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MARKETING

EFFECT OF MARKET ORIENTATION ON THE RELATIONSHIP BETWEEN EXPORT STRATEGY AND PERFORMANCE OF LARGE EXPORT MANUFACTURING FIRMS IN KENYA

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ABSTRACT

Objective of the study: The objective of the study was to establish the effect of market orientation on the relationship between export strategy and performance of large export manufacturing enterprises in Kenya.

Research Methodology: The target population was 60 large Kenyan export manufacturing firms which formed the unit of analysis. A questionnaire was used to collect the primary data. Respondents were the company chief executive officer and the head of marketing from each of the firms under study. An average response rate of 96.55% was achieved. The research which adopted both inferential and descriptive statistics used statistical package for social sciences to perform regression and correlation analysis.

Results and findings: The results showed that the influence of export strategy on performance of large export manufacturing firms is partially mediated by market orientation.

Conclusion and Recommendations: The study concluded that market orientation predicts both export strategy and success of large export manufacturing businesses. The link between export strategy and performance of large export manufacturing companies is not fully but partially mediated by market orientation. The study recommends that the large export manufacturing firms' management prioritize their customer relations by investing more in innovation to produce more products which incorporate customers' preferences and tastes. Investment in ensuring that firms are committed to exporting, that they stress the significance of export market orientation in their unit and across the units, and that the firm's training systems support export market oriented activities are all factors to consider for firms seeking to develop their export market orientation.

Keywords: *Market Orientation, Export Strategy, Performance & Large Export Manufacturing Firms*

1.1 BACKGROUND TO THE STUDY

According to the World Bank (2012) and Knoema World Data Atlas (2019), Kenya manufactures exports have been fluctuating since independence in 1963 with marginal increases in the past five years. For instance from 2013 to 2019 the total value of export manufactures in proportion to total export merchandise value were as follows: 2013(36.3%); 2015(31.5%); 2016 (31.5%); 2017(28.3%); 2018(28.4%); and 2019 (30.8%). Kenya's export manufacturing sector is not fully developed despite its prospects to add to employment creation and the GDP growth through export of manufactured products (KAM, 2018). According to The World Bank (2012) and Oiro, Wanjala, Ngugi and Lukalo (2019) Kenya has had low export performance due to various factors such as inadequacy of skills and capabilities, for the development of advanced goods and absence of a strong corporate environment from which skills advancement can thrive. The importance of the manufacturing sector to the overall Kenyan economy therefore calls for detailed investigation and analysis both at firm and industry levels. Owing to various factors including high cost of power and credit coupled with the proliferation of counterfeit goods, many of the manufacturing firms in Kenya are yet to export their products thus missing the benefits that accrue from exporting. This has affected the competitiveness of Kenyan products (KAM, 2018). Kenya's manufacturing sector is a key employer and carries significant forward and backward linkages for the economy and is therefore critical to attaining the country's goal of prosperity and to become globally competitive by year 2030.

Kenya's national trade policy aims to enhance export growth through value addition in export oriented manufacturing to bridge the balance of payments gap (GOK, 2017). Kenya's objective is to have a vibrant, diversified and efficient manufacturing sector to help it transform into a Newly Industrialized Country (NIC) by the year 2030 (GOK, 2018). In domestic market studies, market orientation is often defined as the total of an organization's attention on three behavior components: customer orientation, competitiveness orientation, and inter-functional orientation (Slater & Narver, 1995). Market orientation has been described by Cadogan, Diamantopoulos and Mortanges (1999) as the collection of intelligence information about the market that is critical to a company's export business and sharing of such information with relevant policy makers. This including the preparation and use of feedback on actions taken towards business competitors, clients and other peripheral foreign market players who are likely to affect the company's competitiveness. In this case, therefore, innovation and swiftness in decision making and implementation are key.

According to Murray, Gao, Kotabe, and Zhou (2007) market orientation is a firm's continuous and regular occupation with monitoring clients, competitors and other environmental issues in the export market environment so that feedback can be obtained to aid improvement of competitiveness in the international market. The construct is also known as international orientation (El-Gohary, Edwards, Eid & Huang, 2013). Kim-Soon, Mostafa, Mohammed and Ahmad (2015) defined market orientation as execution the marketing concept by the firm with specific attention on two key areas, that is, customer and competitor orientation. The aspects of export intelligence generation, intelligence distribution, intelligence responsiveness, and coordination mechanism were used in this study, which followed Cadogan *et al*. (1999) concept and measurement of market orientation.

1.2 STATEMENT OF THE PROBLEM

The export manufacturing sector in Kenya is still underperforming despite the huge potential it has (KAM, 2018). In the 2016/2017 financial year, Kenya's manufacturing sector posted a marginal growth of 0.2 percent in 2017 compared to a growth of 2.1 percent in 2016. In 2017, Kenya exported goods valued at Kshs. 594.1 billion compared to imports of Kshs. 1,725.6 billion leaving a gap of Kshs. 1,131.5 billion in favour of imports (GOK 2018). Whereas there is substantial literature on all the variables of firm performance, the variables were operationalized differently with little attempt to explain the relationships among them and how they affect firm performance in the Kenyan context (Mutisya *et al*., 2020; Kihara *et al*., 2016). Further, findings from previous similar research have been inconclusive or misleading. The export strategy-performance relationship on the Kenyan context has been understudied. Moreover, many studies on the subject of firm performance have not considered the fact that not all exporters are the manufacturers of the products they export. Because of their inadequate capacity, Kenyan exporters are likely to export low volume products compared to established firms in developed countries.

