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The Influence of Market Orientation on Performance of Private Security Firms in Kenya

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Abstract

The objective of the study was to establish the influence of market orientation on the performance of private security firms in Kenya. Despite the significant value of private security firms to the Kenyan economy, the market orientation construct has not been studied in the context of private security industry in Kenya. Many studies have been done on market orientation and firm performance with the findings indicating that market orientation has a positive and significant effect on firm performance. However, other studies by have reported findings of a negative effect of market orientation on firm performance while others have found market orientation having an insignificant impact on firm performance. The inconsistency of research findings among authors was an indication that the available research evidence on the link between market orientation and performance of business organizations is inconclusive. Therefore there was need for this study to be conducted. The data was collected from key informants in the private security firms and they were either the marketing manager of the Chief Executive Officer of the firms. The Resource-Advantage theory and the Resource Based Theory were used to provide theoretical perspectives to the study. The study targeted 39 firms that were members of the Kenya Security Industry Association (KSIA) in a census study that was cross-sectional in nature and 37 firms participated in the study and this translated to a 95% response rate. Data was collected from the respondents using a semi-structured questionnaire whose measurement scales met all the requirements of reliability and validity tests. Descriptive and inferential statistics was used to gain a good

understanding of the respondent and firm characteristics and simple linear regression was used to establish the relationship between market orientation and performance. Results of the regression analysis indicated that market orientation had a positive and significant effect on both non-financial and financial performance of the private security firms. The study recommended that managers of private security firms and firms in other industries should view market orientation as a resource that can enhance the firms' ability to achieve sustainable competitive advantage. It also recommended that management of firms should invest their time in developing a market orientation culture among all employees of their firms because this will enhance the inter-functional co-ordination that is required when developing and implementing strategies. A longitudinal study was suggested since the industry structure has been significantly affected by the strong government regulation through the Private Security Regulatory Authority.

Keywords: Market Orientation, Firm Performance, Private Security Firms & Kenya.

1. Introduction

Market orientation (MO) as a theoretical construct has generated a lot of conceptual and empirical discussions among scholars. Market orientation is regarded by scholars as an important firm capability which provides competitive advantage through continuous collection, analysis and responsiveness to customer and competitor information. Market orientation also explains the differences in performance between firms (Raaij & Stoelhorst, 2008). In hostile and unpredictable market environments, it is necessary for firms to be market oriented in order to improve their market sensing capabilities and market responsiveness (Sorensen, 2009). Market orientation is considered to be a strong determinant of firm performance and Narver and Slater (1990) posited that market oriented firms achieve better performance because of the culture they have developed in delivering superior value to their customers. Similarly, Jaworski and Kohli (1993) suggested that market orientation as a construct enables firms to monitor and respond to changes in customer needs and wants and this leads to achievement of superior firm performance

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

1.1 Market orientation

Market orientation is viewed by Narver and Slater (1990) as the business culture through which superior customer value is created effectively and efficiently. Jaworski and Kohli (1996) defined market orientation as company-wide process of generating marketing intelligence relating to competitors, customers and all forces that affect them, disseminating intelligence internally and

proactive and reactive responsiveness to the intelligence. On the other hand, Ruekert (1992) viewed market orientation as a strategy that satisfies customer needs by being responsive to customer needs. Deshpande and Farley (1998) defined market orientation as a set processes that are cross functional in nature which are meant to create and satisfy customers by continuously assessing their needs and delivering superior value for their money. Even though the scholars have different definitions for market orientation, it is clear that the definitions focus on understanding customer needs and satisfying them in a superior way. The study adopted the market orientation definition by Narver and Slater (1990) because of its emphasis on superior value creation for customers who are key firm stakeholders

Market orientation can be viewed from cultural and behavioural perspectives. Narver and Slater (1990) conceptualized market orientation using a cultural perspective through customer orientation, competitor orientation and inter-functional co-ordination. Customer orientation involves gathering information about the present and potential needs of customers and it comprises a set of beliefs that customers are a priority to the organization (Taleghani & Tayebi, 2013). Narver and Slater (1990) argued that this requires firms to understand the entire value chain of their customers as it is currently as well as how it will evolve in future subject to market dynamics. Competitor orientation is defined by Han *et al.* (1998) as the ability of a firm to identify its competitors, understand and respond appropriately to the strengths and weaknesses, strategies and capabilities of those competitors by constantly collecting competitor information from the market. A competitor orientation requires the firm to have top management who discuss the competitors' strengths and weaknesses so that the firm can be able to respond quickly to competitor actions (Musa, Mustapha & Aziz, 2018).

