

# **INFLUENCE OF STRATEGIC ORIENTATION ON THE GROWTH OF MICRO AND SMALL FURNITURE MANUFACTURING ENTERPRISES IN KENYA**

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## **ABSTRACT**

MSEs are an important segment of our economy. They contribute about 70% to the country's GDP and over 80% of the countries employment. Therefore, promotion of MSEs and, especially of those in the informal sector is viewed as a viable approach to sustainable development because it suits the resources in Africa. MSEs are the main source of employment in developed and developing countries alike, comprising over 90% of African business operations and contributing to over 70% of African employment and GDP. However, reports indicate that MSEs are ranked highest to risk exposure related to management. The higher exposure to risk for the MSEs leads to high collapse rate that leads to loss of job and hence low economic development to the country. High dependence on old methods of doing business, lack of entrepreneurial management was ranked highest among the risks by businesses in Kenya. Entrepreneurial management has been fronted as a key determinant for a firm's growth and profitability. It has been related to high firm growth. Entrepreneurial management helps firms to be proactive in managing uncertainty to create long-term value because uncertainty has upside potential as well as a downside

exposure. Therefore, this study sought to establish the influence of strategic orientation on growth of MSE in furniture manufacturing industry in Kenya. To achieve the objectives of this study, the study was guided by Herzberg Hygiene Theory and Schumpeter's Theory of Innovation. The research approach adopted in this study was the mixed method. The target population of study was the 10,345 owners/managers of Furniture manufacturing MSEs in Nairobi. A sample of 393 owner/managers of furniture business in Nairobi was selected using stratified random sampling. The study used a questionnaire for data collection purposes. Respondents filled in the questionnaire as the researcher waits, a drop and pick later method was employed in cases where it was not possible to fill in the questionnaire same day. The researcher did pilot testing the of research instrument to ensure its reliability and validity. The study generated both qualitative and quantitative data. The study also used multiple linear regression model to study the relationship between dependent and independent variables.

**Key Words:** *strategic orientation, growth, micro and small furniture manufacturing enterprises, Kenya*

## **INTRODUCTION**

Growth of SME's has presented a lot of concern not only to the owners and managers of firms but also to the policy makers globally (Fairoz et al., 2013; St-Jean, et al., 2014). Mohamed et al. (2012), in their study observed that there was a serious lack of entrepreneurial management among owner/ managers of small businesses in Malaysia resulting in poor production methods, products and services and lack of competitiveness which resulted into slow economic growth of the SMEs. The situation was worsened by the absence of government instituted policies to guide the entrepreneurs. Entrepreneurial

management, or certain of its dimensions, have been associated with positive effects related to performance in manufacturing firms in London (Coulthard, 2013).

In a study carried out on Malaysia public enterprises by Sumon, et al (2010) stated that Scholars and practitioners often associate the entrepreneurial management (EM) of a firm with private owned business entities. Within the context of organizational entrepreneurship, research shows that EM of a firm has a significant relationship with its performance (Wiklund, 1999). Majid, Ismail and Cooper (2011) did conducted a study in Malaysia. The study sought to establish prevalence of entrepreneurial management practices in technology-based firms. The results suggest that a large majority of the firms that were included in the study were seen to be entrepreneurial. Further inquiry into entrepreneurial management construct, the results were mixed on the prevalence of entrepreneurial management in the firms. For the firms with high affinity for entrepreneurial propensity, there was high prevalence of Management structure, strategic orientation and entrepreneurial culture dimensions. However, the firms sampled had average scores for the growth orientation and resource orientation dimensions.

### **Manufacturing Enterprises**

Manufacturing is the art of transformation of raw materials into either intermediate goods or final products through a mechanized process (Timmons, 2014). The modern African manufacturing sector is small and stagnant; there is little investment, and the sector has not managed to break into export markets. A comparative analysis of Ugandan firms in different size categories conducted by Gauthier (2013) indicates that the average low performance of the manufacturing and other sectors is worsened by the poor performance of MSEs. Compared to large enterprises, MSEs in manufacturing are less efficient and incur high costs per unit of revenue. They use labor-intensive technologies to compensate for the lack of technical capacity in order to perform well. The larger firms are more capital-intensive than the smaller ones.

