

# Influence of Strategic Market Orientation Capabilities on Performance of Mobile Telecommunication Firms in Kenya

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## ABSTRACT:

**Purpose:** This study sought to examine the influence of strategic market orientation capabilities on performance of mobile telecommunication firms in Kenya.

**Methodology:** The target population consisted of four hundred and sixty two (462) mobile telecommunication employees presented in the following sub-groups: four (4) chief executive officers (CEO<sub>s</sub>), thirty one (31) directors (DIR<sub>s</sub>), fifty nine (59) regional managers (RM<sub>s</sub>) and one hundred, eighty four (184) shop managers (SHM<sub>s</sub>) and one hundred and eighty four (184) customer service representatives (CSR<sub>s</sub>). The study used a sample size of 210 respondents. Stratified random sampling technique was used to select the sample within each of the five sub-groups to ensure objectivity. The study used survey design in the collection of data which were administered through use self-administered questionnaires to collect data and was analyzed using descriptive statistics.

**Results:** The study found that customer-linking capabilities, market sensing capabilities, knowledge management capabilities and inter-functional coordination capabilities have a positive and a significant effect on performance of mobile telecommunication firms.

**Unique contribution to theory, practice and policy:** The findings help the mobile phone companies to refine the order of the effects that ultimately results in corporate profitability, thereby providing a strong indication that it may be difficult to track the extent to which market orientation contributes to the profitability and that effects should be tracked and measured on other dimensions such as rate of innovation and customer satisfaction.

**Key words:** Strategic market orientation capabilities, performance customer-linking capabilities, market sensing capabilities, knowledge management capabilities and inter-functional coordination capabilities

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## I. INTRODUCTION

### 1.1 Background of the Study

Market orientation is a strategy or capability in business environment which is both a marketing concept and management concept through a managerial decision-making practice with a commitment shared within the organization (Saini & Mokolobate, 2011). Strategic market orientation capability is a means of obtaining a competitive advantage in the market through efficient use of organizational resources.

Market orientation capabilities helps to build up capabilities the firm may use to differentiate itself in the market in order to achieve customer satisfaction (Dubihlela, 2013). Market orientation is a driver of an organization performance which cannot be denied regardless of culture and market due to the strong relationship between the two constructs (Hinson & Mahmoud, 2011; Ramayah, Samat & Lo, 2011; Zebal & Goodwin, 2012; Dubihlela, 2013). Top management should disseminate effectively the market oriented capabilities across the organizational levels and to all members for sustainable competitive advantage and superior performance (Theodosiou, Kehagias & Katsikea, 2012).

An organization may adopt market orientation capabilities to accomplish its strategic objectives (Zhou & Li, 2010; Awwad & Agti, 2011; Raju, Lonial & crun, 2011; Dubihlela, 2013). Devising an effective strategic market orientation capability is the objective of any firm that ensures enhanced responsiveness for the dynamic business environment, creating superior value for customers and attaining superior performance (Mamat & Ismail, 2011). A firm's survival depends on maintaining market oriented capabilities (Attia, 2013). Strategic management researchers (Suliyanto & Rahab, 2012) and marketing researchers (Kumar, Subramanian, Strandholm, 2011; Smirnova, 2011; Theodosiou, Kehagias & Katsikie, 2012) argue that market orientation (MO) provides firms with a source of competitive advantage. However, managers have been facing challenges on how to implement MO as part of their strategies due to lack of parsimonious measure of market orientation capabilities which managers can use to identify organization shortcomings (Liu, 2012).

