it has to be supported by the firm's technological innovation capability. This is because in the private security industry, market oriented firms that

are also technologically oriented can use their technical knowledge to come up with technical solutions that satisfy the changing security needs of customers in ways that reduce costs and enhance financial performance. For example, using drone surveillance systems to detect and deter crime. The regression equation for the influence of market orientation on financial performance is presented as;

$$\text{Financial Performance} = \beta_0 + \beta_1 MO + e$$

$$\text{Financial Performance} = .564 + .441MO$$

Where; β_0 = the regression constant, β_1 is the regression coefficient for market orientation (MO) and e is the error term.

4.14 Moderating Influence of Firm Characteristics on Market Orientation and Firm Performance

Study objective two involved examining the influence of characteristics of the firm on market orientation and performance of private security firms. The hypothesis tested was;

H2: Firm characteristics have no significant moderating influence on the relationship between market orientation and firm performance

Six sub hypotheses were derived from the main hypotheses based on the sub-constructs used to conceptualize firm characteristics as;

H_{2a}: Firm age has no significant moderating influence on the relationship between market orientation and non-financial performance

H_{2b}: Firm size has no significant moderating influence on the relationship between market orientation and non-financial performance

H_{2c}: Firm ownership structure has no significant moderating influence on the relationship between market orientation and non-financial performance

H_{2d}: Firm age has no significant moderating influence on the relationship between market orientation and financial performance

H_{2e}: Firm size has no significant moderating influence on the relationship between market orientation and financial performance

H_{2f}: Firm ownership structure has no significant moderating influence on the relationship between market orientation and financial performance

The moderation path developed by Fairchild and Mackinnon (2009) was used to test for the moderator influence of firm characteristics (Firm age, Firm size and Firm ownership structure) on market orientation and non-financial performance. The variables were first standardized or mean adjusted to make the interpretations easier and to avoid multi-collinearity. The interaction term was created by multiplying the proposed moderator (Firm characteristics which were conceptualized in terms of firm age, firm size and firm ownership structure) and the independent variable (Market orientation). The regression results obtained were presented sequentially beginning with results of the moderator influence on the relationship between the firm characteristics on non-financial performance and then financial performance.

4.14.1 Moderating Influence of Firm Age on Market Orientation and Non-Financial Performance

The moderator influence of firm age on market orientation and non-financial performance was assessed using a 3-step hierarchical regression analysis.

Step 1 involved regressing market orientation against non-financial performance only. Step 2 entailed regressing market orientation and firm age against non-financial performance. In step 3, market orientation, firm age and the interaction term (Product of market orientation and firm age) were regressed against non-financial performance. The moderating influence of firm age on the relationship between market orientation and non-financial performance would be present if the interaction term produced a statistically significant regression coefficient. Table 4.37 provides the model summary of the moderating effect of firm age on the relationship between market orientation and non-financial performance.

Table 4.37: Summarized Regression Model of Moderating Influence of Firm Age on Market Orientation and Non-Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.710[a]	.504	.490	.63334	.504	35.618	1	35	.000
2	.710[b]	.505	.475	.64243	.000	.016	1	34	.900
3	.713[c]	.508	.464	.64959	.004	.255	1	33	.617

a. Predictor: (Constant), Market orientation
b. Predictors: (Constanta), Market orientation, Firm age
c. Predictors: (Constant), Market orientation, Firm age, Interaction term

Source: Primary Data (2020)

The summarized model provided in Table 4.37 shows that when market orientation and firm age were entered into the regression model as predictors of non-financial performance they jointly explained 50.5% of variation in non-financial performance. However, this was not significant (p = 0.900) The addition of the interaction term (Market orientation x Firm age) to model 3 led to a 0.004 change in the R^2 change which was not significant (p = 0.617) which indicated that firm age did not moderate market

orientation and non-financial performance. Based on these results, the study failed to reject the null sub-hypothesis H_{2a}, which stated that; Firm age has no significant moderator influence on the relationship between market orientation and non-financial performance. Table 4.38 presents ANOVA results.

Table 4.38: ANOVA Results of Moderating Influence of Firm Age on Market Orientation and Non-Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.287	1	14.287	35.618	.000[b]
	Residual	14.039	35	.401		
	Total	28.326	36			
2	Regression	14.293	2	7.147	17.316	.000[c]
	Residual	14.032	34	.413		
	Total	28.326	36			
3	Regression	14.401	3	4.800	11.376	.000[d]
	Residual	13.925	33	.422		
	Total	28.326	36			

a. Dependent variable: Non-financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Firm age
d. Predictors: (Constant), Market orientation, Firm age, Interaction term

Source: Primary Data (2020)

Findings of ANOVA in Table 4.38 demonstrate that model 2 which included market orientation and firm age as predictors of non-financial performance was significant at $F(2, 34) = 17.316$ and $p = 0.000$. Model 3 that had the interaction term also had an F statistic that was significant at $F(3, 33) = 11.376$ and $p = 0.000$. This indicates that both regression models were robust enough in explaining the relationships between the variables. Table 4.39 provides the regression coefficients of the three models.

Table 4.39: Coefficients of Regression of Moderating Influence of Firm Age on Market Orientation and Non-Financial Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.784	.104		36.341	.000
Market orientation	.896	.150	.710	5.968	.000
(Constant)	3.784	.106		35.827	.000
Market orientation	.897	.153	.711	5.881	.000
Firm age	.012	.091	.015	.127	.900
(Constant)	3.781	.107		35.354	.000
Market orientation	.879	.158	.697	5.556	.000
Firm age	.020	.094	.027	.216	.830
Interaction term	.065	.128	.064	.505	.617

a. Dependent variable: Non-financial performance

Source: Primary Data (2020)

Table 4.39 provides regression coefficients showing marketing orientation was significant in model 3 ($\beta = .697$, $t = 5.556$, $p = 0.00$). However, firm age was not significant ($\beta = .027$, $t = 0.216$, $p = 0.830$). The interaction term was also not significant ($\beta = .064$, $t = 0.505$, $p = 0.617$). These outcomes imply that firm age had no moderating influence on market orientation and non-financial performance of private security firms. The reason could be that clients in the private security industry are not really concerned with the age of the firm but with the firms' ability to offer security services and products that satisfy their needs and wants. This implies that the clients tend to contract the private security firms to provide security services after evaluation of firm services being offered as well as the prices being charged by the firm. The regression equation for the moderator effect of firm age on the relationship between market orientation and non-financial performance is presented as;

$$\text{Non-Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 FA + \beta_3 MOFA + e$$

$$\text{Non-Financial Performance} = 3.781 + .697MO + .027FA + .064MOFA$$

Where;

β_0 = Regression constant,

β_1 = Regression coefficient for Market Orientation (MO)

β_2 = Regression coefficient for Firm Age (FA)

β_3 = Regression coefficient for Interaction term (MOFA)

e = Error term

4.14.2 Moderating Influence of Firm Size on Market Orientation and Non-Financial Performance.

The moderator influence of firm size (FS) on market orientation and non-financial performance was assessed using a second 3-step hierarchical regression analysis. Table 4.40 provides moderation test results.

Table 4.40: Summarized Regression Model of Influence of Firm Size on Market Orientation and Non-Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.710[a]	.504	.490	.63334	.504	35.618	1	35	.000
2	.719[b]	.518	.489	.63391	.013	.936	1	34	.340
3	.720[c]	.518	.474	.64329	.000	.016	1	33	.900

a. Dependent variable: Non-financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market, Firm size
d. Predictors: (Constant), Market, Firm size, Interaction term

Source: Primary Data (2020)

The summarized model provided in Table 4.40 show that market orientation and firm size jointly explained 51.8% of variation in non-financial performance. However, this was insignificant (p = 0.340). The introduction of the interaction term (Market

orientation X firm size) to model 3 led to no change in the R^2 change which was insignificant (p = 0.900) and this indicates that firm size had no moderating influence market orientation and non-financial performance. Therefore, based on these results, the study failed to reject the null sub-hypothesis H_{2b}, which stated that; Firm size has no significant moderating influence on the relationship between market orientation and non-financial performance. Table 4.41 outlines the outcomes of ANOVA.

Table 4.41: ANOVA Results of Moderating Influence of Firm Size on Market Orientation and Non-Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.287	1	14.287	35.618	.000[b]
	Residual	14.039	35	.401		
	Total	28.326	36			
2	Regression	14.663	2	7.332	18.245	.000[c]
	Residual	13.663	34	.402		
	Total	28.326	36			
3	Regression	14.670	3	4.890	11.816	.000[d]
	Residual	13.656	33	.414		
	Total	28.326	36			

a. Dependent variable: Non-financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Firm size
d. Predictors: (Constant), Market orientation, Firm size, Interaction term

Source: Primary Data (2020)

Table 4.41 provides ANOVA results showing model 2 which included market orientation and firm size as predictors of non-financial performance was significant at F (2, 34) = 18.245 and p = 0.000. Model 3 that had the interaction term also had an F statistic that was significant at F (3, 33) = 11.816 and p = 0.000. This indicates that both regression models were robust enough in explaining the relationships between the variables. Table 4.42 provides the regression coefficients.

Table 4.42: Coefficients of Regression of Moderating Influence of Firm Size on Market Orientation and Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.784	.104		36.341	.000
	Market orientation	.896	.150	.710	5.968	.000
2	(Constant)	3.784	.104		36.308	.000
	Market orientation	.845	.159	.669	5.298	.000
	Firm size	.230	.238	.122	.968	.340
3	(Constant)	3.779	.112		33.867	.000
	Market orientation	.842	.163	.667	5.167	.000
	Firm size	.234	.243	.124	.962	.343
	Interaction term	.042	.331	.015	.126	.900

a. Dependent Variable: Non-financial performance

Source: Primary Data (2020)

Table 4.42 provides regression coefficients showing that in model 3, market orientation was significant ($\beta = .667$, $t = 5.167$, $p = 0.000$) but firm size was insignificant ($\beta = .124$, $t = 0.962$, $p = 0.343$). The interaction term was also insignificant ($\beta = .015$, $t = 0.126$, $p = 0.900$). These results indicate that firm size had no moderating influence on market orientation on non-financial performance. This could be due to the fact that irrespective of the size of the private security firms, they all adopt market orientation practices as a way of trying to achieve competitive advantage and superior firm performance. The regression equation for the moderating effect of firm size on the relationship between market orientation and non-financial performance is presented as;

$$\text{Non-Financial Performance} = \beta_{0+} \beta_1 MO + \beta_2 FS + \beta_3 MOFS + e$$

$$\text{Non-Financial Performance} = 3.779 + .667MO + .124FS + .015MOFS$$

Where;

β_0 = Regression constant,

β_1 = Regression co-efficient for Market Orientation (MO)

β_2 = Regression coefficient for Firm Size (FS)

β_3 = Regression coefficient for Interaction term (MOFS)

e = Error term

4.14.3 Moderating Influence of Firm Ownership Structure on Market Orientation and Non-Financial Performance

The moderator effect of firm ownership structure on the relationship between market orientation and non-financial performance was assessed using a third 3-step hierarchical regression analysis. Table 4.43 provides the moderation test results.

Table 4.43: Summarized Regression Model of Moderating Influence of Firm Ownership Structure on Market Orientation and Non-Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.710[a]	.504	.490	.63334	.504	35.618	1	35	.000
2	.710[b]	.504	.475	.64258	.000	.000	1	34	.990
3	.713[c]	.508	.464	.64967	.004	.262	1	33	.612

a. Dependent variable: Non-financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Firm ownership structure
d. Predictors: (Constant), Market orientation, Firm ownership structure, Interaction term

Source: Primary Data (2020)

The summarized model provided in Table 4.43 demonstrates that market orientation and firm ownership structure jointly explained 50.4% of variations in non-financial performance. However, this was not significant (p = 0.990). The addition of the interaction term (Market orientation X Firm ownership structure) to model 3 led to a 0.004 change in the R^2 change which was insignificant (p = 0.612) and this implies that firm ownership structure did not moderate market orientation and non-financial performance. Based on these results, the study failed to reject the null sub-hypothesis

H_{2c}, which stated that; Firm ownership structure has no significant moderating influence on the relationship between market orientation and non-financial performance. Table 4.44 presents results of ANOVA on the variables.

Table 4.44: ANOVA Results of Moderating Influence of Firm Ownership Structure on Market Orientation and Non-Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.287	1	14.287	35.618	.000[b]
	Residual	14.039	35	.401		
	Total	28.326	36			
2	Regression	14.287	2	7.143	17.300	.000[c]
	Residual	14.039	34	.413		
	Total	28.326	36			
3	Regression	14.397	3	4.799	11.370	.000[d]
	Residual	13.929	33	.422		
	Total	28.326	36			

a. Dependent variable: Non-financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Firm ownership structure
d. Predictors: (Constant), Market orientation, Firm ownership structure, Interaction term

Source: Primary Data (2020)

The ANOVA results from Table 4.44 show that model 2 that included market orientation and firm ownership structure as predictors of non-financial performance was significant at $F(2, 34) = 17.300$ and $p = 0.000$. Model 3 which had the interaction term also had an F statistic that was significant at $F(3, 33) = 11.370$ and $p = 0.000$. This indicates that both regression models were robust enough in explaining the moderator influence of firm ownership structure on market orientation and performance of the private security firms. Table 4.45 provides the regression coefficients.