### **STATEMENT OF THE PROBLEM**

In Kenya, MSEs have consistently displayed inability to respond to random and especially high quantity of furniture orders of any particular kind from suppliers both local and international. A report by Kenya National Bureau of Statistics (2017) indicates that 3 out of 5 businesses fail within the first few months of operation and those that continue 80% of them fail before the fifth year. This high failure rate has a direct impact on the National GDP and also contributes to unemployment. MSEs create employment for 50% of the working population and contribute 18% to the gross domestic product (GDP) (KIPRA, 2013). In 2013, the furniture market in Kenya stood at approximately US\$496 million in sales, with a Compound annual Growth rate (CaGr) of 10% over the past 5 years. Furniture imports stood at US\$66 million and constitute 13% of the total market. Imports of furniture grew at a CaGr of 24% between 2011-2015, while exports grew more slowly at a 10% CaGr. Therefore if the gap is not filled, the ever-rising consumption in the Kenyan furniture markets will be met by imports. Ngaruiya (2014) notes that while furniture manufacturing in Kenya drops, furniture

demand in Kenya is increasing due to increased purchasing power, population and growing urbanization. Therefore, it is clear that there is an opportunity for the furniture business in Kenya, yet, the business still struggle with stagnated growth and failure to meet the market demand. Ngaruiya (2014) describe the entrepreneurs in MSEs as lacking creativity and vision, resources as well as access to credit services and as who enter the business only to meet their immediate financial need. They are therefore not keen on taking their business to the next level. Several empirical studies have been done in the area of entrepreneurship and entrepreneurial management. For example, Bendixen and Migliorini (2017) did a study on Entrepreneurship and women: The making of a business plan for the creation of a distribution business in Denmark. Also, Hortoványi (2013) did a study to assess entrepreneurial management in Hungarian SMEs. However, despite the empirical inquiry into the field of EM, no study either local or international known to the researcher has been conducted to establish the effect EM on growth of MSE in furniture manufacturing industry in Kenya. Therefore, this study sought to fill the gap in inadequate research on the relationship between EM and growth MSEs. The study aimed to determine the influence strategic orientation on growth of MSE in furniture manufacturing industry in Kenya.

## **GENERAL OBJECTIVE**

The study sought to establish the influence of strategic orientation on the growth of micro and small furniture manufacturing enterprises in Kenya

## **THEORETICAL REVIEW**

This section presents the theoretical foundation of the study. In order to achieve the objectives of this study, the study reviewed various theories that are relevant to the objectives of the study. The study therefore was guided by Herzberg Hygiene Theory; Schumpeter's Theory of Innovation.

### **Herzberg Hygiene Theory**

Herzberg et al. (1959) moved on from Maslow's hierarchical needs to examine what they termed "motivators" and "hygiene factors" in the workplace, postulating that where job satisfaction was high there would be correspondingly high motivation. Robbins (1998) believes that the recent growth of worker participation in planning and controlling their work is due to Herzberg et al.'s (1959) recommendation that those factors which they find intrinsically rewarding (achievement, recognition, the work itself, responsibility and growth) should be emphasized. Nevertheless, if one follows Herzberg et al.'s thinking to its logical conclusion, no matter how much emphasis is placed upon factors that staff find intrinsically rewarding, such as worker empowerment, supportive management, team work, delegated authority and responsibility, if hygiene factors, such as low pay, are not addressed their full effect will not be felt.

The interdependence of intrinsic rewards with extrinsic rewards with consequences for motivation has also been postulated (de Charms, 1968). However, it would appear that there is limited applicability of this cognitive evaluation theory in the world of work and that

further research is required. Herzberg Hygiene Theory will be used in the study to describe the reward philosophy in MSEs and how it motivates the employees for enhanced performance. This eventually results in growth of the organization.

### **Schumpeter's Theory of Innovation**

Schumpeter (1934; 1942) highlights the role of innovation in the entrepreneurial process. Schumpeter (1942) describes a process of “creative destruction” where wealth creation occurs through disruption of existing market structures due to introduction of new goods and/or services that cause resources to move away from existing firms to new ones thus allowing the growth of the new firms. Accordingly, Schumpeter calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity for a different business or a different service. Schumpeter (1942) stressed the role of entrepreneurs as primary agents effecting creative destruction, and emphasized to the entrepreneurs the need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation; as well as their need to know and to apply the principles of successful innovation.