A firm cannot develop a market orientation capability without each employee actively understanding and adopting market orientation capabilities through gathering information and sharing with others (Budapest, 2013). To deal with challenges in the organization, adoption of a suitable strategic business approach such as market orientation capabilities approach is appropriate as it focuses on understanding customers conflicting desires and needs, staying up to date with competitors' activities and revising organizational policies and procedures (Köhler, Sofka, & Grimpe, 2012). A firm's market orientation capability depends upon expectations and obligations of market oriented behaviors of its management and employees. A firm will not survive unless it maintains a market oriented culture (Attia, 2013). Firms that are market oriented are well informed about the market in which they operate and have the ability to use this information advantage to create value for their target customers. At the firm level, a market oriented firm is presumed to have superior market sensing and customer-linking capabilities that lead to superior firm performance than less market oriented firms (Agrawal, 2012), knowledge management capabilities and inter-functional co-ordination (Foley & Fahy, 2009). These are characteristics of market orientation set by dynamic capabilities that explain why market oriented behaviors lead to competitive advantage. Developing dynamic capabilities helps Bridge the gap between market orientation and resource focused strategies. Firms should ensure cross-functional coordination of their sensing data to be able to strengthen their seizing capability and market sensing activities (Mahmoud & Yusif, 2012). Market orientation has attracted attention in the literature through the ability to construct useful market oriented actions to managers (Zhang & Duan, 2010) and this is related to performance.

### **1.2 Statement of the Problem**

A firm cannot develop a market orientation capability without each employee actively understanding and adopting market orientation capabilities through gathering information and sharing with others (Budapest, 2013). To deal with challenges in the organization, adoption of a suitable strategic business approach such as market orientation capabilities approach is appropriate as it focuses on understanding customers conflicting desires and needs, staying up to date with competitors' activities and revising organizational policies and procedures (Köhler, Sofka, & Grimpe, 2012). A firm's market orientation capability depends upon expectations and obligations of market oriented behaviors of its management and employees. Firms that are market oriented are well informed about the market in which they operate and have the ability to use this information advantage to create value for their target customers (Attia, 2013). Nevertheless market orientation has become a central construct in the marketing literature in the past two decades (Kumar et al., 2011, Smirnova et al., 2011; Theodosiou, Kehagias & Katsikie, 2012) but market orientation literature has been an orphan originating in the marketing literature but clearly borrowed from management and strategy domains and this demonstrates the strategic actions of an organization (Zebal & Goodwin, 2012). Market orientation as a driver of organization performance cannot be denied regardless of culture and market due to the strong relationship between the two constructs (Hinson & Mahmoud, 2011; Ramayah, Samat & Lo, 2011; Zebal & Goodwin, 2012; Dubihlela, 2013).

Devising an effective market orientation capability is the objective of any firm that searches to enhance the responsiveness for the dynamic business environment, creating superior value for customers and attaining the superior performance. A firm survival depends on maintaining market oriented capabilities (Attia, 2013). Top management should disseminate effectively the market oriented capabilities across the organizational levels and to all members for sustainable competitive advantage and superior performance (Theodosiou et al., 2012). Organization should engage in market orientation to accomplish its strategic objectives (Zhou & Li, 2010; Awwad & Agti, 2011; Raju, Lonial & crun, 2011; Dubihlela, 2013).

Strategic management researchers, (Suliyanto & Rahab, 2012) and marketing researchers, (Kumar et al., 2011, Smirnova et al., 2011; Theodosiou, Kehagias & Katsikie, 2012) argue that market orientation capabilities provides firms with a source of competitive advantage whilst the literature on market orientation capabilities offers a theoretical approach; there is lack of a clear model of how to implement these market orientation capabilities in practice. Drawing on the theoretical approach perspective, the study sought to determine the influence of strategic market orientation capabilities on performance of mobile telecommunication firms in Kenya by looking at their differences in performance yet all mobile telecommunication firms adopts a strategic market orientation capability.

### **1.3 Objectives of the Study**

This study examined the influence of strategic market orientation capabilities on performance of mobile telecommunication firms in Kenya. Specifically this study sought to:

- i. Determine whether inter-functional coordination capabilities influences performance of mobile telecommunication firms in Kenya.
- ii. Establish whether knowledge management capabilities influences performance of mobile telecommunication firms in Kenya.
- iii. Determine whether market sensing capabilities influences performance of mobile telecommunication firms in Kenya.

- iv. Determine whether customer-linking capabilities influences performance of mobile telecommunication firms in Kenya.