Inter-functional co-ordination requires all departments in the firm and not just the marketing department to coordinate their activities and share information regarding customers and competitors in order to enable the firm to provide superior value to customers. Kaliappen and Hillman (2013) argued that all functional areas of the organization must be aligned to create an inter-functional dependency so that each department perceives the advantages of cooperating closely with others. Co-ordination between the various departments of functions within the firm requires all members of the firm in each department to be aware of and understand customer needs as well as the strengths and weaknesses of competitors. The top management of the firm should also be at the forefront of coordinating the sharing of information between the departments especially customer and competitor information so that it can be used effectively for strategic marketing planning (Homburg, Grozdanovic & Klarmann, 2007). The cultural dimension of market orientation is measured using the MKTOR scale developed by Narver and Slater (1990) and it is based on the conceptualization of market orientation as an organizational culture

Kohli and Jaworski, (1990) conceptualized MO from the behavioral perspective in terms of generating intelligence, disseminating the intelligence across all departments and responding to the intelligence. Market intelligence generation requires a firm to conduct market research, analyze sales reports and examine eternal environmental factors such as competitors and industry regulations that affect customer preferences and current or future needs of customers. Dissemination of the intelligence requires inter-functional openness in communication by sharing the market intelligence across departments. Responsiveness requires a firm to select target market based on the intelligence generated and shared among departments after which the firm develops products that satisfy current and potential future needs of customers better than competitors and this will be a source of competitive advantage. The MARKOR scale is used to measure the three

market orientation behavioural dimensions of a firm (market intelligence generation, market intelligence dissemination and responsiveness).

1.2 Firm performance

Firm performance (FP) refers to the level of success of a commercial entity in terms of whether it is positive or negative (Olusola, 2011). An alternative definition is given by Yildiz (2010) who stated that performance is a concept that can qualitatively or quantitatively determine what is produced as a result of a planned or intended activity. Parker (2000) opined that performance measurement helps the managers of a firm to make business decisions based on real data that highlights the positive and or negative performance areas. Performance measurement is therefore necessary to help firms to translate their strategy into the desired results (Ladipo, Rahim, Oguntoyibo & Okikiola, 2016). From the perspective of Panigyrakis and Theodoridis (2009), non-financial performance (NON-FP) and financial performance (FIN-PERF) are the most commonly used by firms to evaluate their performance. Santos and Bito (2012) argued that firm performance can be thought of in terms of non-financial (qualitative) measures such as the level of employee satisfaction as well as and customer satisfaction and customer retention capabilities of a firm as well as financial (quantitative) measures such as Return on Equity and Return on Assets, sales revenue and profitability of the firm. Financial measures of firm performance can be found by looking at the figures provided on a firm's financial statement. Carton (1996) argued that there is no consensus among authors on the best measure of firm performance. However, financial and non-financial measures were found to be positively correlated by Wall *et al*. (2004) and Dalves (1999). In view of the opinions of scholars regarding financial and non-financial measures, this study analyzed the performance of PSFs in Kenya using non-financial measures such as customer attraction, customer retention and financial measures in terms of sales revenue.

1.3 Private security industry in Kenya

Socio-economic structures of any societal group in the world depend on security systems within that societal group. Kaguru and Ombui (2014) posited that societies, over time have come up with techniques to protect their properties and themselves from real or perceived threats. The government is the most powerful force in matters of security in the country but it faces limitations in terms of the resources required to secure all citizens from threats to life and property. The private security industry (PSI) exists in Kenya and elsewhere as a consequence of the security gap caused by financial and manpower limitations of the government (Mkutu & Sabala, 2007). The increased threat of terror attacks at shopping malls, airports, educational institutions, hotels and other tourist attraction sites in Kenya have driven up the demand for private security services. Currently, guards from PSFs in Kenya are not armed but the terror attack at the DusitD2 complex on 15th January 2019 led to calls by industry stakeholders for private security guards to be armed so that they can deal with such security threats.

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

(CCTV) cameras, private investigation services as well as providing security at public or private events such as private parties, weddings and graduation ceremonies. The National Police Service Commission (2016) indicated that there are 90,442 police officers in Kenya which means that the private security industry employs more people than the police service and this indicates the value of the private security industry to the economy.