Schumpeter's Theory of Innovation will explain entrepreneurial culture where ideas are more important than resources and furniture manufacturing MSEs usually have more ideas than their resources. The theory will look into how frequently the firm encourages and promotes new ideas, creativity, experimentation, and broad search for opportunities within the firm.

## **EMPIRICAL REVIEW**

### **Strategic Orientation**

Strategic orientations refer to the principles that direct and influence the activities of a firm and generate the behaviors intended to ensure the viability and performance of the firm (Gatignon & Xuereb, 2013). Magnificence in activities is achieved through key indicators (strategic) which are the back bone of a firm; strategic orientation refers to such type of key indicators. Strategic Orientation describes what factors drive the creation of strategy. The promoter's strategy is driven by the opportunities that exist in the environment and not the resources that may be required to exploit them. As opportunities drive strategy, almost any opportunity is relevant to the firm. Once an opportunity is identified, resources to exploit it need, of course, to be marshaled. Conversely, the trustee's strategy is to utilize the resources of the firm efficiently. The resources are the starting point and only opportunities that relate to existing resources are relevant to the firm.

According to Narver and Slater (2010), a firm's strategic orientation reflects the strategic directions implemented by a firm in order to create the proper behaviors for the continuous superior performance of the business. A firm invests its resources in activities that reflect its strategic orientation. Three major strategic orientations can be identified from the list of factors which determine the success or failure of new products: the firm's consumer orientation and its competitive orientation—often covered jointly under the label of market

orientation and the firm's technological orientation. While inter-functional coordination has been considered as part of the market orientation concept (Narver & Slater, 2010). James and Hatten (2010) indicates that with the help of an organization, balances the product-market scope and creates respective aiding mechanisms to achieve superiority in a specific scope. They mentioned four mechanisms which firms use to face such kind of problems; prospectors, defenders, analyzers and reactors.

Prospectors operate in a manner that is creative innovative and creative to its core and they aim at exploring and using up untapped product and market arenas and opportunities. On the other hand, defenders, in complete contrast to prospectors, chase stability, they target to maintain total control of the pre-captured customer base and market share. While analyzers are prone to having the merits of both fore mentioned strategic orientations i.e. prospectors and defenders and seem to absorb in themselves the right things from both, because they not only aim at tapping new product-market arenas in a cause to flourish, but alongside look to maintain the serene and tranquil product market arenas on which they tend to have suzerain control. In total strategic disagreement to all other strategic orientation types' reactors tend to be altogether different because they have no proper response to the dynamic entrepreneurial problem. According to the studies in the past decades, reactors constitute a meager stake of the business firms (James & Hatten, 2010).

### **Gap in Knowledge**

The recent literature reveals a general although certainly not complete consensus around the position that successful corporate entrepreneurship is linked to growth in firms (Antoncic & Hisrich 2010). Most research about corporate entrepreneurship and firm's performance is based on Covin and Slevin's (2011) concept of entrepreneurial orientation that consists of three dimensions or behaviors: innovativeness, pro-activeness and risk taking. However, the area of entrepreneurial management; that encompasses strategic orientation, resource orientation, reward philosophy and entrepreneurial culture; and growth of enterprises have not received as much attention. Entrepreneurs are people who have a high need for achievement coupled with competitive spirit, strong self-confidence and independent problem solving skills, and preference of taking calculated risks. Further, most of the excising literature is on blue chip companies, only a handful is in regard to Micro and Small Enterprises and Medium and Small Enterprises. Therefore, this study was conducted among Micro and Small Enterprises and specifically in furniture manufacturing Micro and Small Enterprises.

## **RESEARCH METHODOLOGY**

### **Research Design**

The research approach adopted in this study was a mixed method. The research design was a causal, non-experimental and cross-sectional. The design also takes on a confirmatory element as it is based on priori hypotheses deduced from existing theories and empirical studies. This study seeks to explore the cross-sectional non-experimental causal effect between entrepreneurial management and growth of micro and small furniture manufacturing



enterprises in Kenya. An experimental design is where the researcher actively tries to control the research by changing the circumstances, situation, or experience of participants (Bachman, 2006). In a cross-sectional, non-experimental research design, all data are collected at one point in time and the researcher has no control of the circumstances, situations, or experience of participants.

