INFLUENCE OF STRATEGIC ORIENTATION ON PERFORMANCE OF KENYA'S MANUFACTURING FIRMS OPERATING UNDER EAST AFRICAN REGIONAL INTEGRATION

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Abstract

Today governments and the private sector all over the world, recognize the influence of strategic orientation on firm performance as a key strategy under entrepreneurship development. Firms are encouraged to become entrepreneurial in order to enhance their performance under regional integration regimes. Regionalization is the coming together of nations, to attain goals which cannot be achieved in isolation. Regionalization results in expanded markets, which is a challenge to manufacturing firms, as the case of firms in Kenya. Strategic Orientation is recognized as a remedy to the challenge. The study adopted both quantitative and qualitative exploratory research design. The study sample comprised of 138 firms, within 5 Sub-sectors of manufacturing firms located in Nairobi and Surrounding area. The findings revealed that performance of Kenya's firms are significantly influenced by strategic orientation. The study concluded that Kenya's manufacturing firms intent on enhancing their performance urgently need to adopt strategic orientation.

Keywords: Entrepreneurship, Strategic Orientation, Competitiveness, Firm Performance, Regional Integration.

1. Introduction

Strategic orientation is an important strategy under entrepreneurship discipline, considered important in enhancing firm performance and socio-economic development of countries. Despite the immense contribution of strategic orientation, most of the past research on entrepreneurship has been devoted to the accomplishments of small businesses and new business ventures within a domestic set-up, without much focus on its influence on firm performance under a regional integration context. Strategic Orientation therefore, is the firm's present and planned resource deployments and interactions that indicate how a firm will achieve its objectives or desired level of performance. It reflects key areas of marketing leadership, quality leadership, product specialization, cost leadership, and manufacturing leadership (Knight, 1997).

According to Knight (1997), Regionalization deserves attention from entrepreneurship researchers given the large number of Micro, Small and Medium Enterprises (MSMEs) venturing into regional and global markets to exploit existing opportunities of expanded markets and for profits. Besides its contribution to development, entrepreneurship is considered important to the success of manufacturing firms operating under regional integration regimes. The global trend is for firms operating under regional integration regimes, characterised by expanded markets, to embrace Strategic Orientation as important competitive strategy for enhanced performance of firms.

Study findings on the experience of Canadian manufacturing firms operating under North American Free Trade Agreement (NAFTA) as a regional trading area, reveals that manufacturing firms operating in countries which are members of regional integration regimes are directly influenced by strategic orientation. The study concludes that, influence of strategic orientation is not only confined to firms operating within NAFTA, but also to other regional integration areas. There exist Pros and Cons of regional integration. The Pros of regional integration includes: - Access to wider market, larger and diversified investment and production, socio-economic and political stability. It also involves movement of goods and services, capital and labour. However, the Cons of regional integration include: - Perceived increase in competition, varied tastes and preferences of consumers, and a sense of loss of national sovereignty. For success, regional integration requires strong commitment in implementing the agreed arrangements, fair mechanisms to arbitrate disputes and equitable distribution of the gains and costs of regional integration.

In Africa, the East African Community (EAC) is one of the regional integration bodies which comprise of Kenya, Uganda, Tanzania, Rwanda and Burundi (EAC, 2010). Most of the characteristics of regional integration regimes in other parts of the world, are also found within the EAC regional integration area, such as: - The expansion of market for manufacturing firms, increased number of competing firms, larger market and greater pressure on firms to regionalize, and more importantly, the moderating influence EAC regional integration has on performance of manufacturing firms. This therefore, calls for firms to adopt Strategic Orientation as a mitigating measure (Knight, 1997; EAC. 2010).

