EFFECT OF STRATEGY ORIENTATION ON THE PERFORMANCE OF CLEARING AND FORWARDING SMALL AND MEDIUM ENTERPRISES IN KENYA. A CASE OF NAIROBI COUNTY

BY

KAMAU DICKSON KIMANI

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2019
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KAMAU DICKSON KIMANI

A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirements for the Degree of Master of Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

SUMMER 2019
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University - Africa in Nairobi for academic credit.

Signed: __________________________  Date: ________________
Kamau Dickson Kimani (ID No: 617556)

This research project report has been presented for examination with my approval as the appointed supervisor.

Signed: __________________________  Date: ________________
Fred Newa

Signed: __________________________  Date: ________________
Dean, Chandaria School of Business
ABSTRACT

The general objective of the study was to examine the effect of strategy orientation on the performance of clearing and forwarding Small and Medium Enterprises (SMEs) in Kenya. The specific objectives that guided the study were: to determine the influence of entrepreneurial orientation on the performance of SMEs in Kenya, to examine the influence of market orientation on the performance of SMEs in Kenya, and to determine the influence of learning orientation on the performance of SMEs in Kenya.

This study adopted a descriptive research design that enabled the study findings be generalized to the larger population. The study population consisted of all the 450 clearing and forwarding SMEs in Nairobi Kenya. The sample frame was obtained from the Kenya International Freight and Warehousing Association (KIFWA), the body responsible for monitoring these SMEs. The study applied a census sampling technique, thus, the sample size for the study were all the 450 clearing and forwarding SMEs in Nairobi Kenya. A questionnaire was developed by the researcher based on the specific objectives of the study for data collection and it was pilot tested using ten respondents. Data was analyzed using descriptive analysis and inferential analysis using the Statistical Package for Social Sciences (SPSS) tool version 24. The descriptive analysis involved measures of central tendency (percentages, means and standard deviations). Inferential analysis involved correlation and regression analysis. The results were presented in the form of tables and figures.

The study showed that the owners/ managers of the firms identified opportunities for creating value for the firms through the integration of entrepreneurship and strategic thinking. Entrepreneurial orientation had contributed to the firms’ performance, innovativeness and competitive aggressiveness. Innovation in the firms had helped the organizations in earning a sustainable competitive advantage through proactivity which had enabled the firms in capturing opportunities better than competitors.

The study revealed that market orientation was a significant part of the firms’ culture and this had been formalized to exist in the firms’ rules and regulations. Market orientation had improved the firms’ market share and profitability as well as improve customer satisfaction and loyalty to the firms. The firms created superior value to their customers through sufficient understanding of their needs, thus developing appropriate service strategies that met customer needs and demands.
The study showed that the firms had the tendency to create and apply knowledge within the organization known as learning orientation which had helped the firms in foreseeing environmental and market changes. The organizations actively encouraged employees and customers to give feedback and suggestions for improvements which had increased the firms’ ability to innovate. The firms evaluated their daily operations and they accepted new ideas easily, because they were always willing to question their current thinking and practices.

The study concludes that the organizations gathered intelligence about their competitors with the aim of improving their service delivery, through high degrees of co-operation between their different functions and departments. Risk-taking had also helped the firms to realize a niche market that each had specialized in and autonomy had helped in overcoming slow decision-making challenges. The firms also used organizational knowledge transfer to improve their performance while enabling their generation of new ideas for service development.

The study recommends the SME owners of Nairobi’s clearing and forwarding firms to ensure that strategic orientation is part of their culture. Their adoption of these strategies will ensure that they consistently search for new and better ways of carrying out their business, thus ensuring that they are ahead of their competitors at all times, thus significantly affecting their performance.
ACKNOWLEDGEMENT

My gratitude goes to my research supervisor, Fred Newa whose guidance and advice throughout this study was profound. Am grateful for the prompt response and understanding throughout this exercise, and honestly, I would have been lost without your encouragement and guidance. I would also like to dedicate this to my dear wife Marie and our sons Eddy and Ian for them to believe that there is nothing that is impossible with a willing heart and sheer determination.
DEDICATION

I dedicate this project to God for his strength, grace and good health upon my life. It is also dedicated to my wife and Son’s Edwin and Ian, who have taught me that the largest task can be accomplished if it is done one step at a time.
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<tr>
<td>CA</td>
<td>Competitive Aggressiveness</td>
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<tr>
<td>EO</td>
<td>Entrepreneurial Orientation</td>
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<td>EU</td>
<td>European Union</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>KIFWA</td>
<td>Kenya International Freight and Warehousing Association</td>
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<td>KPA</td>
<td>Kenya Ports Authority</td>
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<td>Kenya Revenue Authority</td>
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<td>LO</td>
<td>Learning Orientation</td>
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<td>MO</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<td>ROA</td>
<td>Return on Assets</td>
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<td>SA</td>
<td>South Africa</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>US</td>
<td>United States</td>
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<td>VAT</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

In the world of business today, where the assurance of the business cycle as well the environment is chocked with unprecedented uncertainties and risks, companies desiring to remain in business and competitive must learn how to navigate more strategically (Ayyagari, Krishna, Erramilli & Dev, 2011). This being the bane to organization success has attracted the need for managers who are loaded with strategic skills. Strategic orientation is seen as principles that direct and influence the activities of a business management in their effort to achieve a better performance in the marketplace and ensure its viability (Hakala, 2011).

Strategic orientations are policies in a business which are responsible for the direction of a company towards achieving its goal. According to Zhou, Gao, Yang and Zhou (2015), strategic orientation is the company’s strategic direction in creating the proper behavior so as to achieve superior performance. Grinstein (2016) notes that, strategic orientations consist of four dimensions: market, learning, entrepreneurship and employee orientations. These dimensions have a positive effect on the company’s performance. Liu and Revell (2016) define the strategic orientation as the strategic direction implemented by a firm to create the proper behaviors for the continuous superior performance of the business.

Existing literature reveals that strategic orientations have been used in many prior studies to explain the performance of Small and Medium Enterprises (SMEs) (Worlu, Olokundun, Akinbode, Augusta & Inelo, 2016). Hakala and Kohtamaki (2011) pointed out that the effect of orientations on performance has been investigated individually or single orientation coupled with other factors. Strategic orientations have been considered as organizational resources that are valuable and unique to an organization hence providing competitive advantage when applied effectively (Hoq & Chauhan, 2011). Worlu et al. (2016) argue that lack of resources and capabilities in SMEs is a barrier for them to develop their own markets and to use the experience, economies of scale and scope for achieving competitive advantage. Recent research findings have concluded that interrelation among different strategic orientations provides sustainable competitive advantage for organizations and firms that continue balancing different strategic orientations perform better (Hult, Hurley & Knight, 2014).
SMEs performance has been considered one of the most important critical factors behind economic success of both developed and developing countries due to their multiple contributions in economic growth, employment generation and innovations (Asian Productivity Organization, 2016). Thus, factors determining performance of SMEs has been the main focus of many researchers for many years. Studies have suggested that strategic orientation is critical for the long-term survival of the firm with higher level of performance (Griffin & Ebert, 2015).

Developed countries’ experiences show that, in the last years, the role of SMEs in the economy has strengthened and the majority of enterprises have been ranked in the SMEs category – more than 95% (Ayyagari et al., 2011). Especially after the recent economic crisis beginning in 2008, experience has shown that SMEs have been able to respond to the challenges of the crisis more quickly and flexibly than large corporations and, indeed, they succeeded to survive and thrive. With a view to this observation, many developed countries have devised various kinds of non-financial and monetary incentive mechanisms aimed at enhancing the weight of SMEs in different sectors. An economist, Zoltan (2016), observed small businesses in the United States (US) and Europe and found an increasing trend in their importance since the nineteen-eighties. For example, US’s General Motors uses some 37,000 SMEs for subassembly and other services. Not only American, but also European companies employ such practices, with one Italian company, Benetton, carrying out approximately 95% of production by means of subcontracting to SMEs (Iordache, 2016).

Lukasc (2015) posited that SMEs are the backbone of the entire British economy, accounting for more than half of the trade turnover of the United Kingdom (UK). In Romania, the share of SMEs in total enterprises is 99.47% and 98% of these SMEs are privately owned (Statistical Yearbook, 2015). Not only European countries individually, but the economy of the European Union (EU) as a whole is greatly supported by SMEs; SMEs in Europe are the first in generating revenue, innovation, employment and entrepreneurial skills. According to the Annual Report on the situation of SMEs in the EU in 2012, out of the 20 million businesses that were currently registered in the EU, more than 99.8% were SMEs and a vast majority of which, 92% to be exact, consisted of enterprises having less than 10 employees (European Commission, 2014).
SMEs embody an essential source of economic growth, dynamism and flexibility in advanced industrialized countries, just as much as they do in emerging ones, while they play an important role in development. In a study taking into account 132 countries, it was found that there were 125 million SMEs and 71.2% (89 million) of them located in developing countries (Kushnir et al., 2015). SMEs have a huge importance for transitional economies for several reasons. Firstly, they are able to provide economic benefits beyond the boundary of the individual enterprise; namely, they encourage experimentation, learning and adaptability. These skills are especially important for countries which were formerly part of centrally planned systems. Additionally, even if SMEs do not establish net new job places, they do, however, decrease the erosion of human capital by opening new alternative employment opportunities for relatively skilled, unemployed workers (European Commission, 2014).

In developing countries such as Indonesia, Philippines, Thailand, Hong Kong, Japan, Korea, India and Sri Lanka, 90% of businesses are small businesses; additionally, small business provide employment for 98% of those employed in Indonesia, 78% in Thailand, 81% in Japan and 87% in Bangladesh. Not only in Asia, but the activities of SMEs are also vital for developing African countries as well, particularly for the promotion of economic growth, job creation and eradicating poverty (Rogerson, 2014). Currently, the performance of SMEs in Africa is beneath the desired. It is contended that the commitment of SMEs in Africa to the respective national Gross Domestic Product (GDP) is poor for various reasons. This incorporate lacking foundation/money related backing to organizations working inside the different segments; constrained utilization of advancement to operations inside the portion and unfavorable rivalry from local business and organizations (Ndumanya, 2013). Thus, fabricating powerful methodology is integral to any SME as it empowers it to accomplish and keep up an upper hand (Bangudu, 2013). Consequently, so as to survive, firms require a mix of different systems that are suitable for fast natural changes; thus, scientists have utilized different variables to speak to a company’s key exercises that are alluded to as key orientation (Weinzimmer, Robin & Michel, 2014).

It has long been debated whether SMEs are pivotal to employment creation and economic growth in the African continent, particularly in countries such as South Africa (SA), which has a high unemployment rate at around 40% (Friedrich, 2014). According to
Rwigema and Karungu (2015) in South Africa, 90% of all formal businesses are SMEs. The SME sector is one of the largest contributors to the South African economy (Watson, 2014). In Ghana, SMEs insinuated firm that have 6 to 97 number of specialists and have not more than 2.5 billion Ghana Cedi (€) of settled assets (notwithstanding zone and structures). In Cameroon, SMEs are described as firms that have turnover estimation of no less than 1 billion Cameroon Franc (CFA). In Nigeria SMEs are portrayed as the business that use under 200 employees and have under 500 million Naira (N) worth of total assets, except land and building (Smedan, 2012).

In relation to East African countries like Uganda, Tanzania and Rwanda, the lack of access to investment capital, technology know how and commercial linkages are among the broader challenges facing established SMEs. Martin (2014) observes that the secret of success for winning in the new economy is to manage cultural diversity with information, intelligence, a critical and demanding attitude, patience and, above all, with much respect for and understanding of the culture of others. However, despite this growth in Microfinance, recent studies like that of Bowen and Makarius (2016) shows that over 50% SMEs continue to have a deteriorating performance with 3 in every 5 SMEs falling within the months of establishment.

In Kenya, SMEs are defined as small businesses that have fewer than 50 employees or revenue of less than 50 million Kenya shillings. A firm that has more employees than these cut-offs but fewer than 500 employees is classified as a medium sized business. All of these SMEs are however impacted by the macro business environment (Adeoye & Elegunde, 2012). The Kenyan SME sector plays a pivotal role in the overall industrial economy of the country. Further, in recent years the SME sector has consistently registered higher growth rate compared to the overall industrial sector (Ngau, 2015). The major advantage of the sector is its employment potential at low capital cost. As per available statistics, this sector employs an estimated 11 million persons spread over 2.2 million enterprises and the labor intensity in the SME sector is estimated to be almost 4 times higher than the large enterprises (OECD, 2016). Thus, this study focuses on SMEs in the clearing and forwarding sector in Kenya.
The clearing and forwarding industry in Kenya comprise economic activities that relate to all imports and exports conducted in respect of goods entering or leaving the country as well as those transiting the country. It excludes exporters and importers whose core activity is not clearing and forwarding. Thus, the clearing and forwarding industry serves as an input into every other industry in the national economy as well as many of those across the Kenyan borders. Cognizance is taken of the fact that the Kenyan Clearing and Forwarding industry is a very complex one, involving various activities including freight management and supply chain logistics (Musumba, 2018).

The operations of clearing and forwarding firms is licensed and regulated by the Kenya Revenue Authority (KRA) under the customs services department. There are certain minimum requirements that a firm must comply with to get approval for licensing or have the existing license renewed. These include - membership to Kenya International Freight and Warehousing Association (KIFWA), obtaining a certificate of good conduct for directors, a recommendation letter by a firm’s bankers, clearance by the domestic taxes department in relation to income tax and Value Added Tax (VAT) returns among others (KRA, 2016).

The Kenyan clearing and forwarding industry have a size and fit for everybody. SMEs and large firms abound. In this industry, 30% of the firms consist of large firms like Bollore, Khuene and DHL among others, while 70% has been taken up by the SMEs (KRA, 2016). Most SME firms commonly referred to as brief-case agents have no office abode. They specialize mostly in providing clearing and forwarding services mostly to individuals who import second-hand motor vehicles as well as those with less than container loads of household effects imported from Dubai among other origins (Musumba, 2018). Mostly, the importers make direct payments to the relevant authorities like the Customs services department, the Kenya Ports Authority (KPA), shipping lines among others. The brief-case agent is remunerated with a small fee for providing documentation services through the entire documentation chain where various government agencies are involved (KRA, 2016).

1.2 Statement of the Problem
Existing literature reveals that strategic orientations have been used in many prior studies to explain the performance of SMEs. But prior researchers have used different
orientations separately or combination of two orientations as predictors of SME performance (Ledwith & Dwyer, 2009; Gao, Zhou & Yim, 2014; Kropp, Lindsay & Shoham, 2012; Santos-Vijande, Sanzo, Alvarez-González & Vázquez, 2015). Hakala and Kohtamaki (2011) pointed out that the effect of orientations on performance has been investigated individually or single orientation coupled with other factors.