1.4 Problem statement

The volatility in the market environment necessitates firms to consider customer needs an organizational priority. Market orientation is a key capability of the firm and a driver of competitive advantages (Brownhilder, 2016). This makes it a key asset for firms operating in highly competitive industries. The private security industry make a significant contribution to the Kenyan economy yet the MO construct has not been studied in context of the private security industry. For instance, Gatoto *et al*. (2015) focused on service quality strategies of PSFs while Kaguru and Ombui (2014) used a case study to analyze factors influencing performance of G4S Company. A case study makes it difficult to generalize their study findings. The link between MO and FP was also not analyzed in both studies. The existing marketing literature lacks conclusive evidence on the impact of MO on firm performance. Many studies have been done on the effect of MO on firm performance with the findings indicating a positive and significant effect of MO on firm performance. However, other study results have reported findings of a negative effect of MO on FP while others have found MO having an insignificant impact on FP.

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

A negative effect of MO on FP has also been found by various scholars. Aliyu, Ahmed and Utai (2015) evaluated the business environment's moderator influence on MO and SME performance in Nigeria using a sample size of 640 managers. Their findings indicated that MO negatively influenced firm performance. The findings of a negative impact of MO on firm performance contradict the MO literature that indicates MO's positive influence on performance of business firms and this was an indicator of the need for further research. A study by Njeru (2013) examined MO and FP using a cross sectional study of 104 Kenyan tour firms and found a significant and positive impact of market orientation on performance of the Tour firms. Findings of Njeru (2013) are inconsistent with those of Aliyu *et al*. (2016) who found a negative effect of MO on firm performance. The inconsistency of research findings among authors is an indication that the available research evidence on the link between MO and performance of business organizations is inconclusive hence the need for further studies to be conducted.

2. Literature review and Hypotheses

2.1 Theoretical perspective

2.1.1 The Resource – Advantage theory

The Resource – Advantage (R-A) theory of competition that was proposed by Hunt and Morgan (2005) is interdisciplinary in nature. Its assumptions include; heterogeneous industry demand within the industry and heterogeneous across industries, firms' objective is superior financial performance, firm resources are categorized as relational, financial, physical, informational, human, organizational and legal. Resource characteristics are imperfectly mobile and heterogeneous, consumer information is imperfect and costly, human motivation is constrained and self-interest seeking in nature, the firm's information is imperfect and costly, competitive dynamics are disequilibrium provoking with innovation endogenous and the manager's role is to recognize, develop, choose and implement appropriate strategies (Hunt, 2011).

The R-A theory further emphasizes the importance of heterogeneous firm resources, comparative advantages and disadvantages in resources between firms, market segments and market place positions that provide competitive advantage or disadvantage. Market segments are viewed as intra-industry groups of customers that have tastes and preferences that are relatively homogenous in relation to industry output and this may hold true in the private security industry where customers may have relatively similar needs such as cash in transit services for banks, manned guarding of business and residential buildings, CCTV installation and monitoring as well as vehicle tracking and alarm systems. The R-A theory further categorizes firm resources as physical (plan and equipment), legal (licenses and trademarks), financial (cash resources available and access to financial markets), informational (knowledge from customer and competitor intelligence), human (skills and knowledge of individual employees), organizational (competencies, culture, policies and controls) and relational (relationships with suppliers, customers and government). These resources are vital in the private security industry and they may be a source of firm competitive advantage or disadvantage.

In the Resource-Advantage theory, a firm competing with others in the industry will have a number of resources that are unique to it such as skilled manpower or access to more financial resources or better equipment and this creates a comparative advantage in the resources which then gives the firm a competitive advantage. It recognizes that resources of organizations operating in the same industry are significantly immobile and heterogeneous and because of this, some firms enjoy a comparative disadvantage and others a comparative advantage in the production of goods and services that target specific or niche market segments (Hunt, 2012). Hunt and Madhavaram (2006) argued that firms use resources to compete for comparative advantages and achievement of superior financial performance and competitive advantage. Competitive processes in industries are influenced by resources that firms rely on, institutions that develop the industry rules (North, 1990), actions of suppliers, competitors, public policy decisions and behaviors of consumers. The theory emphasizes reactive and proactive innovation which is driven by learning processes of firms that compete for customers in the industry.