This study was undertaken within the context of establishing the influence of strategic orientation among manufacturing firms in Kenya, and how the strategy influences their performance while operating under the moderating under the East African regional integration. It is recognized by Kenya Association of Manufacturers (KAM) that challenges abound for manufacturing firms accustomed to operating under domestic markets, when they venture or expand their operations to regional, international and globalized markets. Various research studies have confirmed that, strategic orientation greatly influences performance of manufacturing firms operating under regional integration regimes in other parts of the world, this is more pronounced for manufacturing firms operating under a regional integration configuration. Manufacturing firms in Kenya face similar challenges associated with operating under the East African regional integration regime, characterized by expanded market and increased competition. It is in this context that, manufacturing firms need to embrace and adopt Strategic Orientation as a mitigating measure, to overcome the challenges of operating under a regional integration area, for enhanced performance and competitiveness of their firms (RoK, 2005; EAC, 2010).

According to KAM (2006), Kenya is ranked first in so far as having the most developed manufacturing sector among the EAC member countries. However, despite this scenario, there exists a challenge from neighbouring countries such as Uganda, Tanzania, Rwanda, and Burundi, which are venturing into the manufacturing sector, resulting in increased competition, lower production costs, and greater pressure for manufacturing firms to regionalize. This study was therefore, undertaken within the context of establishing the influence of Strategic Orientation as a means of overcoming the challenges of regional integration, and how the strategy influences performance of Kenya's manufacturing firms operating under the moderating influence of East African Community regional integration.

2. Literature Review

Strategic orientation theories comprise a summation of various bodies of knowledge which form the gist of entrepreneurship. The theories advanced are critical for a clear understanding of how strategic orientation influences firm performance, especially for firms operating under regional integration regimes. The theories which form the cornerstone of this study are anchored under strategic orientation themes.

2.1 Theory on Strategic Orientation (SO)

Hofer and Schendel (1978) refer to Strategic Orientation (SO) as a firm's fundamental organizational strategy of present and planned resource deployment and environmental interactions that indicates how a firm plans to achieve its objectives. Strategic Orientation therefore, reflects the subcontracts which are critical to a manufacturing firm's performance and competitiveness, while operating under a regional integration area, characterized by expanded market. Strategic Orientation encompasses: marketing leadership, quality leadership, product specialization, cost leadership and manufacturing leadership (Knight, 1997).

2.1.1. Marketing Leadership

Marketing leadership is defined as a dynamic system of decisions regarding product development, pricing, promotion and distribution that are formulated and implemented over time. It is the innovative marketing techniques, employment of highly skilled sales force, and careful control of distribution channels, which are the hallmark of market leadership, which lead to superior performance of firms (Kotler and Armstrong, 1996).

According to Kotler and Armstrong (1996), marketing leadership involves the identification of one or more sustainable competitive advantages a firm has, in the market it serves or intends to serve. It involves allocation of resources to fully exploit the competitive advantages, especially under the expanded market brought about by regionalization. It is also considered as a business approach or philosophy that focuses on identifying and meeting the stated or hidden needs or wants of customers, that catapults the products and services of a manufacturing firm to be the most preferred in the marketplace. Marketing leadership approach further involves improvement of competitive capabilities of firms to become market leaders, and contribute to enhanced manufacturing firm performance (Han *et al*, 1998). For a firm to become a market leader, the firm must be able to develop new business models, innovatively introduce new products or services to the market, be on the cutting edge of new technologies, and undertake innovative business processes. The firm must offer superior products, services or solutions to customer's problems, the firm's products must also be differentiated and the firm should be able to move faster, in order to be ahead of competition (Covin & Slevin, 1991; Knight, 1997). It is for these reasons that, manufacturing firms in Kenya desirous of becoming market leaders, need to adopt market leadership strategies, to be sure of enhanced performance and competitive while operating under the EAC regional configuration.

2.1.2. Quality Leadership

Quality leadership is a key component of Strategic Orientation, which focuses on rendering of products and services of superior quality. It is a strategy important in increasing market share and profitability (Porter, 1990). The strategy involves the adoption by manufacturing firms of Total Quality Management (TQM) philosophy as espoused by Edward Deming (Deming, 1986). To attain quality leadership, it is important that firms adopt the Plan-Do-Check-Act (PDCA) model. Quality leadership therefore, entails focusing on work force empowerment, process improvement, customer obsession and strategic planning (Wang, 2008). Quality Leadership involves the application of quantitative methods and knowledge of people to assess and improve materials and services supplied to the manufacturing firm. It involves all the significant processes within the manufacturing firm in meeting the needs of the end-users now and in the future. Quality leadership practices should address processes central to a firm's performance, not those that are incidental to it. Emphasis on Quality leadership avoids committing scarce manufacturing firm's resources to less important issues (Lumpkin and Dess, 1996).

