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Effect of Customer Orientation on Performance of Pharmaceutical Manufacturing Firms in Kenya

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Abstract

Organizational performance is key to the sustainability of a firm. Pharmaceutical firms have been experiencing performance issues in the recent past. Manufacturing and health care service are two of Kenya's most important sectors guiding its development towards achieving vision 2030. However, variations brought about by globalization, such as environmental change, are threatening the survival of these industries globally. Thus, the study sought to examine the effect of customer orientation on performance of pharmaceutical manufacturing firms in Kenya. The study was informed by dynamic capability theory. The study employed an explanatory research design and focused on employees in top and middle-level management positions in 43 pharmaceutical manufacturing firms in Kenya. The sample size of 246 was determined using the Yamane formula and obtained through random sampling from each firm. Questionnaires were utilized as the research instruments, and a pilot study was conducted to ensure the validity and reliability of the instruments. The analysis of the data involved the use of descriptive and inferential statistics. The correlation results showed that customer orientation and performance are positively and significantly associated ($\beta=0.629$, $p=0.000$). The model fitness results showed that customer orientation explains 39.6% of the variations in the performance. The regression of coefficients results reported that customer orientation and performance is found to be positively and significantly related ($\beta=0.569$, $p=0.000$). The study concludes that customer orientation includes the firm continually monitoring its commitment levels and positioning in serving the needs of its consumers. Customer orientation can be influenced by ensuring the business goals are driven largely by consumer satisfaction. The study recommends that every organization should pay attention to customer orientation since it was found to have a positive and significant effect on performance. The firms should continually monitor its commitment levels and positioning in serving the needs of its consumers. The firm should pay closer attention to after-sales services. Information should be disclosed regarding quality of the products and services. Customer complaints need to be addressed immediately whenever raised. The embracing and strengthening customer orientation can drive positive outcomes for pharmaceutical manufacturing firms, leading to enhanced performance and competitive advantage in the market.

Keywords: *Customer orientation, performance, pharmaceutical manufacturing firms, Kenya*

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1.0 Background of the Study

The manufacturing sector has a critical role in maintaining the innovative capacity of an economy. Manufacturers are responsible for a significant percentage of business R&D, which ultimately benefits both manufacturing and non-manufacturing activities (National Institute of Standards and Technology, 2018). In addition, the manufacturing sector presents special opportunities for capital accumulation. Therefore, the performance and sustainability of these enterprises are vital to the entire society, not only to the companies involved (Kwambai, 2018). The government, development partners, and other stakeholders are concerned about the performance of these firms due to their role in promoting national growth and social-economic transformation (Wanjala, 2016). Measuring the performance of pharmaceutical manufacturing companies is essential to ensure their sustainability and growth. Performance can be measured using both financial and non-financial indicators. The financial indicators include net profits, return on assets, return on equity, and net profit margin. On the other hand, non-financial indicators include market share, customer base, growth, production efficiency, and customer service, among others (Datche, 2015). The measurement of these indicators enables the companies to make informed decisions and develop strategies to improve their performance.

The performance of pharmaceutical manufacturing companies may be influenced by customer orientation. Several studies have shown that customer orientation has a positive effect on the performance of firms in the pharmaceutical industry (Atieno, 2018; Mbonoka, 2015; Mokhtaran and Komeilian, 2016, Ali, Leifu, and Rehman, 2016, Ogunkoya and Shodiya, 2013). Therefore, firms in the pharmaceutical industry should focus on building strong customer relationships by providing quality products and services that meet their needs. This approach will not only improve the performance of the firms but also benefit society by ensuring the availability of effective medicines to promote good health. Customer orientation stresses the prominence of a firm to gain an adequate understanding of its customers and constantly discover means of delivering superior customer value (Tajeddini, 2010). Given that CO places the greatest urgency on satisfying consumer's wants, a customer-oriented firm is keen on and capable of identifying and analyzing the needs and preferences of its customers and, accordingly, can offer better service to customers. As stated by Grissemann, Plank, and Brunner-Sperdin (2013), customer orientation is the adequate comprehension of one's targeted customers to be able to create superior value for them constantly. Korschun, Bhattacharya, and Swain (2014) describe CO as the set of beliefs that puts the customer interests first. Thus, a consumer-oriented firm can be perceived as able and keen on identifying, analyzing, understanding and answering customer needs.