Previous studies on export strategy and firm performance used sample population data instead of census survey, which has various advantages. Cadogan *et al*., (2003) in their study of export market-oriented activities in the US developed and tested hypotheses relating to factors and consequences of market orientation. They found that market oriented activities positively influenced firm performance. Their study recommended that future studies investigate the role of market orientation in fostering export channels relationships. Thus, this study sought to establish the effect of market orientation on the relationship between export strategy and performance of large export manufacturing enterprises in Kenya.

1.3 OBJECTIVES OF THE STUDY

To establish the effect of market orientation on the relationship between export strategy and performance of large export manufacturing enterprises in Kenya.

1.4 RESEARCH HYPOTHESIS

H0. Market orientation has no significant mediating effect on the relationship between export strategy and firm performance of large export manufacturing firms in Kenya.

2.1 LITERATURE REVIEW

2.2 Theoretical Review: Dynamic Capability Theory

The theory was conceptualized and developed by three researchers, namely; Teece, Shuen and Pisano (1997) who described dynamic capabilities as the ability and potential of integrating, constructing and reconfiguring both internal and external competencies to handle the highly dynamic settings. It refers to the tendency of a firm to purposely adapt its resources and abilities to help it become and remain competitive in an uncertain business environment. When time to the market is critical, technological changes are fluid and the competition and market environments unpredictable, it is necessary to be innovatively swift (Griffith & Harvey, 2001). Dynamic capabilities determine the speed and degree to which the resources of the firm can be re-deployed with respect to the firm's strategic market requirements. Debate on whether firms can adapt or

standardize their products for the export market and if so, how, persists (Loukakou & Membe, 2012; Karuraranga, Musomera & Poulin, 2012).

Winter (2003) argues that the theory is relevant in circumstances where the environment is changing, where there is increased global cooperation, where products have shorter life cycles and there is rapid technological advancement. Burisch and Wohlgemuth (2016) argue that the DC theory cannot stand on its own definition and hence directly influence empirical explanation because cause and effect cannot separate. Winter (2003) opines that dynamic capabilities in static environments might have an inconsistent or even negative impact on firm outcomes. Collis and Anand (2019) argue that dynamic capability does not always give a firm competitive advantage over others in the first instance because it is what and how the firm does with the advantage at a particular period in time that matters. The effect of the market orientation construct on the relationship between export strategy and firm performance was investigated based on the dynamic capability perspective.

2.3 EMPIRICAL REVIEW

Owing to globalization, the opening up of international markets and the intensity of the foreign trade imbalance facing many countries, market orientation and firm performance have attracted researchers‟ interest (Katsikeas, Samiee, & Theodosiou, 2006). A study by Cadogan, Kuivalainen, and Sundqvist (2009) on 783 Finnish firms revealed that a positive linear relationship exists amongst market orientation and corporate success although excess market orientation can negatively affect performance. Another study by Julian, Mohamad, Ahmed and Sefinedi (2014) who did a survey of 877 export market ventures in Indonesia cited market orientation as a significant factor in performance of firms although they suggested that it does not have a direct effect but through mediator variables. Ahimbisiwe, Ntayi and Ngoma (2013) while using a sample of 56 Ugandan companies in fruit export business found that market orientation and innovation have innovation have strong and positive relationship on firm performance and that information on the export markets is key in helping a firm innovate and adapt to meet export customers' demands and preferences.

Further, Kim-Soon, Mostafa, Mohammed and Ahmad (2015) who studied 223 Malaysian firms that export to the Arab world and suggested that export market orientations stimulate export performance directly and indirectly through export strategies. Market orientation is necessary to progressively satisfy customers‟ needs and to establish and maintain key competencies through deliberate actions to help attain export success. These include promotional activities which have been found to carry positive influence as demonstrated by a study on Ghanaian export businesses by Quaye *et al*, (2017).The study used convenience and snowballing sampling technique to pick respondents and the relationships between export promotion and firm performance was estimated using multiple regression. The research found that export promotion positively influenced firm performance.

Using survey data of 393 Turkish manufacturing firms, Acikdilli (2013) found that export market orientation positively enhanced Turkish firms' export performance. The researcher acknowledged that other factors such as market turbulence and dynamism influenced firm performance and therefore recommended for further research. Lagat, Chepkwony and Kotut (2012) using a randomly selected sample of 147 Kenyan manufacturing firms‟ managers and using the resource based view (RBV) approach, found that there is a positive linear association amongst market orientation and firm performance. Regression analysis was used to estimate the relationship

between the constructs of market orientation and firm performance and that the business environment significantly affected firm performance.

2.4 CONCEPTUAL FRAMEWORK

A conceptual framework provides links between the key study variables in a diagrammatic format as described from the literature review and this is summarized graphically in Figure 1.