## II. LITERATURE REVIEW

### 2.1 Empirical Studies

Empirical evidence on the relationship between market orientation and organization performance appears to be mixed, some researchers found a positive association while others negative association between market orientation and firm performance. There has been a growing attempt to investigate market orientation capabilities in a huge variety of industries for example banking industry (Wallace & De Chernatony, 2011; Hamidizadech et al., 2011; Missaoui&Saidi, 2014), the health sector (Mutongoreni&Jagero, 2014; Buzzo&Mendonco, 2013), the higher education sector (Asaad et al., 2014; Abu Bakarn et al., 2014), high technology firms (Neyenbrg, 2010; Liu et al., 2011), manufacturing sector (Kohler et al., 2012; Agrawal, 2012; Ellonen et al., 2009), the retail industry (Pantano, 2014), tourism industry (Bagheri et al., 2013) and telecommunication industry (Alanazi, 2014).

Asikhia (2011) on his study on the relationship between market orientation and firm performance in Nigeria, he hypothesized customer orientation and competitor orientation while subduing inter-functional coordination. The findings from the study showed a positive correlation between customer orientation and competitor orientation which implies that firms are more customer conscious. The findings also strengthened the link between market orientation and firm performance as indicated by earlier researches on US (Narver& Slater, 1990).

Mahmaid (2010) investigated the influence of market orientation on performance of Ghanaian SMES. The findings indicated that market orientation rests on attitude of owners/managers. The findings also showed that market orientation leads to superior performance under ceaseless competitive conditions. He used survey design to collect data from 191 firms.

Akomea (2011) researched on the relationship between market orientation and performance in Ghana pharmaceutical industry. The findings indicated a positive relationship between market orientation and performance of firms in pharmaceutical industry. The findings indicated a significant positive relationship between market orientation and performance of firms in the pharmaceutical industry and that the practice of market orientation in the various categories of the sectors differs with organization commitments of the firms

## III. RESEARCH METHODOLOGY

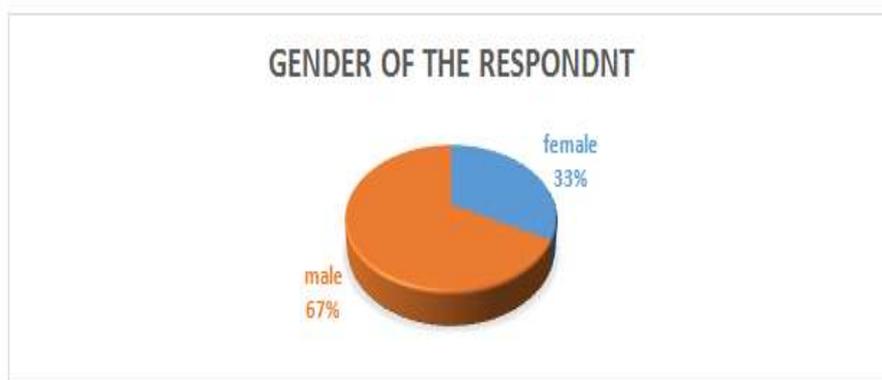
The target population consisted of four hundred and sixty two (462) mobile telecommunication employees presented in the following sub-groups: four (4) chief executive officers (CEO<sub>s</sub>), thirty one (31) directors (DIR<sub>s</sub>), fifty nine (59) regional managers (RM<sub>s</sub>) and one hundred, eighty four (184) shop managers (SHM<sub>s</sub>) and one hundred and eighty four (184) customers service representatives (CSR<sub>s</sub>).The study used a sample size of 210 respondents. Stratified random sampling technique was used to select the sample within each of the five sub-groups to ensure objectivity. The study used survey design in the collection of data which were administered through use self-administered questionnaires to collect data and was analyzed using descriptive statistics.

## IV. RESULTS AND DISCUSSIONS

### 4.1 Demographic Profile

#### 4.1.1 Gender of the Respondent

The respondents were asked to indicate their gender. The results are shown in figure 4.5.