Table 4.45: Coefficients of Regression of Moderating Influence of Firm Ownership Structure on Market Orientation and Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.784	.104		36.341	.000
	Market orientation	.896	.150	.710	5.968	.000
2	(Constant)	3.784	.106		35.818	.000
	Market orientation	.896	.153	.710	5.873	.000
	Firm ownership structure	.002	.157	.002	.013	.990
3	(Constant)	3.781	.107		35.346	.000
	Market orientation	.894	.154	.708	5.792	.000
	Firm ownership structure	.003	.160	.003	.022	.983
	Interaction term	.120	.234	.063	.511	.612

a. Dependent variable: Non-financial performance

Source: Primary Data (2020)

Table 4.45 provides regression coefficients showing that for model 3, market orientation was significant (β = .708, t = 5.792, p = 0.000) but firm ownership structure was insignificant (β = .003, t = 0.022, p = 0.983). The interaction term was also insignificant (β = .063, t = 0.511, p = 0.612). These outcomes indicate that firm ownership structure had no moderator effect on market orientation and non-financial performance of the private security firms. The reason could be that clients in the private security industry do not consider the ownership structure of the private security firms when choosing a private security firm but instead they consider the firm's ability so competently satisfy their security needs. Similarly, domestically owned and foreign owned firms have similar resources and they tend to offer similar services hence the ownership structure does not influence the firms' level of market orientation. The

regression equation for the moderator effect of firm ownership structure on the relationship between market orientation and non-financial performance is presented as;

$$\text{Non-Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 FOS + \beta_3 MOFOS + e$$

$$\text{Non-Financial Performance} = 3.781 + .708MO + .003FOS + .063MOFOS$$

Where;

β_0 = Regression constant,

β_1 = Regression coefficient for Market Orientation (MO)

β_2 = Regression coefficient for Firm Ownership Structure (FOS)

β_3 = Regression coefficient for Interaction term (MOFOS)

e = Error term

4.14.4 Moderating Influence of Firm Age on Market Orientation and Financial Performance

A fourth hierarchical regression analysis was done to establish whether firm age moderated the relationship between market orientation and financial performance. Table 4.46 outlines the outcomes of the moderated hierarchical regression analysis.

Table 4.46: Summarized Regression Model of Moderating Influence of Firm Age on Market Orientation and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.518[a]	.269	.248	.51826	.269	12.859	1	35	.001
2	.518[b]	.269	.226	.52583	.000	.000	1	34	.983
3	.522[c]	.273	.207	.53224	.004	.186	1	33	.669

a. Predictor: (Constant), Market orientation
b. Predictors: (Constant), Market orientation, Firm age
c. Predictors: (Constant), Market orientation, Firm age, Interaction term

Source: Primary Data (2020)

Table 4.46 provides a model summary indicating market orientation and firm age jointly explaining 26.9% in the variation of financial performance and this was insignificant (p = 0.983). The addition of the interaction term (Market orientation X Firm age) to model 3 led to a 0.004 change in the R^2 change which was insignificant (p = 0.669) and this implies that firm age had no moderating influence on market orientation and financial performance. Therefore, based on these results, the study failed to reject the null sub-hypothesis H_{2d} which stated that; firm age has no significant moderating influence on the relationship between market orientation and financial performance. Table 4.47 provides the outcomes of ANOVA conducted on market orientation, firm age and financial performance

Table 4.47: ANOVA of Moderating Influence of Firm Age on Market Orientation and Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.454	1	3.454	12.859	.001[b]
	Residual	9.401	35	.269		
	Total	12.855	36			
2	Regression	3.454	2	1.727	6.246	.005[c]
	Residual	9.401	34	.276		
	Total	12.855	36			
3	Regression	3.507	3	1.169	4.126	.014[d]
	Residual	9.348	33	.283		
	Total	12.855	36			

a. Dependent variable: Financial performance
b. Predictor: (Constant), Market orientation,
c. Predictors: (Constant), Market orientation, Firm age,
d. Predictors: (Constant), Market orientation, Firm age, Interaction term

Source: Primary Data (2020)

The outcome of ANOVA outlined in Table 4.47 demonstrates that model 2 which included firm age as the moderator variable was significant at F (2, 34) = 6.246 and p

= 0.005. Model 3 that contained market orientation, firm age and the interaction term also had an F statistic that was significant at F (3, 33) = 4.126 and p = 0.014. This indicates that models 2 and 3 were robust enough to explain the link between market orientation, firm age and financial performance. Table 4.48 provides the regression coefficients of the models.

Table 4.48: Coefficients of Regression of Moderating Influence of Firm Age on Market Orientation and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.203	.085		25.853	.000
	Market orientation	.441	.123	.518	3.586	.001
2	(Constant)	2.203	.086		25.481	.000
	Market orientation	.440	.125	.518	3.528	.001
	Firm age	.002	.074	.003	.021	.983
3	(Constant)	2.205	.088		25.161	.000
	Market orientation	.453	.130	.533	3.493	.001
	Firm age	.008	.077	.015	.100	.921
	Interaction term	.045	.105	.067	.431	.669

a. Dependent variable: Financial performance

Source: Primary Data (2020)

Table 4.48 provides regression coefficients indicating that for model 3, market orientation was significant (β = .533, t = 3.493, p = 0.001) but firm age was not significant (β = .015, t = 0.100, p = 0.921). The interaction term was also insignificant (β = .067, t = 0.431, p = 0.669). These findings imply that firm age did not moderate market orientation's effect on financial performance. The regression equation for the moderator effect of firm age on the relationship between market orientation and financial performance is presented as;

$$\text{Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 FA + \beta_3 MOFA + e$$

$$\text{Financial Performance} = 2.205 + .533MO + .015FA + .067MOFA$$

Where;

β_0 = Regression constant,

β_1 = Regression coefficient for Market Orientation (MO)

β_2 = Regression coefficient for Firm Age (FA)

β_3 = Regression coefficient for Interaction term (MOFA)

e = Error term

4.14.5 Moderating Influence of Firm Size on Market Orientation and Financial Performance

A fifth hierarchical regression analysis was done to find out if firm size (FS) significantly moderated market orientation's effect on financial performance. Table 4.50 provides the results.

Table 4.49: Summarized Regression Model of Moderating Influence of Firm Size on Market Orientation and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.518[a]	.269	.248	.51826	.269	12.859	1	35	.001
2	.533[b]	.284	.242	.52042	.015	.710	1	34	.405
3	.544[c]	.296	.232	.52358	.013	.591	1	33	.448

a. Predictor: (Constant), Market orientation
b. Predictors: (Constant), Market orientation, firm size
c. Predictors: (Constant), Market orientation, Firm size, Interaction term

Source: Primary Data (2020)

Table 4.49 provides the summarized model indicating market orientation and firm size jointly explaining 28.4% in the variation of financial performance and the R^2 change was at 0.015 which was insignificant (p = 0.405). The introduction of the interaction

term (Market orientation X Firm size) to model 3 explained 29.6% of the variation in financial performance and an R^2 change of 0.13 which was insignificant (p = 0.448) and this means that firm size had no moderating influence on market orientation and financial performance. From these regression outcomes, the study failed to reject the null hypothesis H_{2e} which stated that; Firm size has no significant moderating influence on the relationship between market orientation and financial performance. Table 4.50 provides the ANOVA results of market orientation, firm size and financial performance.

Table 4.50: ANOVA of Moderating Influence of Firm Size on Market Orientation and Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.454	1	3.454	12.859	.001[b]
	Residual	9.401	35	.269		
	Total	12.855	36			
2	Regression	3.646	2	1.823	6.731	.003[c]
	Residual	9.208	34	.271		
	Total	12.855	36			
3	Regression	3.808	3	1.269	4.630	.008[d]
	Residual	9.047	33	.274		
	Total	12.855	36			

a. Dependent variable: Financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Firm size
d. Predictors: (Constant), Market orientation, Firm size, Interaction term

Source: Primary Data (2020)

Findings of ANOVA in Table 4.50 demonstrated that model 1 was significant with F (1, 35) = 12.859 and p = 0.001. Model 2 which included firm size as the moderator variable was significant at F (2, 34) = 6.731 and p = 0.03. Model 3 included the interaction term and was also significant at F (3, 33) = 4.630 and p = 0.008. This

indicated that all the models were robust enough to explain the moderating effect of firm size on the relationship between market orientation and financial performance. Table 4.51 provides coefficients of regression for the models

Table 4.51: Coefficients of Regression of Moderating Influence of Firm Size on Market Orientation and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.203	.085		25.853	.000
	Market orientation	.441	.123	.518	3.586	.001
2	(Constant)	2.203	.086		25.746	.000
	Market orientation	.404	.131	.475	3.085	.004
	Firm size	.165	.196	.130	.843	.405
3	(Constant)	2.180	.091		24.007	.000
	Market orientation	.392	.133	.461	2.952	.006
	Firm size	.183	.198	.144	.921	.363
	Interaction term	.207	.270	.113	.769	.448

a. Dependent variable: Financial performance

Source: Primary Data (2020)

Table 4.51 presents regression coefficients indicating that in model 3, market orientation was significant ($\beta = .461$, $t = 2.952$, $p = 0.006$) but firm size was insignificant ($\beta = .144$, $t = 0.921$, $p = 0.363$). The interaction term was also insignificant ($\beta = .113$, $t = 0.769$, $p = 0.448$). These findings indicate that firm size had no moderating effect on market orientation and financial performance.

The regression equation for the moderator effect of firm size on the relationship between market orientation and financial performance is presented as;

$$\text{Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 FS + \beta_3 MOFS + e$$

$$\text{Financial Performance} = 2.180 + .461MO + .144FS + .113MOFS$$

Where;

$\beta 0$ = Regression constant,
β_1 = Regression coefficient for Market Orientation (MO)
β_2 = Regression coefficient for Firm Size (FS)
β_3 = Regression coefficient for Interaction term (MOFS)
e = Error term

4.14.6 Moderating Influence of Firm Ownership Structure on Market Orientation and Financial Performance

A sixth hierarchical regression analysis was done to establish whether firm ownership structure (FOS) had any significant moderator effect on market orientation and financial performance. Table 4.52 outlines the findings.

Table 4.52: Summarized Regression Model of Moderating Influence of Firm Ownership Structure on Market Orientation and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.518[a]	.269	.248	.51826	.269	12.859	1	35	.001
2	.603[b]	.363	.326	.49056	.095	5.065	1	34	.031
3	.603[c]	.364	.306	.49791	.000	.003	1	33	.954

a. Predictor: (Constant), Market orientation
b. Predictors: (Constant), Market orientation, Firm ownership structure
c. Predictors: (Constant), Market orientation, Firm ownership structure, Interaction term

Source: Primary Data (2020)

The summarized model provided in Table 4.52 shows that market orientation and firm ownership structure jointly explained 36.3% of the variation in financial performance and the R^2 change was at 0.095 which was significant (p = 0.031). The addition of the interaction term (Market orientation X Firm ownership structure) to model 3 explained 36.4% of the variation in financial performance and this was not significant (p = 0.954)

and this implies that firm ownership structure had no moderating effect on market orientation and financial performance. Therefore, based on these results, the study failed to reject the null hypothesis H_{2f} which stated that; Firm ownership structure has no significant moderating influence on the relationship between market orientation and financial performance. Table 4.53 provides the ANOVA results.