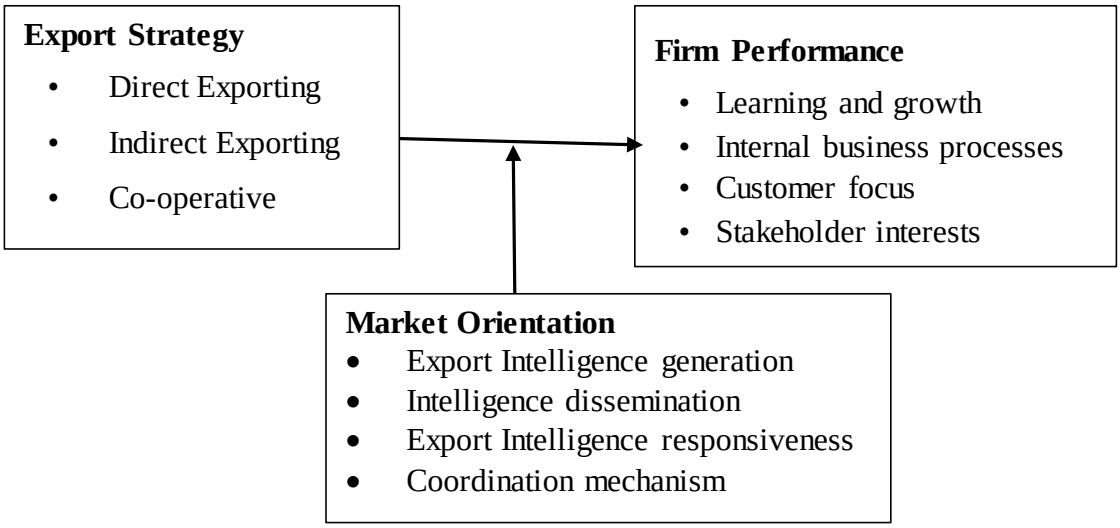

Figure 1: Conceptual model

This research had export strategy for independent variable and firm performance for dependent variable. Export strategy had the following dimensions; direct exporting, indirect exporting and co-operative exporting. Firm Performance was measured through use of Sustainable Balanced Scorecard (SBSC), which had the following dimensions: Learning and growth, internal business processes, customer focus and stakeholder interests. Market orientation is conceptualized as the mediator variable and was measured by intelligence generation, intelligence dissemination, intelligence responsiveness and coordination mechanism.

3.1 RESEARCH METHODOLOGY

Research Philosophy

This study adopted the positivism approach since it was geared towards theory testing as opposed to realism or epistemology, which is theory building (Saunders *et al*., 2007). In addition, the study aims to obtain and analyse data from responses to the questionnaire regarding the study variables objectively and in verifiable manner. Thereafter the study will explain the observed relationships through hypotheses testing. Further, the study sought to confirm or refute previous empirical studies on the relationships among the study variables in a manner that is free from the researcher's or the respondents' biases.

Research Design

The survey adopted the cross-sectional design. This is a type of observational study undertaken at a particular point in time. Participants in this type of study are chosen depending on the researcher's inclusion and exclusion criteria for the study (Setia, 2016).

Population and Sampling

The study population was 60 large export manufacturing firms in Kenya and this informed the unit of analysis. The 60 large Kenyan export manufacturing firms are listed by the Export Promotion Council (EPC) (GoK, 2018) and the Kenya Association of Manufacturers (KAM, 2018) register. The study population was spread across the following 17 sub-sectors: Tea; Coffee; Clothing; Tobacco; Plastic Products; Leather and Foot Wear; Timber, Wood and Furniture; Building, Mining and Construction; Chemicals and allied sub sectors; Dried leguminous vegetables and seeds; Medicaments; Metal and allied sub-sectors; Meat and meat products; Milk and milk products and Fast moving consumer goods. The categorization was per the Kenya National Bureau of Statistics (GOK, 2019) survey data. The study used census approach because the population was relatively small and thus manageable.

Data Collection

Data was gathered from a primary source, a questionnaire. The questionnaire was applied to gather primary data. The target respondents were the company CEO and head of marketing from each of the firms under study. The total respondents therefore was 116 respondents, 2 from each firm less 4 who were respondents in the pilot study on 2 firms.

Data Analysis

The mean, percentages, standard deviation, and coefficient of variation will be used in the descriptive statistics. Correlation and regression were two inferential statistics. Correlation analysis was applied to explain direction and strength of association between the hypothesized variables. Stepwise regression was performed to determine the mediating effect of market orientation on the association between entry strategy and performance of large export manufacturing firms in Kenya

Step 1: $FP = \beta_0 + \beta_1 ES + \varepsilon$

Step 2: $MO = \beta_0 + \beta_1 ES + \varepsilon$

Step 3: $FP = \beta_0 + \beta_1 MO + \varepsilon$

Step 4: $FP = \beta_0 + \beta_1 ES + \beta_2 MO + \varepsilon$.

Where;

ES=Composite Score for export strategies

MO= composite score of MO

FP =composite score of firm performance β_0= constant (Intercept)

$\beta_{1\&}\beta_2$= regression coefficients ε= error term

4.1 RESULTS AND FINDINGS

The questionnaires were distributed to 58 companies where in 56 companies; the questionnaires were filled and returned. A complete response in this study was a situation where 2 responses are received from the company. Where one response was received, it was regarded as an incomplete response and therefore a non-response. This translated to a 96.55 percent response rate. Saunders, Thornhill and Lewis (2016), opine that an 80 percent response rate is representative and indicate effective data collection process. This response rates were hence regarded as satisfactory.