### **Target Population**

The target population of study were 10,345 owners/managers of Furniture manufacturing MSEs in Nairobi (Nairobi City County, 2017). The distribution of the owners in micro and macro enterprises.

### **Sample Frame**

The sampling frame for this study were a population of 10,345 owner/managers of furniture business, a sample from within each group were taken using stratified random sampling which gives each item in the population an equal probability chance of being selected.

### **Sampling Size**

The sample size was 373 owner/managers of furniture business in Nairobi (132 from Micro enterprises and 241 from Small enterprises). The sampled respondents were deemed knowledgeable on subject matter and therefore, they are in a better position to provide credible information as sought by the study. Statistically, in order for generalization to take place, a sample of at least 30 must exist (Cooper & Schindler, 2003). Therefore, the choice of 373 respondents were adequate for generalization. The distribution of the sample size across the two categories of the respondents

### **Data Collection and Data Collection Instruments**

The study collected both primary data and secondary data. Secondary data was collected from books, journals and publications. The study used a questionnaire for primary data collection purposes. A questionnaire is a tool of data collection in which each person is asked to respond to the same set of questions in a predetermined order (Bryman & Bell, 2011). Questionnaires were used because they enable a researcher to reach a large group of respondents within a short time and with less cost. They also help to avoid or reduce the biases which might result from personal characteristics of interviewers and since respondents do not indicate their names, they tend to give honest answers. The questionnaire contained closed-ended questions. Closed –ended questions guide respondents and restrict them to only specified choices given (Sarantakos, 1998).

### **Data Collection Procedure**

The researcher informed the respondents that the instruments being administered will be for research purpose only and the responses from the respondents will be kept secret and confidential. The researcher obtained an introductory letter from the university to collect data from the hotel then personally deliver the questionnaires to the respondents. The researcher

administered the questionnaire individually to the selected sample. The researcher issued the questionnaire and wait for the respondents to fill in the questionnaire and then collect. However, where it was difficult for the respondents to fill in as the researcher waits, a drop and pick later method was employed where the questionnaires were given out to the respondents and then collected later. To ensure high response rate, follow up calls were made to remind the respondents to complete the questionnaires. The researcher exercised care and control to ensure all questionnaires issued to the respondents are received, therefore, the researcher maintained a register of questionnaire given out and the ones returned.

### **Pilot Testing**

The researcher did a pilot testing the of research instrument to ensure its reliability and validity. The researcher conveniently selected a pilot group of 10 individuals from the population to test the reliability of the research instrument. According to Cooper and Schindler (2003), the pilot group can range from 10 to 100 subjects but it does not need to be statistically selected. The pilot data was not included in the actual study. The pilot study allowed for pre-testing of the research instrument. The clarity of the instrument items to the respondents were established so as to enhance the instrument's validity and reliability. The pilot study enabled the researcher to be familiar with research and its administration procedure as well as identifying items that require modification. Pilot study helped the researcher to correct inconsistencies arising from the instruments, which ensured that they measure what is intended.

### **Validity of the Research Instrument**

To establish the validity of the research instrument the researcher sought the opinions of experts in the field of study especially the researcher's supervisors and lecturers. This facilitated the necessary revision and modification of the research instruments thereby enhancing validity.

### **Reliability of the Research Instrument**

Reliability refers to the extent to which a measurement scales or test is dependable, consistent, predictable and stable (Salkid, 2012). Pretesting helped the researcher to correct inconsistencies arising from the instruments, which ensured that they measured what is intended. The researcher intends to conveniently select a pilot group of 10 individuals to test the reliability of the research instrument. According to Cooper and Schindler (2003), the pilot group can range from 10 to 100 subjects but it does not need to be statistically selected. This reliability estimate was measured using Cronbach Alpha coefficient ( $\alpha$ ). Nunnally (1978) recommends that instruments used in research should have reliability of about 0.70 and above.