Past studies have shown a correlation between entrepreneurial orientation and firm performance (Keh, Nguyen & Ng, 2014; Lee, Lee & Pennings, 2011; Zahra & Covin, 2015). However, to date, the main debate remains within the area of entrepreneurial orientation research in relation to firm performance (Covin, Green & Slevin, 2012). Although firms in Kenya differed among themselves by sector type with respect to their competitive strategies, a study by Namusonge (2014) in the mobile phone industry showed that entrepreneurial orientation was a significant factor to enterprise survival; likewise, a study by Rumba (2016) showed that entrepreneurial orientation was significant to firm performance. There are no studies that have been conducted on clearing and forwarding firms, and thus, this study aims to fill this gap.

A study was conducted in the US by Jaworski and Kohli (1993) and found that market orientation is significantly related to business performance if overall performance is assessed using subjective measures. In the UK, a positive relationship between market orientation and SMEs’ performance was also reported by Appiah-Adu and Singh (2015). Mahmoud (2011) found a significant and positive relationship between market orientation and SMEs performance in Ghana, while Aliyu (2014) also found that market orientation is positively and significantly related to performance in Nigeria. There are no studies that have been conducted in Kenya and specifically in the clearing and forwarding industry, and thus the need for this study.

Many studies have highlighted that there exists a positive relationship between learning orientation and overall business performance (Frank, Kessler, Mitterer & Weismeier-Sammer, 2012; Hakala, 2013; Keskin, 2012). While, few studies indicated the indirect relationship and reported that learning orientation influences innovation performance that in turn increases the organizational performance (Lee & Tsai, 2015; Rhee, Park & Lee, 2010). Similarly, very few studies have been conducted in Kenya on the influence of learning orientation on organizational performance. In fact, there has been no study on
clearing and forwarding industry; therefore, this study will be conducted to fill this existing gap.

While the issue of performance on SMEs has been examined, the literature is scarce and therefore, there is need to explore other variables influencing SMEs’ performance. As observed, there is no current study on how strategic orientation variables (entrepreneurial orientation, market orientation and learning orientation) influence the performance of SMEs in the clearing and forwarding industry in Kenya, thus, this study focused on examining the effect of strategy orientation on the performance of the SMEs in the clearing and forwarding industry in Kenya.

1.3 General Objective
The general objective of the study was to examine the effect of strategy orientation on the performance of clearing and forwarding SMEs in Kenya.

1.4 Specific Objectives
The specific objectives that guided the study were:

1.4.1 To determine the influence of entrepreneurial orientation on the performance of SMEs in Kenya.

1.4.2 To examine the influence of market orientation on the performance of SMEs in Kenya.

1.4.3 To determine the influence of learning orientation on the performance of SMEs in Kenya.

1.5 Significance of the Study

1.5.1 SME Owners/Managers
The findings of the study provide an in-depth review of the influence of strategic orientation on the performance of SMEs in the clearing and forwarding industry in Kenya, thus SME owners have a great understanding of how these factors influence their businesses. This may allow these owners/managers to improve their businesses’ performance by leveraging on entrepreneurial orientation, market orientation and learning orientation.
1.5.2 Policy Makers
The research findings may be useful to key decision and policy makers. The study provides an in-depth view of how entrepreneurial orientation, market orientation and learning orientation factors influence the performance of SMEs in Kenya. The government has been given suggestions on how to make policies that may highly improve the performance of SMEs within the country.

1.5.3 Other SMEs
The findings of the study provide an in-depth review of the influence of strategic orientation on the performance of SMEs. Other SMEs have a great understanding of how these factors influence business performance. Owners/managers of these other SMEs have a benchmark study that they can use to adopt in improving their businesses.

1.5.4 KIFWA
The research findings may be useful to KIFWA. The freight forwarders governing body was in a position to provide SME owners with guidelines that they can use to improve their businesses. KIFWA is also in a better position to work with policy makers in creating regulations that better guide SMEs.

1.5.5 Future Scholars
Future researchers and scholars stand to benefit from this study as it opens up new areas of further research. The study forms a foundation that may help future researchers who might want to undertake research in the area of strategic orientations and their influence on SME performance. The study offers gaps that have not been filled/ covered.

1.6 Scope of the Study
This study presents the relationship that exists between entrepreneurial orientation, market orientation and learning orientation factors and clearing and forwarding SMEs’ performance. The research focused on 450 clearing and forwarding SMEs that operated in Nairobi County. The choice area of the study was Nairobi County because with the new implementation of the law that requires all imports to be shipped to their owners and the current drop-off for majority of the goods is Nairobi - Kenya. The study was carried out between the months of March 2019 and April 2019.
1.7 Definition of Terms

1.7.1 Entrepreneurial Orientation

Entrepreneurial orientation (EO) is defined as the firm-level strategic orientation which captures an organization's strategy-making practices, managerial philosophies, and firm behaviors that are entrepreneurial in nature (Zahra & Covin, 2015).

1.7.2 Learning Orientation

Learning orientation (LO) scale measures the tendency or habit of seeking to increase one’s knowledge and skills; toward valuing the learning process as a means to accomplish mastery over a task; toward being interested in challenging activities; and toward using information seeking as a personal strategy when problem solving (Keskin, 2012).

1.7.3 Market Orientation

Market orientation is a company philosophy focused on discovering and meeting the needs and desires of its customers through its product mix (Jaworski & Kohli, 1993).

1.7.4 Performance

Performance is defined as the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed (Lee, Lee & Pennings, 2011).

1.7.5 Strategic Orientation

Strategic orientation is defined as the strategic direction implemented by a firm to create the proper behaviors for the continuous superior performance of the business (Liu & Revell, 2016).

1.8 Chapter Summary

This chapter has formed the foundation of the study by providing the study’s background on strategic orientation of SMEs. This was later followed by the general objective geared towards establishing the effect of strategy orientation on SME’s performance and the specific objectives that examine how entrepreneurial orientation, market orientation and learning orientation influence the performance of clearing and forwarding SMEs in Kenya. The significance of the study to future scholars, policy makers and SME owners has been provided and the study scope which was all clearing and forwarding SMEs in
Nairobi was stated. Key terms have also been defined. The second chapter discusses the study’s literature review of the study. Chapter three provides the research methodology that was applied in conducting the study. Chapter four focuses on the results and findings of the study and chapter five provides the study’s discussions, conclusions and recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The general objective of the study was to examine the effect of strategy orientation on the performance of clearing and forwarding SMEs in Kenya. This section of the study provides literature on the specific objectives that sought to determine the influence of entrepreneurial orientation, examine the influence of market orientation, and determine the influence of learning orientation on the performance of SMEs in Kenya.

2.2 Entrepreneurial Orientation and Small and Medium Enterprises’ Performance

2.2.1 Small and Medium Enterprises’ Performance

Organizational performance is a measure of a company’s success in achieving its goals. Organizational performance can be measured based on variables of quantitative and qualitative (Swierczek & Ha, 2013). Quantitative performance measures are commonly used by large corporations such as financial outcomes - like Return on Equity (ROE), Return on Assets (ROA) or Return on Investment (ROI) -, production (the amount of goods sold, operating expenses ratio), marketing (number of customers), and efficiency (Zhang & Zhang, 2012). Qualitative performance measures such as discipline level, achievement of goals, perceptions of leadership on organizational performance, individual behavior in the organization, and effectiveness. The use of qualitative performance assessment clearly has some advantages compared to the performance indicators calculated from financial statements. For example, in a cross-sectional study, the profitability of companies in different industries are not comparable due to differences in the level of capital intensity (Kantur, 2016).

Performance of the company is defined as a firm’s ability to create action and acceptable results (Pearce & Ensley, 2014). Therefore, there is need for a concept and operational systems as well as variables that can be measured to be the corporate performance measurement standards. Benson, Saraph and Schroeder (2011) stated that the performance of the SMEs can be seen from the satisfaction of the owner/manager (the dependent variable) on: profit, turnover, and business development. Although extensive research has been done to investigate the needs and characteristics of the performance measurement system in a large organization, there is a dearth of published research relating to SMEs (Hult, Hurley & Knight, 2014).
There is evidence that SMEs have a performance measurement system model, to date, there are still significant obstacles in the implementation of this system in the context of SMEs (Martinez-Roman, Gamero & Tamayo, 2011). According Idar and Mahmood (2011), regarding the factors that influence the development of SMEs in developing countries, most of these SMEs operate through a traditional path in terms of production and marketing; so, in this study more view will be on entrepreneurial orientation, market orientation and learning orientation as they relate to SMEs’ performance.

2.2.2 Entrepreneurial Orientation

Hitt, Ireland, Camp and Sexton (2001) suggested that entrepreneurship deals with identifying and exploiting opportunities for creating value for the firms. Entrepreneurial orientation (EO) is a firm’s readiness towards accepting entrepreneurial practices, policies, and decision-making, thus, it is defined as a firm-level strategic orientation which captures an organization’s strategy-making practices, managerial philosophies, and firm behaviors that are entrepreneurial in nature (Matsuno, Zhu, & Rice, 2014). EO is a strategy-making process based on entrepreneurial actions and decisions. It is the integration of entrepreneurship and strategic thinking (Lumpkin & Dess, 1996). EO is considered as a firm critical strategic posture that contributes to firm’s performance and that strategic attitude helps businesses to get an advantage from the opportunities (Jambulingam, Kathuria & Doucette, 2015).

Entrepreneurial orientation has two dominant principle approaches, the composite dimension approach, and multidimensional approach. The first method (composite dimension) is one-dimensional construct and mostly based on the work of Covin and Slevin (1991). This approach highlights the mutual effect of elements of EO. It includes three dimensions which are innovativeness, risk-taking, and proactivity (Matsuno, Zhu, & Rice, 2014). The second approach (multidimensional) is based on a study by Lumpkin and Dess (1996) who suggested that EO is an arrangement of independent dimensions and each dimension has its particular impact on firm’s performance. In this approach, EO in a corporation is represented by innovativeness, risk-taking, proactivity, autonomy and competitive aggressiveness (Lumpkin & Dess, 1996; Sok, Snell, Lee & Sok, 2017). Without a doubt, both of these approaches have contributed significantly to the literature of entrepreneurship (Covin & Lumpkin, 2011). Researchers (Lumpkin & Dess, 2001; Rauch, Wiklund, Lumpkin & Frese, 2009; Naldi, Nordqvist, Sjöberg & Wiklund, 2007)
analyzed EO by using the multi-dimensional approach, and thus this study applies the same multi-dimensional approach that includes innovativeness, proactivity, risk-taking, autonomy and competitive aggressiveness.

2.2.3 Entrepreneurial Orientation in Small and Medium Enterprises

The role of EO on SME performance has been assessed intensively both empirically and theoretically mostly in Europe and America (Hoque, 2018; Kraus, Rigtering, Hughes & Hosman, 2012). Out of those empirical studies most of the studies found that there is a significant and positive relationship exists between EO and SME performance (Hoque & Awang, 2019; Ibrahim, Keat & AbdulRani, 2017; Kantur, 2016). Nevertheless, some of the studies found either not significant (Hoque, 2018; Kreiser, Marino, Kuratko & Weaver, 2013) or mixed relationship between EO and SME performance as the results (Tang, Marino, Zhang & Li, 2008; Swierczek & Ha, 2013). Nonetheless, Lumpkin and Dess (1996) submitted that the relationship between EO and SME performance is influenced by other factors such as the context of the business, business strategy, organizational culture and many more. Therefore, a number of aspects came into account to explain this linkage.

Consequently, a meta-analysis was conducted by Rauch et al. (2009) on EO and SME performance relationship. In their study, most of the articles showed a significant positive relationship between EO and SME performance but only four articles, out of 51 articles mentioned mixed or not significant (Kreiser et al., 2013; Swierczek & Ha, 2013). However, authors like (Ibrahim et al., 2017; Zhang & Zhang, 2012; Idar & Mahmood, 2011) mentioned in their studies that in some instances, the moderating effect of conformational approach explained the contradictory empirical outcomes on the relationship between EO and SME performance. Nonetheless, Rauch et al. (2009) made a mass concluding remark that an overall significant relationship between EO and SME performance exists and the value of EO might vary. Additionally, Stam and Elfring (2016) revealed that it is vital for academics to be aware of the context in which EO is exercised by SMEs.
As observed, there are studies that indicated that EO has a strong positive effect on SMEs’ performance (Hoque & Awang, 2019; Ibrahim et al., 2017; Kantur, 2016), while others demonstrate a less significant relationship (Hoque, 2018; Kreiser et al., 2013; Tang et al., 2008; Swierczek & Ha, 2013). This lack of agreement suggests that there are mitigating factors that work in conjunction with EO which determine firm performance. Therefore, there is need to study the influence of entrepreneurial orientation on SMEs performance in Kenya, and most importantly the clearing and forwarding industry in Kenya.

2.2.4 Influence of Entrepreneurial Orientation on SMEs Performance

2.2.4.1 Innovativeness

Innovativeness refers to a firm’s ability to generate new ideas and performing experiments leading to the creation of new processes, products, and services (Covin & Lumpkin, 2011). To be innovative, newly established firms need more knowledge and intellect (Sok et al., 2017). Moreover, for new firms, innovation may create ambiguity and uncertainty. Naldi et al. (2007) suggested that if the new innovative product is technological, then more time may be required to market the product. Moreover, innovative products may be technologically sophisticated, and these products may have unique design and features. It would raise imitation barriers and may help firms in achieving competitive advantage (Matsuno, Zhu, & Rice, 2014). Innovation also helps organizations in fostering their market share not only in local markets but also assist them in entering international markets and sustain themselves there (Sok et al., 2017).

Over time, innovation capability may help businesses in earning a sustainable competitive advantage. Covin and Lumpkin (2011) suggested that industry should regard innovation as an essential capability and focus their energies to make it their core-competency. Innovation is a vital element for the firms to enter and stay in the markets. Kaufmann and Todtling (2012) suggested that businesses should continuously improve their innovation speed by investing on it and complete their product development process effectively and efficiently.

2.2.4.2 Proactivity

Proactivity is the tendency of a firm to introduce new products and services. It is an extent to which a firm and its management take the initiative and earn the first-mover
advantage in a market (Covin, Green & Slevin, 2012). In a competitive market, proactivity not only enables firm in capturing opportunities better than other businesses but also become the basis for developing and sustaining competitive advantage (Jambulingam, Kathuria & Doucette, 2015).

Proactivity is as essential as innovation. The underlying reason is that over different stages of industry life cycles, firms need to innovate and launch new products and services that match to the requirements of the markets. Proactivity is the ability of an organization, and its management in deciding whether to launch a new product or not (Covin, Green & Slevin, 2012). Contradictory evidence came from the work of Bolino, Valcea and Harvey (2014) who suggested that proactivity may lead to stress among employees. The underlying reason for this is that proactive firms become demanding and may ask employees to innovate. It may cause harmful stress among employees, and they may get demotivated. This demotivation may lead to lower level of productivity that may ultimately reduce the level of organizational performance.

2.2.4.3 Risk Taking
Risk taking is the willingness of a person to invest in such projects which have uncertain outcomes (Lumpkin & Dess, 1996). A risk-taking manager is eager to spend money and allocation of other resources on such projects that have uncertain outcomes (Kaufmann & Todtling, 2012). Risk-taking is a dimension of EO and asserts that management may take a risk by making an investment in new projects, taking loans, expanding the scale of business, entering new markets, launching new products, reinventing existing processes, hiring new employees, etc. These things may bring a unique perspective in the organization (Swink, 2013).