4.2 DESCRIPTIVE STATISTICS

This part presents descriptive analysis for export strategy and performance. The descriptive statistics gives detailed understanding of the nature of data collected. The section presented results in form of means and standard deviations

4.2.1 Measures of Export Strategy

The sub-constructs that measured export strategy were direct exporting, indirect exporting and cooperative exporting categorization mainly adopted from Wach‟s (2014) combination of entry strategies‟ dimensions. Participants were asked to answer specific issues posed by indicating the degree that export strategy influenced firm performance. The responses were graded on a five-point Likert-type scale, with 1 being very weak, 2 being weak, 3 being moderately strong, 4 being strong, and 5 being extremely strong. The scores for ‘very weak’ and ‘weak’ were combined. The scores for moderate strong were explained individually while the scores for large extent and very strong and strong are summed together and averaged. The mean score for weak was 0 to 2.4 on a scale of one to ten. The moderate strong score is similar to a mean score ranging from 2.5 to 3.4. A mean score of 3.5 to 5.0 was calculated using scores ranging from strong to very strong. The export strategy scale was made up of 3 dimensions and the subscale composed of 11 items. Respondent’s opinion regarding these sub-constructs was requested and the ratings are given in Table 1.

Table 1: Means and Standard Deviations for Measures of Export Strategies

Export Strategies		Mean	Std. Dev	CV (%)
Direct Exporting				
Avoid unnecessary costs		3.62	1.091	30
Gain greater control		3.66	1.254	34
Enhance interaction with clients		3.76	1.143	30
To understand better the market place		3.48	1.37	39
It gives greater flexibility in decision making		3.68	1.109	30
Overall mean		3.64	1.1934	33
Indirect Exporting				
Minimize risks		3.64	1.172	32
Less investment required		3.73	1.157	31
To enable special concentration on manufacturing		3.77	1.038	28
To gain technical guidance from intermediaries of our firm		3.74	1.097	29
Overall mean		3.72	1.116	30
Co-operative Exporting				
To enjoy spreading of costs		3.76	1.067	28
To gain from synergy		3.72	1.183	32
Overall mean		3.74	1.125	30
Grand Mean		3.69	1.153	31

Source: Survey Data 2021

Export strategy is the institutional arrangement that allow a firm's resources, products, managerial or human resources to enter a foreign country for commercial reasons. Direct exporting, indirect exporting, and cooperative exporting are the three types of export strategies (Wach, 2014). According to Wach (2014), direct exporting uses either of the following channels: International central office, foreign agent or distributor or own network of distribution.

Analysis of direct exporting subscale indicate strongly the avoidance of unnecessary costs (mean = 3.62, SD = 1.091); Gain greater control (mean = 3.66, SD = 1.254); Enhance interaction with clients (mean = 3.76, SD = 1.143); to understand better the market place (mean = 3.48, SD= 1.170); gives greater flexibility in decision making (mean = 3.68, SD = 1.109);

In indirect exporting, export management firm, export/import broker, export commission house or export and import organization channels can be applied. Analysis of indirect exporting subscale indicate strongly on minimizing of risks (mean = 3.64, SD= 1.172); Less investment required (mean = 3.73, SD = 1.157); to enable special concentration on manufacturing (mean = 3.7=SD = 1.038); to gain technical guidance from intermediaries of our firm (mean = 3.74, SD = 1.097);

Cooperative exporting has two channels, namely piggybacking and export grouping or consolidation. Analysis of cooperative exporting subscale indicate strongly on enjoying spreading of costs (mean = 3.76, SD = 1.067) and gaining from synergy (mean = 3.72, SD = 1.183).

The indicators of export strategy on firm performance had a mean score of 3.69 and an overall Coefficient of Variation (CV) = 31 percent, The coefficients of variation evaluations for this study were determined as follows: 0 to 255 (excellent), 26 to 50% (good), 51 to 75% (fair), and 76 to 100% (poor).From the CV results of 30 percent the variation is therefore low hence good.

4.2.2 Measures of Market Orientation

Table 2 shows the outcomes for export intelligence generation, intelligence dissemination, intelligence responsiveness, and coordination mechanism.

Table 2: Means and Standard Deviations for Market Orientation Constructs

	Mean	Std. D	CV%
Export intelligence generation			
We occasionally analyze the likely implications of changes in the export environment	3.73	1.11	30
We visit end users of our products to evaluate the quality of our products and services	3.84	1.09	28
We are swift to note changes in product preferences of our overseas customers	3.71	1.12	30
Our firm generates a lot of information on trends	3.69	1.00	27
We regularly generate reliable relevant information pertaining the activities of our export market	3.67	1.15	31
We consistently review our level of orientation and commitment to serving the needs of our export customers.	3.79	1.21	32
Our managers from relevant function departments often visit Our current as well as prospective export clients and markets.	3.74	1.07	29
We regularly and procedurally measure export customer satisfaction levels and act on their views	3.67	1.08	29
Mean	**3.73**	**1.10**	**30**
Intelligence Dissemination			
We hold regular departmental meetings every quarter to deliberate on the emerging trends and advancements in our export markets	3.55	1.16	33
Marketing staff members in our firm engage other departments to discuss the future needs of export customers.	3.66	1.07	29
Our firm periodically circulates documents on information relevant to export customers	3.69	1.16	31
The export and manufacturing departments engage in constant communication on matters pertaining export market development	3.67	1.17	32
Important information about our export competitors and the export market are readily shared by and between our Departments	3.76	1.09	29

