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STRATEGIC ORIENTATION AND PERFORMANCE OF PLASTIC MANUFACTURING FIRMS IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Due to challenges facing these innovative conceptions, manufacturing firms require more than what is made available in terms of resources allotment, attention, among others. Consequently, the creativity of new ideas declines thus not allowing the acquisition of relevant skills that gears the sub-sector towards the success of the business for economic development. The business can only enjoy creativeness and innovations through financial stability. The primary aim of this study was to examine how strategic orientation affects performance of plastic manufacturing firms in Nairobi City County, Kenya. The study focused on two key areas: determining the influence of entrepreneurial orientation on the performance of plastic manufacturing firms in Nairobi City County, Kenya; evaluating the influence of market orientation on the performance of plastic manufacturing firms in Nairobi City County, Kenya. To guide the investigation, the study drew upon the following theories: institutional theory, and resource-based view theory. The study employed a descriptive research design. The target population of the study comprised of 235 heads of finance, credit management, sales and marketing, information and communication technology and operations departments working in 57 plastic manufacturing firms in Nairobi City County. The study made use of stratified random sampling in the selection of the sample size from the target population. The study data was collected through the use of semi structured questionnaires and piloted in order to detect any ambiguities or inherent problem. Data was analyzed through descriptive and inferential statistics using Statistical Package for Social Sciences (SPSS software, Version 25) and MS Excel version 10 to facilitate data cleaning, coding and analysis. The analyzed data was presented in statistical distribution tables and charts followed by narrations. The study predicted that the strategic orientation has a positive and direct statistical effect on the performance of the SMEs. The study findings were significant and were used to guide policy makers in aiding the management of these SMEs. The study found that all the key areas had a positive and significant influence on the performance of plastic manufacturing firms in Nairobi City County. The study, therefore recommends that firms should continue proactively seeking new business opportunities before competitors, ensuring they remain at the forefront of market expansion and innovation. The study also recommends that firms should continuously collect and analyze customer feedback to refine their offerings and ensure that products and services align with evolving customer needs.

Key Words: Strategic Orientation, Performance of Plastic Manufacturing Firms, Entrepreneurial Orientation, Market Orientation

Background of the Study

In current rapidly globalizing world, companies use different techniques to achieve competitive advantage. New technologies, new products, innovation of new idea and new systems are emerging every time, (Johnson & Sholes, 2002). The development of the manufacturing sector therefore represents an essential element in the growth strategy of most economies in the world and holds particular significance in the case of Kenya. Manufacturing sector not only contribute significantly to improved living standards, employment generation and poverty reduction but they also bring about substantial domestic or local capital formation and achieve high levels of productivity and capability. From a planning standpoint, SMEs are increasingly recognized as the principal means for achieving equitable and sustainable industrial diversification, growth and dispersal (Reynolds, 2019).

Due to challenges facing these innovative conceptions, manufacturing firms therefore require more than what is made available in terms of resources allotment, attention, among others. Because of this, the creativity of new ideas declines thus not allowing the acquisition of relevant skills that gears the sub-sector towards the success of the business for economic development. The business can only enjoy creativeness and innovations through financial stability. Manufacturing firms have been fully recognized by governments and development professionals as the main engine of economic growth and a major aspect in upholding private sector development and joint venture.

Statement of the Problem

Plastic manufacturing firms, as part of the manufacturing sector, play a key role in the national economy (Kuno & Arani, 2024). Over the past two decades, these firms have been operating in a turbulent business environment characterized by numerous supply chain disruptions, increased competition, and changing consumer demands (Kithinji, Rotich & Kihara, 2021). To remain competitive in the sector, plastic manufacturing firms have adopted strategic orientation to improve competitiveness and performance of manufacturing firms. Mukhtar, Fasih and Usman (2024) indicate that by aligning their strategies with these entrepreneurial, market technology, manufacturing firms can better navigate the complexities of the market, leverage technological advancements, foster innovation, and respond proactively to emerging opportunities and threats. However, despite the adoption of these strategic orientations, the performance of plastic manufacturing firms is still poor.

Plastic manufacturing firms have faced significant performance challenges over the past five years. Gatari and Mutiso (2022) report that from 2017 to 2023, these firms experienced stagnating and declining profits due to rising operational costs, inefficiencies, and intense price competition. For example, Return on Assets (ROA) dropped from 22.5% in 2020 to 16.2% in 2023, indicating a reduced efficiency in profit generation (Kenya Association of Manufacturers, 2023). In addition, sales revenue consistently declined, with negative changes increasing from -9.45% in 2021 to -15.03% in 2023. Customer satisfaction fluctuated significantly, falling from 77.78 in 2020 to 60.45 in 2023, suggesting that decreased customer contentment may contribute to declining sales. Ojuando and Kihara (2021) identified innovation challenges, slow market adoption, and competitive imitation as factors behind falling sales revenues, while Kuno and Arani (2024) noted that supply chain rigidity and inadequate capacity to respond to external pressures have led some firms to shut down their operations. It is therefore important to examine how strategic orientation influence performance of plastic manufacturing firms.

Various studies have been conducted on strategic orientation and performance of firms in Kenya. Ngetich (2023) examined the effect of strategic orientation on the performance of large

retail stores in Nairobi. Hamisi and Ibrahim (2023) studied the influence of strategic orientation on firm performance of commercial banks in Mombasa County; and Mwangi and Kerre (2023) examined the effect of strategic orientation on performance of Family Bank Limited. However, these studies were limited to large retail stores and commercial banks, which deal with different types of services and products from those of plastic manufacturing firms. This study therefore sought to examine the influence of strategic orientation on performance of plastic manufacturing firms in Nairobi City County, Kenya

Objectives of the study

General Objective

The general objective of the study was to determine the influence of strategic orientation on performance of plastic manufacturing firms in Nairobi City County, Kenya

Specific Objectives

The study was guided by the following objectives:

1. To determine the influence of entrepreneurial orientation on the performance of plastic manufacturing firms in Nairobi City County, Kenya.
2. To evaluate the influence of market orientation on the performance of plastic manufacturing firms in Nairobi City County, Kenya.

LITERATURE REVIEW

Theoretical Framework

Institutional Theory

Institutional theory was put forth by Mayer and Ruwan in 1977, according to Tolbert and Zucker (2016). The postulated infrastructures in the institutional theory that organizational structural variables are able to impact (Amenta & Ramsey, 2018). In addition, Ketema (2017) argues that the institutional environment is crucial, particularly in the management of organizations in the modern era, because institutions provide the rules and regulations of the game that govern the structure and organizational interactions within decision areas of the production system.