According to Suarez (2014), closure of an organization may also be regarded as risk-taking. The underlying reason is that closing operations of an organization contemplate that in the time to come, the organization may suffer losses and these losses can be avoided by closing operations immediately. Kreiser, Marino and Weaver (2012) emphasized that SMEs should take-risk as by doing this, they may enter into a niche and over time may specialize in that. It will become the basis of competitive advantage for the SME and would have a positive impact on the performance of the firm.
2.2.4.4 Autonomy

Autonomy is the level to which an employee is independent in his thoughts and actions, bringing new ideas and working on materializing those ideas (Sok et al., 2017). In a hierarchical setting, autonomy means individual or team performing their task and making choices independently (Suarez, 2014). Based on the size of the organization, level of autonomy may vary (Kreiser, Marino & Weaver, 2012).

According to Miller (2011), in small firms, entrepreneurial activities are performed by the autonomous leader who has high authority. It asserts the presence of high level of autonomy in small companies. EO of senior management may help these organizations in overcoming slow decision-making problems and overcome resistance to change. Martinez-Roman, Gamero and Tamayo (2011) suggested that level of autonomy in SMEs becomes a basis of quickly adopting external environment. Such flexibility provides speed and agility that can be capitalized in capturing market opportunities.

2.2.4.5 Competitive Aggressiveness

Competitive aggressiveness (CA) is a firm’s strategic competitiveness through which it responds to its rivals’ challenges and outperforms them by strategically thinking (Rauch et al., 2009). Competitive aggressiveness is associated with firm’s ability to compete unconventionally with its competitors by identifying and targeting weaknesses of rivals (Stuart & Abetti, 2014).

According to Boldrin et al. (2011), modern competitive business warfare has profound resource implications. Businesses need considerable resources to wage war against their competitors. Moreover, sustaining such wars and succeeding those wars have their resource implications. One possible way to reduce such resource strain is to use a unique and innovative basis of competition (Swink, 2013). In this regard, senior management of businesses especially SMEs should strategically plan their competition strategy and enter into the market. Enterprises in which competitive aggressiveness exists tend to perform better than their counterparts, and this CA helps firms in tackling dynamic and hostile environment (Mirza, Bergland & Khatoon, 2016).
2.3 Market Orientation and Small and Medium Enterprises’ Performance

2.3.1 Market Orientation

The concept of market orientation (MO) has been approached from two perspectives: market orientation as behavioral (Kohli & Jaworski, 1990) and MO as cultural (Narver & Slater, 1990). Traditionally, the marketing literature has considered MO to be a key part of organizational culture (Boso & Cadogan, 2013). Narver and Slater (1990) view MO as being made up of three components: customer orientation, competitor orientation, and inter-functional coordination. Kohli and Jaworski (1990) identify intelligence generation, intelligence dissemination, and organization wide responsiveness as the dimensions of MO. Based on these earlier works, this study supports the view of MO being comprised of three dimensions that were suggested by Narver and Slater (1990).

The major antecedents of MO can be divided into two categories namely: structural variables, which include the objective aspects of the organization (Boso & Cadogan, 2013), and cultural variables, which reflect the norms and shared values of organization members (Langerak, Hultink & Robben, 2014). Jaworski and Kohli (1993) identify three structural antecedents of MO. These include formalization (existence of formal rules and regulations), centralization (extent to which authority is limited to the top executives and not shared or delegated), and departmentalization (number of departments into which activities are segregated or compartmentalized).

2.3.2 Market Orientation in Small and Medium Enterprises

A dominant position amongst MO experts is that the firm’s degree of MO has a positive effect on business performance (Rojas-Mendez, Kara & Spillan, 2012), more especially on sales, market share and profitability (Raaij & Stoelhorst, 2016). Recent studies have provided empirical support for the positive impacts of MO on customer perceived quality, customer satisfaction and loyalty, and employees as well (Kirca, Jayachandran & Bearden, 2015; Dauda, 2016). Thus, MO is critical to a firm’s performance because it encourages and supports new product development to meet current and future market needs.

However, a number of authors on the concept have questioned the existence of a positive relationship between MO and business performance. Greenley (2015) found existence of no relationship between MO and business performance. This was corroborated with the
findings of Olavarrieta and Friedmann (2016) that MO is not related to a firm’s actual market share. While Narver and Slater (1990) report a negative coefficient for MO, Diamantopoulos and Hart (2013) identified a weak association between MO and business performance. Rojas-Mendez et al. (2012) observe that the variations in the findings of studies conducted on MO impacts on business performance in different contexts could be due to variations in the cultural factor, that in turn affect the information dissemination function.

While some empirical studies find a positive relationship between MO and overall business performance and financial performance (Raaij & Stoelhorst, 2016; Kirca et al., 2015; Kaynak & Kara, 2014), such findings were based on evidence from western economies, and the transitional economy of China (Kara, Spillan & DeShields, 2015) and developing economy of Chile (Rojas-Mendez et al., 2012). Therefore, it is of scholarly prudence that a related empirical study of the influence of MO on business performance especially for SMEs in the clearing and forwarding industry, be conducted in Kenya to validate the aforementioned correlations between MO and business performance.

2.3.3 Influence of Market Orientation on SMEs Performance

2.3.3.1 Customer Orientation

Day (1994) defines customer orientation as superior skills of understanding and satisfying customers. Transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customer and the firm. Narver and Slater (1990) explain customer orientation as sufficient understanding of one’s target buyers to be able to create superior value for them continuously. Moreover, it also requires that a seller understands a buyer’s entire value chain, not only as it is today, but also as it will evolve over time subject to internal and market dynamics.

Customer orientation is greatly important to make the firms effort to understand the market place and develop appropriate product and service strategies to meet customer needs and demands that interpret into performance (Langerak, Hultink & Robben, 2014). Benson, Saraph and Schroeder (2011) found out a relationship between market orientation and market performance. Miller (2013) also suggested that the development and implementation of customer orientation is the driving force for organizational
position in the marketplace. This position is supported by Verhoef and Leeflang (2017) who confirm a significant relationship between the customer orientation of a firm and its financial and market performance. Therefore, it is believed that a customer-oriented firm puts the customer at the center of the operation and sees the customer has their reason for being in business and as such goods and services to meet the needs of their customer (Hurley & Hult, 2016). Customers are also likely to tend to support the product or service that is borne out of their needs interpreting into sales growth and performance of the firm (Boso & Cadogan, 2013).

2.3.3.2 Competitor Orientation

For businesses to be competitive, it is required of them to know weaknesses and strength as well as capabilities and activities of competitors. Information’s that are gathered about competitors help the firm to reposition its offering so as to prepare for the future survival of the entity (Narver & Slater, 1990). Competitor orientation as part of MO is seen as an organizational strategy to end up creating behavior of businesses improving on the products they deliver to customers (Olavarrieta & Friedmann, 2016). It is important to know that; competitors will not sit down unconcerned but strive over the same group of customers. Businesses must therefore seek intelligence about their competitors in order to improve on their service delivery (Tomaskova, 2009).

Competitor-oriented firm is a firm that regulates practices and activities used to influence the actions and reactions of competitors (Miller, 2013). In such a situation, a company that has adopted competitor orientation spend their time on more important issues of the movements of competitors and the market and trying to find policies that can apply against them. Sometimes companies based on their strengths and weaknesses relative to competitors and an analysis of competing strategies are planned (Hurley & Hult, 2016). When a business has competitor orientation, the management constantly re-evaluates the strengths and weaknesses of their competitors.

The aim of competitor orientation has to do with providing a strong foundation of intelligence regarding current and future competitor for strategic action. Those competitors of the business are seen as enterprises that are providing substitute product by serving the same need of customers (Tse, Leo, Yau, Lee & Chow, 2013). The business current and future competitors are found in firms with peculiar or non-peculiar production
technology platform. These have called for the need to gain an insight into the activities of what competitors are doing to help shape the operations of the firm’s operations (Tay & Tay, 2014).

2.3.3.3 Inter-Functional Coordination
Inter-functional coordination refers to the degree of co-operation between the different functions/departments within the organization (Tay & Tay, 2014). It is the coordination of all the functions of the organization and operation of customer and market information in order to create value for the customer. Tse et al. (2013) opine that inter-functional coordination is dissemination of information about customers and competitors among all sections of staff and organizations in order to make a correct understanding of the needs and wishes of the customer and planning to overcome competition. They divided inter-functional coordination to four parts: functional integration in strategy, information shared among functions, dissemination of information and coordination among all units towards creating value for the customer (Tse et al., 2013). Inter-functional coordination can therefore be seen as the harmonization of all internal functions and processes in a company. It consists of two parts, namely corporate culture and information coordination (Tay & Tay, 2014).

Slater and Narver (1995) identified inter-functional coordination as a barrier of the implementation of MO. The barriers connected with corporate culture are systematic, structural, procedural and communication ones. It is important not to have any weaknesses in a system, a structure, a procedure or a communication within a company. Thus, other barriers as too high centralization, formalization or departmentalization can also appear (Hurley & Hult, 2016). The second barrier of inter-functional coordination is connected with information coordination. It is important to gain information, analyze it and then use the results in the decision process in a company (Tomaskova, 2009).

Inter-functional coordination is aimed at internal environment; however, the effects of inter-functional coordination are connected with internal, external and branch environment as well (Tay & Tay, 2014). According to Tomaskova and Kopfova (2011) management has high impact on inter-functional coordination and employees. Improving of management style leads to improving inter-functional coordination. Improvements in internal processes are visible during a short period. Employees can perceive changes very
soon. Improvements in branch and external environment need more time (Tomaskova, 2009).

MO recognizes that, all departments as well as employees are aware that, employees’ attitude with respect to internal and external customer is crucial. Coordinated integration of resources is tightly related to the customer and competitor since they are promoting customers experience among department (Narver & Slater, 1990). There is therefore a need to inter-coordinate the activities that are concerned with the day to day management of the business in order to help realized to potentials of the business in maximizing its performance (Langerak, Hultink & Robben, 2014).

2.4 Learning Orientation and Small and Medium Enterprises’ Performance

2.4.1 Learning Orientation

Learning orientation (LO) of an organization is defined as its basic attitude towards learning, resulting in more or less organizational learning processes (Baker & Sinkula, 1999). Learning orientation (LO) stands for the tendency of the organization to create and apply knowledge in organization. LO is an important antecedent of knowledge management orientation (Vij & Sharma, 2014). It is a set of values exhibited by the organization that demonstrate that the organization is likely to develop a learning culture (Baker & Sinkula, 1999). One of the most important characteristics of learning-oriented firms is that they foresee environmental and market changes and make adjustments (Senge, 1990).

LO is defined as the way firms view their environment both internally as well as externally and act in their own interests (Martinette & Obenchain-Leeson, 2009). It is the extent to which an organization acquires information, skills and knowledge necessary for creating value in an organization. It is the process of obtaining and disseminating the knowledge about customers, competitors and market changes to create new services that are superior as compared to competitors (Chaveerug & Ussahawanitchakit, 2016). It is a mechanism that directly affects a firm’s ability to challenge old assumptions about the market and how a firm should be organized to address it (Baker & Sinkula, 1999).

LO has been conceptualized as a cultural context dimension (Galer & Heijden, 2012). It was suggested that LO gives rise to that set of organizational values that influence the
propensity of the firm to create and use knowledge (Senge, 1990). Meanwhile, LO was referred to as an organizational characteristic that affects a firm’s propensity to generate value and double loop learning by Baker and Sinkula (1999). LO is a multidimensional construct. It was suggested that several key characteristics of LO include the transfer of learning from individuals to groups, the commitment to learning, the openness to the outside world, the overall commitment to knowledge, the systems for developing learning, and the mechanisms for renewing the organization (Martinette & Obenchain-Leeson, 2009).

Learning organizations are guided by a shared vision that focuses the energies of organizational members on creating superior value for customers (Slater & Narver, 1995). Here, managers consult employees frequently to discuss new developments and they realize the importance of accepting diverse viewpoints (Ajmal, Keka & Takala, 2014). Employee learning is seen as an investment not an expense (Phromket, 2014). Managers continually judge the quality of the activities and decisions taken over time (Galar & Heijden, 2012). The organization actively encourages employees and customers to give feedback and give suggestions for improvements (Laverie, Madhavaram & McDonald, 2016). Colleagues are always ready for new learning and the organization provides enough opportunities for learning (Vij & Sharma, 2014). Learning in an organization is seen as a key commodity necessary to guarantee organizational survival (Wang, 2016).

2.4.2 Learning Orientation in Small and Medium Enterprises


Some qualitative and quantitative studies like (Phromket, 2014; Vij & Sharma, 2014; Keskin, 2012) show that LO in organizations enhance innovation which improves performance. Similarly, previous studies focus on one phase of the organizational
learning process or on one type of innovation, mainly product or process innovation (Galer & Heijden, 2012; Colakoglu, 2012; Boh & Wong, 2013). For instance, Vij and Sharma (2014) find a positive relationship between knowledge acquisition and product innovation. Although the above-mentioned studies focus on different aspects of the relationship between organizational learning and innovation, most find a positive relationship between them.

Clearly, most empirical researches (Phromket, 2014; Colakoglu, 2012; Calantone et al., 2002) on the relationship between LO and innovation is conducted on large firms, which have more of the resources needed for innovation and can take on a larger degree of risk. Nevertheless, smaller firms have other advantages, such as a less extensive bureaucracy, and can access resources by collaborating with other firms (Ibrahim et al., 2017; Spanos, Prastacos & Papadakis, 2016; Keskin, 2012). Therefore, there is an important need to study of the influence of LO on business performance especially for SMEs in the clearing and forwarding industry in Kenya to validate the observations made by various scholars on the relationship between LO and business performance.

2.4.3 Influence of Learning Orientation on SMEs Performance

2.4.3.1 Commitment to Learning

Organizations commitment to learning is the amount to which an organization considers learning as worthy and thus tries to not only promote the process of learning, but also to create and strengthen an atmosphere for learning in the organization (Pearce & Ensley, 2014). In fact for some organizations learning as an important investment which is necessary for the maintenance of organization (Sales & Savage, 2015). Therefore, the more an organization considers learning as valuable, the more probable it will be for that organization to get access to this process (Pearce & Ensley, 2014).

Having knowledge and ability to understand and predict the need of customers, the firm committed to learning will by no means lose the opportunities created in market (Keskin, 2012). Moreover, because of being committed to innovation, and also due to having ability to offer and use technology in innovations, the organization committed to learning can increase its ability to innovate, thus, being more capable of innovation as compared to its rivals (Pearce & Ensley, 2014).
2.4.3.2 Shared Vision

Shared vision can be defined simply as the answer to the question “What do we want to create?” Just as personal visions are the pictures and representations people carry in their minds, shared vision is likewise the representations employees carry in their minds. These images create a feeling of commonality (Senge, 1990). Shared vision is a process that is formed and shaped by the team members. Shared vision is regarded to be the most important mission of the twentieth century leaders. Pearce and Ensley (2014) define shared vision as a common mental model of the future state of the team or its tasks that provides the basis for action within a team. Another definition suggests that shared vision is the ideas, language, culture and norms that is common among the group members and organizational units and governs the actions, decisions and behaviors of the members (Colakoglu, 2012).