Quality leadership is therefore, the state where quality principles become the basis for guiding, empowering and offering support in pursuit of excellence by the employees throughout the organization (Feigenbaum, 2007). In this regard, emphasis is on creating the power of an environment of trust, openness and honest communication to encourage the development of individual quality improvement of entrepreneurs. The leader specifically has the responsibility to improve the system, by making it possible on a continuing basis for everyone to do a better job with greater satisfaction. The leader, instead of being a judge, is regarded as a colleague and counsellor, in leading his people on a day to day basis, and thereby, learning from them and with them (Deming, 1986). While these are the principles upon which quality leadership is built, how it is applied, is of critical importance. It therefore, means that it is necessary to apply the entire array of quality know-how such as quality discipline throughout the entire manufacturing firm, to all functions, at all levels, and to do so in a coordinated way (Juran *et al*, 1995). Juran further avers that quality does not happen by accident, but by embracing the quality trilogy of Quality planning, Quality control, and Quality improvement. Firms attain quality leadership by implementing company-wide internal and external strategies, create measures of quality, establish quality goals, and create processes capable of meeting quality goals. Deming and Juran's philosophies on quality have been reinforced by Kaizen, who avers that, to attain quality leadership, manufacturing firms have to adopt teamwork, personal discipline, improved morale, quality circles and suggestions for improvement and continual improvement.

Manufacturing firms which implement the ideologies of quality gurus such as Deming, Juran, Kaizen and Feigenbaum in implementing quality culture, tools and techniques are following approaches that tend toward quality leadership traits, which include empowerment, focus on people, vision, strategic viewpoint, and integration of disciplines. Other traits include strong integrity, and an awareness of social responsibilities.

These quality leadership styles are what Kenya's manufacturing firms operating under the East African Community regional integration context needs to adopt, for enhanced performance and competitiveness (Mosey, 2005).

2.1.3. Product Specialization

According to Porter (1980), product specialization is an important strategy adopted by firms to enhance performance and beat competition. It emphasizes specialty products, charging relatively higher prices and targeting narrow market segments. Product specialization is producing a particular product to target a specific consumer niche. Niche markets places more emphasis on the products rather than exclusivity. Product specialization is focussed on serving buyers in a niche market through product specialization than rival competitors. It is more focussed on addressing customer's distinctive product preferences, special requirements and unique needs. Product specialization is achieved through lower costs than competitors in the market segment by adopting a low cost production strategy targeted at the segment only.

Wang (2008) avers that, manufacturing firms that create products must find ways to make these products attractive to consumers. Many manufacturing firms are in tight competition with other companies, and are always looking for new product features or designs to try. Marketing can often help differentiate a product from the crowd, but at the heart of the process is the product specialization itself. When used correctly, product specialization can be very efficient. If a manufacturing firm tries to produce too many products, or products that are outside its experience and resources, it will waste money and time that could be better spent focusing on its core value or speciality. Wang (2008) further posits that, with only one major product, factory floors can be streamlined and service quality can be easily improved. Product specialization also involves negotiating with suppliers for products and/or service at cost-effective prices.

However, it is observed that Product Specialization can also be a risky strategy if competitors are able to produce better or more attractive versions of the product or service that the manufacturing firm is involved in. The firm is likely to incur losses, and will not be able to easily switch focus to another product (Knight, 1997). Time can also damage product specialization, if the product becomes unpopular or is replaced by new technology, the manufacturing firm can easily fall behind if it cannot adapt to the market. Manufacturing firms can choose other types of specialization if product specialization holds little appeal. In some instances, manufacturing firms prefer market specialization, or developing products for a specific, highly selected target markets (Bharadwaj and Varadajaran, 1993).