The manufacturing sector is one of Kenya's main priority sectors in Kenya's blueprint for economic growth (KNBS, 2017). The Pharmaceutical manufacturing firms in Kenya include a chain of stakeholders, including the manufacturers, distributors, and retailers. Kenya has the largest hub of pharmaceutical facilities in East Africa, with more than 60% of manufacturers in the region. There are 43 registered and licensed pharmaceutical manufacturing firms that produce pharmaceutical products for both the local and regional markets. The firms are grouped as multi-national firms, local manufacturing, joint ventures and subsidiaries. According to the Kenya Association of Manufacturers (KAM, 2018), Kenya dominates 50% of the market share for pharmaceutical products within the Common Markets for Eastern and Southern Africa regions. The pharmaceutical manufacturing firms have operated under an unstable business environment, resulting in reduced

profitability, high cost of production and low sales volume (KNBS, 2020). The subjection of the market to political instability has significantly and negatively impacted the production and operation costs leading to a decline in financial performance in the industry.

Hence, the study aimed to investigate the impact of customer orientation on the performance of pharmaceutical manufacturing firms in Kenya. The pharmaceutical industry in Kenya is a significant player in the region, with a market share of 50% within the Common Markets for Eastern and Southern Africa regions. However, the industry operates under an unstable business environment, leading to reduced profitability, high production costs, and low sales volume. To address these challenges, firms in the pharmaceutical industry in Kenya need to prioritize building strong customer relationships by providing quality products and services that meet their needs. Therefore, this study is of utmost importance as it will provide insights into the extent to which customer orientation can improve the performance of pharmaceutical manufacturing firms in Kenya, which will enable these firms to adapt to the pressing challenges in the industry and leverage their significant market share to increase profitability and ensure the sustainability of the industry.

1.1 Statement of the Problem

The pharmaceutical industry remains a pivotal national development component as it plays a major role in supporting Kenya's health sector. However, statistics from World Bank show that pharmaceutical manufacturers operating in Kenya registered a poor performance for the last five years due to a competitive operating environment (World Bank, 2020). In 2019, the pharmaceutical industry reported a 8% decline in production (World Bank, 2020). For instance, Dawa Limited experienced performance issues where the profits reduced by 35% in 2020. Moreover, the pharmaceutical industry contributed only 9.8 percent to the GDP in 2019, which declined from 13.3% in 2018 (KNBS, 2020). The majority (53%) of the pharmaceutical manufacturing firms in Kenya are rethinking relocating, downsizing and winding up due to environmental dynamisms (Kegoro & Anyango, 2020). Thus, it is critical to conduct a study to establish factors that can enhance the performance of these pharmaceutical firms.

The reviewed literature presents mixed findings on the effect of strategic orientation, including entrepreneurial, learning, technological, and customer orientations, on organizational performance. While Atieno (2018) and Mbonoka (2015) found a positive relationship between customer orientation and performance, Ogunkoya and Shodiya (2013) established that customer orientation had neither a positive nor negative effect on performance. Altindag, Zehir, and Acar (2011) also found no direct effect of customer orientation on the performance of companies. On the other hand, Lita and Faisal (2018), Hussein et al. (2014), and Mahmoud and Yusif (2012) showed a positive influence of learning orientation on organizational performance, while Jerez (2011) indicated that learning does not necessarily improve performance. Therefore, there was a knowledge gap that needed to be addressed to provide a comprehensive inference for policy implementation. The current study was crucial and expected to bridge the existing knowledge gap and provide a better understanding of the role of customer orientation in solving the existing problem of poor performance of pharmaceutical manufacturing firms in Kenya. The study is essential in providing insights into the extent to which customer orientation can improve the performance of pharmaceutical manufacturing firms in Kenya, and the findings can inform policy formulation and implementation to promote the growth of the pharmaceutical manufacturing industry in Kenya.

1.2 Research Objective

The study sought to examine the effect of customer orientation on performance of pharmaceutical manufacturing firms in Kenya

1.3 Research Hypothesis

H₀: Customer orientation has no significant effect on performance of pharmaceutical manufacturing firms in Kenya

2.0 Literature Review

A literature review is a critical component of any research study. It enables researchers to identify gaps in the existing knowledge, refine their research questions, establish a research methodology, and demonstrate their credibility and expertise in the field. By conducting a thorough and comprehensive literature review, researchers can ensure that their study is original, relevant, and well-designed, and that it will contribute to the existing body of knowledge in a meaningful way.