Shared vision is based on the idea that an organization has a unique aim and destiny. A vision statement articulates that purpose and provides a beacon of clarity for strategic action (Nybakk, 2012). However, a shared vision is frequently built on top of unexplored, unarticulated assumptions about the present and the future. If members of an organization cannot agree on current reality, they cannot move towards a desired future (Sales & Savage, 2015). According to Phromket (2014), shared vision can be established only if the environment is understood accurately and the individual perceives his own awareness and other people’s awareness correctly. It is harder to create shared vision in public institutions than in private institutions. The reasons for this are factors such as the difficulty of predicting the aims of the governments, the differences among the governments in terms of obtaining using political power and the conflict among political parties (Boh & Wong, 2013).

2.4.3.3 Open-Mindedness

Open-mindedness refers to the critical evaluation of organization's daily operations and the acceptance of new ideas. In other words, it is a process through which organization starts deleting the existing knowledge or the repetitive assumptions and habits (Eshlaghy & Maatofi, 2011). This is because the existing knowledge can work as a fundamental obstacle to keep organization far from the vision and processes that are necessary for innovation and transition (Laverie, Madhavaram & McDonald, 2016). In other words, previous learning stops the occurrence of new learning in organization. Therefore, as far
as innovation is concerned, firms are unable to get prominent unless they follow this attitude, although they may seek for other methods for maintenance (Vij & Sharma, 2014).

Open-mindedness is therefore the willingness to actively search for evidence against one’s favored beliefs, plans, or goals, and to weigh such evidence fairly when it is available (Sinkula, Baker & Noordewier, 1997). While familiar approaches to problems and their solutions may have proven successful in the past, they may not be (as) relevant in the future. Open-mindedness encourages a willingness to question current thinking and practice, receptiveness to emerging possibilities, the sharing of ideas and the consideration of differing perspectives (Martinette & Obenchain-Leeson, 2012). Therefore, the creation of an open-mindedness culture is more likely to result in the questioning of long-held practices and beliefs (Sinkula, Baker & Noordewier, 1997) and encourage the sharing of strategic information among decision-makers (Day, 1994). The open-mindedness culture has, at its heart, an attempt to re-orientate organizational values, norms and/or behaviors by changing cognitive structures (Nybakk, 2012), mental models (Day, 1994), dominant logics, and core assumptions which guide behavior. If this is so, the contribution of that culture is related to its ability to prepare the ground for new knowledge to appear (Laverie, Madhavaram & McDonald, 2016).

2.4.3.4 Organizational Knowledge Sharing
Organizational knowledge transfer refers to the process through which organizational actors – teams, units, or organizations – exchange, receives and are influenced by the experience and knowledge of others (Senge, 1990). Since organizational knowledge transfer requires the integration of differentiated knowledge, it manifests itself through changes in the knowledge bases or performance of recipients (Ajmal, Keka & Takala, 2014).

Organizational knowledge transfer from both internal and external sources has important implications for organizational performance and innovativeness. Prior research supports a positive relationship between organizational knowledge transfer and performance (Lien, Hung & McLean, 2014). Transferring knowledge contributes to the development of organizational capabilities that are difficult to imitate, and subsequently leads to enhanced performance (Sales & Savage, 2015). Keskin (2012) found that as joint venture partners
acquired and assimilated new external knowledge, performance increased. Likewise, firms that are able to learn about customers, competitors, and regulators stand a better chance of sensing and adapting their products and services to emerging needs (Day, 1994). Hence, organizational knowledge transfer has been associated with higher levels of performance.

Organizational knowledge transfer enables an organization to generate new ideas for new product development (Pearce & Ensley, 2014), as it stimulates the combination of existing and newly acquired knowledge and augments a unit’s capacity for making novel linkages and associations (Galer & Heijden, 2012). In addition, the accumulation of knowledge not only permits more efficient utilization of related knowledge but also enables organizations to better understand and evaluate the nature and commercial potential of technological advances (Chaveerug & Ussahawanitchakit, 2016). Accordingly, prior research suggests that organizational knowledge transfer increases innovativeness.

2.5 Chapter Summary
This chapter has provided literature on the specific objectives that sought to determine the influence of entrepreneurial orientation on SME performance by highlighting on entrepreneurial orientation profiles and how this influence the SMEs’ innovativeness, proactivity, risk taking behaviors, autonomy and competitive aggressiveness. The chapter links the relationship between market orientation and SME performance by discussing the cultural variables of market orientation and how these affects the SMEs’ customer orientation, competitor orientation and inter-functional coordination. The chapter focuses on determining the influence of learning orientation on the performance of SMEs by observing the learning orientation and business performance and how it influences the SMEs’ commitment to learning, shared vision, open-mindedness and organizational knowledge sharing in Kenya. The next chapter focuses on research methodology.
CHAPTER THREE
3.0 RESEARCH METHODOLOGY
3.1 Introduction
The general objective of the study was to examine the effect of strategy orientation on the performance of clearing and forwarding SMEs in Kenya. This section of the study examines the methodology of research that was employed during the study. This section presents the research design and study population of the study. It also clarifies the sample and sampling procedures, while providing the data collection methods. The chapter states the research procedures and finally the data analysis methods that were employed.

3.2 Research Design
A research design entails the general plan of how the researcher intends to go about answering research questions (Saunders, Lewis & Thornhill, 2012). A research design acts as a guide on the sources of data for data collection purposes, how the data will be collected and analyzed, the ethical issues and constraints that may be encountered and the different research activities that will be undertaken and their corresponding timelines (Cooper & Schindler, 2014).

This study adopted a descriptive research design that enabled the study findings be generalized to the larger population. Sekaran and Bougie (2013) state that, descriptive research can be qualitative or quantitative and the objective is to collect data that describes the characteristics of a person an event or a situation. Cooper and Schindler (2014) observed that, a descriptive research design is one where the objectives of the study are on finding out who, where, what, when and how of the research topic. The descriptive research design was ideal for this study because it clearly outlined and allowed for the systematic analysis of the effect of strategy orientation (independent variable) on the performance (dependent variable) of clearing and forwarding SMEs in Kenya. This design was used because it helped in reducing bias, as well as offer a deeper understanding of the above study variables. The independent variable (strategy orientation) was measured in the study by observing its individual constructs of - entrepreneurial orientation, market orientation and learning orientation – and how these variables influenced the performance of clearing and forwarding SMEs in Nairobi.
3.3 Sample and Sampling Design

3.3.1 Population
A population is described as a collection of all the concerned units that researchers would like to study within a given problem area (O’Gorman & MacIntosh, 2014). Cooper and Schindler (2014) define a population as the total collection of elements about which the researcher intends to make some inferences. Since this study is focused on the clearing and forwarding SMEs in Nairobi, the study population therefore consisted of the 450 clearing and forwarding SMEs in Nairobi Kenya.

3.3.2 Sampling Design

3.3.2.1 Sample Frame
A sampling frame is a complete list of all the cases in the population from which a sample is drawn (Saunders, Lewis & Thornhill, 2012). O’Gorman and MacIntosh (2014) state that a sample frame constitutes a list of elements from which a sample is derived. The study focused on the clearing and forwarding SMEs in Nairobi – Kenya and the sample frame was obtained from the Kenya International Freight and Warehousing Association (KIFWA), the body responsible for monitoring these SMEs.

3.3.2.2 Sampling Technique
The study applied a census sampling technique. Lavrakas (2016) states that, a census is an attempt to list all elements in a group and to measure one or more characteristics of those elements. Creswell (2014) notes that, a census can provide detailed information on all or most elements in the population, thereby enabling totals for rare population groups or small geographic areas. This technique was preferred for the study because a census produces a complete coverage of the entire population. The technique was used because it also facilitated the production of useful information for populations or small geographic areas. The census data was collected from the target population and it was processed and disseminated in the subsequent chapter.

3.3.2.3 Sample Size
The sample size of a survey most typically refers to the number of units that are chosen for a study and from which data will be gathered (Sekaran & Bougie, 2013). However, Lavrakas (2016) states that, sample size can be defined in various ways: there is the designated sample size, which is the number of sample units selected for contact or data
collection; and there is also the final sample size, which is the number of completed interviews or units for which data is actually collected. Since the study employed a census survey technique, the sample size for the study were the 450 clearing and forwarding SMEs in Nairobi Kenya.

3.4 Data Collection Methods
In this study, a questionnaire was developed by the researcher based on the specific objectives of the study for data collection. Soft copies of this questionnaire were circulated to respondents. O’Gorman and MacIntosh (2014) define a questionnaire as a general item in which each person is asked to respond to the same set of questions in a predetermined order. The study’s questionnaire consisted of closed-ended questions and it provided a five-point Likert scale that will range from 1-5. This data collection method was used because it was accurate, convenient to use, inexpensive and provided anonymity for the respondents.

The study’s questionnaire was divided in four sections: Section one focused on the demographics of the respondents, section two determined the influence of entrepreneurial orientation on the performance of SMEs in Kenya, section three examined the influence of market orientation on the performance of SMEs in Kenya, and section four determined the influence of learning orientation on the performance of SMEs in Kenya.

3.5 Research Procedures
A pilot testing of the questionnaire was done using ten respondents and they were distributed in person by the researcher to determine the reliability and validity of the tool. Cooper and Schindler (2014) state that, pilot test, or pilot experiment is a small-scale preliminary study conducted in order to evaluate feasibility, time, cost, adverse events, and improve upon the study design prior to performance of a full-scale research project. The pilot test in this study provided the researcher with an opportunity to learn the various weaknesses of the questions and were amended before the questionnaire was applied for data collection.

The Cronbach Alpha Test is used to ascertain that the questionnaire variables are able to meet the required threshold which is set at >0.7 for 7-10 items, and >0.5 for 3-5 items (Cooper & Schindler, 2014). Questionnaire items/ variables that had <0.5 were not
considered for the study. This scientific measure was used to guarantee that the study made use of a credible and reliable questionnaires that validated the study results.

After the pilot test. The researcher approached KIFWA with a letter that was obtained from the university that indicated the purpose of the study. This facilitated the researcher’s ability to collect data from the target population. Questionnaires were distributed online by use of the survey monkey. This was employed because it enabled the researcher to reach out to the various clearing and forwarding companies at a minimized cost, efficiently and effectively.

3.6 Data Analysis Methods
The data analysis methods that were used in this study were descriptive analysis and inferential analysis. These methods were used because Saunders, Lewis and Thornhill (2012) states that descriptive and inferential analysis indicate the frequency of occurrence through establishing statistical relationships between variables. According to Cooper and Schindler (2014), data analysis is the process of editing and reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques.

In this study, the first step involved reviewing all the questions to see if the respondents had answered all the questions. Incomplete questionnaires were discarded. The second step involved data coding onto the analysis software tool which was the Statistical Package for Social Sciences (SPSS) for analysis version 24. The descriptive analysis involved measures of central tendency (percentages, means and standard deviations). Inferential analysis involved correlation and regression analysis. The study used the Pearson’s correlation analysis which according to O’Gorman and McIntosh (2014) is a measure of the strength of the association between the two variables. The study used the correlation to study the relationship between strategy orientation and performance of clearing and forwarding SMEs. Simple linear regression model was also be used to determine how the dependent variable (performance of clearing and forwarding SMEs) was influenced by the independent variables (entrepreneurial orientation, market orientation and learning orientation). This helped in establishing the weight of each independent variable on the dependent variable. The results were presented in the form of tables and figures.
The simple linear regression model was in the form of: \( Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \varepsilon \)  
Where:

- \( Y \) = Dependent Variable
- \( \beta_0 \) = Population Y Intercept
- \( \beta_{1,2,3} \) = Population Slope Coefficient
- \( X_1 \) = Entrepreneurial Orientation
- \( X_2 \) = Market Orientation
- \( X_3 \) = Learning Orientation
- \( \varepsilon \) = Random Error Term

### 3.7 Chapter Summary

This chapter has discussed the study’s research design, population and sampling procedures and techniques that were used for this study. It has also clarified the data collection methods. The chapter has also stated the research procedures and the data analysis methods that were employed. The next chapter provides the study’s results and findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

The general objective of the study was to examine the effect of strategy orientation on the performance of clearing and forwarding SMEs in Kenya. This section of the study provides the results and findings for the specific objectives that sought to determine the influence of entrepreneurial orientation, examine the influence of market orientation, and determine the influence of learning orientation on the performance of SMEs in Kenya.

4.2 General Information

4.2.1 Response Rate

Research questionnaires were circulated to the 450 clearing and forwarding SMEs in Nairobi using the survey monkey platform. The researcher managed to receive 286 questionnaires from the target population resulting in a 63.5% response rate.

![Response Rate Chart](image)

**Figure 4.1 Response Rate**

4.2.2 Reliability Tests

Table 4.1 provides the Cronbach Alpha test results for the questionnaire items. The table shows that SMEs’ performance questions had 0.772, entrepreneurial orientation questions had 0.819, market orientation questions had 0.846 and learning orientation questions had 0.795. The results mean that all the questionnaire items for the study were reliable since their coefficients were >0.7.

<table>
<thead>
<tr>
<th>Questionnaire Section</th>
<th>Items</th>
<th>Alpha Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs’ Performance Questions</td>
<td>6</td>
<td>.772</td>
</tr>
<tr>
<td>Entrepreneurial Orientation Questions</td>
<td>10</td>
<td>.819</td>
</tr>
<tr>
<td>Market Orientation Questions</td>
<td>10</td>
<td>.846</td>
</tr>
<tr>
<td>Learning Orientation Questions</td>
<td>10</td>
<td>.795</td>
</tr>
</tbody>
</table>
4.2.3 Gender
Figure 4.2 shows that 80.4% of the respondents were male while 19.6% were female. Male were the majority in this study, meaning that the clearing and forwarding industry in Nairobi was dominated by male, which could be due to the nature of the work in the industry.

![Figure 4.2 Gender](image)

4.2.4 Education
Figure 4.3 presents indicates that 48.6% of the respondents had university degrees, 37.8% had attained their diplomas, and 13.6% had master’s degrees. This means that entrepreneurs in the clearing and forwarding industry in Nairobi were well educated, meaning that they had a good educational background for the business, and they could understand the questions.

![Figure 4.3 Education](image)
4.2.5 Number of Years in the Industry
Figure 4.4 represents the number of years the respondents had been in the industry. The figure shows that 39.5% had been in the industry for 6-10 years, 26.2% had been in the industry for 1-5 years, 21% had been in the industry for 11-15 years, 8.7% had been in the industry for 16-20 years and 4.5% had been in the industry for 21 years and above. Majority of the respondents had been in the industry for over 6 years, showing that they were great for the study.

![Figure 4.4 Number of Years in the Industry](image)

4.2.6 Position
Figure 4.5 indicates that from the received responses, 39.5% were middle-level managers, 27.6% were low-level managers, 21.7% were senior managers and 11.2% were regular staff. The results indicate that all employee levels in the organizations were considered in the study.