As per Cai, Jun and Yang (2020), institutional theory would consider financial, social, social, and political powers inside the manufacturing areas as a significant tasks natural part that impacts an organizations' choices and practices. The SMEs area climate in Kenya is profoundly unstable and unusual because of lacking conventional market - support establishments. The institutional theory considers the cycles by which an association's designs become laid out as definitive rules for social way of behaving, (Kraft and Furlong, 2017). Likewise, Cai et al. (2018) fights that institutional theory makes sense of the presence of the limits and their interior hierarchical designs. This suggests that changes are probably going to happen inside the manufacturing firms when the functional contributions of a given primary plans are surpassed by dysfunctions related with that game plan.

Scott (2016) declares that establishments are made of social mental and regulative components that work with related exercises and assets to give a significance throughout everyday life. He further makes sense of organizations as regulatory, normative and cultural cognitive. The regulatory support point lays accentuation on the use of authorizations, regulations and rules as instruments of implementation with consistence to similar in light of its practicality. The regulating support point then again alludes to principles (how to get things done) and ethics (leaned toward or expected), with social commitment as the underpinning of consistence. The

cultural-cognitive pillar focuses on shared consideration (mutual beliefs, symbols, common understanding).

This theory is vital in the implementation of justifiable tendering procedure and practice in public organizations. From the previously mentioned unique perspectives, the ongoing review, thusly, recommended that the underlying parts of a SME should be coordinated for the framework to get by overall. The review takes on the institutional hypothesis, in evaluating the degree to which interior powers, impact SME execution or hence add to the turn of events and improvement of basic abilities, through recognizing both the dysfunctions and practical results of given primary plans inside SMEs.

The hypothesis upholds the second level headed about the offering strategies as a conviction and standard of a firm. It is an issue of authoritative conviction and the score to which the dominating climate in an association is on the side of supportability of revolution. In other words, this dimension comprises the degree to which there is provision for SP at high-ranking levels in an organization and the amount to which organizational procedures and structures support, or retard, the development, (Bolton, 2016).

Institutional Theory explains the influence of Entrepreneurial Orientation (EO) on the performance of plastic manufacturing firms in Nairobi City County, Kenya, by emphasizing how external institutional factors, such as regulatory frameworks, industry norms, and societal expectations, shape entrepreneurial behaviors and strategies. According to this theory, plastic manufacturing firms must navigate and adapt to the institutional environment, including government regulations and industry standards, which can affect their ability to innovate, take risks, and be proactive. Firms that align their EO with these institutional pressures and expectations are more likely to gain legitimacy, secure resources, and enhance their performance. Conversely, firms that fail to adapt to institutional norms may face challenges in achieving sustainable competitive advantage and operational success.

Resource Based View Theory

The Resource Based View (RBV) Theory was a concept first recognized by Wernerfelt in 1984, and has even since developed into a strategic thought of growth, (Cleland, 2019). Depending on this view, organizations develop their competitive advantage from their ability to gather and develop an appropriate blend of resources. Since gaining sustainable competitive benefits is attained by continuously working on exploiting or creating new resources, some management specialist's advice that organizations' internal processes should work on creating resource bundles that would assist them in building a sustainable competitive advantage, whereby competitors would not be able to imitate the unique resource combination (Meding, 2018).

Meding (2018) also places a consideration on a fact which is usually agreed upon most strategic managers and specialists; "Business strategy is concerned with the match between the internal capabilities of the company and its external environment". Many Firms that operate under financial distress and instability witness an extreme unstable environment. These environmental distresses include local economic conditions to regional politics, in which all areas of society face chaos in and after political instability. In order for Firms to match such an environment, the internal capabilities of the organization must be supple, adaptive and varied, (Meding, 2018).

The resource-based view of an organization gives an opportunity to diversify its income through identifying is applicable resources and with appropriate utilization of each. For many Firms, the degree of income diversification depends on the number of resources available in the organization, how are the resources to be utilized, the percentage of, percentage of total

income being earned from self-financing and percentage of self-financing depending on the largest customer or on largest selling product or service, (Alymkulova, 2017).

The resource-based theory squabbles over the fact that organizations gain a competitive advantage by building up and utilizing resources that are exceptional and tricky to copy and substitute, (Graff, 2018). Its existing importance is explained not only by its supremacy in academic literature and journals, but also by its importance placed in the strategic studies taught to students and undergraduate, masters' and executive practitioners, (McWilliams & Seigel, 2017).

Resource-based theory contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages over its rivals. It also stresses the merit of an old saying: the whole is greater than the sum of its parts. Specifically, it is also important to recognize that strategic resources can be created by taking several strategies and resources that each could be copied and bundling them together in a way that cannot be copied. For example, Southwest's culture is complemented by approaches that individually could be copied—the airline's emphasis on direct flights, its reliance on one type of plane, and its unique system for passenger boarding—to create a unique business model whose performance is without peer in the industry, (Graff, 2018).

The tangibility of a firm's resources is an important consideration within resource-based theory. Tangible resources are resources that can be readily seen, touched, and quantified. Physical assets such as a firm's property, plant, and equipment, as well as cash, are considered to be tangible resources. Intangible resources include, for example, the knowledge and skills of employees, a firm's reputation, and a firm's culture. In comparing the two types of resources, intangible resources are more likely to meet the criteria for strategic resources (i.e., valuable, rare, difficult to imitate, and non-substitutable) than are tangible resources. Executives who wish to achieve long-term competitive advantages should therefore place a premium on trying to nurture and develop their firms' intangible resources, (Cleland, 2019).

Capabilities are another key concept within resource-based theory. A good and easy-to-remember way to distinguish resources and capabilities is this: resources refer to what an organization owns, capabilities refer to what the organization can do. Resource Based View strategy views the organizations as a compilation of different skills and capabilities that pressures strategic financial growth and organizational development. This tends to push most firms into more strategic financial management, (Meding, 2018).

Resource Based View Theory emphasizes an association to be a group of assets and resources that these assets essentially influence an organization's competitive benefit and performance. Further, Barnley (2017) contends that for an asset to be a component of competitive advantage, it must be important, less distributed, imperfectly tradable and complex to copy. Mahmoud and Yusif (2016) suggest that market orientation have shown significant influence on firm performance by creating necessary action to achieve competitive advantage.