Table 4.53: ANOVA of Moderating Influence of Firm Ownership Structure on Market Orientation and Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.454	1	3.454	12.859	.001[b]
	Residual	9.401	35	.269		
	Total	12.855	36			
2	Regression	4.673	2	2.336	9.708	.000[c]
	Residual	8.182	34	.241		
	Total	12.855	36			
3	Regression	4.673	3	1.558	6.284	.002[d]
	Residual	8.181	33	.248		
	Total	12.855	36			

a. Dependent variable: Financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Firm ownership structure
d. Predictors: (Constant), Market orientation, Firm ownership structure, Interaction term

Source: Primary Data (2020)

Table 4.53 presents ANOVA results indicating that model 1 was significant with F (1, 35) = 12.859 and p = 0.001. Model 2 which included firm ownership structure as the proposed moderator was significant at F (2, 34) = 9.708 and p = 0.000. Model 3 included the interaction term and was also significant at F (3, 33) = 6.284 and p = 0.002. This indicates that all the regression models were robust enough in explaining the relationship between market orientation, firm ownership structure and financial performance. Table 4.54 provides the regression coefficients of the models

Table 4.54: Coefficients of Regression of Moderating Influence of Firm Ownership Structure on Market Orientation and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.203	.085		25.853	.000
	Market orientation	.441	.123	.518	3.586	.001
2	(Constant)	2.203	.081		27.318	.000
	Market orientation	.427	.116	.502	3.662	.001
	Firm ownership structure	.271	.120	.308	2.250	.031
3	(Constant)	2.203	.082		26.871	.000
	Market orientation	.426	.118	.502	3.605	.001
	Firm ownership structure	.270	.122	.308	2.208	.034
	Interaction term	.011	.179	.008	.059	.954

a. Dependent variable: Financial performance

Source: Primary Data (2020)

Table 4.54 outlines regression coefficients showing market orientation was significant ($\beta = .502$, $t = 3.605$, $p = 0.001$) in model 3 but firm ownership structure was insignificant ($\beta = .308$, $t = 2.208$, $p = 0.034$). The interaction term was also insignificant ($\beta = .008$, $t = 0.059$, $p = 0.954$). These findings indicated that firm ownership structure had no moderating influence on market orientation and financial performance. The regression equation for the moderating effect of firm ownership structure on the relationship between market orientation and financial performance is presented as;

$$\text{Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 FOS + \beta_3 MOFOS + e$$

$$\text{Financial Performance} = 2.203 + .502MO + .308FOS + .008MOFOS$$

Where;

β_0 = Regression constant,

β_1 = Regression coefficient for Market Orientation (MO)

β_2 = Regression coefficient for Firm Ownership Structure (FOS)

β_3 = Regression coefficient for Interaction term (MOFOS)

e = Error term

4.15 Moderating Effect of Competitive Intensity on Market Orientation and Firm Performance

The third study objective was to establish the effect of competitive intensity on the relationship between market orientation and performance of private security firms in Kenya. The following hypothesis was tested;

H_3: Competitive intensity has no significant moderating effect on the relationship market orientation and firm performance

Two sub hypotheses were derived from the main hypothesis as;

H_{3a}: Competitive intensity has no significant moderating effect on the relationship between market orientation and non-financial performance

H_{3b}: Competitive intensity has no significant moderating effect on the relationship between market orientation and financial performance

The moderation path developed by Fairchild and Mackinnon (2009) was used to test for the moderator effect of competitive intensity on market orientation and non-financial performance. The regression equation developed was;

$$\text{Non-financial performance} = \beta_0 + \beta_1 MO + \beta_2 CI + \beta_3 MOCI + e$$

Where; β_0 = Regression Constant

β_1 = Regression coefficient of market orientation

β_2 = Regression coefficient of competitive intensity

β_3 = Regression coefficient of the interaction term (MOCI)

e = Error term

The hypothesized moderating effect of competitive intensity on market orientation and non-financial performance of private security firms was tested based on a moderated hierarchical regression analysis. The variables were first standardized or mean adjusted to make the interpretations easier and to avoid multicollinearity. The interaction term was created by multiplying the moderator (Competitive intensity) and the independent variable (Market orientation). The regression results obtained were presented sequentially beginning with results on non-financial performance and then financial performance.

4.15.1 Moderating Effect of Competitive Intensity on Market Orientation and Non-Financial Performance

The moderating effect of competitive on market orientation and non-financial performance was tested using a 3-step hierarchical regression analysis. Step 1 involved regressing market orientation against non-financial performance only. Step 2 entailed regressing market orientation and competitive intensity against non-financial performance. In step 3, market orientation, competitive intensity and the interaction term (Product of market orientation and competitive intensity) were regressed against non-financial performance. The moderating effect of competitive intensity on market orientation and non-financial performance would be present if the interaction term produced a statistically significant regression coefficient. Table 4.55 provides the summarized model of the moderating effect of competitive intensity on market orientation and non-financial performance.

Table 4.55: Summarized Regression Model of Moderating Effect of Competitive Intensity on Market Orientation and Non-Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.710[a]	.504	.490	.63334	.504	35.618	1	35	.000
2	.789[b]	.622	.600	.56107	.118	10.596	1	34	.003
3	.792[c]	.627	.593	.56617	.004	.390	1	33	.037

a. Predictor: (Constant) Market orientation
b. Predictors: (Constant) Market orientation, Competitive intensity
c. Predictors: (Constant) Market orientation, Competitive intensity, Interaction term

Source: Primary Data (2020)

Table 4.55 provides information on the change in R^2 which determines the statistical significance of the interaction term and, whether competitive intensity moderated the effect of market orientation on non-financial performance. The results indicate that when market orientation was entered into the model, it explained 50.4% of the variation in non-financial performance of the private security firms and this was significant (p = 0. 000). The addition of competitive intensity to the model increased the R^2 to 0.622 which implied that market orientation and competitive intensity jointly explained 62.2% of the variation in non-financial performance and as a result the R^2 change was 0.118 and this was significant (p = 0.003).

When the interaction term (Market orientation X Competitive intensity) was entered into the model, the model explained 62.7% of the variance in non-financial performance of private security firms. The change in performance caused by the interaction term was significant (p = 0.037) and this indicated that competitive intensity significantly moderated the effect of market orientation on non-financial performance and hence based on these outcomes, the study rejected the null sub hypothesis H_{3a} which stated

that; Competitive intensity has no significant moderating effect on the relationship between market orientation and non-financial performance. Table 4.56 provides results of ANOVA that was conducted on market orientation, competitive intensity and non-financial performance.

Table 4.56: ANOVA on Moderating Effect of Competitive Intensity on Market Orientation and Non-Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.287	1	14.287	35.618	.000[b]
	Residual	14.039	35	.401		
	Total	28.326	36			
2	Regression	17.623	2	8.811	27.990	.000[c]
	Residual	10.703	34	.315		
	Total	28.326	36			
3	Regression	17.748	3	5.916	18.455	.000[d]
	Residual	10.578	33	.321		
	Total	28.326	36			

a. Dependent: Non-financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Competitive intensity
d. Predictors: (Constant), Market orientation, Competitive intensity, Interaction term

Source: Primary Data (2020)

ANOVA results in Table 4.56 show model 1 to be significant with F (1, 35) = 35.618 and p = 0.000. Model 2 which included competitive intensity as the proposed moderator was significant at F (2, 34) = 27.990 and p = 0.000. Model 3 included the interaction term and was also significant at F (3, 33) = 18.455 and p = 0.000. This indicates that all the regression models were robust enough to explain the relationships. Table 4.57 provides the regression coefficients of the models.

Table: 4.57: Coefficients of Regression of Moderating Effect of Competitive Intensity on Market Orientation and Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.784	.104		36.341	.000
	Market orientation	.896	.150	.710	5.968	.000
2	(Constant)	3.784	.092		41.021	.000
	Market orientation	.610	.159	.484	3.830	.001
	Competitive intensity	.563	.173	.411	3.255	.003
3	(Constant)	3.757	.103		36.626	.000
	Market orientation	.583	.167	.462	3.498	.001
	Competitive intensity	.644	.217	.470	2.968	.006
	Interaction term	.110	.177	.083	.624	.037

a. Dependent variable: Non-financial performance

Source: Primary Data (2020)

Table 4.57 presents results indicating the predictor variable (Market orientation) was significant (β = .462, t = 3.498, p = 0.001). Competitive intensity was significant (β = .470, t = 2.968, p = 0.006). The interaction term was significant (β = .083, t = 0.624, p = 0.037). These outcomes imply that competitive intensity moderated the effect of market orientation on non-financial performance. The regression equation for the moderator effect of competitive intensity on the relationship between market orientation and non-financial performance is presented as;

$$\text{Non-Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 CI + \beta_3 MOCI + e$$

$$\text{Non-Financial Performance} = 3.757 + .462MO + .470CI + .083MOCI$$

Where;
β_0 = Regression constant,
β_1 = Regression coefficient for Market Orientation (MO)
β_2 = Regression coefficient for Competitive Intensity (CI)
β_3 = Regression coefficient for Interaction term (MOCI)
e = Error term

4.15.2 Moderating Effect of Competitive Intensity on Market Orientation and Financial Performance

The researcher sought to establish whether competitive intensity significantly moderated the effect of market orientation on financial performance of private security firms. A moderated hierarchical regression analysis was done on market orientation, competitive intensity and financial performance. Table 4.58 outlines the summarized model.

Table 4.58: Summarized Regression Model of Moderating Effect of Competitive Intensity on Market Orientation and Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.518[a]	.269	.248	.51826	.269	12.859	1	35	.001
2	.519[b]	.269	.226	.52571	.000	.016	1	34	.901
3	.532[c]	.283	.217	.52861	.014	.628	1	33	.434

a. Predictor: (Constant), Market orientation
b. Predictors: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Competitive intensity, Interaction term

Source: Primary Data (2020)

Findings in Table 4.58 indicate that when market orientation was entered into the model, it accounted for 26.9% of the variation in financial performance of the private security firms and this was significant (p = 0.001). When competitive intensity (the proposed moderator) was added to the model, there was no increase in financial performance (R^2 = 0.000) and the model became insignificant (p = 0.901). The interaction term (Market orientation X Competitive intensity) accounted for 28.3% (R^2 change = 0.014) of the variation in the financial performance of private security firms. However, the change in financial performance caused by the interaction term was not

significant (p = 0.434) and this was an indication that competitive intensity had no significant moderating influence on market orientation and financial performance. Based on these results, the study failed to reject the null sub-hypothesis H_{3b} which stated that; Competitive intensity has no significant moderating effect on the relationship between market orientation and financial performance. Table 4.59 outlines the outcomes of the ANOVA that was conducted on market orientation, competitive intensity and financial performance.

Table 4.59: ANOVA Results of Moderating Effect of Competitive Intensity on Market Orientation and Financial Performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.454	1	3.454	12.859	.001[b]
	Residual	9.401	35	.269		
	Total	12.855	36			
2	Regression	3.458	2	1.729	6.256	.005[c]
	Residual	9.397	34	.276		
	Total	12.855	36			
3	Regression	3.634	3	1.211	4.335	.011[d]
	Residual	9.221	33	.279		
	Total	12.855	36			

a. Dependent variable: Financial performance
b. Predictor: (Constant), Market orientation
c. Predictors: (Constant), Market orientation, Competitive intensity
d. Predictors: (Constant) Market orientation, Competitive intensity, Interaction term

Source: Primary Data (2020)

Results of ANOVA in Table 4.59 indicate that model 1 was significant with F (1, 35) = 12.859 and p = 0.001. Model 2 which included competitive intensity as the proposed moderator was significant at F (2, 34) = 6.256 and p = 0.005. Model 3 included the interaction term and was also significant at F (3, 33) = 4.335 and p = 0.011. This

indicated that the regression models were robust enough to explain the relationships. Table 4.60 provides the regression coefficients of the models.

Table 4.60: Coefficients of Regression of Moderating Effect of Competitive Intensity on Market Orientation and Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.203	.085		25.853	.000
	Market orientation	.441	.123	.518	3.586	.001
2	(Constant)	2.203	.086		25.487	.000
	Market orientation	.430	.149	.506	2.882	.007
	Competitive intensity	.020	.162	.022	.125	.901
3	(Constant)	2.171	.096		22.668	.000
	Market orientation	.398	.156	.468	2.558	.015
	Competitive intensity	.115	.203	.125	.570	.573
	Interaction term	.131	.165	.146	.793	.434

a. Dependent variable: Financial performance

Source: Primary Data (2020)

Regression coefficients for the models in Table 4.60 show the predictor variable (Market orientation) was significant ($\beta = .468$, $t = 2.558$, $p = 0.015$) but the moderator variable (Competitive intensity) with $\beta = .125$, $t = 0.570$ and $p = 0.573$ was insignificant after addition of the interaction term. The interaction term was also not significant with $\beta = .146$, $t = 0.793$ and $p = 0.434$. This implied that competitive intensity had no moderator effect on the relationship between market orientation and financial performance of private security firms. The regression equation for the moderator effect of competitive intensity on the relationship between market orientation and financial performance is presented as;

$$\text{Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 CI + \beta_3 MOCI + e$$

Financial Performance = 2.171 + .468MO + .125CI + .146MOCI

Where;

β_0 = Regression constant,

β_1 = Regression coefficient for Market Orientation (MO)

β_2 = Regression coefficient for Competitive Intensity (CI)

β_3 = Regression coefficient for Interaction term (MOCI)

e = Error term

4.16 The Relationship between Market Orientation, Firm Characteristics, Competitive Intensity and Firm Performance

Study objective four involved determining the contribution of market orientation, firm characteristics and competitive intensity to the performance of private security firms in Kenya. The following hypothesis was tested;

H_4: The joint contribution of market orientation, firm characteristics and competitive intensity to firm performance is not significant.