Private security firms learn through market research, collecting competitive intelligence and analyzing competitors' products, test marketing and bench marking and based on this, the Resource-Advantage theory argues that when firms realize that they are occupying positions of competitive disadvantage, they focus on acquiring similar resources like those of advantaged firms

or they try to innovate by copying the resources (Hunt & Lambe, 2003). The implication of the R-A theory for private security firms in Kenya is that they should be market oriented in order to be able to provide value to customers as well as having informational resources about competitors and their activities so that the firm achieve superior financial performance.

2.1.2 The Resource- Based Theory

The Resource Based Theory (RBT) proposed by Barney (1991) analyzes and evaluates firm resources to determine how firms achieve sustainable competitive advantage. In the RBT, firms can be considered to be a collection of physical, human and organizational resources (Amit & Shoemaker, 1993). A resource is defined by Gitahi and K'Obonyo (2018) as "a relatively observable, tradable asset that contributes to a firm's market position by improving customer value and lowering costs or both". In the RBT, the internal environment of firms is an important source of competitive advantage including resources possessed firms to compete with others. Barney (1991) posited that resources include organizational processes, physical assets, information or knowledge, and firm attributes that can be used to develop and implement their strategies. The RBT is based on the assumptions of resource heterogeneity and resource immobility that explain how firm resources generate sustainable competitive advantage and why some firms persistently perform better than competitors. Peteraf and Barney (2003) stated that firms may possess different resources even though they operate in the same industry which implies that some firms will be more skilled than others in accomplishing certain tasks because of their unique resources. It is also difficult to trade resources across firms and this immobility of resources allows firms to enjoy the benefits from the heterogeneous resources (Barney & Hesterley, 2006). However, not all resources provide firms with sustainable competitive advantage and Barney (1991) argued that firm resources must fulfill the "VRIN" criteria in order to provide a firm with sustainable competitive advantage. He pointed out that firm resources are said to be valuable (V) if they help the firm to exploit market opportunities or reduce market threats that the firm is facing.

Resources of a firm must also be rare (R) or difficult to find among existing and potential competitors of the firm and this implies that if a resource is available to all players in the industry it cannot provide a competitive advantage because the element of uniqueness of the resource will have been lost. On the aspect of imperfect imitability (I), firm resources can only be a source of sustainable competitive advantage if the firms that do not have the resources in question cannot acquire them. Non substitutability (N) of firm resources implies that competitors should not be able to achieve the same level of performance by using other alternative resources. Scholars such as Del Canto and Gonzales (1999) and Ray *et al*. (2004) distinguished between tangible and intangible firm resources and concluded that intangible resources are often the most important ones from a strategic point of view. They argued that intangible resources are likely to be a source of sustained competitive advantage for a firm than tangible resources which could be easily acquired by competitors. Prahalad and Hamel (1990) argued that the most valuable resources are human resources and in view of this, market orientation can be regarded as an intangible resource that gives private security firms a sustainable competitive advantage. The RBV is relevant to the proposed study since PSFs rely on employees as their most valuable resource as well as guard dogs and the fleet of vehicles (some are bullet proof) used for cash in Transit or for alarm response. Therefore, the RBT will help in explaining how firm resources can give PSFs a competitive advantage.

2.2 Market orientation and firm performance

Market orientation enables firms to perform well in the industry when they develop an organization culture that drives the delivery of superior customer value (Kara *et al.,* 2005). The market orientation literature provides evidence of a positive influence of market orientation on performance of firms. However, some authors have reported contradictory findings with some finding a negative relationship between market orientation and firm performance and others reporting that market orientation had no relationship with performance. Protcko and Donberger (2014) used a cross sectional study to examine market orientation and performance of firms in Russia found a positive impact of market orientation on the non-financial and financial performance of firms. Their finding contradicts Gholami and Birjandi (2016) who evaluated the impact of Entrepreneurial orientation and market orientation on performance of SMEs using a descriptive study of 350 SMEs in Iran and found no significant effect of market orientation on SME performance.

A negative relationship between market orientation and firm performance has also been reported by various scholars. Aliyu, Ahmed and Utai (2015) examined the market orientation and firm performance relationship of SMEs in Nigeria using a sample of 640 managers. Their findings indicated that market orientation had a negative relationship with firm performance. Chin, Lo and Ramayah (2013) analyzed the market orientation and organizational performance of hotels in Malaysia. Results of their study indicated that customer orientation and inter-functional co-ordination dimensions of market orientation had a negative effect on firm performance. The findings of a negative effect of market orientation on firm performance contradicts the market orientation literature that suggests the existence of a positive relationship between market orientation and firm performance and this highlighted the need for further research.