![Figure 4.5 Position](image)
4.2.7 Strategy Orientation Application

Figure 4.6 shows the results for strategy orientation application within the firms’ systems and processes. The figure shows that 41.6% stated effectively, 23.4% indicated very effectively, 21.7% were neutral, 10.8% stated ineffectively and 2.4% stated very ineffectively. This shows that the firms effectively applied strategy orientation within their systems and processes.

![Figure 4.6 Strategy Orientation Application](image)

4.2.8 Strategy Orientation Utilization

Figure 4.7 shows the results for strategy orientation utilization within the firms. The figure shows that 47.9% stated effectively, 27.3% indicated very effectively, 15.4% were neutral, 7.3% stated very ineffectively and 2.1% stated ineffectively. This shows that the firms effectively utilized strategy orientation.

![Figure 4.7 Strategy Orientation Utilization](image)
4.3 Entrepreneurial Orientation and Small and Medium Enterprises’ Performance

4.3.1 Small and Medium Enterprises’ Performance Scores

Table 4.2 shows that the organizations measured performance using return on equity as agreed by 94% of the respondents while 3.5% were neutral, 2.4% disagreed with a substantial mean of 4.43 and a standard deviation of 0.680. The organizations measured performance using return on investment as agreed by 85% of the respondents while 11.5% were neutral, 3.5% disagreed with a substantial mean of 4.34 and a standard deviation of 0.817. The organizations measured performance using profitability of the company as agreed by 88.1% of the respondents while 9.8% were neutral, 2.1% disagreed with a substantial mean of 4.35 and a standard deviation of 0.742.

Performance of the businesses was observed from the satisfaction of the owners/managers as agreed by 95.4% of the respondents while 2.4% were neutral, 2.1% disagreed with a substantial mean of 4.44 and a standard deviation of 0.651. Performance of the businesses was observed from the development of the businesses as agreed by 86% of the respondents while 11.5% were neutral, 2.4% disagreed with a substantial mean of 4.17 and a standard deviation of 0.722. The organizations operated through a traditional path in terms of production and marketing as agreed by 79.4% of the respondents while 17.1% were neutral, 3.5% disagreed with a substantial mean of 4.16 and a standard deviation of 0.831.

<table>
<thead>
<tr>
<th>Table 4.2 Small and Medium Enterprises’ Performance Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization measures performance using its return on equity (ROE)</td>
</tr>
<tr>
<td>-------------------------------------------------------------------</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>The organization measures performance using return on investment (ROI)</td>
</tr>
<tr>
<td>The organization measures performance using profitability of the company</td>
</tr>
<tr>
<td>Performance of the business is observed from the satisfaction of the owners/managers</td>
</tr>
<tr>
<td>Performance of the business is observed from the development of the business</td>
</tr>
<tr>
<td>The organization operates through a traditional path in terms of production and marketing</td>
</tr>
</tbody>
</table>
4.3.2 Entrepreneurial Orientation and SMEs’ Performance Scores

Table 4.3 shows that the owners/managers of the firm identify opportunities for creating value for the firm as agreed by 88.5% of the respondents while 9.1% were neutral, 2.4% disagreed with a substantial mean of 4.42 and a standard deviation of 0.758. The firms integrated entrepreneurship and strategic thinking as agreed by 94.8% of the respondents while 2.8% were neutral, 2.4% disagreed with a substantial mean of 4.49 and a standard deviation of 0.674. Entrepreneurial orientation has contributed to the firms’ performance as agreed by 64% of the respondents while 10.8% were neutral, 2.4% disagreed with a substantial mean of 3.71 and a standard deviation of 1.017. Entrepreneurial orientation had contributed to the firms’ innovativeness as agreed by 73.4% of the respondents while 16.4% were neutral, 10.1% disagreed with a substantial mean of 3.83 and a standard deviation of 1.094.

Entrepreneurial orientation had contributed to the firms’ competitive aggressiveness as agreed by 71.3% of the respondents while 20.3% were neutral, 8.3% disagreed with a substantial mean of 3.72 and a standard deviation of 0.932. Innovation had helped the organization in earning a sustainable competitive advantage as agreed by 71% of the respondents while 23.1% were neutral, 5.9% disagreed with a substantial mean of 3.84 and a standard deviation of 0.919. Proactivity had enabled the firms in capturing opportunities better than competitors as agreed by 92.6% of the respondents while 3.8% were neutral, 3.5% disagreed with a substantial mean of 4.40 and a standard deviation of 0.727.

Risk-taking had helped the firms to realize a niche market that each had specialized in as agreed by 82.9% of the respondents while 11.2% disagreed, 5.9% were neutral with a substantial mean of 4.10 and a standard deviation of 1.162. Autonomy in the organizations had helped in overcoming slow decision-making problems as agreed by 95.9% of the respondents while 2.1% were neutral, 2.1% disagreed with a substantial mean of 4.42 and a standard deviation of 0.643. Competitive aggressiveness provided the firm with the ability to compete unconventionally with its competitors as agreed by 88.2% of the respondents while 10.1% were neutral, 1.7% disagreed with a substantial mean of 4.26 and a standard deviation of 0.709.
Table 4.3 Entrepreneurial Orientation and SMEs’ Performance Scores

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>StD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The owners/ managers of the firm identify opportunities for creating value for the firm</td>
<td>0</td>
<td>2.4</td>
<td>9.1</td>
<td>32.2</td>
<td>56.3</td>
<td>4.42</td>
<td>.758</td>
</tr>
<tr>
<td>The firm integrates entrepreneurship and strategic thinking</td>
<td>0</td>
<td>2.4</td>
<td>2.8</td>
<td>38.5</td>
<td>56.3</td>
<td>4.49</td>
<td>.674</td>
</tr>
<tr>
<td>Entrepreneurial orientation has contributed to the firm’s performance</td>
<td>2.4</td>
<td>10.8</td>
<td>22.7</td>
<td>40.9</td>
<td>23.1</td>
<td>3.71</td>
<td>1.017</td>
</tr>
<tr>
<td>Entrepreneurial orientation has contributed to the firm’s innovativeness</td>
<td>7.7</td>
<td>2.4</td>
<td>16.4</td>
<td>46.5</td>
<td>26.9</td>
<td>3.83</td>
<td>1.094</td>
</tr>
<tr>
<td>Entrepreneurial orientation has contributed to the firm’s competitive aggressiveness</td>
<td>5.2</td>
<td>3.1</td>
<td>20.3</td>
<td>57</td>
<td>14.3</td>
<td>3.72</td>
<td>.932</td>
</tr>
<tr>
<td>Innovation has helped the organization in earning a sustainable competitive advantage</td>
<td>3.5</td>
<td>2.4</td>
<td>23.1</td>
<td>48.6</td>
<td>22.4</td>
<td>3.84</td>
<td>.919</td>
</tr>
<tr>
<td>Proactivity has enabled the firm in capturing opportunities better than competitors</td>
<td>0</td>
<td>3.5</td>
<td>3.8</td>
<td>41.6</td>
<td>51</td>
<td>4.40</td>
<td>.727</td>
</tr>
<tr>
<td>Risk-taking has helped the firm to realize a niche market that it has specialized in</td>
<td>7.7</td>
<td>3.5</td>
<td>5.9</td>
<td>36.4</td>
<td>46.5</td>
<td>4.10</td>
<td>1.162</td>
</tr>
<tr>
<td>Autonomy of the organization in overcoming slow decision-making problems</td>
<td>0</td>
<td>2.1</td>
<td>2.1</td>
<td>47.6</td>
<td>48.3</td>
<td>4.42</td>
<td>.643</td>
</tr>
<tr>
<td>Competitive aggressiveness provides the firm with the ability to compete unconventionally with its competitors</td>
<td>0</td>
<td>1.7</td>
<td>10.1</td>
<td>48.3</td>
<td>39.9</td>
<td>4.26</td>
<td>.709</td>
</tr>
</tbody>
</table>

4.3.3 Entrepreneurial Orientation and SMEs’ Performance Correlation Analysis

Table 4.4 indicates that entrepreneurial orientation was significant to the performance of clearing and forwarding SMEs (r=0.693, p<0.1). Innovativeness was significant to the performance of clearing and forwarding SMEs (r=0.813, p<0.1). Proactivity was significant
to the performance of clearing and forwarding SMEs (r=333, p<0.1). Risk taking was significant to the performance of clearing and forwarding SMEs (r=270, p<0.1). Autonomy was significant to the performance of clearing and forwarding SMEs (r=337, p<0.1). Competitive aggressiveness was significant to the performance of clearing and forwarding SMEs (r=814, p<0.1).

Table 4.4 Entrepreneurial Orientation and SMEs’ Performance Correlations

<table>
<thead>
<tr>
<th></th>
<th>SMEs</th>
<th>SMEs</th>
<th>Innovative</th>
<th>Innovative</th>
<th>Proactivity</th>
<th>Proactivity</th>
<th>Risk Taking</th>
<th>Risk Taking</th>
<th>Autonomy</th>
<th>Autonomy</th>
<th>Competitive</th>
<th>Competitive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Entrepreneurial</td>
<td>.693**</td>
<td>.000</td>
<td>.670**</td>
<td>.000</td>
<td></td>
<td>.168**</td>
<td>.257**</td>
<td>.225**</td>
<td>.405**</td>
<td>-.025</td>
<td>.158**</td>
<td>.678</td>
</tr>
<tr>
<td>Orientation</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.005</td>
<td>.000</td>
<td>.006</td>
<td>.000</td>
<td>.168</td>
<td>.678</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovativeness</td>
<td>.813**</td>
<td>.000</td>
<td>.168**</td>
<td>.000</td>
<td>.005</td>
<td>.162**</td>
<td>.225**</td>
<td>.405**</td>
<td>-.082</td>
<td>.025</td>
<td>.158**</td>
<td>.678</td>
</tr>
<tr>
<td>Proactivity</td>
<td>.333**</td>
<td>.000</td>
<td>.844**</td>
<td>.000</td>
<td>.005</td>
<td>.168**</td>
<td>.405**</td>
<td>.000</td>
<td>.168</td>
<td>.678</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk Taking</td>
<td>.270**</td>
<td>.000</td>
<td>.257**</td>
<td>.000</td>
<td>.005</td>
<td>.225**</td>
<td>.405**</td>
<td>.000</td>
<td>.168</td>
<td>.678</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Autonomy</td>
<td>.337*</td>
<td>.000</td>
<td>.159**</td>
<td>.000</td>
<td>.005</td>
<td>-.082</td>
<td>-.025</td>
<td>.168</td>
<td>.678</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive</td>
<td>.814**</td>
<td>.000</td>
<td>.762**</td>
<td>.000</td>
<td>.005</td>
<td>.446**</td>
<td>.173**</td>
<td>.158**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggressiveness</td>
<td>.000</td>
<td>.000</td>
<td>.783**</td>
<td>.000</td>
<td>.005</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.003</td>
<td>.008</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

4.3.4 Entrepreneurial Orientation and SMEs’ Performance Regression Analysis

Table 4.5 presents the adjusted R square as 0.478 meaning that entrepreneurial orientation influenced the performance of clearing and forwarding SMEs by 47.8%, denoting that 52.2% would be explained by other factors.

Table 4.5 Model Summary: Entrepreneurial Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.693</td>
<td>.480</td>
<td>.478</td>
<td>.38678</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Entrepreneurial Orientation
Table 4.6 is the analysis of variance (ANOVA) between entrepreneurial orientation and the performance of clearing and forwarding SMEs. The F great value of 262.215 df (1,284) <0.01 indicates that the regression fits the results of the study; that is there was a statistically substantial variance between entrepreneurial orientation and the performance of clearing and forwarding SMEs.

### Table 4.6 ANOVA: Entrepreneurial Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>39.227</td>
<td>1</td>
<td>39.227</td>
<td>262.215</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>42.486</td>
<td>284</td>
<td>.150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81.712</td>
<td>285</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Entrepreneurial Orientation  
b. Dependent Variable: SMEs’ Performance

Table 4.7 shows the regression coefficients for entrepreneurial orientation and the performance of clearing and forwarding SMEs, and this is presented as:

\[
\text{SMEs’ Performance} = 1.873 + 0.594 \ \text{Entrepreneurial Orientation} + \epsilon
\]

The equation from the table indicates that entrepreneurial orientation was a significant factor in SMEs’ performance as revealed by the p value of <0.01. Therefore, the relationship between the two variables is that, each unit increase in entrepreneurial orientation results in a 59.4% increase in the performance of clearing and forwarding SMEs.

### Table 4.7 Coefficients: Entrepreneurial Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.873</td>
<td>.153</td>
<td>.693</td>
<td>12.275</td>
</tr>
<tr>
<td>Entrepreneurial Orientation</td>
<td>.594</td>
<td>.037</td>
<td>.693</td>
<td>16.193</td>
</tr>
</tbody>
</table>

a. Dependent Variable: SMEs’ Performance
4.4 Market Orientation and Small and Medium Enterprises’ Performance

4.4.1 Market Orientation and SMEs’ Performance Scores

Table 4.8 shows that market orientation was a significant part of the firms’ culture as agreed by 83.6% of the respondents while 14% were neutral, 2.4% disagreed with a substantial mean of 4.22 and a standard deviation of 0.775. Market orientation in the firms had been formalized to exist in the firms’ rules and regulations as agreed by 81.1% of the respondents while 18.9% were neutral with a substantial mean of 4.20 and a standard deviation of 0.736. Market orientation had improved the firms’ market share and profitability as agreed by 53.2% of the respondents while 29.7% were neutral, 17.1% disagreed with a substantial mean of 3.36 and a standard deviation of 1.130. Market orientation had improved customer satisfaction and loyalty to the firms as agreed by 96.1% of the respondents while 2.4% were neutral, 1.4% disagreed with a substantial mean of 4.50 and a standard deviation of 0.620.

The firms created superior value to their customers through sufficient understanding of their needs as agreed by 67.2% of the respondents while 21% were neutral, 11.9% disagreed with a substantial mean of 3.77 and a standard deviation of 0.989. Customer orientation had helped the firms in developing appropriate service strategies that met customer needs and demands as agreed by 60.1% of the respondents while 23.8% disagreed, 16.1% were neutral with a substantial mean of 3.51 and a standard deviation of 1.181. The organizations had intelligence (information about their strengths, weaknesses and capabilities) about their competitors as agreed by 59.5% of the respondents while 21.3% disagreed, 19.2% were neutral with a substantial mean of 3.51 and a standard deviation of 1.151.