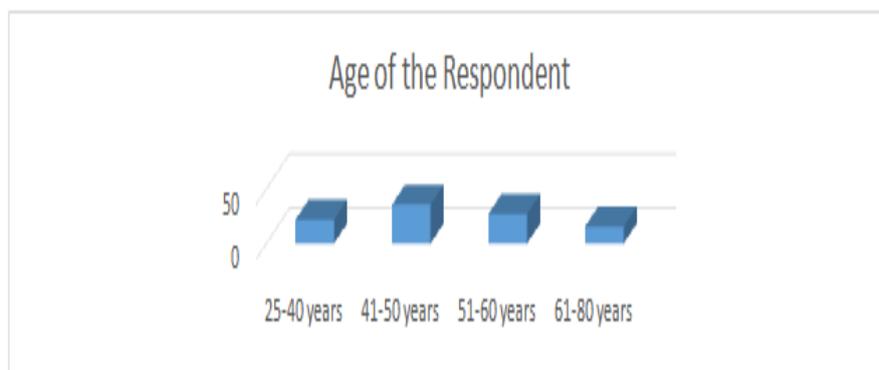


**Figure 1: Gender of the Respondent**

The results in figure 1 revealed that majority of the respondents of the telecommunication companies (67%) were male while (33%) of the respondents of the telecommunication companies were female. This implies that most employees of mobile telecommunication companies in Kenya are men.

#### 4.1.2 Age of the Respondent

The respondents were asked to indicate their age. The results are shown in figure 2.



**Figure 2: Age of the Respondent**

The results in figure 2 revealed that majority of the respondents of the telecommunication companies (35.6%) were of age 41-50 years while (27.2%) of the respondents were of age 51- 60 years. The results also revealed that (21.7%) of the respondents of the telecommunication companies were of age 25-40 years while (15.6%) of the respondents were of age 61-80 years.

#### 4.2 Descriptive

##### 4.2.1 Inter-functional Co-ordination capability and firm performance

**Table 1: Inter-functional Co-ordination capability and firm performance**

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
Co-ordination is done well among different departments to solve customer problems.	9.44%	10.00%	10.00%	47.22%	23.33%	3.65	1.21
Horizontal integration has affected the general co-ordination in the firm.	8.89%	10.56%	15.00%	38.33%	27.22%	3.64	1.24
Inter-coordination has encouraged flexibility in employee operations.	10.56%	11.67%	11.67%	37.78%	28.33%	3.62	1.3
Inter-departmental co-ordination has enhanced relationship with customers.	6.67%	11.11%	10.56%	43.33%	28.33%	3.76	1.18
Co-ordination has ensured learning on different cores on the firm.	11.67%	9.44%	9.44%	42.22%	27.22%	3.64	1.29
Inter-departmental co-ordination has made decisions that affect the relations with customer easy.	10.00%	11.11%	12.78%	38.33%	27.78%	3.63	1.27
The structure of the firm allows co-ordination among the departments.	10.00%	9.44%	12.22%	41.11%	27.22%	3.66	1.25
Inter-departmental co-ordination has ensured harmonized customer activities.	11.67%	10.00%	12.78%	41.11%	24.44%	3.57	1.28

Inter-departmental co-ordination has ensured improved performance of the firm.	11.67%	10.00%	12.22%	40.56%	25.56%	3.58	1.29
<b>Average</b>						<b>3.64</b>	<b>1.26</b>

The results in table 1 revealed that majority of the respondents (70.55%) agreed with the statement that co-ordination is done well among different departments to solve customer problems. The results also revealed that majority of the respondents (65.55%) agreed with the statement that horizontal integration has affected the general co-ordination in the firm. The results also showed that majority of the respondents (61.11%) agreed with the statement that inter-coordination has encouraged flexibility in employee operations. The results further, revealed that majority of the respondents (71.66%) agreed with the statement that inter-departmental co-ordination has enhanced relationship with customers. The results further, revealed that majority of the respondents (69.44%) agreed with the statement that co-ordination has ensured learning on different cores on the firm. The results revealed that majority of the respondents (66.11%) agreed with the statement that inter-departmental co-ordination has made decisions that affect the relations with customer easy. The results showed that majority of the respondents (68.33%) agreed with the statement that the structure of their firm allows co-ordination among the departments. Furthermore, the results indicated that majority of the respondents (65.55%) agreed with the statement that inter-departmental co-ordination has ensured harmonized customer activities. In addition, the results indicated that majority of the respondents (66.12%) agreed with the statement that inter-departmental co-ordination has ensured improved performance of the firm.