This main hypothesis was then broken down into two sub hypotheses that tested the joint effect of the three variables on non-financial performance and financial performance of the private security firms as;

H_{4a}: The joint contribution of market orientation, firm characteristics and competitive intensity to non-financial performance is not significant.

H_{4b}: The joint contribution of market orientation, firm characteristics and competitive intensity to financial performance is not significant.

4.16.1: The Joint Contribution of Market Orientation, Firm Characteristics and Competitive Intensity to Non-Financial Performance

Multiple regression analysis was used to test the joint contribution of market orientation, firm characteristics (age, size and ownership structure of the company) and competitive intensity on the non-financial performance. Table 4.61 provides the regression results.

Table 4.61: Summarized Regression Model of Joint Contribution of Market Orientation, Firm Characteristics and Competitive Intensity to Non-Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.800[a]	.640	.582	.57382	.640	11.005	5	31	.000

a. Predictors: (Constant) Market orientation, Firm size, Firm age, Firm ownership structure and Competitive intensity

Source: Primary Data (2020)

Outcomes in Table 4.61 on the summarized model of the contributions of market orientation, firm characteristics (Firm size, Firm age and Firm ownership structure) and competitive intensity on non-financial provided information on the joint effect of the variables on non-financial performance. The coefficient of determination (R^2) was 0.640 and this implied that market orientation, firm size, firm age, firm ownership structure and competitive intensity jointly accounted for 64% of variations in non-financial performance of the private security firms and this joint effect was significant ($p = 0.000$). Based on the multiple regression analysis outcomes, the conceptual hypothesis H_{4a} which stated; The joint contribution of market orientation, firm characteristics and competitive intensity to non-financial performance is not significant

was rejected. Table 4.62 outlines results of ANOVA that was done to establish the significance of the multiple regression model of the contributions of the variables.

Table 4.62: ANOVA Results for Joint Contribution of Market Orientation, Firm Characteristics and Competitive Intensity to Non-Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.118	5	3.624	11.005	.000[b]
	Residual	10.208	31	.329		
	Total	28.326	36			

a. Dependent variable: Non-financial performance
b. Predictors: (Constant): Market orientation, Firm size, Firm age, Firm ownership structure, Competitive intensity

Source: Primary Data (2020)

ANOVA outcomes outlined in Table 4.62 demonstrate that the multiple regression model which explained the contributions of market orientation, firm size, firm age, firm ownership structure and competitive intensity to non-financial performance was significant ($F = 11.005$, $p = 0.000$). Therefore, the ANOVA results provided F statistics which indicated that the regression model was significant and this indicated the model's robustness in explaining the joint influence of the variables on the non-financial performance. Table 4.63 outlines the regression coefficients for the joint contribution of market orientation, firm size, firm age, firm ownership structure, competitive intensity to non-financial performance.

Table 4.63: Coefficients of Regression of Joint Contribution of Market Orientation, Firm Characteristics and Competitive Intensity to Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.392	.694		.565	.576
	Market orientation	.709	.184	.562	3.862	.001
	Firm size	.113	.102	.128	1.107	.277
	Firm age	.046	.087	.062	.522	.605
	Firm ownership structure	.003	.143	.002	.021	.983
	Competitive intensity	.531	.179	.388	2.965	.006

a. Dependent variable: Non-financial performance

Source: Primary Data (2020)

Regression coefficients in Table 4.63 on the contributions of market orientation, firm characteristics (Firm size, Firm age and Firm ownership structure) and competitive intensity to non-financial performance of private security firms indicate that market orientation positively and significantly predicted non-financial performance of private security firms ($\beta = 0.562$, $t = 3.862$ and $p = 0.001$). Firm size was found to be a positive and insignificant predictor of non-financial performance ($\beta = 0.128$, $t = 1.107$ and $p = 0.277$). Firm age ($\beta = 0.062$, $t = 0.522$ and $p = 0.605$) and firm ownership structure ($\beta = 0.002$, $t = 0.021$ and $p = 0.983$) were positive but insignificant contributors to non-financial performance. Competitive intensity on the other hand positively predicted non-financial performance ($\beta = 0.388$, $t = 2.965$ and $p = 0.006$) which was significant.

The regression coefficients of the joint contribution of the variables indicated that only market orientation and competitive intensity significant contributions to non-financial performance. For market orientation, it was expected because when a firm is focused on needs of target customers by consistently trying to find new ways of offering customers value, having information about competitor strengths and weaknesses and

developing appropriate competitive strategies and ensuring all departments in the firm are "thinking" customer by sharing customer information and working collaboratively to achieve customer satisfaction, this will have a significant influence on non-financial performance in terms of customer attraction and retention.

In terms of competitive intensity, a high level of competitive intensity in the industry influences the firms to find new ways of achieving competitive advantage and this includes strategies to reduce costs, differentiate the company's products from those of competitors or targeting niche markets as well as using technology innovation to develop customer solutions and this tends to have a significant impact of customer attraction and retention.

The regression equation for the contributions of market orientation, firm characteristics (Firm size, firm age and firm ownership structure) and competitive intensity on non-financial performance is presented as;

$$\text{Non-Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 FS + \beta_3 FA + \beta_4 FOS + \beta_5 CI + e$$

$$\text{Non-Financial Performance} = -.392 + .562MO + .128FS + .062FA + .002FOS + .388CI$$

Where;

β_0 = Regression constant,
β_1 = Regression coefficient for Market Orientation (MO)
β_2 = Regression coefficient for Firm Size (FS)
β_3 = Regression coefficient for Firm Age (FA)
β_4 = Regression coefficient for Firm Ownership Structure (FOS)
β_5 = Regression coefficient for Competitive Intensity (CI)
e = Error term

4.16.2: Joint Contribution of Market Orientation, Firm Characteristics and Competitive Intensity on Financial Performance

A second multiple regression analysis was conducted to test the joint effect of market orientation, firm characteristics (age, size of the organization and ownership structure) and competitive intensity on financial performance of private security firms in Kenya. Table 4.64 provides outcomes of the summarized regression model.

Table 4.64: Summarized Regression Model of Joint Contribution of Market Orientation, Firm Characteristics and Competitive Intensity to Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.603[a]	.364	.261	.51354	.364	3.549	5	31	.012

a. Predictors: (Constant) Market orientation, Firm size, Firm age, Firm ownership structure, Competitive intensity

Source: Primary Data (2020)

Findings in Table 4.64 on the summarized regression model of the combined effect of market orientation, firm size, firm age, firm ownership structure and competitive intensity on financial performance of private security firms indicate that the coefficient of determination was 0.364. This implied that market orientation, firm size, firm age, firm ownership structure and competitive intensity jointly explained 36.4% of variations in financial performance of private security firms and this joint effect was significant ($p = 0.012$). Based on the multiple regression analysis outcomes, the study rejected H_{4b} which stated that the joint contribution of market orientation, firm characteristics and competitive intensity to financial performance is not significant. Table 4.65 outlines the outcomes of ANOVA.

Table 4.65: ANOVA Results for Joint Contribution of Market Orientation, Firm Characteristics and Competitive Intensity on Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.679	5	.936	3.549	.012[b]
	Residual	8.175	31	.264		
	Total	12.855	36			

a. Dependent variable: Financial performance
b. Predictors: (Constant) Market orientation, Firm size, Firm age, Firm ownership structure, Competitive intensity

Source: Primary Data (2020)

ANOVA outcomes provided in Table 4.65 demonstrated that the multiple regression model which explained the Joint contribution of market orientation, firm size, firm age, firm ownership structure and competitive intensity to financial performance was significant ($F = 3.549$, $p = 0.012$). Therefore, the ANOVA results provided F statistics which indicated that the regression model was significant and this indicates the model's robustness and goodness of fit in explaining the contributions of the variables to the financial performance of the private security firms.

Table 4.66 provides the regression coefficients for the joint contribution of market orientation, Firm size, firm age, firm ownership structure and competitive intensity to financial performance.

Table 4.66: Coefficients of Regression Joint Contribution of Market Orientation, Firm Characteristics and Competitive Intensity to Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.184	.621		.297	.768
	Market orientation	.413	.164	.485	2.511	.017
	Firm size	.012	.091	.020	.127	.899
	Firm age	.001	.078	.002	.015	.988
	Firm ownership structure	.272	.128	.310	2.129	.041
	Competitive intensity	.018	.160	.020	.115	.909

a. Dependent variable: Financial performance

Source: Primary Data (2020)

Regression coefficients from Table 4.66 on the contributions of market orientation, firm characteristics (Firm size, Firm age & Firm ownership structure) and competitive intensity to financial performance of private security firms indicate that market orientation positively and significantly predicted financial performance of the private security firms ($\beta = 0.485$, $t = 2.511$ and $p = 0.017$). Firm size was found to be a positive but insignificant predictor of financial performance ($\beta = 0.02$, $t = 0.127$ and $p = 0.899$) and this was also true for firm age ($\beta = 0.002$, $t = 0.015$ and $p = 0.988$). However, firm ownership structure ($\beta = 0.310$, $t = 2.129$ and $p = 0.041$) was found to be a positive and significant contributor to financial performance. Competitive intensity also positively predicted financial performance ($\beta = 0.02$, $t = 0.115$ and $p = 0.909$) but the effect was insignificant at the 0.05 level of significance.

From the regression coefficients, it is clear that only market orientation and firm ownership structure made significant contributions for financial performance. The reason could be that market orientation enables the firms to have in-depth information

about customer needs, competitor actions and they can use the information for collaborating working among organizational departments to ensure that the company is able to satisfy customer needs better than competitors and this can have a significant effect on the financial performance especially in terms of increased sales revenue generation. Firm ownership structure also made a significant contribution to financial performance and this can be attributed to the fact that foreign owned firms or those that are partially foreign owned are likely to have more financial resources, superior corporate governance practices, highly differentiated products and a reputation for professionalism and excellence in service delivery (Barbosa & Louri, 2005). They may also have access to advanced technology and superior managerial expertise and this can have a significant effect on financial performance.

The regression equation for contributions of market orientation, firm characteristics (Firm size, firm age and firm ownership structure) and competitive intensity to financial performance is presented as;

$$\text{Non-Financial Performance} = \beta_0 + \beta_1 MO + \beta_2 FS + \beta_3 FA + \beta_4 FOS + \beta_5 CI + e$$

$$\text{Non-Financial Performance} = .184 + .485MO + .020FS + .002FA + .310FOS + .020CI$$

Where;
β_0 = Regression constant,
β_1 = Regression coefficient for Market Orientation (MO)
β_2 = Regression coefficient for Firm Size (FS)
β_3 = Regression coefficient for Firm Age (FA)
β_4 = Regression coefficient for Firm Ownership Structure (FOS)
β_5 = Regression coefficient for Competitive Intensity (CI)
e = Error term

The results regarding the positive and significant effect of firm ownership structure on performance of private security firms corroborates the findings of Dauma et al. (2003)

who analyzed the effect of firm ownership structure on organizational performance of Indian companies and established a positive and significant effect of firm ownership structure on organizational performance. The summary of the conceptual hypotheses and sub-hypotheses and Table 4.67 provides results of the statistical analyses that were conducted.

Table: 4.67: Summarized Study Hypotheses and Outcomes of Statistical Analyses.