The Resource-Based View (RBV) was used to explain the influence of market orientation on the performance of plastic manufacturing firms in Nairobi City County, Kenya, by highlighting how a firm's unique resources and capabilities contribute to its competitive advantage. RBV posits that market orientation—a firm's ability to understand and respond to customer needs and market trends—serves as a valuable, rare, and inimitable resource that can enhance performance. For plastic manufacturing firms, a strong market orientation enables the effective deployment of resources such as customer insights, advanced technologies, and skilled personnel to develop products that meet market demands and differentiate from competitors. By leveraging these resources, firms can achieve superior performance, increased market share, and sustained competitive advantage. Firms that excel in market orientation are better

positioned to anticipate changes in consumer preferences and respond proactively, leading to improved financial outcomes and long-term success.

Conceptual Framework

Conceptual framework refers to a concise description of phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study (Devi, 2019). The interrelationship between these variables is presented in the following Figure 2.1. The independent variables include entrepreneurial orientation and market orientation. The dependent variable was the performance of plastic manufacturing firms.

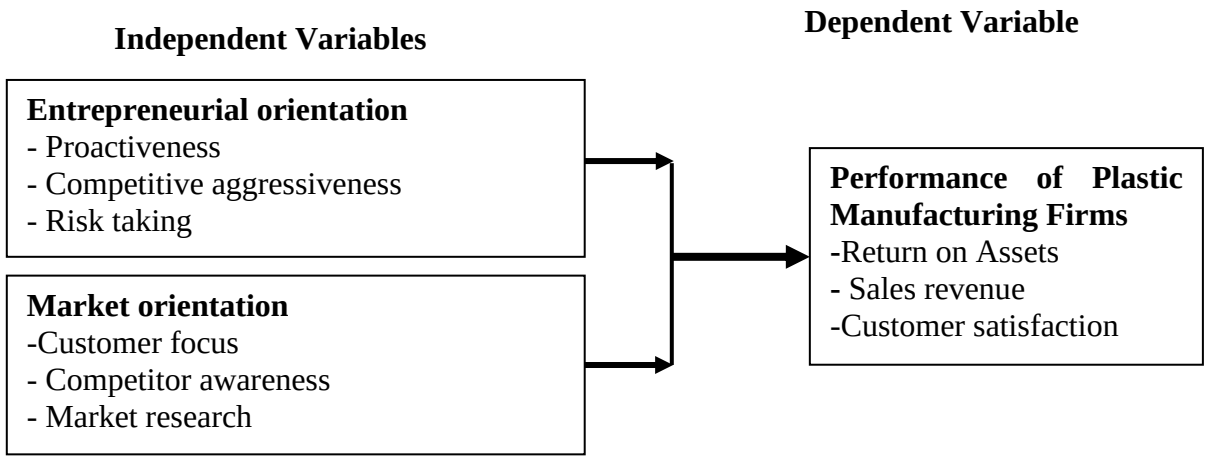

Figure 2. 1: Conceptual Framework

Entrepreneurial Orientation

The importance of entrepreneurial orientation and its influence on firm performance has been highlighted in both theoretical discussion and empirical research. Entrepreneurial orientation as a unidimensional construct has been identified as a key ingredient for organizational success, (Poon, Ainuddin & Junit, 2016). Fairoz, Hirobumi and Tanaka (2018) suggest that firms that adopt high entrepreneurial orientation achieve higher sales growth, higher profits and increased market share compared to those with low entrepreneurial orientation. Similarly, Rauch, Wiklund, Lumpkin and Frese (2019) posit that firms that adopt entrepreneurial orientation perform better than firms that adopt a conservative orientation.

Entrepreneurship and management literature have argued that entrepreneurial orientation is very important for firms to achieve superior firm performance (Fairoz, et al., 2018). Entrepreneurial orientation is the ability of a firm to discover, and make use of, any possible opportunities to gain access to a new market. Similarly, Zahra (2018) argues that entrepreneurial orientation reflects a firm's ability to seek out and exploit new opportunities. This concept of opportunity exploitation is also stressed by Lumpkin and Dess (2019) who argue that entrepreneurial orientation is about how firms pursue a new market with methods, practices, and decision-making styles that help managers to act in an entrepreneurial manner.

This ability to recognize and exploit an opportunity is a significant determinant of superior firm performance (Ahuja & Lampert, 2017) and is generally associated with a proactive and innovative leadership in a firm, (Zahra, 2018). firm performance, entrepreneurial orientation has also been linked with key organizational outcomes such as innovativeness and strategic flexibility. Entrepreneurial Orientation refers to an organization's willingness to find and accept new opportunities and implement change as a result, (Zehir, Can and Karaboga, 2020).

It may also be considered to refer to the way firms capture specific entrepreneurial aspects of decision-making styles, methods and practices, (Tsering, 2018). According to Real, Roldan and Leal (2019), entrepreneurial orientation relates to the methods, practices and decision-making styles that organizational managers use to act as entrepreneurs. Hence the entrepreneurial orientation determines an organizations preference to stay ahead of its rivals while taking advantage of new opportunities to innovate in a dynamic environment, (Chen & Hsu, 2019).

According to Dess, Pinkham and Yang (2018), firms should be entrepreneurial in order to achieve superior performance. This implies that organizations should have strategic commitment certain specific and observable actions in the form of innovation, pro-activeness and risk taking, and the strong support of those actions by top management, (Gupta, and Gupta, 2019). In entrepreneurial orientation, firms aim at engaging in product-market innovation, ensure that their product is the first to enter new market and understand risky scheme. As such, innovations, risk-taking and pro-activeness are the core business of entrepreneurial orientation. In this respect, innovativeness refers to readiness to support creativity and experimentation in creating new products or services, novelty and technological leadership in developing new processes. Pro-activeness, on the other hand, refers to ability to seek new opportunities in the market, anticipating future demands and opportunities, participating in emerging markets, shaping the environment and introducing new products and brands before ones rivals, (Zehir, Can, and Karaboga, 2019). In the same context, risk-taking refers to willingness to invest in large amounts of resources in projects whose results may be unknown and where the cost of failure may be high, (Etemad, 2018).

Entrepreneurial orientation determines the overall strategic position of a firm rather than independently having disconnected activities within the firm, (Covin and Lumpkin, 2021). Previous studies suggest that entrepreneurship orientation refer to organization – level nature to engage in risk taking, innovativeness, pro-activeness, aggressiveness and autonomy. These are all behaviours that may lead to a change in the behaviour of an organization in the market place, (Voss et al., 2018). However, other studies view entrepreneurial orientation as a conceptualized set of distinct but related behaviours that have qualities of risk-taking, innovativeness, pro-activeness, competitive aggressiveness and autonomy, (Pearce et al., 2019).