On a five point scale, the average mean of the responses was 3.64 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 1.26.

#### 4.2.2 Knowledge Management Capability and firm performance

**Table 2: Knowledge management capability and firm performance**

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std.Dev.
Management has effective routines responsiveness to any new information on the products	10.00%	11.11%	13.33%	38.33%	27.22%	3.62	1.27
Management successfully integrates existing knowledge with new information and knowledge acquired	11.11%	10.00%	11.67%	41.11%	26.11%	3.61	1.28
Employees have the ability to structure activities and use collected knowledge	11.11%	11.11%	9.44%	40.00%	28.33%	3.63	1.3
Employees successfully link existing knowledge with new insights	10.00%	9.44%	6.67%	41.11%	32.78%	3.77	1.28
Management has effective ways of exploiting internal and external information and knowledge into processes, products or services	11.11%	9.44%	12.78%	37.78%	28.89%	3.64	1.29
Management works more effectively by adapting new knowledge and information	10.00%	10.56%	9.44%	38.89%	31.11%	3.71	1.28
Management is able to deal with sensitive information that is beyond the industry.	7.22%	8.33%	16.67%	39.44%	28.33%	3.73	1.17
The firm management searches for relevant information	10.56%	6.67%	14.44%	39.44%	28.89%	3.69	1.25

concerning the industry to generate market intelligence							
<b>Average</b>						<b>3.68</b>	<b>1.27</b>

The results in table 2 revealed that majority of the respondents (65.55%) agreed with the statement that their management has effective routines responsiveness to any new information on the products. The results further, revealed that majority of the respondents (67.22%) agreed with the statement that their management successfully integrates existing knowledge with new information and knowledge acquired. The results further revealed that majority of the respondents (68.33%) agreed with the statement that employees had the ability to structure activities and use collected knowledge. The results also revealed that majority of the respondents (73.89%) agreed with the statement that employees successfully link existing knowledge with new insights. The results also revealed that majority of the respondents (66.67%) agreed with the statement that their management has effective ways of exploiting internal and external information and knowledge into processes, products or services. The results also revealed that majority of the respondents (70.00%) agreed with the statement that their management works more effectively by adapting new knowledge and information. The results also revealed that majority of the respondents (67.77%) agreed with the statement that their management is able to deal with sensitive information that is beyond the industry. Furthermore, the results revealed that majority of the respondents (68.33%) agreed with the statement that their firm management search for relevant information concerning the industry to generate market intelligence.

On a five point scale, the average mean of the responses was 3.68 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 1.27.

#### 4.2.3 Market sensing capability and firm performance

**Table 3:Market sensing capability and firm performance**

	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly agree</b>	<b>Mean</b>	<b>Std.Dev.</b>
Employee learning helps acquire new skills.	9.44%	11.11%	11.11%	38.33%	30.00%	3.68	1.27
The firm management ensures frequent upgrade of the system.	8.33%	11.11%	6.11%	43.89%	30.56%	3.77	1.23
The communication channel from the CEO to the CSR has been adopted.	9.44%	8.89%	11.11%	38.89%	31.67%	3.74	1.26
There is adoption of marketing information that enables the firm to maintain relationship with customers.	12.22%	8.33%	12.22%	34.44%	32.78%	3.67	1.34
Market research is carried out to ascertain the needs of customers.	8.89%	7.78%	13.33%	42.78%	27.22%	3.72	1.2
There are flexible structures that make the firm to respond to market orientation better than competitors.	7.22%	9.44%	11.67%	41.11%	30.56%	3.78	1.19
The firm is sensitive to competitors through adopting fair competition	7.78%	9.44%	12.78%	41.11%	28.89%	3.74	1.2
Employees are trained frequently.	7.22%	7.22%	11.11%	43.33%	31.11%	3.84	1.16
<b>Average</b>						<b>3.74</b>	<b>1.23</b>