2.1 Theoretical Review

The study was anchored on dynamic capabilities theory. Teece first formulated the dynamic capabilities Theory in 1990. Later Ambrosini and Bowman (2009) expounded the theory. The theory examines how firms integrate, build and reconfigure their internal and external firm-specific competencies into new competencies that match their turbulent environment (Teece, Pisano, & Shuen, 2010). The theory assumes that firms with more exceptional dynamic capabilities will outperform firms with smaller dynamic capabilities. According to Teece (2007), the theory of dynamic capabilities aims to understand how firms utilize their competencies and assets to create and maintain a strategy implementation advantage over their competitors by responding to environmental changes. The theory emphasizes the importance of dynamic capabilities in enabling firms to continuously implement their strategies. These dynamic capabilities involve leveraging and reconfiguring existing competencies and assets in ways that are valuable to the customer but difficult for competitors to imitate. Through these capabilities, firms can sense opportunities and successfully reallocate resources, either by adjusting existing competencies or developing new ones.

The theory further establishes that there is a need for considerations to be made on the situations of the changing external environment and therefore contributing to strategic management whose primary concern is an adaptation, reconfiguration and integration of internal as well as external resources of the organization, skills and practical competency for the dynamic environment (Teece, 1990). The theory underpins that the position of the company is determined by the endowment of resources such as intellectual property, technology and relationship with suppliers and clients. The theory of dynamic capabilities is crucial in understanding how firms can maintain a competitive advantage in a constantly changing business environment. By leveraging their existing competencies and assets and developing new ones, firms can respond effectively to changing customer needs and market demands, and maintain their position in the marketplace. This highlights the importance of ongoing learning and development, and the need for firms to continuously innovate and adapt to new challenges and opportunities. The current study sought to examine the effect of customer orientation on the performance of pharmaceutical manufacturing firms in Kenya. The pharmaceutical manufacturing firms in Kenya can be enhanced by shaping the threats of the companies to become opportunities. The dynamic capabilities are notably the capacity to sense and shape opportunities

and threats, to seize opportunities and to maintain competitiveness through innovation. These can be achieved through customer orientation. Thus, the theory was considered to be relevant in addressing the current study.

2.2 Empirical Literature Review

Customer orientation emphasize the need to not only introduce the terms of the business unit to be favorable to its customers, but also to collect information of their customer's tastes, needs and preferences. Thus, customer orientation is an essential element of an organization and attention drawn on information about customer needs should be taken as value-add within the firm (Wirtz & Daiser, 2018). Further, customer orientation is a concept that comprises of orientations that understand customers and those that focus on customer satisfaction (Blocker et al., 2011). Ali, Leifu, and Rehman (2016) investigated the effect of customer orientation on firm performance in the context of Chinese firms. A cross sectional survey was conducted. The study found that customer orientation had a positive significant impact on the performance of the firms. Through customer orientation, closer relations with customers were created which enabled the firms to better comprehend the customers' needs, provide tailor-made products and services to them, actions which ensured that customers were satisfied and their demand was easily forecasted. This resulted to the development of long-term profitable viable enterprises.

Atieno (2018) investigated the impact of customer orientation on the performance of suppliers of steel roofing sheets in Nairobi. The study applied a cross-sectional survey research design. The study established that being customer oriented positively affect the performance of these suppliers. By providing efficient services to the customers, the suppliers were able to enhance customer retention which contributed to greater sales and profitability. The study found that enhanced understanding of customer needs by carrying out intensive marketing research and customer satisfaction surveys enabled the suppliers to adequately respond to current needs of their customers and further predict their future needs. The findings revealed that the suppliers were committed to developing new products/services so that they could adequately cope with the dynamics in the continuous changing of their customer tastes and preferences. Furthermore, customers care was exercised during service delivery and the staff understood the target market needs and wants. The study recommended that it was necessary for these suppliers to pay greater attention to the requirements and inclinations of their clients, and serve clients effectively with the end goal of enhancing their performance.

Mbonoka (2015) assessed the effect of customer orientation on the performance of mobile phone companies in Kenya. The study applied a descriptive cross-sectional study design. The study established a positive significant effect of customer orientation on the performance of these companies. The study discovered that the mobile companies greatly valued their customers in order to boost their competitiveness. The study noted that these companies were exploiting customer orientation since it assisted them in ensuring that their customers were highly satisfied, that the value they created for their customers was enhanced and so that they could better comprehend the needs besides ensuing that the companies' level of commitment in meeting their customer needs were closely monitored. The study found that customer orientation greatly enhanced consumer satisfaction; it boosted the company's competitive edge and resulted to enhanced profitability for the companies. The study concluded that given that today's consumers were highly well-informed and demanding, it was important for the firms to readily respond to what their targeted customers wanted by developing their customer orientation strategy.