The organizations sought intelligence about their competitors in order to improve their service delivery as agreed by 95.1% of the respondents while 3.5% were neutral, 1.4% disagreed with a substantial mean of 4.50 and a standard deviation of 0.637. The firms had high degrees of co-operation between their different functions/departments as agreed by 73.4% of the respondents while 26.6% were neutral with a substantial mean of 3.98 and a standard deviation of 0.715. Inter-functional coordination helped the firms to analyze and use information gained in their decision process as agreed by 89.2% of the respondents while 10.8% were neutral with a substantial mean of 4.27 and a standard deviation of 0.643.
**Table 4.8 Market Orientation and SMEs’ Performance Scores**

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>StD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market orientation is a significant part of the firms’ culture</td>
<td>0</td>
<td>2.4</td>
<td>14</td>
<td>42.7</td>
<td>40.9</td>
<td>4.22</td>
<td>.775</td>
</tr>
<tr>
<td>Market orientation in the firm has been formalized to exist in the firm’s rules and regulations</td>
<td>0</td>
<td>0</td>
<td>18.9</td>
<td>42</td>
<td>39.2</td>
<td>4.20</td>
<td>.736</td>
</tr>
<tr>
<td>Market orientation has improved the firms’ market share and profitability</td>
<td>11.5</td>
<td>5.6</td>
<td>29.7</td>
<td>41.3</td>
<td>11.9</td>
<td>3.36</td>
<td>1.130</td>
</tr>
<tr>
<td>Market orientation has improved customer satisfaction and loyalty to the firm</td>
<td>0</td>
<td>1.4</td>
<td>2.4</td>
<td>40.9</td>
<td>55.2</td>
<td>4.50</td>
<td>.620</td>
</tr>
<tr>
<td>The firm creates superior value to its customers through sufficient understanding of their needs</td>
<td>2.1</td>
<td>9.8</td>
<td>21</td>
<td>43.4</td>
<td>23.8</td>
<td>3.77</td>
<td>.989</td>
</tr>
<tr>
<td>Customer orientation has helped the firm in developing appropriate service strategies that meet customer needs and demands</td>
<td>6.3</td>
<td>17.5</td>
<td>16.1</td>
<td>39.5</td>
<td>20.6</td>
<td>3.51</td>
<td>1.181</td>
</tr>
<tr>
<td>The organization has intelligence (information about their strengths, weaknesses and capabilities) about its competitors</td>
<td>6.3</td>
<td>15</td>
<td>19.2</td>
<td>39.9</td>
<td>19.6</td>
<td>3.51</td>
<td>1.151</td>
</tr>
<tr>
<td>The organization seeks intelligence about its competitors in order to improve its service delivery</td>
<td>0</td>
<td>1.4</td>
<td>3.5</td>
<td>38.8</td>
<td>56.3</td>
<td>4.50</td>
<td>.637</td>
</tr>
<tr>
<td>The firm has a high degree of cooperation between its different functions/departments</td>
<td>0</td>
<td>0</td>
<td>26.6</td>
<td>49</td>
<td>24.5</td>
<td>3.98</td>
<td>.715</td>
</tr>
<tr>
<td>Inter-functional coordination helps the firm to analyze and use information gained in its decision process</td>
<td>0</td>
<td>0</td>
<td>10.8</td>
<td>51.7</td>
<td>37.4</td>
<td>4.27</td>
<td>.643</td>
</tr>
</tbody>
</table>
4.4.2 Market Orientation and SMEs’ Performance Correlation Analysis

Table 4.4 indicates that market orientation was significant to the performance of clearing and forwarding SMEs (r=0.691, p<0.1). Customer orientation was significant to the performance of clearing and forwarding SMEs (r=0.620, p<0.1). Competitor orientation was significant to the performance of clearing and forwarding SMEs (r=0.485, p<0.1). Inter-functional coordination was significant to the performance of clearing and forwarding SMEs (r=0.570, p<0.1).

Table 4.9 Market Orientation and SMEs’ Performance Correlations

<table>
<thead>
<tr>
<th></th>
<th>SMEs Performance</th>
<th>Market Orientation</th>
<th>Customer Orientation</th>
<th>Competitor Orientation</th>
<th>Inter-Functional Coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs Performance</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Orientation</td>
<td>0.691**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>0.620**</td>
<td>0.971**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitor Orientation</td>
<td>0.485**</td>
<td>0.531**</td>
<td>0.462**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.411**</td>
<td></td>
</tr>
<tr>
<td>Inter-Functional Coordination</td>
<td>0.570**</td>
<td>0.416**</td>
<td>0.331**</td>
<td>0.411**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

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

4.4.3 Market Orientation and SMEs’ Performance Regression Analysis

Table 4.10 presents the adjusted R square as 0.475 meaning that market orientation influenced the performance of clearing and forwarding SMEs by 47.5%, denoting that 52.5% would be explained by other factors.

Table 4.10 Model Summary: Market Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.691</td>
<td>0.477</td>
<td>0.475</td>
<td>0.38782</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Market Orientation
Table 4.11 is the analysis of variance (ANOVA) between market orientation and the performance of clearing and forwarding SMEs. The F great value of 259.293 df (1,284) <0.01 indicates that the regression fits the results of the study; that is there was a statistically substantial variance between market orientation and the performance of clearing and forwarding SMEs.

Table 4.11 ANOVA: Market Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>38.998</td>
<td>1</td>
<td>38.998</td>
<td>259.293</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>42.714</td>
<td>284</td>
<td>.150</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81.712</td>
<td>285</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Market Orientation
b. Dependent Variable: SMEs’ Performance

Table 4.12 shows the regression coefficients for market orientation and the performance of clearing and forwarding SMEs, and this is presented as:

\[
\text{SMEs’ Performance} = 1.714 + 0.639 \text{ Market Orientation} + \epsilon
\]

The equation from the table indicates that market orientation was a significant factor in SMEs’ performance as revealed by the p value of <0.01. Therefore, the relationship between the two variables is that, each unit increase in market orientation results in a 63.9% increase in the performance of clearing and forwarding SMEs.

Table 4.12 Coefficients: Market Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.714</td>
<td>.163</td>
<td>.691</td>
<td>10.502</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>.639</td>
<td>.040</td>
<td>.691</td>
<td>16.103</td>
</tr>
</tbody>
</table>

a. Dependent Variable: SMEs’ Performance
4.5 Learning Orientation and Small and Medium Enterprises’ Performance

4.5.1 Learning Orientation and SMEs’ Performance Scores

Table 4.13 shows that the firms had the tendency to create and apply knowledge within the organization as agreed by 91.2% of the respondents while 7.3% were neutral, 1.4% disagreed with a substantial mean of 4.40 and a standard deviation of 0.688. Learning orientation had helped the firms in foreseeing environmental and market changes as agreed by 96.5% of the respondents while 2.1% were neutral, 1.4% disagreed with a substantial mean of 4.45 and a standard deviation of 0.612. The organizations actively encouraged employees and customers to give feedback and suggestions for improvements as agreed by 84.6% of the respondents while 13.3% were neutral, 2.1% disagreed with a substantial mean of 4.15 and a standard deviation of 0.724.

Learning orientation had increased the firms’ ability to innovate as agreed by 96.1% of the respondents while 2.4% were neutral, 1.4% disagreed with a substantial mean of 4.15 and a standard deviation of 0.837. The firms had a common mental model of their future state that provided the basis for their actions as agreed by 89.5% of the respondents while 8.4% were neutral, 2.1% disagreed with a substantial mean of 4.41 and a standard deviation of 0.733. All members of the organizations worked and moved towards a desired agreed future as agreed by 94.8% of the respondents while 3.1% were neutral, 2.1% disagreed with a substantial mean of 4.48 and a standard deviation of 0.663. The firms evaluated their daily operations and they accepted new ideas easily as agreed by 65% of the respondents while 22% were neutral, 12.9% disagreed with a substantial mean of 3.74 and a standard deviation of 1.010.

The firms were always willing to question their current thinking and practices as agreed by 75.9% of the respondents while 15.7% were neutral, 8.4% disagreed with a substantial mean of 3.87 and a standard deviation of 1.028. Organizational knowledge transfer had improved the performance of the firms as agreed by 74.1% of the respondents while 19.6% were neutral, 6.2% disagreed with a substantial mean of 3.81 and a standard deviation of 0.882. Organizational knowledge transfer had enabled the organizations in generating new ideas for service development as agreed by 71.4% of the respondents while 23.4% were neutral, 5.2% disagreed with a substantial mean of 3.85 and a standard deviation of 0.907.
Table 4.13 Learning Orientation and SMEs’ Performance Scores

<table>
<thead>
<tr>
<th>Description</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
<th>M</th>
<th>StD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm has the tendency to create and apply knowledge within the organization</td>
<td>0</td>
<td>1.4</td>
<td>7.3</td>
<td>40.9</td>
<td>50.3</td>
<td>4.40</td>
<td>.688</td>
</tr>
<tr>
<td>Learning orientation has helped the firm in foreseeing environmental and market changes</td>
<td>0</td>
<td>1.4</td>
<td>2.1</td>
<td>46.5</td>
<td>50</td>
<td>4.45</td>
<td>.612</td>
</tr>
<tr>
<td>The organization actively encourages employees and customers to give feedback and suggestions for improvements</td>
<td>0</td>
<td>2.1</td>
<td>13.3</td>
<td>51.7</td>
<td>32.9</td>
<td>4.15</td>
<td>.724</td>
</tr>
<tr>
<td>Learning orientation has increased the firms’ ability to innovate</td>
<td>0</td>
<td>1.4</td>
<td>2.4</td>
<td>40.9</td>
<td>55.2</td>
<td>4.15</td>
<td>.837</td>
</tr>
<tr>
<td>The firm has a common mental model of its future state that provides the basis for its actions</td>
<td>0</td>
<td>2.1</td>
<td>8.4</td>
<td>35.7</td>
<td>53.8</td>
<td>4.41</td>
<td>.733</td>
</tr>
<tr>
<td>All members of the organization work and move towards a desired agreed future</td>
<td>0</td>
<td>2.1</td>
<td>3.1</td>
<td>39.2</td>
<td>55.6</td>
<td>4.48</td>
<td>.663</td>
</tr>
<tr>
<td>The firm evaluates its daily operations and the accepts new ideas easily</td>
<td>2.1</td>
<td>10.8</td>
<td>22</td>
<td>40.9</td>
<td>24.1</td>
<td>3.74</td>
<td>1.010</td>
</tr>
<tr>
<td>The firm is always willing to question its current thinking and practices</td>
<td>6.3</td>
<td>2.1</td>
<td>15.7</td>
<td>49.7</td>
<td>26.2</td>
<td>3.87</td>
<td>1.028</td>
</tr>
<tr>
<td>Organizational knowledge transfer has improved the performance of the firm</td>
<td>3.8</td>
<td>2.4</td>
<td>19.6</td>
<td>57</td>
<td>17.1</td>
<td>3.81</td>
<td>.882</td>
</tr>
<tr>
<td>Organizational knowledge transfer has enabled the organization in generating new ideas for service development</td>
<td>3.5</td>
<td>1.7</td>
<td>23.4</td>
<td>49</td>
<td>22.4</td>
<td>3.85</td>
<td>.907</td>
</tr>
</tbody>
</table>

4.5.2 Learning Orientation and SMEs’ Performance Correlation Analysis

Table 4.14 indicates that learning orientation was significant to the performance of clearing and forwarding SMEs ($r=882$, $p<0.1$). Commitment to learning was significant to the performance of clearing and forwarding SMEs ($r=840$, $p<0.1$). Shared vision was significant to the performance of clearing and forwarding SMEs ($r=832$, $p<0.1$). Open-
mindedness was significant to the performance of clearing and forwarding SMEs (r=309, p<0.1). Organizational knowledge sharing was significant to the performance of clearing and forwarding SMEs (r=132, p<0.5).

**Table 4.14 Learning Orientation and SMEs’ Performance Correlations**

<table>
<thead>
<tr>
<th>SMEs Performance</th>
<th>Learning Orientation</th>
<th>Commitment to Learning</th>
<th>Shared Vision</th>
<th>Open-Mindedness</th>
<th>Organizational Knowledge Sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMEs Performance</strong></td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning Orientation</td>
<td>.882**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment to Learning</td>
<td>.840**</td>
<td>.912**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shared Vision</td>
<td>.832**</td>
<td>.898**</td>
<td>.773**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Open-Mindedness</td>
<td>.309**</td>
<td>.365**</td>
<td>.359**</td>
<td>.211**</td>
<td>1</td>
</tr>
<tr>
<td>Organizational Knowledge Sharing</td>
<td>.132*</td>
<td>.126*</td>
<td>.032</td>
<td>.152*</td>
<td>.185**</td>
</tr>
</tbody>
</table>
| **Model Summary: Learning Orientation and SMEs’ Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.882</td>
<td>.777</td>
<td>.776</td>
<td>.25319</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed)
** Correlation is significant at the 0.01 level (2-tailed)

**4.5.3 Learning Orientation and SMEs’ Performance Regression Analysis**

Table 4.15 presents the adjusted R square as 0.776 meaning that learning orientation influenced the performance of clearing and forwarding SMEs by 77.6%, denoting that 22.4% would be explained by other factors.

**Table 4.15 Model Summary: Learning Orientation and SMEs’ Performance**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.882</td>
<td>.777</td>
<td>.776</td>
<td>.25319</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Learning Orientation
Table 4.16 is the analysis of variance (ANOVA) between learning orientation and the performance of clearing and forwarding SMEs. The F great value of 990.658 df (1,284) <0.01 indicates that the regression fits the results of the study; that is there was a statistically substantial variance between learning orientation and the performance of clearing and forwarding SMEs.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>63.506</td>
<td>1</td>
<td>63.506</td>
<td>990.658</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>18.206</td>
<td>284</td>
<td>.064</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>81.712</td>
<td>285</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Learning Orientation
b. Dependent Variable: SMEs’ Performance

Table 4.17 shows the regression coefficients for learning orientation and the performance of clearing and forwarding SMEs, and this is presented as:

\[ \text{SMEs’ Performance} = 0.222 + 0.955 \text{ Learning Orientation} + \varepsilon \]

The equation from the table indicates that learning orientation was a significant factor in SMEs’ performance as revealed by the p value of <0.01. Therefore, the relationship between the two variables is that, each unit increase in learning orientation results in a 95.5% increase in the performance of clearing and forwarding SMEs.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning Orientation</td>
<td>.955</td>
<td>.882</td>
<td>31.475</td>
<td>.000</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.222</td>
<td>.131</td>
<td>1.695</td>
<td>.091</td>
</tr>
</tbody>
</table>

a. Dependent Variable: SMEs’ Performance
4.5.4 Strategy Orientation and SMEs’ Performance Correlation Analysis

Table 4.18 indicates that entrepreneurial orientation was significant to the performance of clearing and forwarding SMEs ($r=693$, $p<0.1$). Market orientation was significant to the performance of clearing and forwarding SMEs ($r=691$, $p<0.1$). Learning orientation was significant to the performance of clearing and forwarding SMEs ($r=882$, $p<0.1$).

Table 4.18 Strategy Orientation and SMEs’ Performance Correlations

<table>
<thead>
<tr>
<th>SMEs’ Performance</th>
<th>Entrepreneurial Orientation</th>
<th>Market Orientation</th>
<th>Learning Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs’ Performance</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Entrepreneurial</td>
<td>.693**</td>
<td>1</td>
<td>.518**</td>
</tr>
<tr>
<td>Orientation</td>
<td>.000</td>
<td>.518**</td>
<td>1</td>
</tr>
<tr>
<td>Market</td>
<td>.691**</td>
<td>.653**</td>
<td>.658**</td>
</tr>
<tr>
<td>Orientation</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Learning</td>
<td>.882**</td>
<td>.653**</td>
<td>.658**</td>
</tr>
<tr>
<td>Orientation</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

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

4.5.5 Strategy Orientation and SMEs’ Performance Regression Analysis

Table 4.19 presents the adjusted R square as 0.815 meaning that strategy orientation factors (entrepreneurial orientation, market orientation and learning orientation) influenced the performance of clearing and forwarding SMEs by 81.5%, denoting that 18.5% would be explained by other factors.