Morris (2020) suggests that entrepreneurial behaviour at the firm level is triggered through the level of uniqueness, disruption and meaningful difference from what is considered to be the normal situation. This level of deviation from the routine practice capitalizes on the willingness and opportunistic expansion of having a first mover advantage, encourages organizations for proactively taking action and exploiting emerging market rather than focusing on the existing markets, (Pearce, 2019). In general, entrepreneurship orientation generates the crucial freedom and independence for the employees as well as authority and responsibility to take entrepreneurial initiatives and engage in risky behaviour, which reinforces timely decision-making and benefit from short-lived opportunities in the environment, (Van Doorn, 2019).

Market Orientation

Market orientation is a well-established construct in the strategic orientation literature and has been studied extensively in terms of its nature, structure, and outcomes. According to Voss et al., (2018), market orientation refers to the extent to which the firm's strategies and operations are ready to respond to market demands and any changes in the market. Moreover, a study by Zahra (2018) suggests that firms with a high market orientation are likely to have good customer relations and create superior customer value.

Market orientation has been defined in different ways by different scholars. According to Altindag, Zehir, and Acar (2017), market orientation is a management decision making practice with a commitment shared within the organization. Hilman and Kaliappen (2020), on the other hand, referred to market orientation as the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization wide responsiveness. Market orientation therefore refers to the extent to which an organization's strategies and operations are prepared to respond to market demands and any variations in the market.

A study by Masa'deh, Obeidat, and Tarhini, (2016) explained that the market orientation comprises three dimensions, that is: customer orientation, competitor orientation, and inter-functional coordination, regarding market orientation as a crucial strategy that can help a firm to remain competitive in the volatile business environment. It is considered both as a marketing concept as well as a management strategy. In addition, a study by Ellis (2016) concluded that market orientation assists in developing marketing knowledge, superior performance and competitive advantage. According to Baker and Sinkula (2019), market orientation is one of the oldest concepts in the strategic orientation literature. The concept has been tested and found to have a significant positive effect on organizational performance. The authors argue that market orientation has a particularly strong direct effect on organizational performance for smaller organizations. A study by Shoham, Rose, and Kropp (2020) on "Elements of Market Orientation on Malaysian s Performance" proved that market orientation has a general and direct effect on organizational performance irrespective of the size of the organization.

Performance of Plastic Manufacturing Firms

The performance of plastic manufacturing firms can be evaluated through various metrics, with profitability being one of the most critical indicators (Lestari, et al., 2019). Profitability reflects a firm's ability to generate income relative to its expenses and other costs. In the context of plastic manufacturing, profitability can be influenced by factors such as operational efficiency, cost management, pricing strategies, and market demand. High profitability indicates that the firm effectively manages its production processes, controls costs, and capitalizes on market opportunities (Rauch et al., 2019). Conversely, low profitability could signal issues such as high production costs, inefficiencies, or weak market positioning. Monitoring profitability helps firms make informed strategic decisions to enhance their financial health and sustainability.

Sales revenues of new products serve as another vital measure of performance for plastic manufacturing firms. The ability to develop and successfully market new products is essential for maintaining competitiveness and driving growth. Sales revenues from new products indicate the firm's innovation capacity and market responsiveness (Han et al., 2019). High sales revenues from new products suggest that the firm is effectively meeting customer needs and staying ahead of industry trends. This metric also reflects the firm's ability to leverage its research and development efforts into commercially viable products. Consistently high sales revenues from new products can lead to increased market share and long-term growth, positioning the firm as a leader in innovation within the industry.

Customer satisfaction is a crucial performance indicator that reflects how well a firm meets or exceeds customer expectations. For plastic manufacturing firms, high customer satisfaction can result from factors such as product quality, reliability, timely delivery, and excellent customer service (Fairoz, Hirobumi & Tanaka, 2018). Satisfied customers are more likely to become repeat buyers, provide positive word-of-mouth referrals, and remain loyal to the brand. Measuring customer satisfaction can involve surveys, feedback forms, and direct customer interactions. Firms that prioritize customer satisfaction tend to build strong relationships with

their clients, enhancing their reputation and competitive edge. Ultimately, high customer satisfaction contributes to overall business performance by fostering customer loyalty, reducing churn, and supporting sustained revenue growth.

Empirical Review of Existing Literature

Entrepreneurial Orientation and Firm Performance

The importance of entrepreneurial orientation and its influence on firm performance has been highlighted in both theoretical discussion and empirical research. Entrepreneurial orientation as a unidimensional construct has been identified as a key ingredient for organizational success by Poon, Ainuddin & Junit (2016) This study examined relationships among three self-concept traits, entrepreneurial orientation, and firm performance using survey data from 96 entrepreneurs. The study used path analysis to test the direct and indirect effects of the trait variables on perceptual measures of firm performance. Entrepreneurial orientation - operationalized to reflect the dimensions of innovativeness, proactiveness, and propensity to take risks - was used as the main variable for explaining the relationship between self-concept traits and firm performance. The results indicated that internal locus of control was positively related to firm performance, and entrepreneurial orientation did not play a mediating role in this relationship. In contrast, generalized self-efficacy had no direct effects on firm performance; however, it influenced firm performance positively through its effect on entrepreneurial orientation. Finally, self-attributed achievement motive was not significantly related to entrepreneurial orientation or firm performance. Implications of the findings and suggestions for future research are discussed.

An explanatory survey was carried out by Fairoz, Hirobumi and Tanaka (2018) in the Central Region, one of Ghana's ten administrative regions and home to about 142 licensed lodging facilities, comprising 3-star, 2-star, 1-star, guest houses, budget hotels and a hostel where 113 were randomly selected. The study revealed that managers were highly proactive but exhibited low levels of the other Entrepreneurial Orientation dimensions, particularly competitive aggressiveness and risk taking. It was therefore established that being innovative, proactive, taking risks and being an autonomous leader impacts slight on financial performance. The study found a statistically significant relationship between entrepreneurial orientation and firm performance with 57.1% influence ($R^2 = 0.571$; $F(7, 94) = 33.520$, $p < 0.001$). Therefore, to improve the financial performance of their businesses, key decision makers must be more competitively and comparatively aggressive by intensifying efforts to outperform their competitors.

