STRATEGIC ORIENTATION, TOP MANAGERS' OWNERSHIP STATUS AND FIRM PERFORMANCE IN SMALL AND MEDIUM ENTERPRISES IN THE HOSPITALITY INDUSTRY IN KENYA'S NORTH RIFT REGION

BY

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DECLARATION

Declaration by the Student

This thesis is my original work and has not been presented for a degree in any other university or for any other award. No part of this thesis may be reproduced without prior written permission of the author and or Moi University.

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DEDICATION

I dedicate this thesis to my youngest child Leone Kimutai who in spite of his tender age at the time of writing this thesis was very patient and often offered to help. Ooh! I really wished he could help.

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ABSTRACT

Performance of Small and Medium Enterprises (SMEs) is considered one of the most important factors behind economic success of both developed and developing nations. Strategic orientation is one of the critical success factors for business firms. However, empirical studies have shown varied results under different conditions. Furthermore most of the studies have focused on the effect of a single strategic orientation at a time and most have been done in developed countries. The purpose of this study therefore was to establish the effect of top managers' ownership status in the relationship between strategic orientation and firm performance in SME firms in a developing economy. The main objective of this study was to empirically test the moderating role of top managers' ownership status in the relationship between strategic orientation and firm performance in SME firms. The specific objectives of the study were; to establish the effects of futurity, pro-activeness, and analysis, aggressiveness, and defensiveness dimensions of strategic orientation on firm performance in SMEs and to determine the moderating effect of top managers' ownership status on the relationship between the various dimensions of strategic orientation and firm performance in SMEs. The Resource Based View (RBV) and the Upper Echelon theory grounded the study. Data was collected from a sample of hotel and food service SMEs in the North Rift region of Kenya. The study employed explanatory research design and sampled 390 SMEs from a target population of 902 firms listed in seven counties of the region. Stratified proportionate random sampling was used. Data was analyzed using descriptive statistics including means, standard deviations, skewness and kurtosis, which revealed that data was normally distributed. The study also used inferential statistics including Pearson Correlation to test the linear relationship between independent and dependent variables. Multiple regression models were used to test the research hypotheses. The study findings indicated that Analysis (β_5=0.596, ρ<0.05) and Defensiveness (β_6=0.829, ρ<0.001) dimensions had statistically significant and positive effect on firm performance while Aggressiveness (β_4= -0.492, ρ<0.001) had significant but negative effect. The effect of three dimensions was not statistically significant; Futurity (β_1=-0.111, ρ>0.05), Proactiveness (β_2=0.194, ρ>0.001), and Riskiness (β_3=0.041, ρ>0.001). Further, the study findings indicated that top managers' ownership status in the firm moderated the relationship between two dimensions of strategic orientation and firm performance namely, Aggressiveness (β_{10}=0.179, ρ<0.05), and Defensiveness (β_{12}=0.829, ρ<0.001). There was no statistically significant moderating effect on four dimensions: Futurity (β_7=0.067, ρ>0.001), Proactiveness (β_8=0.014, ρ>0.001) and Riskiness (β_9=0.192, ρ>0.01) and Analysis (β_{11}=0.105, ρ>0.05). The study concluded that strategic orientation is a significant determinant of performance and that, its' various dimensions influence firm performance differently. Specifically, three dimensions namely; Aggressiveness, Analysis and Defensiveness were found to significantly affect firm performance in SMEs. Further, the ownership status of top managers moderated the effect of aggressiveness and defensiveness dimensions on firm performance. The study recommends that SMEs should establish and focus on the most suitable strategic orientation dimensions and ownership status of their top managers, for improvement of firm performance. The study contributes to theory, by developing a model that relates strategic orientation as a concept with several dimensions, with top managers' ownership status and firm performance in SMEs.