The findings of Aliyu *et al*. (2015) and Chin *et al*. (2013) contradict those of Brownhilder (2016) who evaluated market orientation and SME performance using a cross sectional study and a sample of 320 respondents in South Africa. Results indicated that customer and competitor orientations had a positive relationship with performance but inter-functional coordination did not influence performance. There are contradictions in the findings of Brownhilder with those of Ali (2016) studied market orientation and performance using 102 respondents from SMEs in Somalia and found that customer and inter-functional coordination were significantly related with firm performance but competitor orientation did not influence firm performance. Njeru (2013) examined the market orientation and firm performance using a cross sectional study of 104 Kenyan tour firms and found a significant and positive relation between customer and competitor orientation as well as inter-functional coordination and firm performance. Findings of Njeru (2013) are inconsistent with those of Ali (2016) who found that competitor orientation did not influence performance and Brownhilder (2016) who found that inter-functional coordination did not influence performance and this indicates the inconsistencies in the findings of these authors.

The inconsistency in the literature regarding the findings on the relationship between market orientation and firm performance by various authors implied that existing research evidence on the market orientation and firm performance relationship was inconclusive and more studies were required to examine the relationship especially in different industry contexts and geographical areas. Most of the market orientation studies were done in manufacturing industries and there was

a strong need to conduct a study on the market orientation and firm performance relationship in the private security industry in Kenya. The study sought to test the null hypothesis that;

Hypothesis 1: Market orientation has no significant influence on performance of private security firms in Kenya

The null hypothesis was further broken down into two sub-hypotheses;

Hypothesis 1a: Market orientation has no significant influence on the non-financial performance of private security firms in Kenya

Hypothesis 1b: Market orientation has no significant influence on the financial performance of private security firms in Kenya

3. Research Methodology

The study relied on existing theory and use of quantitative data analysis to test the study hypotheses and therefore it adopted the positivist research paradigm. The study also adopted the cross-sectional research design because the objective was to collect the data from the target respondents at one point in time. The target population included all the private security firms that were registered members of the Kenya Security Industry Association (KSIA) and they were 39 firms in number. A census study was conducted since the study population was relatively small. The measurement of market orientation was done using the MKTOR scale developed by Narver and Slater (1990) which was based on a 5-point likert type scale that required respondents to indicate the extent to which their firms engaged in market oriented activities. Measures of non-financial performance of the firms were adopted from Chen *et al*. (2009) and that of financial performance was adopted from Zhou *et al*. (2009).

Non-financial performance (NON-FP) was measured objectively in terms of number of new customers attracted and number of existing customers retained while financial performance (FIN-PERF) was measured in terms of sales revenue. A pilot study was done to evaluate the reliability of the measurement scale by administering the study questionnaire to marketing managers of ten (10) private security firms operating in Mombasa county that were not members of the KSIA. The study used the key informant approach where a structured questionnaire targeting either the marketing manager or CEO of the firm was used to collect data. Factor analysis was used to test for construct validity and the data was subjected to tests for the assumptions of regression analysis. Normality was tested using the Kolmogorov – Smirnov and Shapiro-Wilk tests, autocorrelation was tested using the Durbin –Watson test, multicollinearity was measured using Tolerance and Variance Inflation Factors (VIFs) while the Koenker test was used to check for heteroscedasticity.

4. Data Analysis and Findings

The study targeted 39 firms in a census study and 37 firms took part by filling and returning the questionnaires and this translated to a 95% response rate. Descriptive statistics was used to get a general understanding of the respondent and firm characteristics. Inferential statistics involved the use of simple regression analysis to establish the relationship between market orientation and both non-financial and financial performance of the private security firms in Kenya. The descriptive analysis of the respondent and firm characteristics are presented in Table 4.1

Table 4.1: Respondent and firm characteristics

Variable	Category	Frequency	Percentage
Gender	Male	30	81.1
	Female	7	18.9
	Total	**37**	**100.0**
Educational level of respondents	Certificate	3	8.1
	Diploma	5	13.5
	Bachelors	24	64.9
	Masters	5	13.5
	Other	0	0
	Total	**37**	**100.0**
Respondent work experience in the industry (in number of years)	Below 10	14	37.8
	10 – 20	17	45.9
	Over 20	6	16.2
	Total	**37**	**100.0**
Firm age (in years)	Less than 10	10	27.0
	10 -20	13	35.1
	Over 20	14	37.8
	Total	**37**	**100**
Firm ownership structure	Fully Kenyan owned	27	73.0
	Fully foreign owned	6	16.2
	Partly Kenyan owned	4	10.8
	Total	**37**	**100.0**