Export personnel regularly convey information related to customer preferences to other departments or units	3.87	1.01	26
Crucial information pertaining export customers is availed right down to the smallest unit	3.85	1.08	28
Top management regularly discuss the strengths and strategies of export competitors	3.79	1.22	32
Mean	**3.73**	**1.12**	**30**
Intelligence Responsiveness			
We are swift in responding to price changes of our export market competitor price changes	3.73	1.16	31
	Mean	**Std. D**	**CV%**
We take note of changes in service and product needs of our Customers	3.76	1.04	28
We frequently revise our product development initiatives to ensure relevance to what export customers wants	3.71	1.04	28
Our export products' standardization strategy is informed by intense customer research	3.75	1.09	29
Different departments meet occasionally to plot a response to changes occurring in the foreign business atmosphere	3.74	0.96	26
We produce products for foreign markets based on real market needs	3.67	1.19	32
We act fast and conclusively on customer complaints	3.69	1.12	30
We are swift to respond to crucial changes occurring in the business environment.	3.86	1.13	29
Mean	**3.74**	**1.09**	**29**
Coordinating mechanism			
There exists teamwork among different departments with respect to our export business	3.93	1.13	29
The business functions are integrated in pursuing a common Objective	3.79	1.15	30
In our organization, there is inter departmental conflict Management	3.73	1.07	29
Important players from other sister departments facilitate the firm's export related activities	3.76	1.07	28
Sales staff coordinate closely with other firm employees to tackle post sales issues	3.76	1.01	27
Inter- departmental conflict are quickly resolved amicably by our conflict/ dispute resolution mechanism /committee	3.80	1.14	30
Export activities disruptions are resolved by the activities of our departments	3.78	1.12	30
The production and export departments work in collaboration.	3.67	1.14	31
Mean	**3.78**	**1.10**	**29**
Grand Mean	**3.74**	**1.10**	**30**

As presented in Table 2, analysis of export intelligence generation indicate occasionally analyze the likely implications of changes in the export environment (mean = 3.73, standard deviation = 1.11) and that they visit end users of products to evaluate the quality of products and services (mean = 3.84, standard deviation = 1.09). The results further indicated that the export firms are swift to note changes in product preferences of their overseas customers (mean = 3.71, standard deviation = 1.12); the export firms generates a lot of information concerning trends such as demand, competitors, regulation, technological development, politics and economy (mean = 3.69, standard deviation = 1.00); regularly generate reliable relevant information regarding our competitors‟ activities in our export markets(mean = 3.67, standard deviation = 1.15); We consistently review our level of orientation and commitment to serving the needs of our export customers (mean = 3.79, standard deviation = 1.21); managers from relevant function departments often visit our current as well as prospective export customers and markets (mean = 3.74, standard deviation = 1.07); measure export customer satisfaction levels systematically and regularly and act on their views (mean = 3.67, standard deviation = 1.08). Export intelligence generation had an overall mean score of 3.75 with an overall Coefficient of Variation (CV) = 30 percent.

The statistics under intelligence dissemination indicated that the export firms hold regular departmental meetings every quarter to deliberate on the emerging trends and advancements in our export markets (mean = 3.55, standard deviation = 1.16); marketing staff members in our firm discuss export customer future needs with other departments (mean = 3.66, standard deviation = 1.07); the export firm periodically circulates documents on information relevant to export customers (mean = 3.69, standard deviation = 1.16); export and manufacturing departments engage in constant communication on matters pertaining export market development (mean = 3.67, standard deviation = 1.17); Important information about our export competitors and the export market are readily shared by and between our departments (mean = 3.76, standard deviation = 1.09); export personnel regularly convey information related to customer preferences to other departments or units (mean = 3.87, standard deviation = 1.01); Crucial information pertaining export customers is availed right down to the smallest unit (mean = 3.85, standard deviation = 1.08); Top Management holds discussions on the strengths and approaches of export rivals on a regular basis. (mean = 3.79, standard deviation = 1.22). Intelligence dissemination had an overall mean score of 3.73 and an overall CV = 30 percent.

The statistics under intelligence responsiveness indicated that we are swift in responding to price changes of our export market competitor price changes (mean = 3.73, standard deviation = 1.16); We take note of changes in service and product needs of our customers (mean = 3.76, standard deviation = 1.04); the export firms frequently revise our product development initiatives to ensure relevance to what export customers wants (mean = 3.71, standard deviation = 1.04); Our export products‟ standardization strategy is informed by intense customer research (mean = 3.75, standard deviation = 1.09); different departments meet occasionally to plot a response to changes occurring in the foreign business environment (mean = 3.74, standard deviation = 0.96); we produce products for foreign markets based on real market needs (mean = 3.67, standard deviation = 1.19); the export firms act fast and conclusively on customer complaints (mean = 3.69, standard deviation = 1.12); the export firms are swift to respond to crucial changes occurring in the business environment (mean = 3.86, standard deviation = 1.13). Intelligence responsiveness had an overall mean score of 3.74 and an overall CV = 29 percent.

The statistics under teamwork indicate that there is teamwork among different departments with respect to our export business (mean = 3.93, standard deviation = 1.13) and that business functions are integrated in pursuing a common goal (mean = 3.79, standard deviation = 1.15). Further, the export firms have inter departmental conflict management (mean = 3.73, standard deviation = 1.07); Key players from other sister departments facilitate the export related activities of our firm (mean = 3.76, standard deviation = 1.07); Sales staff coordinate closely with other firm employees to tackle post sales issues (mean = 3.76, standard deviation = 1.01); Inter- departmental conflict are quickly resolved amicably by our conflict/ dispute resolution mechanism /committee (mean = 3.80, standard deviation = 1.14); Export activities disruptions are resolved by the activities of our departments (mean = 3.78, standard deviation = 1.12); The production and export departments work in collaboration (mean = 3.67, standard deviation = 1.14). Coordinating mechanism had an overall mean score of 3.78 and an overall CV = 29 percent.