According to Porter (1980), a better option is to stay focused somewhere near your product specialization, niche market, and what your geographic territory resonates with. Some lines just won't sell in certain regions or to certain retail categories. Diversifying to many lines, without product specialization will not fit in with a manufacturing firm's areas of concentration. Product specialization is therefore, a key strategy that Kenya's manufacturing firms need to adopt, if they are to enhance their firm performance while operating under the EAC regional integration regime.

2.1.4. Cost Leadership

Morrison and Roth (1992) advanced the view that, for manufacturing firms to enhance their performance and be competitive, they need to adopt cost leadership. Cost leadership is characterized by tight controls of overhead and variable costs, optimal use of production capacities, and pricing below competitive price levels aimed at achieving superior results. Porter (1980) further avers that, cost leadership is being the low cost manufacturing firm in the industry for a given level of quality. The firm sells its products either at average industry prices to earn profit higher than that of competitors, or below the average industry prices to gain market share.

Cost leadership is attained by process efficiencies, access to a large source of lower cost materials, outsourcing and avoiding some costs. If competing firms are unable to lower their costs by a similar margin, then the firm may be able to sustain a competitive advantage based on cost leadership. Cost leadership firms therefore, have access to capital required to make significant investment, skills in designing products for efficient manufacturing, high level of expertise in manufacturing process engineering, and efficient distribution channels. This strategy is most appropriate for manufacturing firms operating under expanded markets where competitors are many and firm survival is critical (Mosey, 2005).

According to Knight (1997) manufacturing firms must have a competitive advantage to survive in the marketplace. Manufacturing firms can adopt different strategies to set themselves apart from competitors and gain a healthy market share. One such strategy is cost leadership which seeks to offer the lowest priced offering in a product or service category to customers by continually lowering costs across the board. Striking a balance between price and quality is essential for cost leaders, as there comes a point where decreases in quality are no longer justified by lower prices in consumers' minds. According to Porter (1980), finding the right suppliers is of utmost importance in a cost-leadership strategy.

Luo (1999) avers that, cost leadership as a strategy, also takes into consideration vertical integration, which is the process of purchasing or building companies that supply or serve your main business. Vertical integration also involves buying businesses that you supply. Manufacturing firms can restructure their operations to lower overhead and salary expenses. Simple process re-engineering can lower operational costs without cutting any jobs. Redesigning processes involves analysing in-depth layouts of work processes to identify inefficiencies, slack time, areas of high waste or non-value-adding activities. According to Lyon (2000), automation in the manufacturing sector gained widespread popularity throughout the 20th century. As a result, the use of automation spread to customer support, sales and a wide range of internal processing jobs. Zahra (2000) posits that, outsourcing is a popular method of reducing costs while maintaining workforce size and productivity. Outsourcing involves moving jobs from a country with higher wage demands or weaker competitive advantage to a country with lower costs or more highly skilled workers, especially among member countries of a regional integration regime.

2.1.5. Manufacturing Leadership

Miller and Roth (1994) posit that, manufacturing leadership can be attained by firms adopting innovative manufacturing processes, state-of-the-art plant and equipment, and emphasis on efficient production. To attain manufacturing leadership, manufacturing firms need to adopt wholesome strategies, which include introduction of innovative products and processes in their manufacturing lines, undertake market leadership, and quality leadership to ensure being at the pinnacle of manufacturing among competitors in the industry.

According to Porter (1990), today's manufacturing firms compete in a market underpinned by huge leaps in science and technology products and processes, but which have no structured framework for them to assess and implement relevant leading-edge technologies to maintain a competitive edge. There is therefore, a latent need and demand for manufacturing leadership and development expertise. Manufacturing firms face challenges created by the fast pace of technological progress, regionalization, and pressures for enhanced firm performance. Manufacturing leadership can be achieved by integrating cutting edge management and leadership theories within a manufacturing firm. Wang (2008) posits that, manufacturing leadership is influenced by customers, suppliers, competitors in related manufacturing firms, and government regulations within the area of operations which must be taken into account whether at the domestic or regional level. Wang (2008) further avers that, experience shows that manufacturing leadership requires managers to be equipped with up-to-date knowledge and skills required to create forward-looking, innovative and dynamic manufacturing firms. The findings of a study carried out by Knight (1997), confirm that firm performance is influenced by strategic orientation for firms operating under a regional integration set-up and that this influence is replicated in regional integration regimes in other parts of the world.