Source: Research data (2019)

The data from Table 4.1 on the respondents and firm characteristics indicated that majority of the respondents were male and this was expected since security is perceived to be a male dominated occupation. This finding was in tandem with that of Suda (2002) who examined gender disparities in the Kenyan labour market and found that female employees remained below 30% compared to male employees who held a disproportionately larger share of positions in the labour market. Majority of the respondents also had a Bachelors degree as their highest level of education. In terms of work experience, most of the respondents had worked for between 10 – 20 years and this implied that they had sufficient industry experience. Of the 37 firms that took part in the study, majority of them were fully Kenyan owned in terms of ownership structure and they had also operated for over 20 years.

4.1 Diagnostic tests (Tests of assumptions of regression analysis)

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

4.1.1 Normality tests

Normality tests were conducted to determine if the data collected was normally distributed. Razali and Wali (2011) argued that when the data collected is not normally distributed, the reliability of the interpretations and inferences from the analysis of the data will be questionable. The Kolmogorov-Smirnov and Shapiro-Wilk tests of normality were used and the outcomes are presented in Table 4.2

Table 4.2: Results of Kolmogorov – Smirnov and Shapiro-Wilk normality tests

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**Df**	**Sig.**
Market orientation	.128	37	.128	.949	37	.088
Firm performance	.109	37	.200*	.980	37	.723

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Research data (2019)

Normality test results in Table 4.2 show that p-values indicated by both Kolmogorov-Smirnov and Shapiro-Wilk tests were larger than 0.05 which was the alpha level for this study and this implied that the data was normally distributed.

4.1.2 Test for Autocorrelation

The presence of autocorrelation among the study variables was tested using Durbin-Watson test. The Durbin-Watson test statistic values usually fall between 0 and 4. Test statistic values that are very close to 2 indicate that autocorrelation is not present, values close to 0 indicate the presence of positive autocorrelation while values close to 4 indicate that negative autocorrelation is present. The Durbin-Watson test outcomes are provided in Table 4.3

Table 4.3: Durbin –Watson autocorrelation test results

Model	Variables	Durbin Watson Test Statistic
Market orientation and Firm performance	MO & NON-FP	2.298
	MO & FIN-PERF	1.556

Source: Research data (2019)

Table 4.3 provides results indicating test statistics for all variables fell between 1.5 and 2.3. Field (2009) argued that the rule of the thumb when interpreting the Durbin-Watson test statistic is that

a test-statistic that fall within the range of 1.5 to 2.5 indicates the absence of autocorrelation. Therefore, the test results showed that there was no autocorrelation among the research variables.

4.1.3 Multicollinearity

Multicollinearity was measured using Tolerance and Variance Inflation Factors (VIFs). Table 4.4 provides the multicollinearity test results.

Table 4.4: Results of multicollinearity tests

Model	Variables	Collinearity Test	
		Tolerance	VIF
Market orientation & Firm performance	MO & NON-FP	1.000	1.000
	MO & FIN-PERF	1.000	1.000

Source: Research data (2019)

Multicollinearity test results in Table 4.4 demonstrate that tolerance values fell between 0.635 and 1 and the VIF values fell between 1 and 1.575. Hair *et al*. (2010) stated that if the tolerance values are less than 0.2 and the VIF values exceed 4, then multicollinearity will be a problem. Therefore, values of the tolerance and VIFs from the test results indicated no multicollinearity among the research variables.

4.1.4 Heteroscedasticity

Heteroscedasticity is said to be present in data when variance of error terms are different across observations. MacDonald (2014) stated that when heteroscedasticity is present among the variables, test statistics using the standard errors may not be valid and this increases the possibility of getting positive test results that are false even though the null hypothesis may be true. The Koenker test was used to determine if the variables were heteroscedastic or not. Table 4.5 outlines the Koenker test results.