### **Data Analysis and Presentation**

The study generated both qualitative and quantitative data. There are three main objectives for analyzing data. The objectives include: getting a feel of the data, testing the goodness of the data and testing the hypothesis developed for the research Sekaran (2006). The feel of the



data gave preliminary ideas of how good the scales were, how the coding and entering of data has been done. Testing of the goodness of data was accomplished by submitting data to factor analysis, obtaining the Cronbach's alpha reliability of the measure as stated earlier.

Also conceptual content analysis was used for analysis. Content is defined by Creswell (2013) as a technique for making inferences by systematically and objectively identifying specific characteristic of messages and using the same approach to relate trends. According to Mugenda and Mugenda (2003) the main purpose of content analysis is to study the existing information in order to determine factors that explain a specific phenomenon. According to Kothari (2000), content analysis uses a set of categorizations for making valid and replicable inferences from data to their context. The study used correlation to show the degree of association between the independent variables and the dependent variable. Correlation is used when a researcher wants to predict and describe the association between two or more variables in terms of magnitude and direction (Oso, 2009).

Quantitative data collected through the questionnaires was checked for completeness and accuracy and usability. Descriptive statistics and content analysis were used to analyze the data collected. Closed questions were analyzed through the help of the statistical package for social Science (SPSS) computer software by assigning numbers to responses for analysis of qualitative data as it is efficient and give straight formal analysis.

The researcher further employed a multivariate regression model to study the relationship between strategic orientation and growth of MSEs in the furniture industry in Kenya on the other. The researcher deems regression method to be useful for its ability to test the nature of influence of independent variables on a dependent variable. Regression is able to estimate the coefficients of the linear equation, involving one or more independent variables, which best predicted the value of the dependent variable. The researcher used multiple linear regression analysis to analyze the data. The regression model will be as follows:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where: Y = Growth of MSEs;  $X_1$  = Strategic Orientation;  $\beta_0$  = Constant;  $\beta_1$  = the regression equation coefficients for each of the variables  $\varepsilon$  = error

## **RESEARCH RESULTS**

### **Factor analysis**

To assess validity of the research instrument, factor analysis was carried out. Validity is the suitability of the instrument that is measured by assessing how well the instrument measures the study constructs. According to Henson & Roberts (2006) and Kieffer (1999) factor analysis is one of the most useful methods in instrument development for establishing validity evidence based on internal structure. Factor analysis techniques are commonly used to assess the structure of scales and in measurement the scales. Both Exploratory factor analysis (EFA) and Confirmatory factor analysis (CFA) are standard statistical tools for dimension reduction which are commonly used in the development of measurement scales.

### **Convergent Validity**

Convergent validity assesses whether items measuring the same construct which are expected to be related are actually related. Convergent validity is measured by determining the average variances extracted (AVEs) for each construct (John & Veronica, 2010). The research instrument is said to exhibit convergent validity if the AVEs are above 0.5 Kane (2013). As shown in table 1, the AVEs for the factors from the retained items were all above 0.5 implying that the instrument exhibited convergent validity.

**Table 1: Average Variance Extracted**

<b>Construct</b>	<b>AVE</b>
Growth	0.609
Strategic Orientation	0.845

### **Reliability Analysis**

Cronbach Alpha was determined for every objective which formed a scale in the research. The pilot study involved 10 respondents conveniently selected. Cronbach's Alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. To assess the reliability of the instruments thus the internal consistency to indicate how well different items on a scale measure the concepts which they are purported to measure a reliability test was done. Internal consistency is calculated by measuring a statistic known as the Cronbach's alpha. Cronbach's alpha is considered a good measure of reliability in social science research when it is found to be 0.70 or above. This pretest was done among conveniently selected owner/managers of furniture business in Nairobi. A construct composite reliability co-efficient (Cronbach alpha) of 0.7 or above, for all the constructs, is considered adequate. The acceptable reliability coefficient is 0.7 and above (Nunnally, 1978), if the Cronbach alpha is below 0.7 the reliability of the questionnaire is considered too low and thus the research tool should be amended.

The findings of the pilot test showed that 'Strategic Orientation' scale had a Cronbach's reliability alpha of 0.834 hence the pilot test showed that the scales measuring the objectives had a very high reliability.