4.2.3 Firm Performance

The measure of firm performance adopted the BSC instrument developed by Kaplan and Norton (1992). This includes the dimensions of financial sustainability, internal business operations, learning and growth, stakeholder interests and customer focus.

Participants were required to respond to specific statements posed by denoting the level of agreement to performance. Answers were given on a five-point Likert-type scale ranging from1 to 5 whereby 1 is "totally disagree", 2 is "disagree", 3 is "moderate", 4 is "agree" and 5 is "totally agree". The scores for strongly disagree and disagree were combined, the scores for moderate were discussed individually while the scores for 'agree' and 'strongly agree' are summed together. The mean score for disagree was equivalent to a mean score of 0 to 2.4. The score for 'moderate' represents a score of between 2.5 and 3.4. The score of 'agree' was equivalent to a mean score of between 3.5 and 5.0. The scale was made up of 3 constructs and the subscale composed of 11 items. The opinion of the respondent regarding these sub-constructs was requested and the ratings are depicted in Table 3.

Table 3: Standard Deviations and Mean for Firm Performance

Firm Performance	**Mean**	**S.D**	**CV**
Financial sustainability			
Our total sales have steadily grown in the past five	3.09	1.476	48
The export firm has realized significant growth in our market share in the last 5 years	3.06	1.345	44
Our export sales has surpassed domestic sales	2.87	1.408	49
The firm has realized a significant growth profit margin in the past 5 years	2.94	1.400	48
Mean	**2.99**	**1.41**	**47**
Learning and growth			
Our staff regularly undergo training to acquire new skills and ideas	3.70	1.162	31

Our costs on expertise have decreased in the past five years	3.57	1.186	33
Our products brand image has improved over the past five years	3.66	1.104	30
Mean	**3.64**	**1.15**	**32**
Internal business processes			
Our products have undergone adaptation to the customers in the past 5 years	3.66	1.201	33
Our firm has increased production through decreased redundancies in the past 5 years	3.50	1.132	32
Our firm has improved its marketing and export promotion activities in the past 5 years	3.49	1.188	34
Our use of better technology in production has increased in the past 5 years	3.59	1.168	33
Our employees have access to and utilize the internet for business	3.74	1.163	31
We have a strong R&D department	3.74	1.139	30
Mean	**3.62**	**1.17**	**32**
Stakeholder interests			
Our company rewards employees who innovate towards improvements of our products	3.80	1.057	28
Our firm promotes ethics and good governance	3.60	1.143	32
Our company cares for the environment through reduction and control of environmental pollution.	3.69	1.139	31
Mean	**3.70**	**1.11**	**30**
Customer Focus			
Our company has and implements a corporate social responsibility(CSR) plan	3.32	1.259	38
Our clients are happier about our products than they in the past five years	3.69	1.173	32
Our firm has an after sales follow up/ service with our customers.	3.67	1.102	30
Mean	**3.56**	**1.18**	**33**
Grand Mean	**3.50**	**1.20**	**35**

Source: Survey Data 2021

As presented in Table 4, analysis of financial sustainability indicate that the export firms overall sales have steadily grown in the past five years (mean = 3.09, standard deviation = 1.476) and that the export firms market share export firm has realized significant growth in the in the last 5 years (mean = 3.06, standard deviation = 1.345). In addition, the export sales has surpassed domestic

sales years (mean = 2.87, standard deviation = 1.408) and profit margin has improved significantly in the past 5 years (mean = 2.94, standard deviation = 1.40).

Under learning and growth, the statistics indicated that staff regularly undergo training to acquire new skills and ideas (mean = 3.70, SD = 1.162) and that costs on expertise have decreased in the last five years (mean = 3.57, SD = 1.186); products brand image has improved over the past five years (mean = 3.66, SD= 1.104).

Under internal business processes the statistics indicated that products have undergone adaptation to the customers in the past 5 years (mean = 3.66, SD = 1.201); increased production through decreased redundancies in the past 5 years (mean = 3.50, SD= 1.132); improved its marketing and export promotion activities in the past 5 years (mean = 3.49, SD = 1.188); use of better technology in production has increased in the past 5 years (mean = 3.59, SD = 1.168); employees have access to and utilize the internet for business (mean = 3.74, SD = 1.163); strong R&D department (mean = 3.74, SD = 1.139).

Under stakeholder interests the statistics indicated that the export companies rewards employees who innovate towards improvements of our products (mean = 3.80, standard deviation = 1.057); firms promotes ethics and good governance (mean = 3.60, SD = 1.143); the companies cares for the environment through reduction and control of environmental pollution. (Mean = 3.69, SD = 1.139).

Under stakeholder interests the statistics indicated that the companies has and implements a corporate social responsibility (CSR) plan (mean = 3.32, SD= 1.259); the customers are happier about our products than they were five years ago (mean = 3.69, SD = 1.173); the firms have an after sales follow up/ service with our customers (mean = 3.67, SD= 1.102).

4.3 CORRELATION ANALYSIS

Analysis to determine whether there were significant associations between export strategy on firm performance were conducted. Pearson's product-moment correlation coefficient PPMC (r) was used to explore the interrelationships between variables, particularly in determining strength and direction of association. This was critical in evaluating the character of the relationships common between the research variables before analyzing further. The analysis results are given in Table 4.20 on Pearson Correlation.