Mokhtaran and Komeilian (2016) explored the influence of customer orientation on firms operating within the insurance industry in Tehran, Iran. The study used a cross-sectional descriptive survey design. The findings of the research disclosed that client alignment had a significant favourable effect on the business performance exemplified by raised sales, enhanced company's affordable setting, the development of new and improved products/services, reduced products or services delivery times as well as expanded markets. Customer orientation was found to significantly enhance customer relationship management (CRM) and service quality which resulted to greater customer satisfaction and the cultivation of mutually profitable long-term relationships with customers which consequently led to improved performance. The study recommended for a control system which could be used in analyzing and solving customers' problems and also the use of information and feedback from customers in product development process.

Ogunkoya and Shodiya (2013) revealed that client alignment had neither a positive nor damaging effect on the performance of these firms. According to the research study, these findings implied that efforts made at producing items in reaction to the demands made by customers did not award companies in this sector in regards to boosted attendance, enhanced profits, or boosted bottom lines. The study recommends that clients who often visited these firms reacted more favourably to a method that aimed to lead and enlighten consumers than to consumer-led. Altindag, Zehir, and Acar (2011) likewise explored the effect of strategic alignment on the efficiency of household-owned companies in Turkey and discovered no direct impact of client alignment on the performance of these companies. The study highlighted that this search might have been due to reasons such as disregarding consumer complete satisfaction and needs, insufficient capital and absence of administration skills.

2.3 Conceptual Framework of the Study

The conceptual framework of the study which reveals the hypothesized relationship between variables is illustrated in Figure 1

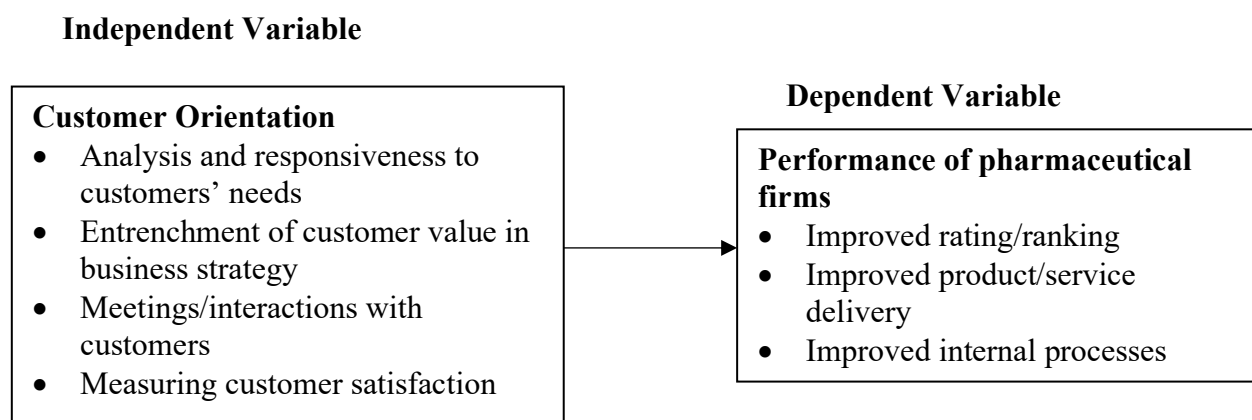


Figure 1: Conceptual Framework

Source: Researcher (2022)

3.0 Research Methodology

The study utilized an explanatory research design, which aims to provide an explanation of a given relationship. This design seeks to understand how one variable impact change in another, with the primary focus being to comprehend, explain, predict, and control relationships between variables (Check & Schutt, 2011). By testing hypotheses, this design helps to comprehend the relationship existing between variables. The target population in this study was 43 pharmaceutical manufacturing firms in Kenya, with employees from the top and middle levels of management as the study population. This was because the performance of firms is dependent on the collaborative efforts of different staff, and the strategic outlook embraced by the firms affects the ability of employees to contribute positively to the success of the firms. Therefore, top management employees, such as directors and CEOs, and middle-level employees, such as supervisors, were the focus of the study. The study's sample size was 246, obtained using Yamane's (1967) formula, from a total of 637 employees in the top and middle levels of management, as per HR records in 2022. The researcher utilized random sampling techniques to obtain the sample size from each firm, and questionnaires were used to collect the data. The data was analyzed using descriptive statistics, such as mean and frequencies, and inferential statistics, including correlation and regression analyses. The correlation analysis was used to establish the association between variables, while regression analysis was utilized to determine the relationship between variables. The results of this study will be essential in providing insights into the role of customer orientation in improving the performance of pharmaceutical manufacturing firms in Kenya and inform policy formulation and implementation to promote the growth of the industry.