Similarly, Rauch, Wiklund, Lumpkin and Frese (2019) posit that firms that adopt entrepreneurial orientation perform better than firms that adopt a conservative orientation. The study undertook a meta-analysis exploring the magnitude of the entrepreneurial orientation and performance relationship and assessed potential moderators affecting this relationship. Analyses of 53 samples from 51 studies with an N of 14,259 companies indicated that the correlation of entrepreneurial orientation with performance is moderately large ($r = .242$) and that this relationship is robust to different operationalization of key constructs as well as cultural contexts.

A study by Mahmood and Hanafi (2017) examined the relationship between entrepreneurial orientation and performance of women-owned SMEs in Malaysia. The study adopted a quantitative analysis in which entrepreneurial orientation and sources of competitive advantage are key success factors of SMEs. Data were collected by means of a mail survey questionnaire completed by women owner/managers randomly selected from a sampling frame of registered SMEs. The findings revealed that significant relationships exist between entrepreneurial orientation and performance. The regression analysis results indicating that entrepreneurial

orientation positively had a 32.5% and significantly related to performance. The adjusted R-squared was obtained at 0.325 with a significant level $p< 0.001$.

Yutika et al. (2022) explored the effect of market orientation and entrepreneurship orientation on the performance of culinary SME businesses in Bekasi through dynamic capability as a mediation variable, involving 100 Culinary MSMEs Indonesia. The sampling technique used in this research is purposive sampling technique. Data analysis in this study used SEM data analysis method and model using SEM AMOS 26. The study results showed a positive and significant Influence of entrepreneurship Orientation on business performance with the estimated value is positive, which is equal to 0.335, meaning that the Entrepreneurial Orientation variable has a positive effect on the performance by 33.5%.

Similarly, a study by Keh, Nguyen and Ng (2017) investigated the effects of entrepreneurial orientation and marketing information on the performance of small and medium-sized enterprises in Singapore. The study built and tested a causal model using data obtained from Singaporean small businesses with fewer than 100 employees. The results indicate that entrepreneurial orientation plays an influential role on the acquisition and utilization of marketing information, and also has a direct effect on firm performance. The utilization of information regarding marketing mix decisions (particularly the Promotion and Place elements) positively affects firm performance, and it partially mediates the relationship between entrepreneurial orientation and firm performance. The implications and future research directions are discussed.

A study by Arbaugh, Cox and Camp (2019) on strategic orientations and their effects on firm performance using a sample of 1045 firms from 17 countries found out that the uni-dimensional entrepreneurial orientation significantly predicted firm profitability. Moreover, a study by Otero, (2019) who carried out their study on innovation and performance in SME Furniture Industries*"* found out that entrepreneurial orientation has a significant influence on firm performance of Kenya's manufacturing firms operating under East African Community regional, in terms of sales, profits and employment.

Market Orientation and Firm Performance

A study by Yutika et al. (2022) explored the effect of market orientation and entrepreneurship orientation on the performance of culinary SME businesses in Bekasi, Indonesia through dynamic capability as a mediation variable, involving 100 Culinary MSMEs. The sampling technique used in this research is purposive sampling technique. Data analysis in this study used SEM data analysis method and model using SEM AMOS 26. The study results revealed a Positive and Significant Effect of Market Orientation on business performance. The estimated value is positive which is equal to 0.525, meaning that the Market Orientation variable has a positive effect on the performance variable by 52.5%.

A study by Putri and Widagda (2021) sought to explain the role of market orientation towards the marketing performance of the Endek Handicraft industry in Gianyar Regency. This research was conducted at the endek handicraft industry in Gianyar Regency, Indonesia. The sample size of the study was 41 Endek Handicraft businesses with purposive sampling method and using data using a questionnaire. Data analysis was performed using the Structural Equation Model (SEM) based on Partial Least Square (PLS). The results showed that market orientation had a positive and significant effect on market performance with the market orientation variable being 0.839, which means that 83.9% of the market performance being influenced by market orientation. Based on the results of research, the study advised that the Endek Handicraft industry entrepreneurs in Gianyar Regency can perform much better if they improved market orientation.

An exploratory study conducted by Suharyono (2017) sought to examine the effect of market orientation and marketing performance among SMEs in Indonesia. Data for the study was collected through direct survey guided by the enumerators using questionnaires, distributed randomly to 97 owners and managers of SMEs Batik in Central Java, as the respondents of the study. Furthermore, the study data were analyzed by variance-based SEM analysis employing the GSCA Software. The results of this study indicate that market orientation does not significantly affect to marketing performance.

Mahmoud, Blankson, Owusu-Frimpong, Nwankwo and Trang, (2016) carried out their project on market orientation, learning orientation and business performance. Primary data was collected by use of structured questionnaires from the three telecommunication companies that exist in Jordan, targeting a total of 120 managers as the study respondents. The data were then analysed using Structural Equation Modelling (SEM) and the results revealed that market orientation had an insignificant effect on organizational performance. Even though this study was done in a telecommunication industry, the current study however, is focused on SMEs in Nairobi City County, Kenya.

A study by Oluwatoyin, Adeniji and Ighomereho (2018) investigated the influence of market orientation practices on performance of selected hotels in Akure, Ondo State, Nigeria. The population of the study comprised members of staff in the hotels. The study was spread amongst all the four categories of hotels existing in the study area using star rating method. The target population comprised all the 82 hotels in Akure with star rating categorization ranging from 1 star to 4 stars. Questionnaire was used to collect data from 581 respondents for the study. The study results revealed a significant positive correlation between market orientation and all the performance variables, with market orientation accounting for 76.2% (R^2=0.762) variation in the performance of hotels in the state

To investigate the impact of market orientation and firm performance, Shahid (2019) undertook an empirical examination of market orientation in Saudi Arabian manufacturing companies. The study examined a sample of 115 Saudi Arabian manufacturing companies using market orientation model and examined both by the traditional methods as were used by Jaworski and Kohli and by a structural equations model in LISREL. A total of 2,091 companies in operation in these eight industrial cities were targeted. Data hence was collected from 150 top administrators of the two industrial cities as respondents for the study. The results are revealed that market orientation has a positive influence on market performance.