Table 5: Correlation Coefficients Matrix

Variables		Firm Performance	Export Strategy	Market Orientation
Firm Performance	Pearson Correlation	1.000		
	Sig. (2-tailed)			
Export Strategy	Pearson Correlation	.901**	1.000	
	Sig. (2-tailed)	0.000		
Market Orientation	Pearson Correlation	.818**	.645**	1.000
	Sig. (2-tailed)	0.000	0.000	

Results in Table 5 indicate that there exist strong and significant positive association between export strategy and firm performance of large export manufacturing firms in Kenya (r=.901, p=0.000). The results also show that market orientation has strong and significant positive association with firm performance of large export manufacturing firms in Kenya (r=.818, p=0.000).

4.4 HYPOTHESIS TESTING

The objective was of the study was to see if market orientation had a mediating effect on the association amongst export strategy and performance in Kenya's large export manufacturing companies. The following hypothesis was put to the test in order to determine the mediation effect.

H0. Market orientation has no significant mediating or moderating effect on the relationship between export strategy and performance of Kenyan large export manufacturing firms.

Path analysis of Baron and Kenny (1986) was applied in testing the hypothesis. Partial mediation is confirmed when the effect of the independent variable is not significant but the value of the beta coefficient or R^2 is above zero. The results of the mediating effect of market orientation on the association amongst export strategy and performance of large Kenyan export manufacturing companies are shown Table 6.

Table 6: Regression Results for the Mediation effect of market orientation on the relationship between export strategy and performance of large export manufacturing firms

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.901a	0.812	0.810	0.14832
2	.645a	0.416	0.411	0.50988
3	.818a	0.669	0.666	0.19654
4	.953a	0.908	0.906	0.10436

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	10.047	1	10.047	456.696	.000b
	Residual	2.332	54	0.022		
	Total	12.379	55			
2	Regression	19.666	1	19.666	75.644	.000b
	Residual	27.558	54	0.26		
	Total	47.224	55			

3	Regression	8.284	1	8.284	214.445	.000b
	Residual	4.095	54	0.039		
	Total	12.379	55			
4	Regression	11.235	2	5.618	515.771	.000b
	Residual	1.144	53	0.011		
	Total	12.379	55			
Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	-0.303	0.19		-1.599	0.113
	Export Strategy	1.069	0.05	0.901	21.37	0.000
2	(Constant)	-1.919	0.652		-2.943	0.004
	Export Strategy	1.496	0.172	0.645	8.697	0.000
3	(Constant)	2.173	0.109		20.03	0.000
	Market Orientation	0.419	0.029	0.818	14.64	0.000
4	(Constant)	0.095	0.139		0.685	0.495
	Export Strategy	0.759	0.046	0.639	16.46	0.000
	Market Orientation	0.208	0.02	0.406	10.45	0.000

Source: Survey Data 2021

Step 1: $Firm\ performance = \alpha + \beta_1\ Export\ strategy + \varepsilon$

Firm performance was regressed on export strategy. The findings in Table 6 demonstrate that the effect of export strategy on performance of large export manufacturing firms in Kenya is significant (R^2=0.812, F=456.696, β= 1.069, t=21.37, p<0.05), meaning that 81.2 percent of the variation in firm performance of large export manufacturing firms is linked to single unit change in export strategy. The first condition of mediation that predicted that dependent variable is significantly influenced by independent variable when mediation variable is absent is thus confirmed.

Step 2: $Market\ Orientation = \alpha + \beta_2\ Export\ strategy + \varepsilon$

The second step contained in regression of export strategy on market orientation. The results given shows that the impact of export strategy on market orientation was significant (R^2= 0.416, F= 75.644, β= 1.496, t= 8.697, p<0.05;), thus fulfilling condition two which asserts the independent variable ought to be notably associated with the mediating variable for the process to proceed to step three.

Step 3: $Firm\ performance = \alpha + \beta_1\ Market\ Orientation + \varepsilon$

Step three sought to test the influence of Market Orientation on firm performance. The influence of Market Orientation on firm performance is significant (R^2= 0.669, F= 214.445, β= 2.173, t=14.64, p<0.05;), thus fulfilling demands of third condition that there must exist a significant linkage amongst the mediator variable and dependent variable, for process of checking for mediation to proceed to the final step.

Step 4: $Firm\ performance = \alpha + \beta_1\ Export\ strategy + \beta_2\ Market\ Orientation + \varepsilon$

The fourth step was to test if the mediating variable and export strategy are significantly associated with the dependent variable of firm performance. Here the interaction of export strategy and market orientation was tested if it predicts firm performance. Multiple linear regression analysis was carried out in step four with firm performance as dependent variable, export strategy and market orientation as predictor variables. Results indicate that the impact of export strategy which is the independent variable on firm performance the dependent variable is significant in the presence of the mediator, market orientation (R^2= 0.908, F= 515.771, β= 0.759, t= 16.46, p<0.05;), hence not fulfilling the fourth condition that opines that the impact of the independent variables on the dependent variable ought not be significant when mediation variable is involved. This implies that the mediating variable is only responsible for some, and not entire change in dependent variable, suggesting partial mediation. Partial mediation shows that a significant positive association exists amongst the mediator and the dependent variable, and direct association amongst independent and dependent variables exist.