Table 4.5: Results of Koenker Test

Model	Variables	Koenker Test	
		LM	Sig.
Market orientation & Firm performance	MO & NON-FP	.640	.257
	MO & FIN-PERF	.002	.965

Source: Research data (2019)

Table 4.5 provides results showing probability values of the test statistics were all above 0.05. When the confidence level is 95%, a probability value that is less than 0.05 is an indicator of statistically significant heteroscedasticity. The probability values from the Koenker test were higher than the alpha value of 0.05 which indicated that there was no heteroscedasticity among the data. DeShon and Alexander (1996) posited that when data is heteroscedastic, it can lead to inflated

type 1 errors or low statistical power of the research findings. Therefore, the absence of heteroscedasticity implied that the data collected was suitable for regression analysis.

5. Tests of hypotheses, interpretation and discussion of results

5.1 Market orientation and firm performance

The influence of market orientation on firm performance was tested at two levels. The first level involved testing the influence of market orientation on non-financial performance and the second level involved testing the influence of market orientation on financial performance

5.1.1: Testing the relationship between market orientation and financial performance

The influence of market orientation on non-financial performance was tested using simple regression analysis and Table 5.1 provides the model summary of the regression analysis on market orientation and non-financial performance

Table 5.1: Model summary of the relationship between market orientation and non-financial performance

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

a. Predictors: (Constant), Market orientation
Source: Research data (2019)

The regression results in Table 5.1 indicate that the coefficient of determination (R^2) was at 0.504 and this implied that market orientation explained 50.4% of the variation in the non-financial performance of private security firms in Kenya. The relationship between market orientation and non-financial performance was strong as indicated by a correlation coefficient of 0.710. Table 5.2 contains results of the analysis of variance (ANOVA) on market orientation and non-financial firm performance.

Table 5.2: ANOVA[a] results of the relationship between market orientation and non-financial performance

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

a. Dependent variable: Non-financial performance
b. Predictors: (Constant), Market orientation
Source: Research data (2019)

Analysis of variance (ANOVA) was conducted to test the significance of the regression model and the results in Table 5.2 indicated an F value of 35.618 which was significant at p = 0.000. This showed that the regression model was significant at 95% confidence level since the p value was less than 0.05 and hence was robust enough to explain the relationship between market orientation

and non-financial firm performance. Table 5.3 provides the regression coefficients of market orientation and non-financial firm performance.

Table 5.3: Regression coefficients of the relationship between market orientation and non-financial performance

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

a. Dependent variable: Non-financial performance

Source: Research data (2019)

From table 5.3, results indicate that t = 5.968 and p value is 0.000 which implied that market orientation positively and significantly affected the non-financial performance of private security firms. The unstandardized regression coefficient also indicated that market orientation factors were significant (β = 0.896, p value = 0.000). Therefore, the results led to the rejection of the null sub-hypothesis H1a; which stated that; market orientation has no significant influence on the non-financial performance of private security firms.

5.1.2: Market orientation and financial performance

The influence of market orientation on financial performance (FIN-PERF) was tested using simple regression analysis and Table 5.4 provides the model summary of the regression analysis on market orientation and financial performance

Table 5.4: Model summary of market orientation and financial performance

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

a. Predictors: (Constant), Market orientation

Source: Research data (2019)

The results in Table 5.4 indicate that the coefficient of determination (R^2) was at 0.269 and this implied that market orientation explained 26.9% of the variation in the financial performance of private security firms in Kenya. The relationship between market orientation and financial performance was moderate as illustrated by the correlation coefficient of 0.518. Table 5.5 provides results of the analysis of variance on market orientation and financial performance.

Table 5.5: ANOVA[a] results of the relationship between market orientation and financial performance

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

a. Dependent Variable: Financial performance (Sales revenue)
b. Predictors: (Constant), Market orientation
Source: Research data (2019)

Analysis of variance (ANOVA) conducted to test the significance of the regression model of market orientation and financial performance and the results indicated an F value of 12.859 which was significant at p = 0.01. This showed that the regression model was significant at 95% confidence level since the p value was less than 0.05. This confirmed that the model had enough robustness to explain the relationship between market orientation and financial performance of the private security firms. The regression coefficients of market orientation and financial performance are provided in Table 5.6

Table 5.6: Regression coefficients of market orientation and financial performance

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

a. Dependent variable: Financial performance

Source: Research data (2019)

From Table 5.6, the results indicated that t = 3.586 and p value was 0.001 which indicated that market orientation positively and significantly affected the financial performance of private security firms. The unstandardized regression coefficient also indicated that market orientation factors were significant (β = 0.441, p value = 0.001). The results led to the rejection of the null sub-hypothesis H1b which stated that; market orientation has no significant influence on the financial performance of private security firms in Kenya. .