Table 4.19 Model Summary: Strategy Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.904</td>
<td>.817</td>
<td>.815</td>
<td>.23045</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Entrepreneurial, Market and Learning Orientation

Table 4.20 is the analysis of variance (ANOVA) between strategy orientation factors (entrepreneurial orientation, market orientation and learning orientation) and the performance of clearing and forwarding SMEs. The F great value of 418.860 df (3,282)
<0.01 indicates that the regression fits the results of the study; that is there was a statistically substantial variance between strategy orientation factors (entrepreneurial orientation, market orientation and learning orientation) and the performance of clearing and forwarding SMEs.

Table 4.20 ANOVA: Strategy Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>66.736</td>
<td>3</td>
<td>22.245</td>
<td>418.860</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>14.977</td>
<td>282</td>
<td>.053</td>
<td>4.182</td>
<td>.503</td>
</tr>
<tr>
<td>Total</td>
<td>81.712</td>
<td>285</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Entrepreneurial, Market and Learning Orientation
b. Dependent Variable: SMEs’ Performance

Table 4.21 shows the regression coefficients for strategy orientation factors (entrepreneurial orientation, market orientation and learning orientation) and the performance of clearing and forwarding SMEs, and this is presented as:

\[
\text{SMEs’ Performance} = 0.015 + 0.153 \text{ Entrepreneurial Orientation} + 0.155 \text{ Market Orientation} + 0.709 \text{ Learning Orientation} + \varepsilon
\]

Table 4.21 Coefficients: Strategy Orientation and SMEs’ Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.015</td>
<td>.122</td>
<td>.120</td>
<td>.905</td>
</tr>
<tr>
<td>Entrepreneurial Orientation</td>
<td>.153</td>
<td>.029</td>
<td>.179</td>
<td>5.255</td>
</tr>
<tr>
<td>Market Orientation</td>
<td>.155</td>
<td>.032</td>
<td>.167</td>
<td>4.882</td>
</tr>
<tr>
<td>Learning Orientation</td>
<td>.709</td>
<td>.042</td>
<td>.655</td>
<td>16.910</td>
</tr>
</tbody>
</table>

a. Dependent Variable: SMEs’ Performance

The equation from the table indicates that entrepreneurial orientation was a significant factor in SMEs’ performance as revealed by the p value of <0.01 and the relationship between the two variables shows that, each unit increase in entrepreneurial orientation
results in a 15.3% increase in the performance of clearing and forwarding SMEs. Market orientation was a significant factor in SMEs’ performance as revealed by the p value of <0.01 and the relationship between the two variables shows that, each unit increase in market orientation results in a 15.5% increase in the performance of clearing and forwarding SMEs. Learning orientation was a significant factor in SMEs’ performance as revealed by the p value of <0.01 and the relationship between the two variables shows that, each unit increase in learning orientation results in a 70.9% increase in the performance of clearing and forwarding SMEs. This denotes that learning orientation is the most significant strategic factor in SMEs’ performance.

4.6 Chapter Summary

This section of the study has provided the results and findings for the specific objectives that sought to determine the influence of entrepreneurial orientation, examine the influence of market orientation, and determine the influence of learning orientation on the performance of SMEs in Kenya. The next chapter presents the study’s discussions, conclusions and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the discussions, conclusions and recommendations for the effect of strategy orientation on the performance of clearing and forwarding SMEs in Kenya. The chapter provides the summary, conclusions, and discussions for entrepreneurial orientation, market orientation and learning orientation on performance of the SMEs. The chapter will finally provide recommendations for improvement and further studies based on the findings of the study.

5.2 Summary
The general objective of the study was to examine the effect of strategy orientation on the performance of clearing and forwarding SMEs in Kenya. The specific objectives that guided the study were: to determine the influence of entrepreneurial orientation on the performance, to examine the influence of market orientation on the performance, and to determine the influence of learning orientation on the performance of SMEs in Kenya.

This study adopted the use of descriptive research design that enabled the study findings to be generalized. The study population consisted of all the 450 clearing and forwarding SMEs in Nairobi Kenya. The sample frame was obtained from KIFWA, the body responsible for monitoring these SMEs. The study applied a census sampling technique, thus, the sample size for the study were all the 450 clearing and forwarding SMEs in Nairobi Kenya. A questionnaire was developed by the researcher based on the specific objectives of the study for data collection and it was pilot tested using ten respondents. Data was analyzed using descriptive analysis such as percentages, means and standard deviations while inferential analysis involved correlation and regression analysis. The analysis was done by the use of Statistical Package for the Social Sciences (SPSS) version 24. The results were presented in the form of tables and figures.

The study findings indicated that managers of the SMEs identified opportunities for creating value for the firms through the integration of entrepreneurship and strategic thinking. Entrepreneurial orientation had contributed to the firms’ performance, innovativeness and competitive aggressiveness. Innovation in the firms had helped the organizations in earning a sustainable competitive advantage through proactiveness which
had enabled the firms in capturing opportunities better than competitors. Risk-taking had helped the firms to realize a niche market that each had specialized in and autonomy in the organizations had helped in overcoming slow decision-making problems, and competitive aggressiveness had provided the firms with the ability to compete unconventionally with competitors.

The study findings revealed that market orientation was a significant part of the firms’ culture and this had been formalized to exist in the firms’ rules and regulations. Market orientation had improved the firms’ market share and profitability as well as improve customer satisfaction and loyalty to the firms. The firms created superior value to their customers through sufficient understanding of their needs, thus developing appropriate service strategies that met customer needs and demands. These organizations gathered intelligence about their competitors with the aim of improving their service delivery. The firms had high degrees of co-operation between their different functions and departments which actually helped the firms to analyze and use information gained in their decision processes.

The study results showed that the firms had the tendency to create and apply knowledge within the organization known as learning orientation which had helped the firms in foreseeing environmental and market changes. The organizations actively encouraged employees and customers to give feedback and suggestions for improvements which had increased the firms’ ability to innovate. The firms had a common mental model of their future state that provided the basis for their actions and all members of the organizations worked and moved towards a desired agreed future. The firms evaluated their daily operations and they accepted new ideas easily, because they were always willing to question their current thinking and practices. Organizational knowledge transfer had improved the performance of the firms while enabling the organizations in generating new ideas for service development.

5.3 Discussion

5.3.1 Entrepreneurial Orientation and Small and Medium Enterprises’ Performance

Entrepreneurial orientation is a company’s ability to take on somewhat risky objectives in the context of decision-making styles, processes, practices and rules of innovation improvement, proactivity and propensity for risk-taking (Patel & D’Souza, 2009).
According to Dike, (2008), posited that entrepreneurial orientation is an organization’s strategic orientation that refers to detailed entrepreneurial aspects of policymaking styles, approaches and practices; it sums up the features of an entrepreneurial firm. The findings of the study indicated that the organizations measured performance using return on equity and return on investment. This was in agreement with the findings of Swierczek and Ha, (2013) where they noted that organizational performance is a measure of a company’s success in achieving its goals and quantitative performance measures are commonly used by large corporations such as financial outcomes like return on equity, return on assets or return on investment. Performance of the businesses was observed from the satisfaction of the managers and the businesses was observed from the development of the businesses. The findings concur with that of Pearce and Ensley, (2014) where they noted that performance of the company is defined as a firm’s ability to create action and acceptable results. Similarly, Benson, Saraph and Schroeder (2011) stated that the performance of the SMEs can be seen from the satisfaction of the manager on profit, turnover, and business development.

The organizations operated through a traditional path in terms of production and marketing. The managers of the firm identify opportunities for creating value for the firm and integrated entrepreneurship and strategic thinking. Most of the SMEs operate through production and marketing as they relate to performance of the organization. Entrepreneurial orientation has contributed to the firms’ performance and it has had contributed to the firms’ innovativeness. Jambulingam, Kathuria and Doucette, (2015) noted that entrepreneurial orientation is considered as a firm critical strategic posture that contributes to firm’s performance and that strategic attitude helps businesses to get an advantage from the opportunities.

The findings of the study indicated that entrepreneurial orientation had contributed to the firms’ competitive aggressiveness and innovation had helped the organization in earning a sustainable competitive advantage. This was supported by the findings of Sok, Snell, Lee and Sok, (2017) in which they noted that EO in the organization is represented by innovativeness, risk-taking, proactivity, autonomy and competitive aggressiveness. Proactivity had enabled the firms in capturing opportunities better than competitors. Risk-taking had helped the firms to realize a niche market that each had specialized. Autonomy in the organizations had helped in overcoming slow decision-making problems and
competitive aggressiveness provided the firm with the ability to compete unconventionally with its competitors.

The findings on the entrepreneurial orientation, innovativeness, proactivity, autonomy, and competitive aggressiveness was significant to the performance of clearing and forwarding SMEs. The results of the regression analysis indicated that entrepreneurial orientation influenced the performance of clearing and forwarding SMEs. A study conducted by Rauch et al. (2009) supports the results of the study that a significant positive relationship between entrepreneurial orientation and SMEs performance. The finding is supported by Hoque and Awang, (2019) they indicated that the relationship between entrepreneurial orientation (EO) and Bangladeshi small and medium enterprises (SMEs) performance. Based on the statistical results, EO and OC were significantly related to SME performance and OC was found to mediate the relationship between EO and SME performance. Similarly, Haider, Asad, and Fatima, (2017) investigated the degree of Entrepreneurial Orientation (EO) of twenty five manufacturing Small and Medium scale Enterprises (SMEs) in Hambantota District, Sri Lanka (HDSL) and the effects of EO dimensions including proactiveness, innovativeness, and risk taking to business performance. The findings showed about 52% of SMEs in HDSL represented moderate level of EO. Proactiveness, innovativeness, risk taking and overall EO were significantly correlated with market share growth. Results further indicated there were positive correlations among proactiveness and EO with business performance.

Aliyu, Rogo and Mahmood (2015), noted that the relationship between knowledge management, entrepreneurial orientation (EO) and business performance of small and medium enterprises (SMEs) in Nigeria. The major findings are in line with the finding which indicated that knowledge management and entrepreneurial orientation has a significant and positive relationship with business performance, and organizational culture is found to partially mediates the relationship between knowledge management, entrepreneurial orientation and business performance. The findings are supported by Adegbuyi, Oladele, Iyiola, Adegbuyi, Ogunnaik, Ibidunni, and Fadeyi, (2018) investigated the influence of entrepreneurial orientation and SMEs’ performance. A descriptive research design was adopted to gather information from registered SMEs as captured by Corporate Affairs Commission in Nigeria. The results from statistical analysis indicates a significant impact from all dimensions of entrepreneurial orientation,
such as business opportunity, inclusive innovation, dynamic operations, value adding activity, risk taking and innovative decisions have significant influence on SMEs performance.

5.3.2 Market Orientation and Small and Medium Enterprises’ Performance

Market orientation is an important internal influence and has been shown to have a positive relationship to performance of SMEs. Market orientation refers to the organization wide generation, dissemination, and responsiveness to market intelligence (Boso & Cadogan, 2013). Market orientation is viewed as a source of sustainable competitive advantage for an organization in that it helps to create superior value for customers. Therefore, stressing on market orientation can be expected to result in higher business performance for the SMEs. Many scholars found a positive link between the extent of market orientation and business performance. Raaij and Stoelhorst, (2016) opined that market orientation still has a positive impact on performance particularly small SMEs. The results of the study indicated that market orientation was a significant part of the firms’ and they have been formalized to exist for rules and regulations.

Market orientation had improved the firms’ market share and profitability and had improved customer satisfaction and loyalty to the firms. The firms created superior value to their customers through sufficient understanding of their needs and customer orientation had helped the firms in developing appropriate service strategies that met customer needs and demands. Langerak, Hultink and Robben, (2014) pointed that customer orientation is greatly important to make the firms effort to understand the market place and develop appropriate product and service strategies to meet customer needs and demands that interpret into performance The organizations had intelligence about their competitors and sought more information on how to improve their service delivery. The SMEs had high degrees of co-operation between their different functions and the inter-functional coordination helped the firms to analyze and use information gained in their decision process.

Market orientation, customer orientation and Competitor orientation was significant to the performance of clearing and forwarding SMEs. Inter-functional coordination was significant to the performance of clearing and forwarding SMEs. The results of regression showed that market orientation influenced the performance of clearing and forwarding
The findings are supported by Jaiyeoba (2014) who established a significant positive relationship between market orientation behaviors in service firms in Botswana and both the economic and non-economic performance. Similarly, Webster, Hammond and Rothwell (2014) investigated the market orientation effect on business performance of business schools. The finding from their study indicated a significant and positive relationship between market orientation and performance. Additionally, the study of Kelson (2014) reported a significant relationship between market orientation and business performance of twenty-four listed companies in Ghana. The findings of Hussain, Ismail, and Akhtar, (2015) examined the relationship between market orientation and its three dimensions with firm performance. The results indicate that market orientation as a construct has a significant relationship and influence on performance of SMEs. Multiple regression results indicate that all the three dimensions of market orientation have significant influence on performance.

The findings of Buli, (2017), indicated that the extent to which this market orientation contributes to the superior performance of manufacturing SMEs. The empirical result reveals that integrating entrepreneurial and market orientations into the operation of SMEs contributes to superior performance, which in turn enables them to thrive in institutionally complex and economically turbulent environments. Except for innovativeness, each dimension of entrepreneurial orientation along with market orientation has a positive influence on business performance of small businesses. The findings of Neneh, (2016) was in agreement in which they investigate the impact of MO on SME performance, as well as the moderating effects of the external environment on the MO-performance nexus. Specifically, the market orientation performance relationship is positively moderated by market turbulence and negative moderated by technological turbulence and competitive intensity.

Bamfo, and Kraa, (2019) their findings on the impact of market orientation on performance of small and medium enterprises (SMEs). The findings indicated that, market orientation variable of customer orientation positively and significantly predict performance; while competitor orientation positively predicts performance; however, not significant. Interventional orientation inversely and non-significantly impacts on performance of SMEs in Ghana. Innovation partially mediates between customer orientation and performance. Innovation fully mediates between inter-functional
orientations and performance whereas innovation has no mediation between competitor orientation and performance. Businesses, particularly SMEs are encouraged to adopt and embark on market orientation practices and implement innovative practices so as to maximize performance.

On the negative side, research has found no positive relationship between market orientations and SMEs performance. The empirical research of Suliyanto and Rahab (2012) in Banyumas Regency in Indonesia revealed that market orientations has no positive effect on SMEs performance. Another study in Malaysia found that one of the components of market orientations, inter-functional coordination, is not positively related to the performance of SMEs in the country (Murjan & Md Salleh, 2012). Another study found that none of the measured components of market orientations has direct and significant relationship with performance of organizations, including small and large organizations. Using specific measures of performance, research has found a negative relationship between market orientations and one or more measures of performance.