The results in table 4 revealed that majority of the respondents (68.33%) agreed with the statement that employee learning helps them to acquire new skills. The results, further, reveal that majority of the respondents (74.45%) agreed with the statement that the firm management ensures frequent upgrade of the system. The

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results, also revealed that majority of the respondents (70.56%) agreed with the statement that the communication channel from the CEO to the CSR has been adopted. The results, also showed that majority of the respondents (67.22%) agreed with the statement that there is adoption of marketing information that enables the firm to maintain relationship with customers. The results also revealed that majority of the respondents (70.00%) agreed with the statement that market research is carried out to ascertain the needs of customers. The results also revealed that majority of the respondents (71.67%) agreed with the statement that there are flexible structures that make their firm to respond to market orientation better than competitors. The results revealed that majority of the respondents (70.00%) agreed with the statement that the firm is sensitive to competitors through adopting fair competition. In addition, majority of the respondents (74.44%) agreed with the statement that employees are trained frequently in their organization.

On a five point scale, the average mean of the responses was 3.74 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 1.23.

**4.2.4 Customer-Linking capability and firm performance**

**Table 4: Customer-Linking capability and firm performance**

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
Information gathering about customers' needs is carried out.	13.33%	10.56%	16.11%	36.67%	23.33%	3.46	1.32
The buying process of customers is considered by the firm.	11.67%	12.78%	12.22%	40.56%	22.78%	3.5	1.29
Customers are consulted to improve quality of services.	11.11%	11.67%	9.44%	40.56%	27.22%	3.61	1.3
Customers complain are handled well.	11.11%	10.56%	8.33%	37.22%	32.78%	3.7	1.32
Customers are involved in decisions that affect relationship with the firm.	10.56%	9.44%	11.67%	41.67%	26.67%	3.64	1.26
Ways of offering value to customers are determined.	7.22%	9.44%	16.67%	39.44%	27.22%	3.7	1.18
Customers are treated as partners in the business.	12.78%	11.11%	13.89%	35.00%	27.22%	3.53	1.34
<b>Average</b>						<b>3.59</b>	<b>1.29</b>

The results in table 4 revealed that majority of the respondents (60.00%) agreed with the statement that information gathering about customers' needs is carried out in their organization. The results also revealed that majority of the respondents (63.34%) agreed with the statement that the buying process of customers is considered by the firm. Furthermore, the results revealed that majority of the respondents (67.78%) agreed with the statement that customers are consulted to improve quality of services in their firm. The results also showed that majority of the respondents (70.00%) agreed with the statement that customers complain are handled well in their organization. The results further, revealed that that majority of the respondents (68.34%) agreed with the statement that customers are involved in decisions that affect relationship with the firm. The results further, revealed that majority of the respondents (66.66%) agreed with the statement that ways of offering value to customers are determined. In addition, the results revealed that majority of the respondents (62.22%) agreed with the statement that customers are treated as partners in the business in their organization.

On a five point scale, the average mean of the responses was 3.59 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 1.29.