4.0 Data Analysis, Presentation and Interpretations

The data analysis, presentation, and interpretations were discussed in sections.

4.1 Response Rate

This section provides the response rate of all questionnaire issues and justification of why that response rate is adequate for data analysis. The results of the response rate are presented in Table 1.

Table 1: Response Rate

Level	Questionnaires		Response rate
	Issued	Responses	
Top management (Directors/CEOs)	65	62	95.38
Middle management (Supervisors)	181	169	93.37
Average	246	231	93.90

Based on the results presented in Table 1, the average response rate is 93.90%. Moreover, the response rate from the top management (Directors/CEOs) is 95.38%, while those from middle management (supervisors) are at 93.37%. The response rate is deemed satisfactory for further analysis and the making of the inferences. Some scholars, such as Kothari (2004) and Babbie (2004), indicate that a response rate above 60% is sufficient for the analysis. Hence, the current study's average response rate is 93.90% and is considered sufficient.

4.2 Descriptive Statistics

This section presents the descriptive statistics of customer orientation and performance. Numbers 4 & 5 (Agree and strongly agree) are grouped together as agree, while 1 & 2 (strongly disagree and disagree) are grouped as disagree while 3 is neutral. The mean and standard deviation are generated using a five-point Likert Scale.

4.2.1 Descriptive Statistics on Customer Orientation

The descriptive statistics on customer orientation is presented in Table 2

Table 2: Descriptive Statistics on Customer Orientation

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard deviation	Skewness	Kurtosis		
								Statistic	Std. Error	Statistic	Std. Error
The firm continually monitors its commitment levels and positioning in serving the needs of its consumers.	13.90%	51.10%	8.20%	19.00%	7.80%	2.56	1.17	0.688	0.16	-0.618	0.319
The business goals of the firm are driven largely by consumer satisfaction.	5.60%	63.20%	9.50%	13.00%	8.70%	2.56	1.07	1.106	0.16	0.142	0.319
The firm's approach to attaining competitive edge is founded on understanding consumer needs.	29.90%	45.00%	7.80%	9.10%	8.20%	2.21	1.2	1.064	0.16	0.228	0.319
The firm measures the levels of customer satisfaction in a systematic manner and on a regular basis.	30.70%	47.60%	6.50%	12.10%	3.00%	2.09	1.06	1.05	0.16	0.421	0.319
The firm pays closer attention to after-sales services.	23.40%	50.60%	5.60%	15.60%	4.80%	2.28	1.13	0.907	0.16	-0.083	0.319
The firm believes in obtaining customer feedback on the services it offers.	33.30%	46.30%	3.00%	14.30%	3.00%	2.07	1	1.063	0.16	0.251	0.319
Information regarding quality of our products and services as a firm gives us leverage in product/service design and packaging.	19.90%	53.20%	6.10%	17.30%	3.50%	2.31	1.08	0.847	0.16	-0.17	0.319
The firm has a standby team tasked with obtaining and addressing customer concerns.	17.70%	39.40%	9.50%	24.70%	8.70%	2.67	1.06	0.367	0.16	-1.103	0.319
Customer complaints are addressed immediately whenever raised.	14.70%	44.20%	6.90%	20.30%	13.90%	2.74	1.32	0.458	0.16	-1.115	0.319
Average						2.39	1.12				

The descriptive statistics depicted in Table 2 indicate that 65% of the respondents disagreed the firm continually monitors its commitment levels and positioning in serving the needs of its consumers, while 26.80% agreed with the statement and 8.20% remained neutral. This implied that the majority of the respondents disagreed that the firm should continually monitor its commitment levels and positioning in serving the needs of its consumers, as supported by the mean score of 2.56 with a standard deviation of 1.17. It was found that 21.70% of the respondents agreed the business goals of the firm are driven largely by consumer satisfaction, while 65.00% disagreed with the statement and 9.50% remained neutral. The mean score of the survey question was 2.56 with a standard deviation of 1.07 and this signified that the majority of the respondents disagreed that the business goals of the firm are driven largely by consumer satisfaction.