5.3.3 Learning Orientation and Small and Medium Enterprises’ Performance

Learning orientation is the method of obtaining, sharing, integrating, and creating information and knowledge among members of an organization. It comprises of obtaining, disseminating, incorporating and creating information and knowledge among members in the organizations, organizational learning revolves around staff training and the mechanisms for developing their knowledge and skills (Vij & Sharma, 2014). The findings of the study indicated that firms had the tendency to create and apply knowledge within the organization and learning orientation had helped the firms in foreseeing environmental and market changes. Chaveerug and Ussahawanitchakit, (2016) noted that learning orientation is the extent to which an organization acquires information, skills and knowledge necessary for creating value in an organization. The process of obtaining and disseminating the knowledge about customers, competitors and market changes to create new services that are superior as compared to competitors. The organizations actively encouraged employees and customers to give feedback and suggestions for improvements.

The findings of the study showed that learning orientation had increased the firms’ ability to innovate. As pointed by Ibrahim et al., (2017) they noted that learning orientation and
innovation is conducted on large firms, which have more of the resources needed for
innovation and can take on a larger degree of risk. The assertions of Keskin, (2012)
concurs where he indicated that commitment to innovation, and ability to offer and use
technology in innovations, SMEs committed to learning can increase its ability to
innovate, thus, being more capable of innovation as compared to its rivals (Pearce &
Ensley, 2014). The firms had a common mental model of their future state that provided
the basis for their actions and all members of the organizations worked and moved
towards a desired agreed future and evaluated their daily operations and they accepted
new ideas easily.

The firms were always willing to question their current thinking and practices as agreed
and organizational knowledge transfer had improved the performance of the firms.
Organizational knowledge transfer had enabled the organizations in generating new ideas
for service development and learning orientation was significant to the performance of
clearing and forwarding SMEs. Dixon (2012) opined that learning orientation is the key
component that supports knowledge productivity processes, which involves looking for
information, embracing it, developing and crafting new knowledge on products,
processes, and services. Organizations need competent people to learn, understand and
interpret new information from the market and changes from the external environment,
organization must also be able to create new knowledge faster than other competitors
(Ogbari, Ibidunni, Ogunnaike, Olokundun and Amaihan, 2018).

Rahaba (2012) showed in his/her research how firm innovativeness positively affects firm
performance; firm learning-orientation positively influences firm innovativeness; firm
market orientation positively impacts firm learning orientation; firm learning-orientation
mediates the relationship between firm market-orientation and firm innovativeness.
Suliyanto and Rahaba (2012) described contradiction relationship between market
orientation toward organizational performance and findings revealed that learning
orientation plays a mediating role in the relationship between market orientation and
innovativeness and also indicated that innovativeness has effect on business performance.
The results of Beneke, Blampied, Dewar, and Soriano, (2016) was in agreement in which
they investigated that the impact of market orientation and learning orientation on
organizational performance in the context of small- and medium-sized enterprises
(SMEs). The results revealed a significant relationship between market orientation and
organizational performance. However, in contrast to other studies in the developed world, this study found that learning orientation has neither a significant effect on organizational performance nor a moderating effect on the relationship between market orientation and organizational performance of SMEs.

The results of the study showed that commitment, shared vision, open-mindedness, organizational knowledge sharing was significant to the performance of clearing and forwarding SMEs. The results further showed that learning orientation influenced the performance of clearing and forwarding SMEs. Learning orientation was significant to the performance of clearing and forwarding SMEs meaning that strategy orientation factors influenced the performance of clearing and forwarding SMEs. The result is supported by Lestari, Ardianti, and Rachmawati, (2018) investigated the relationship between learning orientation, innovation, and firm performance. The results showed that both variables of learning orientation and innovation effect positively on firm performance. Additionally, learning orientation has positive effect innovation. This study has implication for SMEs aiming at increasing their firm performance based on learning orientation and innovation capability. Similarly, Beneke, Blampied, Dewar, and Soriano, (2016) on the impact of market orientation and learning orientation on organizational performance in the context of small- and medium-sized enterprises. The results revealed a significant relationship between learning orientation and organizational performance. However, in contrast to other studies in the developed world, this study found that learning orientation has neither a significant effect on organizational performance.

5.4 Conclusions
5.4.1 Entrepreneurial Orientation and Small and Medium Enterprises’ Performance
The study concludes that entrepreneurial orientation, innovativeness, proactivity, autonomy, and competitive aggressiveness was significant to the performance of clearing and forwarding SMEs. Entrepreneurial orientation had contributed to the firms’ competitive aggressiveness and innovation had helped the organization in earning a sustainable competitive advantage. Entrepreneurial orientation has contributed to the firms’ performance and it has had contributed to the firms’ innovativeness.
5.4.2 Market Orientation and Small and Medium Enterprises’ Performance
The conclusion of the study is that market orientation was significant to the performance of clearing and forwarding SMEs. Market orientation is an important internal influence and has been shown to have a positive relationship to performance of SMEs. Market orientation had improved the SMEs profitability and market share as well as improve customer satisfaction and loyalty to the firms. The SMEs have created superior value to their customers through sufficient understanding of their needs and customer orientation has helped the firms in developing appropriate service strategies that met customer needs and demands.

5.4.3 Learning Orientation and Small and Medium Enterprises’ Performance
The study concludes that commitment, shared vision, open-mindedness, organizational knowledge sharing was significant to the performance of clearing and forwarding SMEs. The SMEs had the tendency to create and apply knowledge within the organization and learning orientation have helped the firms in foreseeing environmental and market changes. The organizations actively encouraged employees and customers to give feedback and suggestions for improvements which had increased the firms’ ability for innovations. Organizational knowledge transfer had enabled the organizations in generating new ideas for service development and learning orientation was significant to the performance of clearing and forwarding SMEs.

5.5 Recommendations
5.5.1 Recommendations for Improvement
5.5.1.1 Entrepreneurial Orientation and SMEs’ Performance
The study recommends that management of the SMEs should adopt entrepreneurial orientation which ensures fewer chances failures. They should further adopt five dimensions that are innovativeness, proactivity, risk-taking, autonomy and competitive aggressiveness this should increase their performance. The study recommends the SME owners of Nairobi’s clearing and forwarding firms to ensure that entrepreneurial orientation is part of their culture.

5.5.1.2 Market Orientation and Small and Medium Enterprises’ Performance
The study recommends the improvement of performance of small and medium enterprises (SMEs) through an increase in the degree of market orientation by gathering customer
and competitor information as well as ensuring a sound coordination among functions; as market orientation to performance relationship is supported it can be a source of competitive advantage to improve performance of SMEs.

5.5.1.3 Learning Orientation and Small and Medium Enterprises’ Performance
The study recommends that SMEs should obtain, share, integrate, and create information and knowledge among employees. Managers of SMEs should invest more in innovations through having new technologies and utilization of the available technologies. The SMEs should adopt learning orientation to ensure that they are consistently search for new and better ways of carrying out their business, thus ensuring that they are always ahead of their competitors.

5.5.2 Recommendations for Further research.
This study focused on all 450 clearing and forwarding SMEs that operated in Nairobi County, thus there is need for similar studies to be carried out on other SMEs that operate in other counties to identify similarities and differences between these SMEs. The study also focused on the influence of entrepreneurial orientation, market orientation and learning orientation, thus more research should be conducted on other factors such as technology orientation and its influence on SMEs’ performance.
REFERENCES


APPENDICES
APPENDIX I: RESEARCH COVER LETTER

Kamau Dickson Kimani,
United States International University – Africa,
P.O. Box 14634 – 00800,
Nairobi – Kenya.


Dear Respondent,

RE: REQUEST TO PARTICIPATE IN THIS RESEARCH.

I am a student at the United States International University - Africa pursuing a Master’s Degree Programme. As a requirement for my degree, I am required to conduct a study on the effect of strategy orientation on the performance of clearing and forwarding SMEs in Kenya.

Please note that the information you will provide will be protected by the principle of confidentiality and shall be used for academic purposes only. Your participation is very imperative for the accomplishment of this study and it will be highly appreciated. Should you have any questions or concerns with regards to the questionnaire, please do not hesitate to contact me.

Thank you for your cooperation and time.

Yours Sincerely,
Kamau Dickson Kimani.
APPENDIX II: RESEARCH QUESTIONNAIRE

This questionnaire has been created to enable the researcher to undertake a study on the effect of strategy orientation on the performance of clearing and forwarding SMEs in Kenya. Kindly take your time and fill the questionnaire as required.

Part A: General Information

1. Please indicate your gender.
   Male [ ] Female [ ]

2. Please indicate your level of education.
   Diploma [ ] Degree [ ] Master’s Degree [ ] Doctorate [ ]
   PhD [ ] Other [ ] Specify _______________________________

3. How long have you been working in the industry?
   1-5 years [ ] 6-10 years [ ] 11-15 years [ ] 15-20 years [ ]
   21 years and above [ ]

4. Kindly indicate your position in the organization.
   Senior management level [ ] Middle management level [ ]
   Lower management [ ] Regular staff [ ]

5. How has the organization applied strategy orientation within its system and processes?
   Very Ineffectively [ ] Ineffectively [ ] Neutral [ ] Effectively [ ]
   Very Effectively [ ]

6. How effective is the organization in terms of utilizing strategy orientation?
   Very Ineffectively [ ] Ineffectively [ ] Neutral [ ] Effectively [ ]
   Very Effectively [ ]
Part B: Entrepreneurial Orientation and Small and Medium Enterprises’ Performance

7. Please rate the following statement about SMEs’ performance as appertains to your organization using the scale SD-Strongly Disagree, D-Disagree, N-Neutral, A-Agree and SA-Strongly Agree.

<table>
<thead>
<tr>
<th>_statement</th>
<th>SD</th>
<th>D</th>
<th>N</th>
<th>A</th>
<th>SA</th>
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<tbody>
<tr>
<td>The organization measures performance using its return on equity (ROE)</td>
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<td>The organization measures performance using return on investment (ROI)</td>
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<td>The organization measures performance using profitability of the company</td>
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<td>Performance of the business is observed from the satisfaction of the owners/managers</td>
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<td>Performance of the business is observed from the development of the business</td>
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<td>The organization operates through a traditional path in terms of production and marketing</td>
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8. Please rate the following statement about entrepreneurial orientation and SMEs’ performance as appertains to your organization using the scale SD-Strongly Disagree, D-Disagree, N-Neutral, A-Agree and SA-Strongly Agree.

<table>
<thead>
<tr>
<th></th>
<th>SD</th>
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<tr>
<td>The owners/managers of the firm identify opportunities for creating value for the firm</td>
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<td>The firm integrates entrepreneurship and strategic thinking</td>
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<td>Entrepreneurial orientation has contributed to the firm’s performance</td>
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<tr>
<td>Entrepreneurial orientation has contributed to the firm’s innovativeness</td>
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<td>Entrepreneurial orientation has contributed to the firm’s competitive aggressiveness</td>
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<td>Innovation has helped the organization in earning a sustainable competitive advantage</td>
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<td>Proactivity has enabled the firm in capturing opportunities better than competitors</td>
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<td>Risk-taking has helped the firm to realize a niche market that it has specialized in</td>
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<td>Autonomy of the organization in overcoming slow decision-making problems</td>
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<td>Competitive aggressiveness provides the firm with the ability to compete unconventionally with its competitors</td>
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Part C: Market Orientation and Small and Medium Enterprises’ Performance

9. Please rate the following statement about market orientation and SMEs’ performance as appertains to your organization using the scale SD-Strongly Disagree, D-Disagree, N-Neutral, A-Agree and SA-Strongly Agree.

<table>
<thead>
<tr>
<th>Statement</th>
<th>SD</th>
<th>D</th>
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<tr>
<td>Market orientation is a significant part of the firms’ culture</td>
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<td>Market orientation in the firm has been formalized to exist in the firm’s rules and regulations</td>
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<td>Market orientation has improved the firms’ market share and profitability</td>
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<td>Market orientation has improved customer satisfaction and loyalty to the firm</td>
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<td>The firm creates superior value to its customers through sufficient understanding of their needs</td>
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<td>Customer orientation has helped the firm in developing appropriate service strategies that meet customer needs and demands</td>
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<td>The organization has intelligence (information about their strengths, weaknesses and capabilities) about its competitors</td>
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<td>The organization seeks intelligence about its competitors in order to improve its service delivery</td>
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<td>The firm has a high degree of co-operation between its different functions/departments</td>
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<td>Inter-functional coordination helps the firm to analyze and use information gained in its decision process</td>
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Part D: Learning Orientation and Small and Medium Enterprises’ Performance

10. Please rate the following statement about learning orientation and SMEs’ performance as appertains to your organization using the scale SD-Strongly Disagree, D-Disagree, N-Neutral, A-Agree and SA-Strongly Agree.

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<td>The firm has the tendency to create and apply knowledge within the organization</td>
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<td>Learning orientation has helped the firm in foreseeing environmental and market changes</td>
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<td>The organization actively encourages employees and customers to give feedback and suggestions for improvements</td>
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<td>Learning orientation has increased the firms’ ability to innovate</td>
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<td>The firm has a common mental model of its future state that provides the basis for its actions</td>
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<td>All members of the organization work and move towards a desired agreed future</td>
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<td>The firm evaluates its daily operations and the accepts new ideas easily</td>
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<td>The firm is always willing to question its current thinking and practices</td>
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<td>Organizational knowledge transfer has improved the performance of the firm</td>
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<td>Organizational knowledge transfer has enabled the organization in generating new ideas for service development</td>
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THE END
APPENDIX III: RESEARCH AUTHORISATION.

NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION

Ref. No. NACOSTI/P/19/14136/28957

Dickson Kimani Kamau
United States International University
P.O. Box 14634 – 00800
NAIROBI

Date: 24th July, 2019

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Effect of strategy orientation on the performance of clearing and forwarding Small and Medium Enterprises in Kenya” I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending 23rd July, 2020.

You are advised to report to the County Commissioner and the County Director of Education, Nairobi County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.
THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

The Grant of Research Licenses is guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014.

CONDITIONS

1. The License is valid for the proposed research, location and specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before commencement of the research.
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
5. The Licensee does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.

National Commission for Science, Technology and Innovation
P.O. Box 30623 - 00100, Nairobi, Kenya
TEL: 020 400 7600, 0713 788787, 0735 4904245
Email: dsg@nacostii.go.ke, registry@nacostii.go.ke
Website: www.nacostii.go.ke

Serial No. A 25963

CONDITIONS: see back page

THIS IS TO CERTIFY THAT:
MR. DICKSON KIMANI KAMAU
of UNITED STATES INTERNATIONAL UNIVERSITY, 63932-200 Nairobi, has been permitted to conduct research in Nairobi County

on the topic: EFFECT OF STRATEGY ORIENTATION ON THE PERFORMANCE OF CLEARING AND FORWARDING SMALL AND MEDIUM ENTERPRISES IN KENYA.

for the period ending:
23rd July, 2020

Signature

[Signature]

Permit No.: NACOSTI/P/19/14136/28957
Date Of Issue: 24th July, 2019
Fee Received: Ksh 1000

Director General
National Commission for Science, Technology & Innovation

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