**4.2.5 Firm Performance**

**Table 5: Firm Performance**

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std Dev
The firm has developed ways of grasping	5.56%	15.56%	15.00%	44.44%	19.44%	3.57	1.13

opportunities.							
The firm has increased on product differentiation.	9.44%	12.78%	9.44%	51.67%	16.67%	3.53	1.19
The firm sales ratio has increased.	7.22%	12.22%	13.33%	40.00%	27.22%	3.68	1.20
Information generation and dissemination has been effective.	7.22%	11.11%	13.89%	40.00%	27.78%	3.70	1.20
The firm growth has been accelerated by partnership with the government.	7.78%	13.33%	9.44%	40.56%	28.89%	3.69	1.24
The firm has expanded across the country.	9.44%	13.33%	14.44%	33.33%	29.44%	3.60	1.29
The firm pre-tax profit has gone up	10.56%	12.22%	13.33%	36.67%	27.22%	3.58	1.29
The firm ratio of input to output has increased.	8.33%	16.67%	17.22%	35.56%	22.22%	3.47	1.24
The firm's departmental coordination has reduced the operational cost.	10.56%	11.11%	11.11%	41.11%	26.11%	3.61	1.27
<b>Average</b>						<b>3.60</b>	<b>1.23</b>

The results in table 5 revealed that majority of the respondents (63.88%) agreed with the statement that their firm has developed ways of grasping opportunities. The results in the table also revealed that majority of the respondents (68.34%) agreed with the statement that their firm has increased on product differentiation. The results also revealed that majority of the respondents (67.22%) agreed with the statement that their firm sales ratio has increased. The results further, revealed that majority of the respondents (67.78%) agreed with the statement that information generation and dissemination has been effective. The results revealed that majority of the respondents (69.45%) agreed with the statement that the firm growth has been accelerated by partnership with the government. The results also showed that majority of the respondents (62.77%) agreed with the statement that their firm has expanded across the country. The results also indicated that majority of the respondents (63.89%) agreed with the statement that the firm pre-tax profit has gone up. Furthermore, the results showed that majority of the respondents (57.78%) agreed with the statement that their firm ratio of input to output has increased. In addition, the results revealed that majority of the respondents (67.22%) agreed with the statement that their firm's departmental coordination has reduced the operational cost. On a five point scale, the average mean of the responses was 3.60 which mean that majority of the respondents were agreeing with most of the statements; however the answers were varied as shown by a standard deviation of 1.23.

### 4.3 Correlation Analysis

**Table 6: Correlational Analysis**

		Average performance	Average customer link	Average market sensing	Average knowledge management	Average inter-function
Average performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Average customer link capabilities	Pearson Correlation	.702**	1			
	Sig. (2-tailed)	0				
Average inter-function capabilities	Pearson Correlation	.659**	.424*	1		
	Sig. (2-tailed)	0.003	0.019			
Average knowledge management capabilities	Pearson Correlation	.609**	.586**	0.591	1	
	Sig. (2-tailed)	0.000	0.000	0.138		
Average inter-function capabilities	Pearson Correlation	.694**	.680**	0.635	.673**	1

	Sig. (2-tailed)	0.000	0.000	0.007	0	
** Correlation is significant at the 0.01 level (2-tailed).						
* Correlation is significant at the 0.05 level (2-tailed).						

The results revealed that there was a positive and significant association between customer linking capabilities and performance ( $r = 0.702, p = 0.003$ ). The table further indicated that average market sensing capabilities and average performance are positively and significantly related ( $r=0.659, p=0.000$ ). The table further indicated that average knowledge management capabilities and average performance are positively and significantly related ( $r=0.609, p=0.000$ ). Similarly, results showed that average inter-function capabilities and average performance are positively and significantly related ( $r=0.694, p=0.000$ ). This implies that an increase in any unit of the variables resulted to an improvement in firm’s performance.

#### 4.4 Regression Analysis

**Table 7: Model Fitness**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.73	0.5329	0.5261	0.41638

The results in table 7 presented the fitness of model of regression model used in explaining the study phenomena. Customer link capabilities, inter-function capabilities, knowledge management capabilities and inter-function capabilities were found to be satisfactory variables in firm performance. This was supported by coefficient of determination i.e. the R square of 53.3%. This shows that customer link capabilities, inter-function capabilities, knowledge management capabilities and inter-function capabilities explain 53.3% of the firm performance. The results meant that the model applied to link the relationship of the variables was satisfactory.