Hypotheses and sub-hypotheses	**Test criteria**	**Test results**	**Interpretation**
H_1: Market orientation has no significant influence on firm performance			
H_{1a}: Market orientation has no significant influence on non-financial performance	Hypothesis rejected if the p-value of the t-test is less than 0.05	p-value = 0.000	H_{1a} was rejected.
H_{1b}: Market orientation has no significant influence on financial performance	Hypothesis rejected if the p-value of the t-test is less than 0.05	p-value = 0.001	H_{1b} was rejected.
H_2: Firm characteristics have no significant moderating influence on the relationship between market orientation and firm performance			
H_{2a}: Firm age has no significant moderating influence on the relationship between Market orientation and non-financial performance	Hypothesis rejected if p-value of F-Change and the interaction term is less than 0.05	p-value = 0.617	Failed to reject H_{2a}
H_{2b}: Firm size has no significant moderating influence on the relationship between market orientation and non-financial performance	Hypothesis rejected if p-value of F-Change and the interaction term is less than 0.05	p-value = 0.900	Failed to reject H_{2b}

H_{2c}: Firm ownership structure has no significant moderating influence on the relationship between Market orientation and non-financial performance.	Hypothesis rejected if p-value of F-Change and the interaction term is less than 0.05	p-value = 0.612	Failed to reject H_{2c}
H_{2d}: Firm age has no significant moderating influence on the relationship between Market orientation and financial performance	Hypothesis rejected if p-value of F-Change and the interaction term is less than 0.05	p-value = 0.669	Failed to reject H_{2d}
H_{2e}: Firm size has no significant moderating influence on the relationship between Market orientation and financial performance	Hypothesis rejected if p-value of F-Change and the interaction term is less than 0.05	p-value = 0.448	Failed to reject H_{2e}
H_{2f}: Firm ownership structure has no significant moderating influence on the relationship between Market orientation and financial performance	Hypothesis rejected if p-value of F-Change and the interaction term is less than 0.05	p-value = 0.954	Failed to reject H_{2f}
H_3: CI has no significant moderating effect on the relationship between Market orientation and financial performance			
H_{3a}: CI has no significant moderating effect on the relationship between Market orientation and non-financial performance.	Hypothesis rejected if p-value of F-Change and the interaction term is less than 0.05	p-value = 0.037	H_{3a} was rejected
H_{3b}: CI has no significant moderating effect on the relationship between Market orientation and financial performance.	Hypothesis rejected if p-value of F-Change and the interaction term is less than 0.05	p-value = 0.434	Failed to reject H_{3b}

H_4: The joint contribution of market orientation, firm characteristics and competitive intensity to firm performance is not significant			
H_{4a}: The joint contribution of market orientation, firm characteristics and competitive intensity to non-financial performance is not significant.	Hypothesis rejected if the p-value of F-Change is less than 0.05	p-value = 0.000	H_{4a} was rejected
H_{4a}: The joint contribution of market orientation, firm characteristics and competitive intensity to financial performance is not significant.	Hypothesis rejected if the p-value of F-Change is less than 0.05	p-value = 0.012	H_{4b} was rejected

Source: Primary Data (2020)

The summary results in Table 4.67 indicates that based on the statistical analysis, the study rejected the null sub hypotheses H_{1a} and H_{1b}. However, the study failed to reject the null sub-hypotheses under H_2. The null sub-hypothesis H_{3a} was also rejected but results of statistical analysis led to the failure by the study to reject H_{3b}. The null sub-hypotheses H_{4a} and H_{4b} were rejected based on the outcomes of multiple regression analyses.

This implied that market orientation significantly influenced non-financial and financial performance of private security firms. None of the sub-variables of firm characteristics (firm size, firm age, and firm ownership structure) moderated the relationship between market orientation and non-financial performance and financial performance. Competitive intensity moderated market orientation's relationship with non-financial performance but not with financial performance. The joint effect of market orientation, firm characteristics (Firm size, Firm age and Firm ownership

structure) and competitive intensity on non-financial and financial performance was found to be significant. The revised conceptual model illustrated in Figure 4.1 indicated relationships between the study variables based on results of statistical analyses

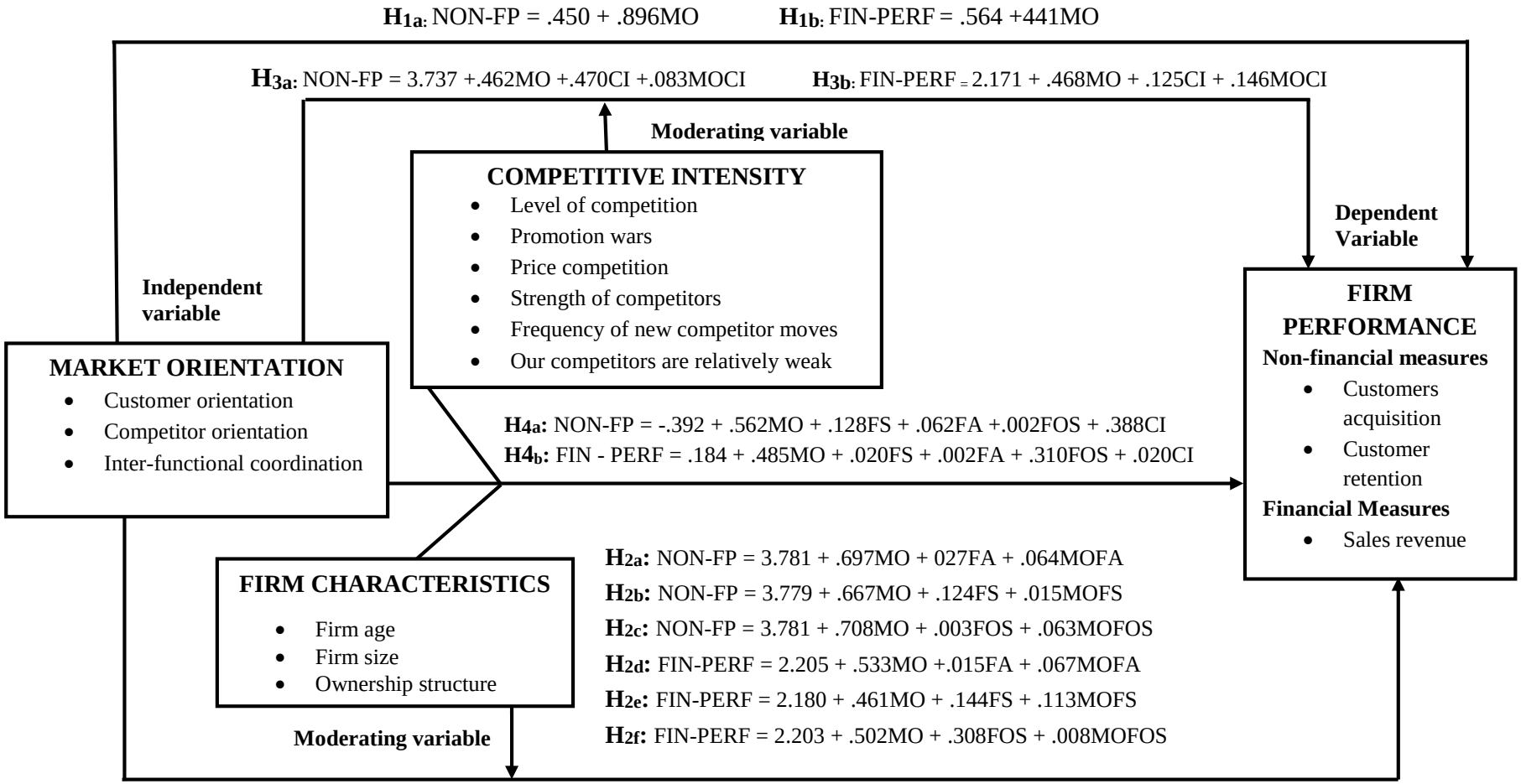

Figure 4.6: The Revised Empirical Model

Source: Researcher (2020)

The empirical model in Figure 4.6 indicates that market orientation has a positive and significant influence on both non-financial and financial performance (H_{1a} and H_{1b}). All the sub-variables of firm characteristics (Firm age, firm size and firm ownership structure) were found to have no moderator effect on non-financial and financial performance ($H_{2a} – H_{2f}$). The relationship between market orientation and non-financial performance is moderated by competitive intensity (H_{3a}). However, the relationship between market orientation and financial performance is not moderated by competitive intensity (H_{3b}). The contributions of market orientation, firm characteristics (Firm age, firm size and firm ownership structure) and competitive intensity on both non-financial and financial performance are significant (H_{4a} and H_{4b})

4.17 Discussion

The study had four objectives, 4 conceptual hypotheses and 12 sub-hypotheses. This section provides a detailed discussion of study outcomes based on study objectives and conceptual hypotheses. Discussions relate to conceptual and empirical areas where study results are in tandem with those of previous studies as well as where they are contrary to expectations. The discussions follow the order of the conceptual hypotheses.

4.17.1 Market Orientation and Firm Performance

Study objective one involved determining market orientation's influence on firm performance of private security firms. Market orientation as a construct has generated a lot of research attention from scholars since its conception in the early 1990s. In this study, market orientation was conceptualized based on three dimensions proposed by Narver and Slater (1990) and they were customer orientation, competitor orientation and inter-functional coordination. Performance of private security firms was measured using non-financial measures such as number of new

customers acquired and number of existing customers who renewed their private security contracts. The regression analysis results indicated market orientation positively and significantly affected non-financial and financial performance of private security firms. The unstandardized beta co-efficient for the effect of market orientation on non-financial performance was $\beta = 0.896$ while that for the effect on financial performance was $\beta = 0.668$ and this indicated that the positive effect of market orientation on non-financial performance of the private security firms was greater than that on financial performance.

The finding by this study of market orientation's positive influence on firm performance corroborates the empirical literature that indicated the existence of a strong and positive effect of market orientation on firm performance. The finding of a positive influence of marketing orientation on firm performance is in tandem with that of Oluwatoyin, Olifunke and Salome (2018) who evaluated market orientation's effect on performance of hotels in Nigeria and their study results indicated that market orientation positively and significantly influenced the hotels' customer satisfaction and customer retention which are non-financial performance measures. Protcko and Dornberger (2014) also found a positive influence of market orientation on non-financial performance and financial performance of knowledge intensive industries in Russia. The finding of this study of a positive influence of market orientation on non-financial performance of private security firms also corroborates the finding by Mbugua (2015) whose study outcomes showed market orientation positively and significantly affecting non-financial performance of deposit taking Savings and Credit Cooperative societies. The results of the current study corroborate those of Njeru (2013) whose study results indicated a positive influence of market orientation on subjective performance measures of Kenyan tour firms.

The finding of a positive effect of market orientation on financial performance is also in line with that of Sin et al. (2005) who studied market orientation and firm performance in Hong Kong's hotel industry and found a positive influence of market orientation on hotels' financial performance. Other authors with similar findings include Oni and Fatoki (2017) who found market orientation had a positive influence on performance of SMEs in South Africa. However, the current study finding differs with that of Toaldo and Diaz (2014) who found that market orientation had no relationship with firm performance and that of Hussin et al. (2014) who found that market orientation had a negative effect on firm performance.

The findings of this study therefore confirm the conclusions made by previous studies that market orientation activities enable firms to understand their customers and business environment better and this gives the firm the ability to be both proactive and reactive in developing and offering products that satisfy customer needs. This requires investment in market research as well as tracking and monitoring demand trends and changes in customer preferences and as a consequence, market orientation positively influences customer attraction, customer retention and sales revenue of a firm.

4.17.2 Market Orientation, Firm Characteristics and Firm Performance

The researcher sought to analyze the moderating influence firm characteristics have on market orientation and firm performance. The firm characteristics of private security firms were measured using three indicators which were firm size, firm age and firm ownership structure. The moderating influence of each of the individual sub-variables of firm characteristics on market orientation and non-financial performance and financial performance of private security firms was tested. The results of the moderation tests of the moderating influence of firm size, firm age and firm ownership structure on

market orientation and non-financial performance indicated that firm age (β = 0.027. t = 0.216, p = 0.830), firm size (β = 0.124, t = 0.962, p = 0.343) and firm ownership structure (β = 0.003, t = 0.022, p = 0.983) all made positive but insignificant contributions. Regarding the moderating influence of firm size, firm age and firm ownership structure on financial performance, the moderation test results indicated that firm age (β = 0.015, t = 0.100, p = 0.921), firm size (β = 0.144, t = 0.921, p = 0.363) and firm ownership structure (β = 0.308. t = 2.208, p = 0.034) all made positive contributions but only that of firm ownership structure was significant.

The study results indicate that firm size, firm age and firm ownership structure are not variables that have a moderating influence on the link between market orientation and both non-financial and financial performance. This finding is in tandem with that of Mbugua (2015) who found that firm age did not have a moderating influence on market orientation and performance of deposit taking Savings and Credit Cooperative societies. Similarly, the study findings corroborate that of Njeru (2013) showed that firm age had no moderating influence on market orientation and marketing practices of tour firms. However, this contradicts the finding of Oluwatoyin, Olunfunke and Salome (2018) who found that firm age had a moderating effect on the relationship between market orientation and non-financial performance of hotels.

Regarding the moderator effect of firm age, Usman and Zahid (2011) suggested that older firms may have more customers and this enables them to enjoy economies of scale. Older firms also have more market experience and networks than younger or newer firms (Kisengo & Kombo, 2012) and this gives older firms a competitive advantage. Pellegrino (2017) argued that newer firms may suffer from a lack of legitimacy and reputation which is not the case for older firms. However, Carr et al.

(2010) argued that newer firms are more flexible and quick in building market relationships and networks by exploiting mistakes and complacencies of older firms by launching new products that are more responsive to current market needs. Older firms also find it difficult to adjust their systems and routines to environmental change and as such they are too rigid when it comes to change (Barron, West & Hannan, 1994) and in view of this newer firms that have not yet established their systems or processes can be very quick to adjust to change especially in the security industry where the nature of security threats change very frequently. The findings of this study therefore imply that both new and older firms in the private security industry in Kenya practice market orientation.

The finding of the current study on the moderating effect of firm size is similar to that of Ali et al. (2016) who found that firm size had no moderating influence on the relationship between inter-functional coordination dimension of market orientation and firm performance. The finding is also in line with that of Mbugua (2015) who found that firm size did not moderate the relationship between market orientation and firm performance and that of Njeru (2013) who found that firm size did not moderate the relationship between market orientation and marketing practices of tours firms. However, the finding by the current study on the moderating influence of firm size contradicts that of Kotcharin (2015) who found that firm size moderated the relationship between market orientation and delivery capability which is a non-financial performance measure.