The primary objective of a study by Nasir, Mamun and Breen (2017) was to critically examine the effect of strategic orientation on the performance of small and medium enterprises (SMEs) in Malaysia. Three most comprehensive constructs, namely, entrepreneurial orientation, market orientation, and interaction orientation were adopted to present a holistic picture of the effect of strategic orientation on firm performance. The study adopted a cross-sectional design and uses the stratified random sampling method to select the potential respondents. The complete data were collected from 473 entrepreneurs who operate in the service sector in Malaysia. Of importance and relevance to the current study is that the study findings showed that market orientations have a positive effect on superior firm performance. The study hence recommended that the SMEs in Malaysia should therefore focus on adopting strategies in market orientation by appropriate marketing efforts.

However, a study by Ayinaddis (2023) examine the effect of innovation on the performance of micro and small manufacturing firms in selected towns of Awi Zone, Amhara, Ethiopia. The target population of the study was 643 SME manufacturing firms. Data were drawn from a sample of 247 manufacturing firms using cross-sectional primary data collected from wood and metal manufacturing firms. The study adopted descriptive and explanatory designs and used correlation analysis to estimate the effect of market orientation on firm performance. The

study results revealed a moderate statistical relationship between marketing orientation and the performance of manufacturing firms (0.594, $p<0.01$).

RESEARCH METHODOLOGY

Descriptive survey design was adopted in this study. According to Devi (2019), descriptive research supports the development of precise measurements and reporting of characteristics of some population of phenomena. This design enables the researcher to answer questions concerning the current status and collect quantifiable data from the sample population in order to determine the coping strategies used by hospitality industry Coast region. Saunders, Lewis and Thornhill, (2019), opined that descriptive research is often used as the next step in exploratory research, which attempts to clarify and explore an idea, event or poorly understood phenomena, or to develop propositions for further enquiry.

The unit of analysis was all the 57 plastic manufacturing firms in Nairobi City County. The unit of observation was the heads of finance, credit management, sales and marketing, information and communication technology and operations departments. However, it is important to note that not all 57 plastic manufacturing firms have dedicated credit management and ICT departments. The target population of the study was 235 heads of finance, credit management, sales and marketing, information and communication technology and operations departments working in 57 plastic manufacturing firms in Nairobi City County. Yamane's Formula was used to determine the sample size from the entire population but within an acceptable margin of error.

Table 1: Sample Size

Departments	**Target Population**	**Sample Size**
Finance	57	36
Credit Management	36	22
Sales and Marketing	57	36
Information and Communication Technology	28	18
Operations	57	36
Total	**235**	**148**

The study made use of stratified random sampling in the selection of the sample size from the target population. Stratified random sampling is a sampling technique in which the population is divided into distinct subgroups or strata that share similar characteristics. A random sample is then drawn from each stratum (Creswell & Creswell, 2022). The strata in this study was 5 departments, which include finance, credit management, sales and marketing, information and communication technology and operations departments. By ensuring that each subgroup is represented in the sample, stratified random sampling reduces sampling error and increases the precision of the estimates. The study utilized both primary and secondary data. Secondary data was collected from the annual reports of Kenya Association of Manufacturers. Primary data was collected using structured questionnaire.

Coding of data was done after sorting. The analysis was done using Statistical Package for Social Sciences (SPSS) software, Version 25. The coding involved conveying different statistics arrangements with numbers to assist in analysis. The study collected primary quantitative data. The quantitative data collected was analyzed both descriptively as well as inferentially. Different computations on descriptive statistics such as mean and standard deviation was computed. Inferentially, correlations and regression analyses was used to determine both the strength and direction of association between and amongst the study variables, then data be presented using a well explained tables.

RESEARCH FINDINGS AND DISCUSSIONS

Out of 148 questionnaires issued out by the investigator, 137 were fully completed and returned on time, resulting in a response rate of 92.57%. Krishna (2020) indicates that a 75% response rate is generally sufficient for data analysis, conclusions, and recommendations. Thus, in this study, 92.57% response rate exceeded the necessary threshold for these purposes.

Descriptive Statistics

Descriptive statistics summarize and highlight key characteristics of a dataset or population. In this study, we utilized measures such as the mean, standard deviation, and percentages to analyze the data. Quantitative data were obtained from closed-ended questions, including a 5-point Likert scale where 1 represents "strongly disagree" and 5 represents "strongly agree."

Entrepreneurial Orientation

The first objective of the study was to determine the influence of entrepreneurial orientation on the performance of plastic manufacturing firms in Nairobi City County, Kenya. The respondents' were requested to indicate the level of agreement/ disagreement with the statements regarding entrepreneurial orientation. The results were as presented in Table 4.4.

Table 2: Aspects of Entrepreneurial Orientation

	N	Mean	Std. Deviation
Our firm actively seeks new business opportunities before our competitors.	137	4.555	.747
We regularly initiate actions to develop new products or services.	137	4.037	.861
Our organization anticipates market trends and adjusts strategies accordingly.	137	4.124	.996
Our firm frequently takes bold actions to gain a competitive advantage.	137	4.256	.947
We aggressively pursue market share, even if it means challenging larger competitors.	137	4.314	.961
We often engage in intense competition to outperform rival firms.	137	4.555	.939
Our firm is willing to invest in high-risk projects with uncertain outcomes.	137	4.109	.819
We encourage employees to take calculated risks to drive innovation.	137	4.007	.845
Our decision-making process accepts the possibility of failure as part of pursuing growth.	137	4.343	.574
Aggregate Mean		**4.256**	**0.854**

The respondents strongly agreed with a mean of 4.555 (Std. Dev = 0.747) that their firm actively seeks new business opportunities before competitors. These findings align with Fairoz, Hirobumi and Tanaka (2018) observations that proactive market engagement enhances competitive positioning. The respondents also strongly agreed with a mean of 4.555 (Std. Dev = 0.939) that their firm often engages in intense competition to outperform rival firms. In addition, with a mean of 4.343 (Std. Dev = 0.574), the respondents agreed that their decision-making process accepts the possibility of failure as part of pursuing growth. The respondents further agreed with a mean of 4.314 (Std. Dev = 0.961) that their firm aggressively pursues market share, even if it means challenging larger competitors.

With a mean of 4.256 (Std. Dev = 0.947) the respondents agreed that their firm frequently takes bold actions to gain a competitive advantage. Also, with a mean of 4.124 (Std. Dev = 0.996**)**, the respondents agreed that their organization anticipates market trends and adjusts strategies

accordingly. In addition, with a mean of 4.109 (Std. Dev = 0.819), the respondents agreed that their firm is willing to invest in high-risk projects with uncertain outcomes. With a mean of 4.037 (Std. Dev = 0.861), the respondents agreed that their firm regularly initiates actions to develop new products or services. Moreover, the respondents agreed with a mean of 4.007 (Std. Dev = 0.845) that their organization encourages employees to take calculated risks to drive innovation. These findings concur with Rauch, Wiklund, Lumpkin and Frese (2019) observations that employees are encouraged to take calculated risks to foster innovation.