The study found that 17.30% of the respondents agreed the firm's approach to attaining a competitive edge is founded on understanding consumer needs and 74.90% disagreed with the survey question, while 7.80% remained neutral. This showed that the majority of the respondents disagreed that the firm's approach to attaining a competitive edge is founded on understanding consumer needs, as supported by the mean score of 2.21 with a standard deviation of 1.20. The study found that 15.10% of the respondents agreed the firm measures the levels of customer satisfaction in a systematic manner and on a regular basis, while 78.30% disagreed the statement with 6.50% remaining to be neutral. The mean score was 2.09, with a standard deviation of 1.06. It was found that 20.40% of the respondents agreed the firm pays closer attention to after-sales services, while 74.00% disagreed with the statement and 5.60% remained neutral. The mean score of the survey question was 2.28, with a standard deviation of 1.13.

The study found that 17.30% of the respondents agreed the firm believes in obtaining customer feedback on the services it offers, while 79.60% disagreed with the statement and 3.00% remained neutral. This showed that the majority of respondents disagreed that the firm believes in obtaining customer feedback on the services it offers, as support by the mean score 2.07, with a standard deviation of 1.00. The study found that 20.80% of the respondents agreed information regarding quality of our products and services as a firm gives us leverage in product/service design and packaging, while 73.10% disagreed with the statement and 6.10% remained neutral. The mean score was 2.31, with a standard deviation of 1.08. It was found that 33.40% of the respondents agreed the firm has a standby team tasked with obtaining and addressing customer concerns, while 57.10% disagreed with the statement and 9.50% remained neutral. The mean score was 2.67 with a standard deviation of 1.06. It was found that 34.20% of the respondents agreed customer complaints are addressed immediately whenever raised, while 58.90% disagreed with the statement and 6.90% remained neutral. The mean score was 2.74 with a standard deviation of 1.32.

Lastly, the average mean score of the survey questions of customer orientation was 2.39, with a standard deviation of 1.12. This signified that the majority of the respondents disagreed with the majority of the survey questions. Besides, the Kurtosis test was also run to test the normality of the distribution. The values of kurtosis ranged from -1.115 to 0.421. The values for kurtosis between -2 and +2 are considered acceptable and thus, the distribution of response values was normal for all the items. The values of skewness statistics were positive, indicating that the data was skewed to the right and that both the mean and the median were more than the mode of the data set.

4.2.2 Performance

The descriptive statistics on performance is summarized in Table 3

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Table 3: Descriptive Statistics on Performance

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard deviation	Skewness	Kurtosis		
								Statistic	Std. Error	Statistic	Std. Error
The firm's profit margins have increased significantly over time.	20.30%	52.40%	4.30%	16.00%	6.90%	2.37	1.175	0.888	0.16	-0.236	0.319
The firm's asset base had expanded significantly over time.	13.40%	34.60%	12.60%	23.80%	15.60%	2.94	1.32	0.177	0.16	-1.256	0.319
The sales volumes and revenues for the firm have been improving continuously.	5.20%	58.90%	12.10%	14.70%	9.10%	2.64	1.09	0.948	0.16	-0.214	0.319
There has been continuous reduction in the costs of carrying out the firm's operations.	28.10%	45.50%	9.10%	9.50%	7.80%	2.23	1.19	1.021	0.16	0.18	0.319
The quality of products and services offered by the firm has significantly improved over time.	24.20%	49.40%	8.20%	12.10%	6.10%	2.26	1.14	0.974	0.16	0.142	0.319
There has been continuous improvement in the rating/ranking of the firm against other firms.	29.00%	52.80%	2.60%	10.00%	5.60%	2.1	1.1	1.266	0.16	0.935	0.319
The internal processes of the firm have improved significantly over time.	26.40%	41.10%	4.80%	25.10%	2.60%	2.36	1.19	0.536	0.16	-1.014	0.319
The level of product and service innovation within the firm has significantly increased over time.	19.90%	49.40%	7.40%	18.60%	4.80%	2.39	1.14	0.737	0.16	-0.46	0.319
Average						2.41	1.17				

The descriptive statistics depicted in Table 3 indicate that 72.70 % of the respondents disagreed the firm's profit margins have increased significantly over time, while 22.90% agreed with the statement and 4.30% remained neutral. This implied that the majority of the respondents disagreed that the firm's profit margins have increased significantly over time, as supported by the mean score of 2.37 with a standard deviation of 1.175. It was found that 39.40% of the respondents agreed the firm's asset base had expanded significantly over time, while 48.00% disagreed with the statement and 12.60% remained neutral. The mean score of the survey question was 2.94 with a standard deviation of 1.32 and this signified that the majority of the respondents disagreed that the firm's asset base had expanded significantly over time.