3. Research Methodology

3.1 Research Design

The study adopted both quantitative and qualitative exploratory research design. Quantitative research design focused on the designs, techniques and measures that produced discreet numerical or quantifiable data (Kothari, 2007). Both approaches were used to determine the level of influence of Strategic Orientation (SO) on the performance of manufacturing firms in Kenya operating under the EAC regional integration. The first step involved determining the level of adoption of the strategic orientation by the manufacturing firms in Kenya, followed by ranking (considered as weights) of the different aspects of SO in terms of perceived influence by the respondents. Finally, an analysis of the collected data using Spearman's Rank Correlation and Analysis of Variance (ANOVA) was undertaken to determine the findings on the level of influence and the significance of Strategic Orientation on manufacturing firms in Kenya operating under the East African Community (EAC) regional integration.

3.2 Location, Population, Sample and Sampling Methods

The research study was undertaken on manufacturing firms based in Nairobi and surrounding area, where 525 of the 698 manufacturing firms registered with the Kenya Association of Manufacturers (KAM) are located (KAM, 2006). Further, 5 sub-sectors were identified based on their high export potential and greater potential to enhance performance within the EAC regional integration area. The identified sub-sectors contributed 69% of the total percentage export earnings from the manufacturing sector in Kenya during the year 2004, and also contributed 8% and above to the sectors export earnings in the year 2004 (KAM, 2006). The manufacturing sub-sectors which met the set criteria and considered under the study were: - Food, Beverages and Tobacco; Metal and Allied; Building, Construction and Mining; Chemical and Allied; and Leather Products and Footwear. The sample for the study was identified by use of Purposive Sampling and Simple Random Sampling techniques. A sample size of 138 was recommended for the study based on sample size determination formula, however, 150 manufacturing firms responded to the study after 180 questionnaires were sent out.

3.3 Measurement of Variables and Instrument

The study involved measurement of Independent Variable, (Strategic Orientation), Moderating Variable (East African Community regional integration), and Dependent Variable (Manufacturing Firm Performance). Independent variable measurement comprised of marketing leadership, quality leadership, product specialization, cost leadership and manufacturing leadership; Moderating Variable measurement comprised of the characteristics of expanded market; Dependent Variable was measured in terms of Sales, Profits and Employment opportunities. The measurements were in respect of three year period from 2008 to 2010, year 2007 being considered a base year in determining performance of the manufacturing firms. A fiver point Likert scale of perceived adoption levels of the different strategies of independent variables was used, and a further ranking of the strategies was undertaken. Questionnaires and observation techniques were used to collect data from the respondents.

3.4 Research Questions

The research questions under the study were:

1. *To determine the level of adoption of Strategic Orientation (SO) by Kenya's manufacturing firms operating under the moderating influence of East African Community (EAC) regional integration?*
2. *To explore the significance of the East African Community (EAC) regional integration as a moderator of Strategic Orientation on performance of Kenya's manufacturing firms?*
3. *To determine the significance of a relationship between performance of manufacturing firms in Kenya and influence of Strategic Orientation for manufacturing firms operating under the moderating influence of EAC regional integration?*

4. Research Findings and Discussions

4.1 Empirical Research Findings on the adoption level of SO

The findings on the level of adoption of SO are presented in table 1 below.

Table 1. Adoption level of Strategic Orientation

	Never		**Rarely**		**Sometimes**		**Usually**		**Always to the maximum level**			
Strategy	No.	%	No.	%	No.	%	No.	%	No.	%	**Tot No.**	**Tot %**
Marketing leadership	7	4.7	7	4.7	32	21.6	43	29.1	59	39.9	148	100
Quality leadership	2	1.4	8	5.4	12	8.1	39	26.4	87	58.8	148	100
Product specialization	8	5.4	11	7.4	23	15.5	40	27	66	44.6	148	100
Cost leadership	6	4.1	19	12.8	27	18.2	37	25	59	39.9	148	100
Manufacturing leadership	22	15	14	9.5	19	12.9	33	22.4	59	40.1	147	100
Total	**45**	**30.6**	**59**	**39.8**	**113**	**76.3**	**192**	**129.9**	**330**	**223.3**	**739**	**500**
100%		**6.12**		**7.96**		**15.26**		**25.98**		**44.66**		**100**