Market Orientation

The second objective of the study was to evaluate the influence of market orientation on the performance of plastic manufacturing firms in Nairobi City County, Kenya. The respondents' were asked to indicate the level of agreement/ disagreement with statements regarding market orientation. The results were as shown in Table 3.

Table 3: Aspects of Market Orientation

	N	Mean	Std. Deviation
Our firm prioritizes understanding and responding to customer needs.	137	4.453	.866
We regularly collect and analyze customer feedback to improve our offerings.	137	4.569	.976
Our organization places a strong emphasis on customer satisfaction in all decisions.	137	4.095	.803
We actively monitor our competitors' actions and strategies.	137	4.051	.798
Our firm conducts regular assessments of competitor performance.	137	3.993	.743
We use competitor insights to inform our own business strategies.	137	3.905	.695
Our firm invests resources in market research to identify new opportunities.	137	4.080	.849
We regularly conduct market analysis to stay informed about industry trends.	137	4.022	.680
Data from market research significantly influences our strategic decisions.	137	4.160	.851
Aggregate Mean		**4.148**	**0.807**

With a mean of **4.569 (Std. Dev = 0.976),** the respondents strongly agreed that their firm regularly collects and analyzes customer feedback to improve offerings. With a mean of **4.453 (Std. Dev = 0.866),** the respondents agreed that their firm prioritizes understanding and responding to customer needs. In addition, with a mean of **4.160 (Std. Dev = 0.851),** the respondents agreed that data from market research significantly influences their strategic decisions. With a mean of **4.095 (Std. Dev = 0.803**), the respondents agreed that their organization places a strong emphasis on customer satisfaction in all decisions. These findings conform to Yutika et al. (2022) observations that organizations prioritize customer satisfaction in all decision-making processes.

Furthermore, with a mean of **4.080 (Std. Dev = 0.849),** the respondents agreed that their firm invests resources in market research to identify new opportunities. The respondents agreed with a mean of **4.051 (Std. Dev = 0.798)**, that they actively monitor competitors' actions and strategies. In addition, with a mean of **4.022 (Std. Dev = 0.680),** the respondents agreed that they regularly conduct market analysis to stay informed about industry trends. Further, the respondents agreed with a mean of **3.993 (Std. Dev = 0.743),** the respondents agreed that their firm conducts regular assessments of competitor performance. These findings align with Putri and Widagda (2021) observations that firms regularly assess competitor performance.

Moreover, with a mean of **3.905 (Std. Dev = 0.695),** the respondents agreed that their firm uses competitor insights to inform their own business strategies.

Performance of Plastic Manufacturing Firms in Nairobi City County, Kenya

The respondents were asked to specify the level on which they agree with different statements on performance of plastic manufacturing firms in Nairobi City County, Kenya. The results were as illustrated in Table 4.

Table 4: Aspects of Performance of Plastic Manufacturing Firms in Nairobi City County, Kenya

	N	Mean	Std. Deviation
Our firm has consistently achieved strong profitability in recent years.	137	4.197	.716
We implement strategies aimed at maximizing our profit margins.	137	4.037	.861
Financial performance is a key focus in our organizational planning.	137	4.124	.996
Our firm has experienced a steady increase in sales revenue.	137	4.256	.947
We actively pursue initiatives to boost our sales figures.	137	4.313	.961
Our sales revenue growth is a primary indicator of our success.	137	3.890	.921
Our customers consistently express satisfaction with our products and services.	137	3.832	.879
We prioritize enhancing customer satisfaction in our business strategies.	137	4.007	.845
Customer feedback is essential in shaping our product development efforts.	137	4.117	.875
Aggregate Mean		**4.086**	**0.889**

With a mean of 4.313 (SD=0.961), the respondents agreed that their firm actively pursues initiatives to boost sales figures. In addition, with a mean of 4.256 (SD=0.947), the respondents agreed that their firm has experienced a steady increase in sales revenue. The respondents also agreed with a mean of 4.197 (SD=0.716) that their firm has consistently achieved strong profitability in recent years. Further, with a mean of 4.124 (SD=0.996), the respondents agreed that financial performance remains a key focus in organizational planning. These findings concur with Lestari, et al. (2019) observations that financial performance remains a key focus in organizational planning. The respondents agreed with a mean of 4.117 (SD=0.875) that customer feedback is essential in shaping product development efforts.

With a mean of 4.037 (SD=0.861), the respondents agreed that their firm implements strategies aimed at maximizing profit margins. Also, with a mean of 4.007 (SD=0.845), the respondents agreed that they prioritize enhancing customer satisfaction in their business strategies. In addition, with a mean of 3.890 (SD=0.921), respondents agreed that sales revenue growth serves as a primary indicator of success. Further, with a mean of 3.832 (SD=0.879), the respondents agreed that customers consistently express satisfaction with the firm's products and services. These findings align with Fairoz, Hirobumi & Tanaka (2018) observations that customers regularly express satisfaction with a firm's products and services.

Correlation Analysis

A Pearson product-moment correlation was used to examine the relationship between dependent (performance of plastic manufacturing firms) and independent variables (entrepreneurial orientation, market orientation,). The results were as displayed in Table 5.

Table 5: Correlation analysis

		Performance	EO	MO
Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	137		
Entrepreneurial Orientation (EO)	Pearson Correlation	.640**	1	
	Sig. (2-tailed)	.000		
	N	137	137	
Market Orientation (MO)	Pearson Correlation	.652**	.485**	1
	Sig. (2-tailed)	.000	.000	
	N	137	137	137

From the results, the study found a positive and significant relationship between entrepreneurial orientation and the performance of plastic manufacturing firms in Nairobi County, Kenya (r=0.640, p value=0.000). The findings agree with Arbaugh, Cox and Camp (2019) observations that firms in the plastic manufacturing sector that embraced innovation saw improved performance. The findings also agree with Keh, Nguyen and Ng (2017) observation that entrepreneurial orientation had a significant effect on Performance.

Also, the study established a positive and significant relationship between market orientation and the performance of plastic manufacturing Firms in Nairobi County, Kenya (r=0.652, p value=0.000). The findings agree with Ayinaddis (2023) observations that firms that adopt a strong market orientation strategy tend to achieve superior performance. The findings also agree with Nasir, Mamun and Breen (2017) observation that market orientation fosters a deeper understanding of customer needs, enabling firms to create value-driven offerings that enhance business performance.