The study found that 64.10% of the respondents disagreed the sales volumes and revenues for the firm have been improving continuously and 23.80% agreed with the survey question, while 12.10% remained neutral. This showed that the majority of the respondents disagreed that the sales volumes and revenues for the firm have been improving continuously, as supported by the mean score of 2.64 with a standard deviation of 1.09. The study found that 17.30% of the respondents agreed there has been continuous reduction in the costs of carrying out the firm's operations, while 73.60% disagreed with the statement with 9.10% remaining to be neutral. The mean score was 2.23, with a standard deviation of 1.19. It was found that 18.20% of the respondents agreed the quality of products and services offered by the firm has significantly improved over time, while 73.60% disagreed with the statement and 8.20% remained neutral. The mean score of the survey question was 2.26, with a standard deviation of 1.14.

The study found that 81.80% of the respondents disagreed there has been continuous improvement in the rating/ranking of the firm against other firms, while 15.60% agreed with the statement and 2.60% remained neutral. This showed that the majority of respondents disagreed that there has been continuous improvement in the rating/ranking of the firm against other firms, as support by the mean score 2.10, with a standard deviation of 1.10. The study found that 27.70% of the respondents agreed the internal processes of the firm have improved significantly over time, while 67.50% disagreed with the statement and 4.80% remained neutral. The mean score was 2.36, with a standard deviation of 1.19. It was found that 23.40% of the respondents agreed the level of product and service innovation within the firm has significantly increased over time, while 69.30% disagreed with the statement and 7.40% remained neutral. The mean score was 2.39 with a standard deviation of 1.14. A kurtosis test was also run to test the normality of the distribution. The kurtosis values ranged from -1.256 to 0.935 and according to Celikoglu and Tirnakli (2018), the values for kurtosis between -2 and +2 are considered acceptable. Hence, the distribution of response values was normal for all the items. The values of skewness statistics were positive, indicating that the data was skewed to the right and that both the mean and the median were more than the mode of the data set.

4.3 Correlation Analysis

Correlation analysis was conducted to establish the association between customer orientation and performance among pharmaceutical manufacturing firms in Kenya. The Association of variables is established between 0 and 1. There is no relationship between variables in cases where the correlation value is 0. However, a correlation of ± 1.0 means there is a perfect positive or negative association. Results in Table 4 show the correlation analysis. Table 4 presents the correlation analysis

Table 4: Correlation Analysis

Variable		Performance	Customer Orientation
Performance	Pearson Correlation	1.000	
	Sig. (2-tailed)		
Customer Orientation	Pearson Correlation	.629**	1.000
	Sig. (2-tailed)	0.000	

Source: Researcher (2022)

The results from table 4 show a positive and significant association between customer orientation and performance ($r=0.629$, $p=0.000$). The implication of this finding is that organizations should prioritize customer satisfaction in their operations. They should make efforts to understand their customers' needs and preferences and tailor their products or services accordingly. They should also focus on building relationships with their customers and creating a positive customer experience. By doing so, organizations can not only improve their performance but also increase customer loyalty and retention. The findings also suggest that organizations that do not prioritize customer orientation may be at a disadvantage in today's competitive business environment. The results are consistent with Maduagwu, Okoro, and Ede (2018) noted that customer orientation facilitates the creation of more value for customers, which translates to enhanced performance. Atieno (2018) established that being customer-oriented positively affects these suppliers' performance. Mbonoka (2015) established a positive significant effect of customer orientation on the performance of these companies. Mokhtaran and Komeilian (2016) noted that customer orientation was found to significantly enhance customer relationship management (CRM) and service quality which resulted to greater customer satisfaction and the cultivation of mutually profitable long-term relationships with customers which consequently led to improved performance. Ali, Leifu, and Rehman (2016) found that customer orientation had a positive significant impact on the performance of the firms.