Source: Author

The findings indicate that 70.64% of the respondents have adopted Strategic Orientation (SO) usually and always to the maximum level, while 14.08% have never or have rarely adopted SO, and 15.26% of the respondents indicated that they sometimes adopt SO. The findings above clearly reveal that a majority of Kenya's manufacturing firms have adopted Strategic Orientation for enhanced performance and competitiveness. SO are therefore, important and essential strategies which manufacturing firms pursue on a continuous basis, and informs the pattern of present and future deployment of resources that points out how manufacturing firms endeavour to achieve their objectives. Respondents were further asked to rank the different strategies under SO which were considered as weights on their perceived level of influence of SO under the study. The findings are presented under table 2 below:-

Table 2. Adoption and Ranking of Strategic Orientation (RI=Yes)

	Adoption of Strategic Orientation					**Ranking of Strategic Orientation**				
Strategy	**N**	**Min**	**Max**	**Mean**	**Std. Deviation**	**Rank**	**Min**	**Max**	**Mean**	**Std. Deviation**
Marketing leadership	108	1	5	4.11	0.998	1	1	5	3	1.536
Quality leadership	108	1	5	**4.48**	**0.814**	2	1	5	**4.03**	**1.185**
Product specialization	108	1	5	4.04	1.159	3	1	5	2.92	1.298
Cost leadership	108	1	5	3.95	1.155	4	1	5	2.72	1.265
Manufacturing leadership	108	1	5	**3.81**	**1.368**	5	1	5	**2.72**	**1.446**
a. RI = Yes						a. RI = Yes				

Source: Author

The findings presented in table 2 above indicates that a majority of respondents with a Mean measure of 4.48 and a Standard Deviation of 0.814 perceived adoption of Quality Leadership as having the greatest influence among SO strategies, while respondents measuring a Mean of 3.81 and a Standard Deviation of 1.368 perceived adoption of Manufacturing Leadership as having minimal influence, or the least influencer of firm performance. This demonstrates that manufacturing firms in Kenya attach greater importance on Quality Leadership as a competitive strategy. The findings also demonstrate that with the existence of regional integration, there is an increasing Quality awareness of products and services among the consumers within the EAC regional integration area. The study findings also revealed that Manufacturing Leadership is perceived by respondents as a least influencer of firm performance and competitiveness. This finding is explained by the fact the Kenya is the leading manufacturing country within the EAC regional integration area, as alluded to by the Kenya Association of Manufacturers based on the country's strategic location and having a developed infrastructure (KAM, 2006). As a result, most manufacturing firms do not perceive adoption of Manufacturing Leadership as a major influencer of manufacturing firm performance under EAC regional integration.

4.2 Empirical Research Findings on significance of EAC regional integration as a moderator of SO on performance of Kenya's manufacturing firms.

Table 3. Adoption of SO for Firms where RI=Yes and RI=No

	N	Min	Max	Mean	Std. Deviation	N	Min	Max	Mean	Std. Deviation
Marketing leadership	108	1	5	4.11	0.998	35	1	5	3.4	1.288
Quality leadership	108	1	5	**4.48**	**0.814**	35	1	5	**3.94**	**1.187**
Product specialization	108	1	5	4.04	1.159	35	1	5	3.83	1.317
Cost leadership	108	1	5	3.95	1.155	35	1	5	3.43	1.267
Manufacturing leadership	107	1	5	**3.81**	**1.368**	35	1	5	**3.03**	**1.581**
a. RI = Yes									**a. RI = No**	