The findings on the tests for the moderating influence of firm size are in agreement with the suggestions of authors such as Saeed et al. (2013) who argued that large firms can find it extremely challenging to respond to environmental changes because they usually

have a lot of bureaucracy and this affects their ability to make the right decisions on time. Similarly, smaller firms are more innovative and they tend to target niche markets which would be too expensive for larger firms and this allows the small firms to thrive. This study conceptualized firm size in terms of the number of employees hired by the private security firms but some of the services offered by them utilize technology such as electric fences, monitoring CCTV or vehicle tracking systems and therefore they require very little manpower.

On the firm ownership structure sub-construct, the study also failed to reject the null sub-hypotheses H_{2c} which stated that firm ownership structure has no significant moderating influence on the relationship between market orientation and non-financial performance and H_{2f} which stated that firm ownership structure has no significant moderating influence on the relationship between market orientation and financial performance. The firm ownership structure sub-construct categorized the private security firms as either being fully locally owned, fully foreign owned or partially locally owned. This was based on the argument that ownership structure of a firm in terms of local or foreign ownership determines the nature and type of resources the firm is likely to have. This assumption is supported by the study findings of Aydin et al. (2007) who found that foreign owned firms performed significantly better than domestically owned firms due to differences in resources. Similarly, Barbosa and Louri (2005) argued that multi-national firms tend to have superior performance as a result of them having marketing advantages, more financial resources, highly differentiated and superior quality products as well as superior corporate governance.

The outcomes of moderation tests in this study showed that firm ownership structure is not a factor that influences the performance of private security firms based on their

ability to implement the market orientation activities and this contradicts the arguments of Barbosa and Louri (2005) and Aydin et al (2007) that organizations having foreign ownership performed better than those with domestic owners. This study finding supports the argument by Huang and Shiu (2009) that firms with domestic ownership may have more knowledge about local market dynamics than firms with foreign ownership and this may lead to better performance. However, not much empirical studies exist on the moderator influence of firm ownership structure on the relationship between market orientation and firm performance and it is an area that researchers need to look into.

4.17.3 Market Orientation, Competitive Intensity and Firm Performance

The current study also sought to determine if competitive intensity moderated market orientation's influence on non-financial and financial performance of private security firms. The regression coefficients from the moderation test indicated that competitive intensity made a positive contribution to non-financial performance ($\beta = 0.470$, $t = 2.968$, $p = 0.006$) and financial performance ($\beta = 0.125$, $t = 0.570$, $p = 0.573$) of private security firms. These results indicate that competitive intensity moderated the influence of market orientation on non-financial performance but did not moderate market orientation's relationship with financial performance. This led to the rejection of the null sub-hypothesis $H_{3a;}$ which stated that competitive intensity has no significant moderating effect on non-financial performance.

The finding of this study on the moderating effect of competitive intensity on market orientation and non-financial performance corroborates that of Wambui, Lagat and Kieti (2016) who found that competitive intensity had a moderating effect on the relationship between customer orientation and hotel performance. On the same note, a

study by Kumar et al. (2011) examined the influence of market orientation on firm performance from 1997 to 2005 and found that competitive intensity moderated the effect of market orientation on firm performance. Olalekan and Binuyo (2012) also found that competitive intensity positively moderated the effect of customer orientation on performance of Nigerian organizations. Therefore, the study results on the moderator effect of competitive intensity on market orientation and non-financial performance agree with Kohli and Jaworski's (1993) argument that when competitive in an industry is high, firms must become more aggressive in discovering the needs of their customers, create and provide superior value to customers in order to have a market edge.

The finding of this study implies that increased competitive rivalry in the private security industry would lead to price wars and frequent competitor promotional activities and this would influence private security firms to be more aggressive and this would make them to be more market oriented and this would have a positive impact on the firms' ability to attract new customers and retain existing customers as well. When competitive intensity in an industry is high, managers of business entities are always looking for new ways to improve or sustain the market share held by their firms (Grawe et al., 2009) and this ensures the firms avoid complacency which would otherwise affect the firms' performance negatively. Increased competitive intensity

This finding also lends support to the argument of Chong and Rundus (2004) that when firms are faced with intensive competitive rivalry in the industry, they tend to respond by increasing their market orientation through trying to improve the quality of their existing products including trying to differentiate themselves from competitors as well as trying to innovate new products in response to changes in customer needs and wants. These actions, taken as a result of the competitive intensity in the industry usually have a positive impact on firm performance. The study failed to reject the null-sub hypothesis

H_{3b} which stated that competitive intensity has no significant moderating effect on market orientation and financial performance. This finding corroborates that of Lin (2011) who examined the influence of competitive intensity on the relationship between market orientation and financial performance of travel agencies in Taiwan and found that competitive intensity had no moderator influence on the relationship. Similarly, Aziz and Yassin (2010) examined market orientation and external environmental influence on SME performance in Malaysia's Agro-food sector and found that competitive intensity had no moderating influence on the variables. A similar finding was reported by study Zhang and Zhu (2016) whose study results indicated that competitive intensity had no moderator influence on market orientation and export performance of Chinese firms.

The finding by the current study that competitive intensity did not have a moderator effect on the relationship between market orientation and non-financial performance is similar to that of Kumar et al. (1998) who also found that competitive intensity did not moderate the relationship between market orientation and sales revenue of the firm. However, the current study finding the influence of competitive intensity contradict that of Brownhilder (2016) whose study found that competitive intensity negatively influenced the market orientation and firm performance relationship

The study results demonstrated that competitive intensity in the private security industry moderates the relationship between market orientation and non-financial performance but not with financial performance. The study results on the moderating effect of competitive intensity lends support to the suggestion by Slater and Narver (1994) that the moderator impact of competitive intensity is very limited and that the benefits of market orientation for organizations are long term. They further argued that the competitive environment conditions are usually short-term in nature and therefore

being market oriented would be cost effective for organizations inspite of any short-term moderating effects of the competitive environment. The moderating effect of competitive rivalry in an industry is likely to reduce with time when more organizations in the industry including new entrants adopt market orientation (Kumar et al., 2011).

The implication is that when every firm in the industry adopts market orientation, the firms would be capable of anticipating the moves of their competitors and in so doing they would be in a position to provide differentiated value to customers. The private security industry is characterized by a very strong demand due to the security threats facing individual's households and businesses the presence of very many private security firms offering similar products and customers are able to negotiate for reduced prices because of the availability of many alternative firms at significantly lower prices.

4.17.4 Market Orientation, Firm Characteristics, Competitive Intensity and Firm Performance

The fourth study objective involved determining the joint contribution of market orientation, firm characteristics and competitive intensity to firm performance. The joint contribution of the variables was then tested on both non-financial performance and financial performance. With reference to non-financial performance, the multiple regression analysis results indicated that the variables jointly explained 64% of the variation in non-financial performance of private security firms. The joint influence of the variables on non-financial performance was significant ($p = 0.000$) and this led the researcher to reject the null sub-hypothesis H_{4a} which stated that the joint contribution of market orientation, firm characteristics and competitive intensity on non-financial performance is not significant.

The regression coefficients for the combined influence of variables on non-financial performance indicated that market orientation makes the strongest contribution to non-financial performance ($\beta = .562$, $t = 3.862$) followed by competitive intensity ($\beta = .388$, $t = 2.965$) with the contributions being significant. It was noted that the contributions of firm size, firm age and firm ownership structure to non-financial performance were positive but not significant with p-values of 0.277, 0.605 and 0.983.

From the financial performance perspective, multiple regression analysis results indicated that the variables jointly explained 36.4% of variation in financial performance and this this joint effect was also significant ($p = 0.012$). This finding led the researcher to reject the null sub-hypothesis H_{4b} which stated that the joint contribution of market orientation, firm characteristics and competitive intensity on financial performance is not significant. The regression coefficients for the combined influence of market orientation, firm size, firm age, firm ownership structure and competitive intensity on financial performance indicated that market orientation makes the strongest contribution to financial performance ($\beta = .485$, $t = 2.511$) followed by firm ownership structure ($\beta = .310$, $t = 2.129$) with the contributions being significant. It was noted that the contributions of firm size, firm age and competitive intensity to financial performance were positive but not significant with p-values of 0.899, 0.988 and 0.909 respectively.

The study results indicating a significant and positive impact of firm ownership structure on performance of private security firms support the findings of Aydin, Sayim and Yalama (2007) who studied foreign ownership and performance of Turkish companies listed on the Istanbul Stock Exchange and found that firms which had foreign ownership performed better than those with domestic ownership. Barbosa and

Louri (2005) also stated that organizations with foreign owners perform better than firms with domestic ownership because they have better financial resources which gives them marketing advantages through product differentiation, large advertising budgets and the ability to exploit economies of scale which brings their operating costs down. Firms with foreign ownership tend to conduct their activities based on the principles of good corporate governance which positively affects their performance.

4.18 Chapter Summary

This chapter provided results of statistical analyses that were conducted on data collected in conformance with the study's objectives and conceptual hypotheses. The results of the tests of assumptions of regression analysis, linearity, autocorrelation and multi-collinearity tests have been provided. The chapter also provided outcomes of simple, multiple and hierarchical regression analyses which were used as the basis for failure to reject or rejection of the null hypotheses. It has also provided discussions of the findings. The empirical model has been provided as Figure 4.6

CHAPTER FIVE

SUMMARY, CONCLUSION AND STUDY RECOMMENDATIONS

5.1 Introduction

This chapter provides summarized findings of the study as well as the conclusions made based on the findings. It also discusses contributions of the study to marketing theory, marketing practice and policy making. It also presents discussions of the limitations and recommendations of the researcher including suggestions that will form the basis for further study.

5.2 Summary

The main objective of the researcher was to determine market orientation's effect on performance and to determine whether firm characteristics and competitive intensity moderated the relationship. The study had four objectives and four conceptual hypotheses from which twelve sub-hypotheses were derived. The population of the study was all the registered members of Kenya Security Industry Association. Primary data was collected from the firms using the key informant approach by targeting either the CEO/Managing director or marketing managers of private security firms that participated in the study.

Results of the statistical analyses indicated that market orientation positively influenced non-financial and financial performance. This finding is in tandem with the market orientation literature in which majority of the studies conducted on market orientation and firm performance have also reported a positive influence of market orientation on firm performance. Firm characteristics were conceptualized in terms of firm size, firm age and firm ownership structure. The moderated hierarchical regression analysis indicated that none of the firm characteristics (firm size, fir age and firm ownership

structure) moderated the effect of market orientation on non-financial performance and financial performance. The regression coefficients indicated that all the sub-constructs of firm characteristics (firm size, firm age and firm ownership structure) contributed positively to non-financial and financial performance although the contributions were not significant. The researcher sought to establish the moderator impact of competitive intensity on market orientation and non-financial and financial performance. Results indicated that competitive intensity moderated the effect of market orientation on non-financial performance. However, competitive intensity had no moderating effect on market orientation and financial performance.

Multiple regression results indicated that the joint contribution of market orientation, firm characteristics and competitive intensity on non-financial and financial performance of private security firms was significant. The regression coefficients of the joint effect of the variables indicated that all sub-constructs of firm characteristics (firm size, firm age and firm ownership structure) made positive but insignificant contributions to non-financial performance, and only market orientation and competitive intensity had significant and positive effects on non-financial performance. With reference to financial performance, the coefficients of regression indicated all the variables made positive contributions but only market orientation and firm ownership structure made significant contributions. The outcome of the multiple regression analysis also indicated that the joint influence of market orientation, firm characteristics and competitive intensity on non-financial and financial performance was significant.

5.3 Conclusion

The researcher sought to establish market orientation's impact on firm performance. Results from statistical analysis indicated that market orientation explained 50.4% of

variations in non-financial performance. The other 49.6% of the variation in non-financial performance was explained by other factors that were not analyzed by this study. 50.4% is a high contribution of market orientation to non-financial performance. The regression coefficients for market orientation and non-financial performance were positive and significant and therefore the study concluded that market orientation positively and significantly affected non-financial performance. This could be linked to the fact that in the private security industry, threats to the security of individual households and businesses keep changing and this forces the firms to be reactive in their market orientation by modifying their services to satisfy the changing needs of their clients and this positively influences the organizations' ability to attract and retain customers.

In terms of financial performance, results from the statistical analysis indicated market orientation explained 26.9% of variations in financial performance of the private security firms. The other 73.1% of the variation in financial performance was explained by other factors that were not analyzed by this study. This is a low contribution of market orientation to financial performance. The regression coefficient for the relationship between market orientation and financial performance was positive and significant and therefore the study concluded that market orientation positively and significantly affected financial performance. The study also concluded that the variations in non-financial and financial performance that were not accounted for by market orientation could be technology innovation capability of the firms, service quality, product innovation and firm image and reputation. It is important to mention that private security firms tend to do well in terms of performance when there is insecurity in the country and this leads the firms to experience a high demand for their services regardless hence market orientation activities enhance firm performance.