**Table 2: Cronbach's Alpha**

	<b>Cronbach's Alpha</b>	<b>No. of Items</b>
Strategic Orientation	.834	9

### **Regression Analysis**

Regression analysis is a statistical process for estimating the relationships among variables. With this analysis, one is able to understand how the typical values of the dependent variable change when one of the independent variable is varied, while the other variables are held

constant/fixed. For this study, a multiple regression model was applied to identify the impact strategic orientation on growth of micro and small furniture manufacturing enterprises. This variable was measured using the responses on each of the variables obtained from the respondents. The collected data satisfied the assumptions for multiple linear regression as shown in the diagnostics test above.

The model summary table provides information about the regression line's ability to account for the total variation in the dependent variable. It demonstrates how the observed y-values are highly dispersed around the regression line. The output indicates that the strength of association between the dependent variable and the independent variables jointly is moderately high ( $R = 0.486$ ). The coefficient of determination (R-square) was found to be 0.236. This is the explanatory power of the model which shows that 23.6% of the variation in the dependent variable growth is explained by the variation of predictor in the model (strategic orientation). This therefore means that other factors not studied in this research explain the remaining 76.4% of the growth of micro and small furniture manufacturing enterprises.

**Table 3: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
	.486a	0.236	0.227	0.879

a. Predictors: (Constant), Strategic Orientation

b. Dependent Variable: Growth of Micro and Small Furniture Manufacturing Enterprises

Analysis of variance (ANOVA) is an analysis tool used in statistics that splits the aggregate variability found inside a data set into two parts: systematic factors and random factors. The systematic factors have a statistical influence on the given data set, but the random factors do not. The researchers in the study used the analysis of the variance to test how independent variable affect the dependent variable amid a regression study. ANOVA in regression analysis involves calculations providing information about levels of variability within a regression model and form a basis for testing the general significance of the regression model. The ANOVA table is a breakdown of the variance in the outcome variable (growth). The table shows the proportion of the total variance of the dependent variable that is apportioned to the variation that can be explained by the predictor in the model and the remaining variance due to the residuals that cannot be explained by the independent variables in the model. The general significance of the model is determined by testing that the estimates of the model are jointly not equal to zero.

From the ANOVA table, the P-value of the F-statistic is less than 0.05 showing that the coefficient estimates of the model are jointly not equal to zero. This implies that the model is statistically significant in predicting how strategic orientation impact the growth of micro and small furniture manufacturing enterprises. This shows that the regression model has a less than 0.05 likelihood (probability) of giving a wrong prediction. This therefore means that the

regression model has a confidence level of above 95% hence high reliability of the results. According to Kotter (1996), this is model can be used for estimating purposes.

**Table 4: ANOVA**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	75.198	1	75.198	98.178	.000b
	Residual	242.802	317	0.766		
	Total	318.000	318			

a. Dependent Variable: Growth of Micro and Small Furniture Manufacturing Enterprises

b. Predictors: (Constant), Strategic Orientation

Regression analysis is a form of predictive modelling technique which investigates the relationship between a dependent (target) and independent variable (s) (predictor). This technique is used for forecasting and finding the causal effect relationship between the variables. It also indicates the significant relationships between dependent variable and independent variable and the strength of impact of multiple independent variables on a dependent variable. Regression helped the researchers to eliminate and evaluate the variable to be used for building predictive models that govern the association between strategic orientation impact on growth of micro and small furniture manufacturing enterprises.

The coefficients table shows the regression coefficients for the independent variables and statistics that determine how significant the variables are in predicting the growth of micro and small furniture manufacturing enterprises. The findings show that entrepreneurial management (Strategic Orientation) significantly influenced the dependent variable. Strategic orientation (p value=0.000) was found to be significant predictors of growth of micro and small furniture manufacturing enterprises.

$$\hat{Y} = 0.227X_1$$

**Table 5: Regression Coefficients**

	<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	0.000	0.049		0.000	1.000
Strategic orientation	0.227	0.050	0.227	4.505	0.000

a. Dependent Variable: Growth of Micro and Small Furniture Manufacturing Enterprises

Inferring from the regression equation a unit increase in levels of strategic orientation while setting the coefficient of other independent variable constant would lead to a 0.227 change in growth of micro and small furniture manufacturing enterprises. The results from the multiple regression was used for hypothesis testing to draw conclusions on the objectives of the study on the influence of strategic orientation on the growth of micro and small furniture manufacturing enterprises in Kenya.