**Table 8: Analysis of Variance (ANOVA)**

	Sum of Squares	df	Mean Square	F	Sig.
Regression	15.789	4	3.947	43.732	.000
Residual	15.795	175	0.090		
Total	31.584	179			

Table 8 provided the results on the analysis of the variance (ANOVA). The results indicated that the overall model was statistically significant. Further, the results implied that the independent variables are good predictors of financial sustainability. This was supported by an F statistic of 43.732 and the reported p value (0.000) which was less than the conventional probability of 0.05significance level.

**Table 9: Regression of coefficients**

	B	Std. Error	t	Sig.
(Constant)	0.307	0.075	3.116	0.026
customer-link	0.438	0.056	7.869	<b>0.000</b>
market sensing	0.102	0.049	2.086	<b>0.038</b>
knowledge management	0.126	0.055	2.305	<b>0.022</b>
Inter-function	0.276	0.054	5.114	<b>0.000</b>

Regression of coefficients results in table 9 revealed that customer-link and organization performance are positively and significant related ( $r=0.438, p=0.000$ ).The table further indicates that market sensing and organization performance are positively and significant related ( $r=0.102, p=0.038$ ). It was further established that knowledge management and organization performance were positively and significantly related ( $r=0.126, p=0.022$ ) while inter-function and organization performance were also positively and significantly related ( $r=0.276, p=0.000$ ).

Performance = 0.307 + 0.438(Customer Linking capabilities) + 0.102(market sensing)+ 0.126(Knowledge management capabilities) + 0.276(Inter-functional Coordination).

## V. SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 Summary of Findings

This section provided a summary of the findings from the analysis. This was done in line with the objectives of the study. The first objective of the study was to determine whether inter-functional coordination capabilities influence performance of mobile telecommunication firms in Kenya. The findings revealed that there was a significant association between inter-functional coordination capabilities and the performance of mobile telecommunication firms. The findings were also supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which

revealed that inter-functional coordination capabilities had a positive and significant effect on performance of mobile telecommunication firms.

The second objective of the study was to establish whether knowledge management capabilities influences performance of mobile telecommunication firms in Kenya. The findings revealed a significant relationship between knowledge management capabilities and performance of mobile telecommunication firms. The findings were also supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that knowledge management capabilities had a positive and significant effect on performance of mobile telecommunication firms.

The third objective of the study was to determine whether market sensing capabilities influences performance of mobile telecommunication firms in Kenya. The findings revealed that there was a significant association between market sensing capabilities and performance of mobile telecommunication firms. The findings were further supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that market sensing capabilities had a positive and significant effect on performance of mobile telecommunication firms.

The fourth objective of the study was to determine whether customer-linking capabilities influences performance of mobile telecommunication firms in Kenya. The findings revealed that there was a significant association between customer-linking capabilities and performance of mobile telecommunication firms. The findings were also supported by the statements in the questionnaire which majority of the respondents agreed. This was also supported by the regression results which revealed that customer-linking capabilities had a positive and significant effect on performance of mobile telecommunication firms. The finding agreed with that of Shin, 2012 who suggested that customer satisfaction is achieved through implementation of customer orientation strategy which accelerates organization growth, increases market share and profitability.

## **5.2 Conclusion**

Based on the findings above the study concluded that customer-linking capabilities, market sensing capabilities, knowledge management capabilities and inter-functional coordination capabilities have a positive and a significant effect on performance of mobile telecommunication firms.

The study also concluded that customer involvement in the company/firm's affairs is a plus to the organizational performance, since they form the basis of the firm's market both in the short and long run. As such, the organization should strive to satisfy their needs by value addition and build a strong relationship with them. The study also concluded that in order to meet these diverse needs of the customer, proper, relevant and sufficient information needs to be carried out in the market environment in order to ascertain the exact needs of the customer. This research should be carried out in consideration of the internal factors of the firm in order to match its capabilities with the dynamic fluctuation of the market conditions. Furthermore, this study concludes that effective market sensing capabilities of the firm are very essential reviewing the strengths and weaknesses of the firm.

## **5.3 Recommendations for Policy and Practice**

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

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

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