6. Discussion of results

The findings of this study indicated that market orientation positively and significantly affected the non-financial and financial performance of the private security firms in Kenya. The unstandardized beta co-efficient for the effect of market orientation on non-financial performance was β = 0.896 while that for the effect on financial performance was β = 0.668 and this indicated that the positive effect of market orientation on non-financial performance of the private security firms was greater than the effect on the financial performance. The study finding of a positive effect of market orientation of firm performance corroborates the empirical literature that indicates a strong and positive influence of market orientation on the performance of a firm.

The finding of a positive relationship between market orientation and firm performance is in tandem with that of Oluwatoyin, Olifunke and Salome (2018) examined the impact of market orientation on the performance of hotels in Nigeria and found that market orientation had a positive and significant impact on the hotels' customer satisfaction and customer retention which are non-financial performance measures. Protcko and Dornberger (2014) also found a positive impact of market orientation on the non-financial and financial performance of knowledge intensive industries in Russia. The finding of this study of a positive effect of market orientation on the non-financial performance of private security firms in Kenya also corroborates the finding by Mbugua (2015) who also found that a positive and significant effect of market orientation on the non-financial performance of deposit taking savings and credit cooperative societies in Kenya. Similarly,

The findings of this study are also in line with those of Njeru (2013) who found a positive relationship between market orientation and subjective performance measures of Tour firms in Kenya. The finding of a positive effect of market orientation on financial performance is in line with to that of Sin et al. (2005) who studied the relationship between market orientation and firm performance in the hotel industry in Hong Kong and found a positive relationship between market orientation and the hotels' financial performance. Other authors with similar findings include Oni and Fatoki (2017) who found a positive relationship between market orientation and performance of SMEs in South Africa. The study findings are also in line with the resource based view that the internal environment of firms is an important source of competitive advantage including the resources used by firms to compete with others. Market orientation can be considered a resource that is part of the firm's internal environment. Therefore, when private security firms have resources that are valuable, rare and imperfectly inimitable, they will achieve superior firm performance both financially and non-financially. The findings of this study therefore confirm the conclusions made by previous studies that market orientation activities enable firms to understand their customers and business environment better and this gives the firm the ability to be both proactive and reactive in developing and offering products that satisfy customer needs. This requires investment in market research as well as tracking and monitoring demand trends and changes in customer preferences and as a consequence, market orientation positively influences customer attraction, customer retention and sales revenue of a firm.

7. Conclusion

Results from the statistical analysis indicated market orientation accounted for 50.4% of the variations in the non-financial performance of the private security firms. The other 49.6% of the variation in the non-financial performance of the security firms was explained by other factors that were not analyzed by this study. 50.4% is a high contribution of market orientation to non-financial performance. The regression coefficient for the relationship between market orientation and non-financial performance was positive and significant and therefore the study concluded that market orientation had a positive and significant relationship with non-financial performance of the private security firms in Kenya. This could be attributed to the fact that in the private security industry, threats to the security of individual households and businesses keep changing and this forces the firms to be reactive in their market orientation by modifying their services to satisfy the changing needs of their clients and this has a positive impact on the firms' ability to attract and retain customers.

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

8. Recommendations

The results of the study confirmed the positive and significant effect of market orientation on non-financial and financial performance of private security firms in Kenya and therefore the study recommends that management of private security firms and other firms operating in industries where the industry rivalry is high should view market orientation as a resource that enhances the firms capability to achieve sustainable competitive advantage. Similarly, the managers should ensure that the help to develop a market orientation culture among employees of all departments so that the firms will always have up to date information about customer needs and wants, information about competitor actions in the market place and sharing of the information collected about customers and competitors between the various departments in order to develop appropriate proactive and reactive strategies that will give the firm a competitive advantage

9. Suggestions for further study

At the time of conducting the study, the private security industry was no under government regulation and because the Private Security Regulatory Authority initiated the process of registering private security firms in Kenya afresh, this will affect the structure of the industry and therefore it is possible that a longitudinal study should be conducted to establish whether government regulation of the industry would affect the relationship between market orientation and performance of the private security firms. The study also used regression analysis to test the relationship between market orientation and firm performance and therefore future studies should consider analyzing the relationship between the two variables using structural equation modelling techniques.

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