The regression results however did not satisfy all the four requirements that must be met for full mediation to be confirmed and thus it can be summed up that the influence of export strategy on performance of large export manufacturing firms is partially mediated by market orientation. Market orientation contributes to some and not all of the connection between the export strategy rewards and firm performance. Partial mediation also means that a significant association amongst export strategy and performance of large export manufacturing firms exist as well as a direct nexus amongst market orientation and performance of large export manufacturing firms.

It can thus be concluded that export strategy predicts both firm performance and market orientation equally predicts firm performance for large export manufacturing companies. The link between export strategy and performance of large export manufacturing firms is partly mediated by market orientation. This implies partial mediation.

4.5 DISCUSSION OF FINDINGS

The objective of the research aimed at determining the mediating effect of market orientation on the association amongst export strategy and performance of Kenyan large export manufacturing companies. In step one, regression was performed on firm performance against export strategy. The first condition of mediation which predicted that dependent variable is significantly influenced by independent variable when mediation variable is absent was confirmed. The second step involved regression of export strategy on market orientation. The outcome fulfilled the condition two which asserts that for the process to proceed to step three, the independent variable ought to be significantly associated to the mediating variable. Step three sought to determine the effect of market orientation on firm performance. The outcomes fulfilled third condition on the existence of significant association amongst between the mediator variable and the dependent variable, for process to proceed to the forth step.

The fourth step was to see if the firm's market orientation and export strategy were linked to the dependent variable of performance. With the addition of the mediating variable, the influence of export strategy as an independent variable on firm performance as a dependent variable became substantial. As a result, the fourth criterion, which states that the independent variable's effect on the dependent variable should not be substantial when a mediation variable is involved, is not met. This implies that the mediating variable is only responsible for some, and not the entire change in the dependent variable, suggesting partial mediation. Partial mediation shows that a significant positive relationship exists amongst the mediator and the dependent variable. It shows also shows a direct connection between the independent and dependent variables exists only upto a certain level beyond which more mediation ceases and begin to negatively affect performance.

The regression results however did not fully satisfy the four requirements for prevalence of full mediation and thus it can be summarized that the impact of export strategy on performance of large export manufacturing enterprises is partially mediated by market orientation. Market orientation contributes to some and not all of the connection between the entry strategy and firm performance. Partial mediation also means that an important link between export strategy and performance of large export manufacturing companies exist as well as direct link between market orientation and performance of large export manufacturing enterprises. The study concluded that market orientation predicts both firm performance and export strategy, and market orientation equally predicts performance of large export manufacturing firms. The association amongst export strategy and performance of large export manufacturing firms is partially mediated by market orientation. Thus, the hypothesis that market orientation has no significant mediating or moderating impact on the association amongst export strategy and performance of large Kenyan export manufacturing firms was partially rejected.

The Dynamic Capability Theory posits that when time to the market is critical, technological changes are fluid and the competition and market environments unpredictable, it is necessary to be innovatively swift. The effect of the market orientation construct on the nexus between export strategy and firm performance was investigated on the basis of the dynamic capability perspective. The results are in line with Cadogan, Kuivalainen, and Sundqvist (2009) who revealed that market orientation carries a positive linear link with firm performance although excess market orientation can negatively affect performance.

The findings are also consistent with Kim-Soon, Mostafa, Mohammed and Ahmad (2015) who found that export market orientation stimulates export performance directly and indirectly through export strategies. Market orientation is necessary to progressively satisfy customers" needs and to establish and maintain key competencies to help attain export success and this includes promotional activities which have been found to carry positive influence as demonstrated by a study on Ghanaian export businesses by Quaye *et al*, (2017).

5.1 CONCLUSION

The study concludes that market orientation predicts both export strategy and success of large export manufacturing businesses. The link between export strategy and performance of large export manufacturing companies is not fully but partially mediated by market orientation. As a result, the market orientation characteristics of export intelligence creation, distribution, responsiveness, and coordination mechanism are critical in influencing existing export strategic decisions. Export market-oriented corporations may develop and cascade market intelligence concerning their clients and rivals' actions and respond immediately. Market orientation allows

corporations to expand marketing capacity in the export market. More intensely market-oriented companies are more likely to apply an aggressive export enhancement approach by, for example, engaging in more expansion towards exporting. They seek out constantly for new business opportunities including those considered to be more psychically farther, and they and they will be willing to spent additional resources to win new export opportunities both in scope and depth. Consequently, such market oriented firms achieve better market access and success. The results also noted that export market orientation helps firm to innovate andadapt goods to suit the export market.

6.1 RECOMMENDATIONS

The study recommends that the large export manufacturing firms' management prioritize their customer relations by investing more in innovation to produce more products which incorporate customers preferences and tastes. This will likely lead to more demand for their products and thus lead to better performance of export manufacturing firms. It is also recommended that the export manufacturing firms" leadership try to create cohesive export focused teams with diverse global knowledge and create an enabling environment to boost exports. These concerted and coordinated efforts will likely lead to sustainable business and competitive advantage for export manufacturing firms. Export promotions led by the government though important in increasing exports, are not adequate and therefore every firm must go out of its way to promote its exports and further craft other performance improvement strategies. Investment in ensuring that firms are committed to exporting, that they stress the significance of export market orientation in their unit and across the units, and that the firm's training systems support export market oriented activities are all factors to consider for firms seeking to develop their export market orientation.

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