**Ha:** Strategic orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.

The p-value of the coefficient of strategic orientation in the model was found to be 0.000 which is less than 0.05. The coefficient of strategic orientation was positive implying improvement of growth with increases in strategic orientation. Therefore, the alternative hypothesis was accepted and a conclusion drawn that strategic orientation significantly improves growth of micro and small furniture manufacturing enterprises in Kenya.

## **DISCUSSION OF THE FINDINGS**

From the findings, we can establish that new product development was cited by the respondents as an aspect of strategic orientation however it was temporarily employed. The respondents contended that the objective of new product development was to cultivate, maintain and increase the market share and to satisfying consumer demand. Some respondents suggested that since not every product will appeal to every customer or client base, so defining the target market for a product is a critical component that must take place early in the product development process. A majority of the respondents also indicated that they had ventured into new markets. These study results concur with the research findings by Gatignon and Xuereb, (2013) that strategic orientations help organizations find solutions to problems, create new capabilities, and improve business performance. Gatignon and Xuereb (2013) further indicates strategic orientation helps firms to develop strategies that drives a firm to realization of opportunities and how to exploit resources in to realize the said opportunities.

In view of the findings generated, many of the respondents indicated that their resources determined how they identified, pursued and implemented their strategic business opportunities. In addition, the study found that the micro and small furniture manufacturing enterprises were ready and willing to adopt new technology to transform their businesses. The respondents are in agreement that micro and small furniture manufacturing enterprises can compete with large businesses by being more swift and agile, and responding to change faster. Information technology can improve the enterprises efficiency and decrease human error by developing automated processes. These findings are in line with the study findings by Narver and Slater (2010), which indicates that strategic orientation of the firm reflects its operational, marketing, and entrepreneurial posture, thus by doing so, a firm achieves its goals in markets by taking risks, investing in innovation, becoming proactive, and developing future-oriented foresight.

In relation to contingency theory, that indicates that there is no single best way to organize an organization to realize organizational goals (Burns & Stalker, 1961). According to Morgan (2007) contingency theory depicts about every strategic orientation type and states that there is a manner that fits a firm's traits which lead to enhanced performance of the firm. In line with the study findings, micro and small furniture manufacturing enterprises in Kenya embrace new product development, ventured into new markets to maintain and increase the market share and to satisfying a consumer demand. They engaged this mix of strategic

orientation in order to peruses multi dimensions of realizing objectives of the firm. These patterns depict various interconnected and reinforcing traits of the organization that are imperative to the materialization of organizations strategic goals. Strategic fit is the prime concept of strategy formation on the grounds of normative models; trivially this concept has been restricted to optimum performance (Seyranian, 2012).

Further, in line with Schumpeter's Theory of Innovation (1934; 1942) which highlights the role of innovation in the entrepreneurial process, the results indicates that the entrepreneurs were ready and willing to adopt new technology as a strategy to transform their businesses and achieve the objectives of their firms. Accordingly, Schumpeter calls innovation the specific tool of entrepreneurs, the means by which entrepreneurs exploit change as an opportunity for a different business or a different service.

## **CONCLUSIONS**

The study reached a conclusion that there was a significant positive relationship between strategic orientation and growth of the micro and small furniture manufacturing enterprises through improved links to the customer and better product approaches. Therefore, in adopting strategic orientation, micro and small furniture manufacturing enterprises may never lose their focus from any of these important business aspects. Strategic orientation of the firm leads to, at least in part, superior performance because of the innovations which are brought to market. Indeed, this is consistent with the adoption of innovation research, which indicates that the strategic orientation is a strong determinant of the adoption of an innovation.

## **RECOMMENDATIONS**

There is a dire need for capacity building support to enable micro and small furniture manufacturing enterprises to grow, as they need to be helped to liaise with the public agencies and institutions responsible for implementing the various schemes aimed at assisting micro and small furniture manufacturing enterprises. Strong associations would enjoy legal recognition; negotiate with official authorities on issues such as credit and the right to occupy public land. Therefore, there is need for the players in the furniture manufacturing business to form associations or cooperatives to strengthen their bargain and access to resources. Associations could help the micro and small furniture manufacturing enterprises to improve their access to capital and information through links with formal markets.

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