Regression Analysis

A linear regression analysis will be used to test the to evaluate the strength of the the influence of strategic orientation on performance of plastic manufacturing firms in Nairobi City County, Kenya. Strategic orientation comprise of entrepreneurial orientation, market orientation,.

Table 6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.231	.081		2.852	.001
	Entrepreneurial orientation	.629	.135	.548	4.659	.000
	Market orientation	.481	.142	.458	3.387	.000

a. Dependent Variable: Performance of plastic manufacturing firms

Using the unstandardized coefficients, the regression equation was as follows;

$$\mathbf{Y=0.231+ 0.629X_1 + 0.481X_2 + \varepsilon}$$

The study found that entrepreneurial orientation has a positive and significant influence on the performance of plastic manufacturing firms in Nairobi County, Kenya ($\beta = 0.629$, p-value = 0.000). Since the p-value (0.000) is below the 0.05 significance level, the relationship is considered significant. This suggests that an improvement in entrepreneurial orientation is associated with a 0.629 increase in the performance of plastic manufacturing firms. These findings align with Rauch, Wiklund, Lumpkin and Frese (2019) observations that entrepreneurial orientation is positively correlated with performance. These findings also

conform to Mahmood and Hanafi (2017) observations that entrepreneurial orientation influence the performance of manufacturing firms.

In addition, the study established that market orientation has a positive and significant influence on the performance of plastic manufacturing firms in Nairobi County, Kenya (β = 0.481, p-value = 0.000). Because the p-value (0.000) is below the 0.05 significance level, the relationship is considered significant. This suggests that an enhancement in market orientation leads to a 0.481 increase in performance. These findings agree with Suharyono (2017) observations that market orientation has a positive influence on the performance. Further, the findings conform to Oluwatoyin, Adeniji and Ighomereho (2018) observations that market orientation has an effect on the performance of manufacturing firms..

Conclusions

The study concludes that entrepreneurial orientation positively and significantly influences the performance of plastic manufacturing firms in Nairobi City County, Kenya. The study found that proactiveness, competitive aggressiveness and risk taking influence the performance of plastic manufacturing firms. This means that enhancing entrepreneurial orientation (proactiveness, competitive aggressiveness and risk taking) enhances performance of plastic manufacturing firms in Nairobi City County, Kenya.

The study also concludes that market orientation positively and significantly influences the performance of plastic manufacturing firms in Nairobi City County, Kenya. The study found that customer focus, competitor awareness and market research influence the performance of plastic manufacturing firms. This means that improving market orientation (market orientation-comprising of customer focus, competitor awareness and market research) improves the performance of plastic manufacturing firms in Nairobi City County, Kenya.

Recommendations

According to the study findings on entrepreneurial orientation and the performance of plastic manufacturing firms in Nairobi County, Kenya, recommends several strategies to enhance entrepreneurial orientation among plastic manufacturing firms in Nairobi County, Kenya. First, firms should continue proactively seeking new business opportunities before competitors, ensuring they remain at the forefront of market expansion and innovation. In addition, organizations should strengthen their competitive strategies by continuously refining their approaches to outperform rivals in the industry. Furthermore, firms should foster a culture that embraces calculated risk-taking, ensuring that decision-making processes acknowledge the possibility of failure as a natural part of pursuing growth. Organizations should also adopt aggressive market expansion strategies while implementing measures to sustain competitiveness, even when competing against larger firms. Additionally, firms should invest in market intelligence and trend analysis to anticipate changes and adjust their strategies accordingly. Further, organizations should cultivate a culture that supports high-risk investments in projects with uncertain outcomes, allowing for the exploration of ground breaking innovations. Firms should encourage employees to take calculated risks and actively engage in the development of new products and services, fostering an environment of continuous innovation and adaptability.

Based on the study findings regarding market orientation and the Performance of Plastic Manufacturing Firms in Nairobi County, Kenya, Several key recommendations were made to enhance market orientation among plastic manufacturing firms in Nairobi County, Kenya. First, firms should continuously collect and analyze customer feedback to refine their offerings and ensure that products and services align with evolving customer needs.. In addition,

organizations should further integrate customer insights into decision-making processes, ensuring that customer-centric strategies remain a priority at all levels of the business. Furthermore, firms should strengthen their investment in market research to identify emerging opportunities and stay ahead of industry shifts. Organizations should also enhance their competitive intelligence efforts by actively monitoring competitor strategies and market positioning to inform strategic decision-making. In addition, firms should establish structured processes for conducting regular market analysis to remain updated on industry trends and customer preferences. Moreover, organizations should implement systematic competitor performance assessments, leveraging insights to refine their business strategies and maintain a competitive edge in the market. Firms should ensure that customer satisfaction remains a core focus in all decision-making processes, reinforcing their commitment to delivering value-driven products and services.

Areas for Further Research

The main objective of the study was to determine the influence of strategic orientation on performance of plastic manufacturing firms in Nairobi City County, Kenya. However, the study was limited to plastic manufacturing firms within Nairobi City County, and its findings may not be generalized to other manufacturing firms in other counties across Kenya. Therefore, further research should be conducted to examine how strategic orientation influences the performance of manufacturing firms in other counties across Kenya, as well as in different industries such as textile, automotive, and food processing.

Contribution of the Study to Theory and Existing Knowledge

The study on the influence of strategic orientation on the performance of plastic manufacturing firms in Nairobi City County, Kenya enhances theoretical knowledge by providing deeper insights into the relationship between strategic orientation dimensions entrepreneurial orientation and market orientation and firm performance. It contributes to existing strategic management theories by offering empirical evidence on how these orientations drive competitiveness, adaptability, and growth within the manufacturing sector. In addition, the study enriches the resource-based view (RBV) and dynamic capabilities theory by demonstrating how firms leverage strategic orientation to build unique competencies, respond to market dynamics, and sustain a competitive advantage. The findings provide practical insights that can inform decision-making, resource allocation, and strategy formulation for firms seeking to enhance performance through a proactive and innovation-driven approach. Furthermore, the study expands the understanding of strategic orientation in the context of developing economies, particularly within the manufacturing industry. The research strengthens its applicability to similar emerging economies, offering a foundation for further studies in different industries and geographical settings, by contextualizing strategic orientation within the Kenyan market.

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