4.4 Regression Analysis

Regression analysis examines the relationship between variables. It is a set of statistical methods used to estimate relationships between a dependent variable and one or more independent variables. The components of the regression analysis include the model fitness, analysis of variance and regression coefficients. The model fitness results are presented in Table 5

Table 5: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629a	0.396	0.393	0.220876

The results presented in Table 5 indicate that customer orientation is adequate variable in explaining performance. This is supported by the coefficient of determination also known as the R square, of 39.6%. This means that customer orientation explains 39.6% of the variations in the performance (dependent variable) in pharmaceutical manufacturing firms in Kenya. The study results concur with Mbonoka (2015) who revealed a significant positive effect of customer orientation on performance. Mokhtaran and Komeilian (2016) noted that customer orientation was found to significantly enhance customer relationship management (CRM) and service quality which resulted to greater customer

satisfaction and the cultivation of mutually profitable long-term relationships with customers which consequently led to improved performance. Ali, Leifu, and Rehman (2016) found that customer orientation had a positive significant impact on the performance of the firms. Atieno (2018) established that being customer-oriented positively affects these suppliers' performance. Table 6 provides the results on the analysis of variance (ANOVA).

Table 6: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.311	1	7.311	149.867	.000b
	Residual	11.172	229	0.049		
	Total	18.483	230			

The results in Table 6 indicate that the overall model is statistically significant. The results signify that customer orientation is a good predictor of performance. This is supported by an F statistic of 149.867 and the reported p-value (0.000), which is less than the conventional probability of 0.05 significance level. Further, the study sought to examine the regression coefficients and the study results are presented in Table 7

Table 7: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0.983	0.11		8.953	0.000
Customer Orientation	0.569	0.046	0.629	12.242	0.000

Based on the study results, the regression model specification was;

$$Y = 0.983 + 0.569X$$

The regression of coefficients results in table 7 shows that customer orientation and performance is found to be positively and significantly related ($\beta=0.569$, $p=0.000$). This means that an improvement in customer orientation by one unit would change the performance by 0.218 when other factors are held constant. The hypothesis was tested by using regression results and determined using the p-value. The acceptance/rejection criterion was that if the p-value is less than 0.05, we reject the null hypothesis (H_0), but if it is more than 0.05, the H_0 is not rejected. Based on the results presented in Table 7 the p-value is 0.000. The null hypothesis is thus rejected. Hence, customer orientation has significant effect on performance of pharmaceutical manufacturing firms in Kenya. The study results concur with Mbonoka (2015), who revealed a significant positive effect of customer orientation on performance. Mokhtaran and Komeilian (2016) noted that customer orientation significantly

enhances customer relationship management (CRM) and service quality which result to greater customer satisfaction and the cultivation of mutually profitable long-term relationships with customers which consequently led to improved performance. Ali, Leifu, and Rehman (2016) found that customer orientation had a positive significant impact on the performance of the firms. Atieno (2018) established that being customer-oriented positively affects these suppliers' performance.

5.0 Conclusion

The study concludes that customer orientation and performance is positively and significantly related. The correlational analysis showed a positive and significant association between customer orientation and performance ($r=0.629$, $p=0.000$). The model fitness statistics indicate that customer orientation explains a substantial portion of the variation in performance, with an R square of 0.396. The analysis of variance (ANOVA) confirms the overall significance of the model, as indicated by a large F statistic of 149.867 and a significant p-value of 0.000. The regression coefficients further support the positive relationship between customer orientation and performance, with a standardized coefficient of 0.569 and a p-value of 0.000. These findings suggest that a one-unit increase in customer orientation is associated with a 0.569 unit increase in performance. These results align with previous studies, emphasizing the importance of customer orientation in enhancing customer relationship management, service quality, customer satisfaction, and ultimately leading to improved performance in pharmaceutical manufacturing firms.

6.0 Recommendations

The study recommends that every organization should pay attention to customer orientation since it was found to have a positive and significant effect on performance. The organization should provide customers with unique, different and distinct products from competitors. The firms should continually monitor its commitment levels and positioning in serving the needs of its consumers. The business goals of the firm should be driven largely by consumer satisfaction. The firm's approach to attaining competitive edge need to be founded on understanding consumer needs. The firm should pay closer attention to after-sales services. Information should be disclosed regarding quality of the products and services. The firm should have a standby team tasked with obtaining and addressing customer concerns. Customer complaints need to be addressed immediately whenever raised. Overall, embracing and strengthening customer orientation can drive positive outcomes for pharmaceutical manufacturing firms, leading to enhanced performance and competitive advantage in the market.

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