The outcomes of the moderated regression analyses indicated that none of the sub-constructs of firm characteristics (firm size, firm age and firm ownership structure) moderated the influence of market orientation on non-financial performance and financial performance and therefore the study concluded that firm characteristics had no moderator influence on market orientation and non-financial and financial performance. Similarly, the results of the moderated hierarchical regression analysis that was conducted to establish if competitive intensity moderated the effect of market orientation on non-financial performance and financial performance led to the conclusion that competitive intensity had a significantly moderated market orientation's effect on non-financial performance but not financial performance.

On the joint contribution of market orientation, firm characteristics and competitive intensity on non-financial performance, the study concluded based on the results of multiple regression analysis that, the joint contribution of the variables was significant even though firm size, firm age and firm ownership structure all made positive but insignificant contributions to non-financial performance. The study concluded based on the results that, the joint contribution of market orientation, firm characteristics and competitive intensity on financial performance was significant. Therefore, study results led to the rejection of null sub-hypotheses H_{1a} which stated that market orientation has no significant influence on non-financial performance and H_{1b} which stated that market orientation has no significant influence on financial performance

The study failed to reject all the sub-hypotheses under hypothesis H_2 which stated that firm characteristics have no significant moderating influence on the relationship between market orientation and firm performance. However, it is important to note that when the study population is small (N = 39 for this study), the more difficult it is for

statistical tests to produce significant results. The study rejected H_{3a} which stated that competitive intensity has no significant moderating effect on the relationship between market orientation and non-financial performance. However, based on the outcomes of the statistical analysis, the study failed to reject H_{3b} which stated that competitive intensity has no significant moderating effect on the relationship between market orientation and financial performance. Finally, based on the outcome of multiple regression analysis, the study also rejected H_{4a} which stated that the joint contribution of market orientation, firm characteristics and competitive intensity on non-financial performance is not significant as well as H_{4b} which stated that the joint contribution of market orientation, firm characteristics and competitive intensity on financial performance is not significant.

5.4 Implications of the Study

This study examined the relationship between market orientation, firm characteristics, competitive intensity and firm performance. It also analyzed the moderating effect of firm characteristics and competitive intensity on the relationship between market orientation and firm performance. The findings have theoretical implications, policy implications and implications for marketing practice as outlined in the following subsections.

5.4.1 Theoretical Implications

The study was based on the dynamic capabilities theory and the market based view as its theoretical foundations. The dynamic capabilities theory explains how the capability of firm resources can provide firms with sustainable competitive advantage over rival companies in a dynamic industry. Market orientation can be regarded as an internal firm resource and the capability of market orientation can give the firm a competitive

advantage (Hunt, 2011). Therefore, the findings of this study that market orientation positively and significantly affects the non-financial and financial performance lend support to the underlying assumption of the dynamic capabilities theory that what matters for business firms is corporate agility. This implies that being market oriented enables firms to have the capacity to sense and shape market opportunities and threats, seize the opportunities and maintain competitiveness by enhancing, combining, protecting and when need be, reconfiguring the firm's tangible and intangible assets in response to the environmental changes in order to sustain a competitive advantage.

The study findings also affirm the important role that managers play in ensuring that they sense and seize market opportunities as well as reconfiguring the resources of the firm to effectively respond to the environmental changes and this indicates the value of the dynamic capability theory for firms operating in a dynamic environment. The study finding that competitive intensity influences the relationship between market orientation and non-financial performance lends support to the arguments of the market based view that external environmental forces such as industry rivalry, threat of new entrants, threat of substitutes and bargaining power of customers and suppliers influence the performance of business organizations.

The findings also imply that regulation of the private security industry by the government will affect the influence of the five industry forces on the performance of private security firms in the industry. The study findings imply that when competitive intensity is high, the level of market orientation of a firm will increase because firms try to become more innovative by developing new products and being more proactive to customer needs and this indicates the importance of the market based view to the study of the relationship between market orientation and firm performance.

5.4.2 Policy Implications

Security is one of the key sectors that form the foundation of a country's social, political and economic growth. The second medium term plan for the achievement of Kenya Vision 2030 outlines the need for private security firms to be regulated by government so that only licensed firms operate and this will improve service delivery. The study findings will also help the Private Security Regulatory Authority in coming up with a policy framework on how government security agents can collaborate and work closely with private security firms since they have more man power resources than the Kenya National Police Service. The collaboration between government security agencies and private security firms can be critical in ensuring there is adequate security in the country and curbing the threat of terror attacks in public places such as shopping malls, academic institutions, airports, hotels and other sensitive government and foreign installations such as embassies and consulates.

5.4.3 Contributions to Marketing Practice

The study findings indicated that market orientation positively and significantly predicted non-financial and financial performance of private security firms. This will contribute to marketing practice by helping marketing managers to adopt market orientation activities by being customer oriented, competitor oriented and ensuring that there is effective inter-functional coordination within the firms so that non-financial and financial performance objectives of the firm can be achieved. This implies that marketing managers in the private security industry will need to be proactive and reactive in their market orientation activities because the nature of security threats facing individual and businesses in the country change very frequently and therefore product innovation is necessary for private security firms to keep up with changes in threats to the security of people and business firms. Therefore, marketing managers of

the private security firms must ensure that they utilize the dynamic capabilities of the resources they have to cope with security challenges facing their customers.

The findings of this study can also be generalized to other industries such as the hotel industry, car hire and taxi firms as well as the insurance and airline industries where managers will find the findings of a positive impact of market orientation on non-financial and financial performance of a firm to be valuable in the development of marketing strategies that seek to satisfy customer needs and this would enhance their organizational performance. The findings of the moderator impact of firm characteristics and competitive intensity on the non-financial and financial firm performance would also be valuable to managers in terms of them understanding that structural characteristics of their firms such as firm age, firm size and firm ownership structure do not necessarily influence the level of market orientation of the firm.

The finding that competitive intensity increases the level of market orientation will help marketing managers in formulating competitive strategies so that they can be able to deal with the rivalry from competitors. Marketing managers will also gain by being able to understand when to be proactive or responsive in their market orientation activities so that performance is positively affected. The managers will also gain from the knowledge that firm age, firm size and firm ownership structure may not be significant factors in determining the consequences of an organization's market orientation activities on its non-financial and financial performance.

5.5 Limitations of the Study

The study used a cross-sectional research design where data was collected once from the respondents at a time when the industry was under self-regulation and government regulation through the private security act of 2016 and the Private Security Regulatory

Authority had not been implemented. The implementation of the act by the regulatory authority started in 2019 and therefore there is a very strong possibility that a longitudinal study would yield different results. The study was also limited to private security firms that were members of the Kenya Security Industry Association and because the Private Security Regulatory Authority had commenced the process of registering private security firms afresh by mid-2019, it is possible a second study would have more firms participating and produce significantly different results.

The primary data collected was limited to internal respondents who were managers of the private security firms. Similarly, the private security industry is unique in nature because when other industries such as the tourism industry experience a decline in demand because of insecurity or threats of terror attacks, the private security industry experiences increased demand from both households and businesses and this characteristic of the private security industry makes it difficult to generalize the study findings to other industries. However, these limitations did not compromise the quality or prevent the study from achieving its objectives.

5.6 Recommendations of the Study

The findings of the study indicate that market orientation has a positive and significant effect on non-financial and financial performance and based on these findings, the study recommends that management of private security firms should view market orientation as a resource that enhances the firms' capabilities towards the achievement of a sustainable competitive advantage. They should make the satisfaction of the needs of their customers to be their top priority. This should be done by investing in mechanisms that collect information on customers so that they can monitor and be up to date with any changes in the needs of customers and this will ensure the managers are able to develop and implement appropriate proactive and reactive strategies to any changes in

customer needs. In addition, the managers of the private security firms should ensure that they help to develop a market orientation culture among employees of all departments so that the firms will always have up to date information about customer needs and wants, information about competitor actions in the market place and sharing of the information collected about customers and competitors between the various departments in order to develop appropriate proactive and reactive strategies that will give the firms a competitive advantage.

The managers of private security firms should also monitor the market activities of their competitors so that they know the strengths and weaknesses of competitor firms and this will help them to be innovative and creative when developing new products or strategies for achieving competitive advantage. In addition, the managers should ensure that information about customer needs and competitor activities in the market is consistently shared between all the departments of the organizations because they all have a role to play in ensuring the firms perform well and achieve a sustainable competitive advantage. The management should be ready to reconfigure their resources so that they can exploit the potential of the firms' marketing, managerial, innovation, technological and human resource capabilities so that the firms can sustain their competitive advantages in a dynamic environment.

The management of the private security firms should also not take for granted new firms entering the industry because new firms tend to be more innovative than older firms and they also learn from the mistake of older firms which can provide them with a huge competitive advantage. Findings also indicated that competitive intensity moderated the effect of market orientation on the non-financial performance and in view of this, the study recommends that marketing managers of private security firms should do customer segmentation and then target customer segments in which the firms have the

resources and capability to offer more value to customers than competitors since this will provide them with a sustainable competitive advantage. Since the private security firms have more manpower than the Kenya police and the military combined, the study recommends that the government should consider collaborating with the private security firm in order to have more security personnel securing the citizens as well as non-citizens and their property in the country

5.7 Suggestions for Further Studies

This study brought to light various issues that require further studies. This study used a cross sectional design to collect the data at a time when the industry was under self-regulation and there was no government regulation. The implementation of the Private Security Regulation Act of 2016 by the Private Security Regulatory Authority commenced in 2019 with the regulator indicating that the all firms would need to be registered afresh and that the government would consider issuing guns to private security guards involved in sensitive tasks such as cash in transit. The study results indicated a significantly positive effect of market orientation on non-financial performance and financial performance of but the data was collected at a time when there was no government regulation in the private security industry.

The Private Security Regulatory Authority started implementing the provisions of the Private Security Act in 2019 and therefore, future studies should conduct a longitudinal study to determine if the link between market orientation and performance of private security firms is influenced by the new government regulations in the industry. Firm performance was measured using data collected from internal respondents who were managers of the firms and the study recommends that future studies should consider evaluating firm performance using both internal and external respondents such as customers when measuring non-financial performance constructs such as customer

satisfaction. Reputation of a firm is also very important especially in the private security industry and future studies should study the effect of firm reputation as a moderator on market orientation and firm performance. During this study, the researcher noted that few empirical studies exist in the moderating influence of firm ownership structure and in view of this, future studies should consider doing studies on this area. This study analyzed the data using regression analysis and therefore future studies should analyze the relationship between market orientation and firm performance using alternative methods of data analysis such as SEM or SEM-PLS. Most of the studies on market orientation and firm performance have focused on collecting and analyzing quantitative data and this study suggests that qualitative studies should also be done on the market orientation and firm performance relationship

This study evaluated the competitive intensity in the private security industry in Kenya using a measurement scale adopted from Jaworski and Kohli (1993) and Sorensen (2009) and therefore, future studies on the moderator influence of competitive intensity on the relationship between market orientation and firm performance should consider analyzing competitive intensity in an industry using the measurement scale developed by O'Cass and Ngo (2007) which evaluates the intensity of competition in a given industry based on the strength of supplier power, the strength of customer power, threat of new firms entering the industry, threat of substitute products as well as the number of competing firms in the industry and the intensity of the rivalry among them.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
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12th October, 2018

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTORY LETTER FOR RESEARCH
EVANS OJIAMBO ONDITI– REGISTRATION NO. D80/97232/2015

The above named is a registered PhD candidate at the University of Nairobi, School of Business. He is conducting research on ***"Market Orientation, Firm Characteristics, Competitive Intensity and Performance of Private Security Firms in Kenya"***.

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the research project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Thank you.

Graduate Studies Office
P. O. Box 30197
NAIROBI

Prof. Mary Kinoti
Associate Dean, Graduate Business Studies
School Of Business

MK/m

APPENDIX II: RESEARCH LICENSE

THIS IS TO CERTIFY THAT:
MR. EVANS OJIAMBO ONDITI
of UNIVERSITY OF NAIROBI, 0-80100
MOMBASA,has been permitted to
conduct research in *All Counties*

on the topic: *MARKET ORIENTATION, FIRM CHARACTERISTICS, COMPETITIVE INTENSITY AND PERFORMANCE OF PRIVATE SECURITY FIRMS IN KENYA*

for the period ending:
29th October,2019

.....
Applicant's
Signature

Permit No : NACOSTI/P/18/7710/26316
Date Of Issue : 21st November,2018
Fee Recieved :Ksh 2000

.....
Director General
National Commission for Science, Technology & Innovation

APPENDIX III: RESEARCH QUESTIONNAIRE

This questionnaire has been designed to collect information from private security firms operating in Kenya with the objective of analyzing market orientation, firm characteristics, competitive intensity and performance of private security firms in Kenya. All data provided will be treated with the highest level of confidentiality and the identity of the respondent will be kept anonymous.