Source: Author

The findings in table 3 above reveals that Kenya's manufacturing firms which participate or are involved in the EAC regional integration area (RI=Yes) numbering 108 perceive adoption of Quality Leadership as the most influential strategy among the SO strategies with a Mean level of 4.48 and Standard Deviation of 0.814, while they perceive adoption of Manufacturing Leadership as having minimal influence with a Mean level of 3.81 and Standard Deviation of 1.368. For firms which are not involved in EAC regional integration trade or not integrated (RI=No) numbering 35, they also perceive adoption of Quality Leadership as the most influential strategy among the SO strategies, with a Mean level of 3.94 and Standard Deviation of 1.187, while they also perceive adoption of Manufacturing Leadership as having minimal influence, with a Mean level of 3.03 and Standard Deviation of 1.581. The findings were based on considering the East Africa Community (EAC) regional integration as a moderating variable, and the measures were under a scale of minimum 1 to a maximum scale of 5 as depicted in the table 3 above.

4.3 Empirical Research Findings on significance of relationship between performance of manufacturing firms in Kenya and influence of SO.

Table 4. Significance of SO on Performance of Manufacturing Firms.

			SO
Spearman's rho	Y_e	Correlation Coefficient	0.095
		Sig. (2-tailed)	0.271
Yes	Y_p	Correlation Coefficient	0.122
		Sig. (2-tailed)	0.16
	Y_s	Correlation Coefficient	.219**
		Sig. (2-tailed)	0.008

**. Correlation is significant at the 0.01 level (2-tailed). Performance Measurement. Y_e= Employment; Y_p =Profit; Y_s =Sales
*. Correlation is significant at the 0.05 level (2-tailed).
Source: Author

From table 4 above, using Spearman's Rank Correlation and Analysis of Variance (ANOVA),the findings reveal that there exist a high level of significant relationship between SO and performance of manufacturing firms in terms of (Y_s)measuring (F= 0.219, p-value =0.008), followed by (Y_p) measuring (F= 0.122, p-value = 0.16), and finally (Y_e) measuring (F= 0.095, p-value = 0.271.

5. Summary and Conclusion

Following is a summary and conclusions drawn from the study findings

5.1 Level of adoption of Strategic Orientation (SO)

It is concluded that adoption of Strategic Orientation (SO) is important in influencing performance of Kenya's manufacturing firms operating under the moderating influence of EAC regional integration.

Quality Leadership is the highest perceived and ranked strategy adopted among the different strategies that comprise SO. It is therefore, important to recognize the important role that Quality Leadership plays in the performance of Kenya's manufacturing firms operating under the moderating influence of EAC regional integration.

5.2 Significance of EAC regional integration as a moderator of SO on performance of Kenya's manufacturing firms.

From the study findings, conclusion is drawn that, Regional Integration is an important influencer of performance of manufacturing firms within the confines of the region. It is therefore, concluded that EAC regional integration regime influences performance of Kenya's manufacturing firms greatly in terms Sales(Y_s). EAC regional integration has provided a large market in terms of increased population of consumers totalling to over 130 million people within the region, which comprise of the following countries:- Kenya, Burundi, Rwanda, Uganda and Tanzania. The EAC regional integration therefore, has a moderating influence in providing expanded markets as reflected in the performance of Kenya's manufacturing firms in terms of Sales, Profit and Employment respectively. Manufacturing firms in Kenya desirous of enhancing their performance and competitiveness, therefore, need to adopt SO strategies to benefit from the EAC regional integration regime.

5.3 significance relationship between performance of manufacturing firms in Kenya and influence of SO.

From the study findings and summary, it is conclusive that performance of Kenya's manufacturing firms are significantly influenced by adoption of SO for Kenya's manufacturing firms which operate under the EAC regional integration. The significance of adopting strategic orientation on performance of manufacturing firms is significant when performance of manufacturing firms is measured in terms of Sales(Y_s), followed by Profit(Y_p), and less significant when measured in terms of Employment(Y_e). It is, therefore, important for Kenya's manufacturing firms desirous of enhancing their performance and competitiveness under the moderating influence of EAC regional integration to adopt strategic orientation.

6. Recommendations

Following the study findings on influence of SO on performance of Kenya's manufacturing firms operating under EAC regional integration, it is recommended that:-

- Further studies on other important entrepreneurial strategies be undertaken; and
- The study should cover other EAC regional integration member countries.

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