ORGANIZATION NAME: …….

SECTION A: RESPONDENT AND ORGANIZATION PROFILE.

1. Please state your job title:

……..

2. Please select your gender. **Male** ☐ **Female** ☐

3. How long have you been working in the private security industry? ……..
Years

4. Please indicate your highest level of education (Tick one only)

Certificate ☐ Masters Level ☐

Diploma ☐ PhD level ☐

Bachelors ☐ Other (please specify) ……

5. How long has your company been operating in Kenya? …….. Years

6. How many employees are currently employed by your company?

Permanent employees ……. Casual employees ……..

Contract employees ……. Other (Please specify) ……..

7. What is the ownership status of your company? (Tick one only)

Fully Kenyan Owned ☐

Fully foreign owned ☐

Partly Foreign owned ☐

8a). In how many towns (branch network) does your firm operate in? ……

b). Apart from security services, what other services do you offer?

.....

9. Which among the following facilities does your firm protect?

Government facilities [√] Private business facilities [ ]
Private residences [ ] Others (Please specify) ……...

SECTION B: MARKET ORIENTATION OF PRIVATE SECURITY FIRMS

Please select by a tick (√) how you rate your company on each statement.

10 a) Customer Orientation	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
	1	**2**	**3**	**4**	**5**
Customer satisfaction is our most important objective					
Our strategies for competitive advantage are based on our understanding of customer needs					
We Constantly monitor our level of commitment to serving customer needs					
We measure customer satisfaction frequently					
We pay close attention to after sales service					
Our firms looks for ways to offer customers more value					
Other, (Specify)					

10 b) Competitor Orientation	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
	1	**2**	**3**	**4**	**5**
Our sales people regularly share information about competitors strategies					
Our top management regularly visit our key customers and potential customers					
We quickly respond to actions of competitors that threaten us					
We target customers where we have or can develop a competitive advantage					
Top management regularly discuss competitors strengths and strategies					
Other, (Specify)					

10 c) Inter-functional Coordination	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Information about customers is freely communicated throughout the firm					
All our departments work together to satisfy customer needs					
All our managers understand how everyone in the firm can contribute to creating customer value.					
Other (Please specify)					

SECTION C: COMPETITIVE INTENSITY IN THE PRIVATE SECURITY INDUSTRY

The statements below relate to the competitive intensity in the Private Security Industry. Please tick (√) how you rate your company on each statement.

11 a) COMPETITIVE INTENSITY	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
Competition in our industry is very stiff					
There are many promotion wars in our industry					
Anything one competitor can offer, others can match easily					
Price competition is a characteristic of our industry					
We hear of a new competitive move almost every day					
Our competitors are relatively weak					
Other, (Specify)					

SECTION D: PERFORMANCE OF PRIVATE SECURITY FIRMS

Please indicate how your firm has performed on the non-financial performance indicators provided

12a) Performance Indicators (Non-financial performance)	**2017**
Please indicate the number of new customers that you acquired in the year 2017.(Customer acquisition)	
Please indicate the number of customers that renewed their security contracts with you for the year 2017. (Customer retention)	

12b) Please indicate by a tick the approximate amount of sales revenue your firm made in the year indicated

Year	**Less than Ksh. 1 billion**	**Between Ksh. 1 - 5 billion**	**Over Ksh. 5 billion but not more than Ksh. 10 billion**	**More than Ksh. 10 billion**
2017				

Thank you for filling this questionnaire

APPENDIX IV: KENYA SECURITY INDUSTRY ASSOCIATION MEMBERS

Name of the firm	E-mail address
1. Absolute Security Ltd	smakii@absolutesecurity.co.ke
2. Access Security company	
3. Akkad Systems	infor@akkad.co.ke
4. Apache group	No e-mail provided
5. Armytex International Security services	
6. Babs Security group	infor@babssecurity.com
7. Bedrock Security Services Ltd	eokeyo@bedrock-security.com
8. Bob Morgan Services Limited	info@bmsecurity.com
9. Brinks Security Services	info@brinksseecurity.co.ke
10. Cobra Security	customerservice@cobrasecurityltd.com
11. Collindale Security	info@collindale.co.ke
12. Corporate Security	info@corporatesecurity.com
13. Crest Security Services	info@trace.co.ke
14. Cybertrace	info@cybertrace.com
15. Envag Associates	eakl@envagassociates.com
16. F.S.I Worldwide	info@fsi-worldwide.com
17. Fidelity Security Services	info@fidelitysecurity.co.ke
18. G4S Security Services Kenya Ltd	info@ke.g4s.com
19. Homeland Security	No e-mail provided
20. Infama Ltd	stevewanjau@infamagroup.com
21. Instarect	info@instarect.com
22. Ismax Security Ltd	info@ismaxsecurity.com
23. KK Security	Kknairobi@kksecurity.com
24. Magnum Allied Systems Ltd	magallsys@zmail.co.ke
25. Nine One One Group Limited	customerservice@911group.co.ke
26. Northwood Services	No e-mail provided
27. On the Mark Security	info@onthemarksecurity.net
28. P. G. Security Ltd	pgnairobi@pgsecurity.org
29. Pinkerton's	info@pinkertons.co.ke
30. Radar Security Limited	info@radarsecurity.co.ke
31. Riley Services Limited	riley@wananchi.com
32. Saladin Kenya Ltd	adminkenya@saladin-security.com
33. Securex Agencies Kenya Ltd	md@securex.co.ke
34. Security Group Of Companies Ltd	info@securitygroupke.com
35. Tandu Security	info@tandualarms.com
36. Texas Alarms	info@texas-alarms.com
37. Total Security Surveillance Limited	info@totalsecurity.com
38. Twenty Four Secure Security Company	info@twentyfour.co.ke
39. Ultimate Security Ltd	sales@ultimate-security.net

Source: www.ksia.co.ke/members-list.php Downloaded in October 2018

APPENDIX V: SECONDARY DATA COLLECTION SHEET

Description	2017
Number of new customers acquired	
Number of customers who renewed their security contracts	

APPENDIX VI: FACTOR ANALYSIS RESULTS FOR MARKET ORIENTATION

Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.663	33.304	33.304	4.663	33.304	33.304
2	1.768	12.626	45.930	1.768	12.626	45.930
3	1.498	10.697	56.627	1.498	10.697	56.627
4	1.280	9.146	65.773	1.280	9.146	65.773
5	.910	6.499	72.272			
6	.779	5.567	77.839			
7	.671	4.795	82.634			
8	.540	3.858	86.492			
9	.501	3.580	90.072			
10	.384	2.743	92.816			
11	.329	2.352	95.167			
12	.311	2.222	97.389			
13	.247	1.767	99.156			
14	.118	.844	100.000			

Extraction method: Principal component analysis

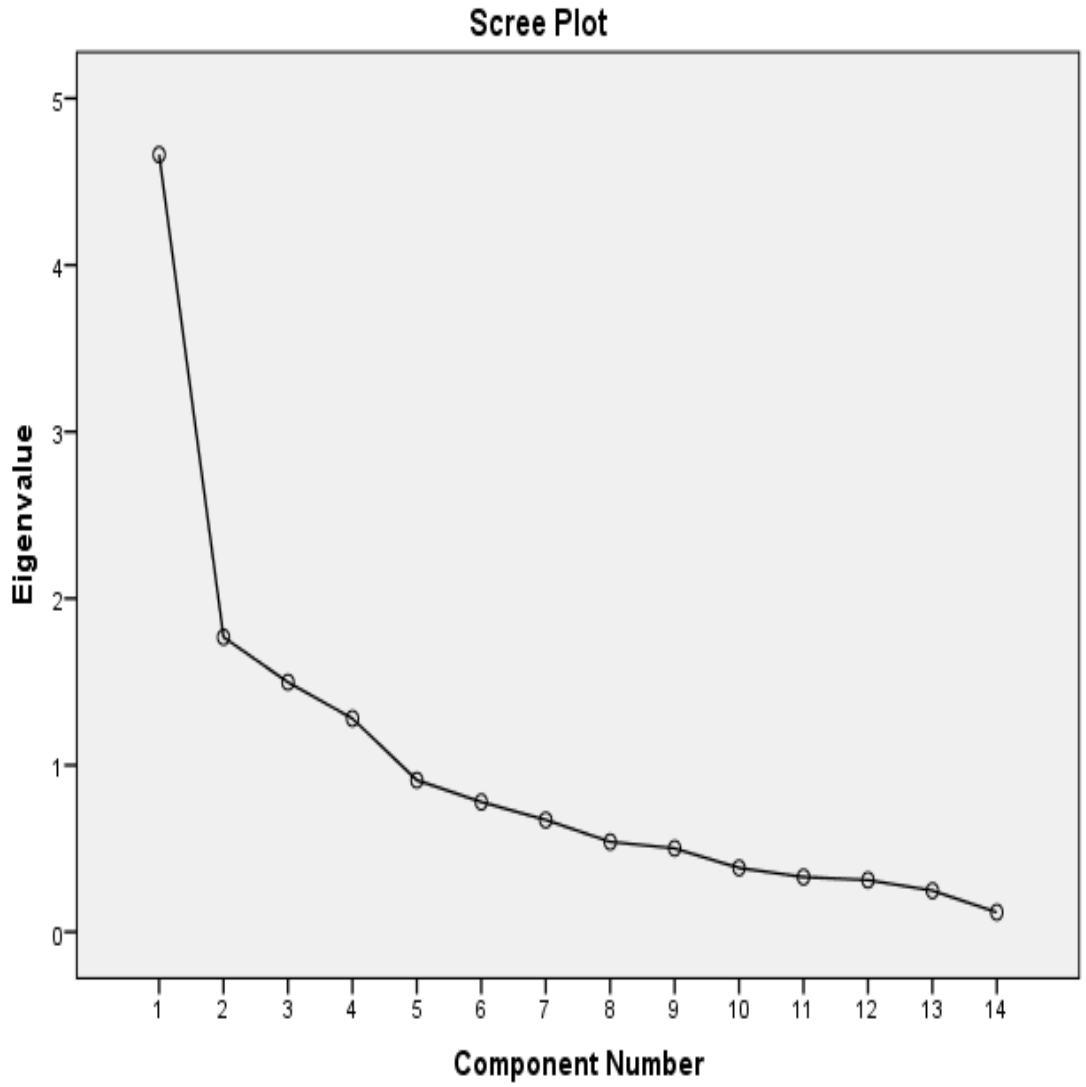
APPENDIX VII: MARKET ORIENTATION COMPONENT MATRIX

Statements	Component			
	1	2	3	4
Customer satisfaction is our most important objective	.289	.800	.285	-.143
Our strategies for competitive advantage are based on our understanding of customer needs	.503	.195	.039	.496
We Constantly monitor our level of commitment to serving customer needs	.727	-.243	-.198	-.156
We measure customer satisfaction frequently	.568	.102	-.420	-.342
We pay close attention to after sales service	.766	-.065	-.016	-.061
Our firms looks for ways to offer customers more value	.583	-.445	.348	.268
Our sales people regularly share information about competitors strategies	.473	.339	-.401	-.017
Our top management regularly visit our key customers and potentials customers	.835	.012	.010	-.261
We quickly respond to actions of competitors that threaten us	.498	.101	.559	-.297
We target customers where we have or we can develop a competitive advantage	-.032	.809	.023	.362
Top management regularly discuss competitors strategies	.706	.079	-.370	-.103
Information about customers is freely communicated throughout the firm	.347	-.132	-.397	.658
All our department work together to satisfy customer needs	.648	-.079	.553	.217
All our managers understand how everyone in the firm can contribute to creating customer value	.582	-.093	.060	.135

Extraction Method: Principal Component Analysis.

a. 4 components extracted

APPENDIX VIII: SCREE PLOT FOR MARKET ORIENTATION



APPENDIX IX: FACTOR ANALYSIS FOR COMPETITIVE INTENSITY

1. Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.635	43.913	43.913	2.635	43.913	43.913
2	1.323	22.044	65.958	1.323	22.044	65.958
3	.916	15.268	81.225			
4	.599	9.976	91.202			
5	.371	6.190	97.391			
6	.157	2.609	100.000			

2. Component matrix for competitive intensity

Statements	Component	
	1	2
Competition in our industry is very stiff	.564	.088
There are many promotion wars in our industry	.843	.364
Anything one competitor can offer, others can match easily	.817	.074
Price competition is a characteristic of our industry	.524	-.648
We hear of a new competitive move almost every day	.803	.046
Our competitors are relatively weak	-.131	.869

APPENDIX X: SCREE PLOT FOR COMPETITIVE INTENSITY