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ABBREVIATIONS

SME	- Small and Medium Enterprises
SO	- Strategic Orientation
FP	- Firm performance
CEO	- Chief Executive Officer
RBV	- Resource Based View
TM	- Top Manager
UE	- Upper Echelon theory
STROBE	- Strategic orientation for business enterprises
GDP	- Gross Domestic Product
NGO	- Nongovernmental organization
NOREB	- North Rift Economic Block

OPERATIONAL DEFINITION OF TERMS

Aggressiveness – refers to a strategic orientation dimension concerned with actions to improve market position of the firm by allocating resources faster than competitors in order to increase market share and to meet a firm's objectives and knowledge building capacity.

Analysis - is a strategic orientation dimension characterised by the efforts of the firm to have internal consistency in achieving its stated objectives through systematically pursuing analytical activities such as collecting and interpreting information and deriving managerial implications.

Business strategy - is the manner, in which a firm decides to compete, and encompasses the pursuit, achievement, and maintenance of competitive advantage in an industry (Morgan and Strong, 2003).

Defensive - refers to a strategic orientation dimension in which firms concentrate on cost efficiency and narrow the market domain, usually characterized by less well-developed strategies and are more influenced by management intuition, hunches and unplanned reactions to unanticipated events.

Firm Performance - generally refers to stakeholder satisfaction, and can be defined as the comparison of value created by a firm with the value that owners expected to receive from the firm (Freeman, 1984; Reid and Smith, 2000).

Futurity – is a strategic orientation dimension that emphasizes on a firm's long term considerations and where the balance between effectiveness, efficiency and acting by considering all future results is important.

Hospitality industry - is a broad category of fields within the service industry that includes hotels, restaurants, food service management, fast food, coffee shops and pubs, bars and nightclubs, lodging, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry.

Ownership status - refers to possession of the firm or rights held in the firm.

Proactiveness - is a strategic orientation dimension that emphasizes on innovations and effectiveness and which requires continuous research for market opportunities, the introduction of new products and foreseeing the future of the industry environment.

Riskiness – refers to a strategic orientation dimension characterized by calculated behavior by firms on the basis of their analysis and risk-taking appetite in order to target growth and this guides decisions on resource allocation and how much risk the firm can tolerate.

Small and Medium Enterprises- are defined as formally registered businesses employing six to fifty people or with annual turnover revenue below Kshs 50 million (Kenya, Sessional Paper No. 2 of 2005).

Micro Enterprises – are very small formally registered businesses employing up to five people (Kenya, Sessional Paper No. 2 of 2005) and these are normally start-up firms.

Strategic orientation - refers to corporate posture reflecting the strategic directions implemented by a firm to create the proper behaviors for continuous superior performance of the business (Venkatraman, 1989; Narver and Slater, 1990; Morgan and Strong, 2003).

Strategic orientation dimensions - These are component parts of a strategic orientation that makeup the guiding principles of managers in developing appropriate strategies (Venkatraman 1989; Lau and Bruton, 2011).

Strategy - refers to the deliberate set of actions to achieve competitive advantage, giving coherence and direction to the organization (O'Regan and Ghobadian, 2005).

Top managers- generally refer to the highest ranking executives responsible for entire enterprise.

CHAPTER ONE

INTRODUCTION

1.1 Overview

This chapter presents the background to the study. It covers the statement of the problem, objectives and hypotheses of the study, and justification and the scope of the study.

1.2 Background to the Study

The concept of firm performance is widely accepted as the main goal of any business enterprise and its importance has been indicated not only for the business firms but also for nations and society at large. The term firm performance is a construct of diverse nature with various definitions and variables being used by both academia and industry practitioners. However it generally refers to business success. The theoretical background applied to conceptualize firm performance in this study is the stakeholder's theory (Freeman, 1984). This theory has been recognized by different authors (Combs *et al,* 2005; Komen, 2012; Santos *et al.,* 2009) for the reason that it allows one to define firm performance with financial as well as social aspects. From this perspective firm performance has been defined as the stakeholder satisfaction (Alchian and Demsetz, 1972; Freeman, 1984; Bosse, *et al.,* 2009).

The concept of firm performance has generated extensive research interest where it is mostly studied as a dependent variable and the ultimate measure of business success. Owing to its diverse nature varied measurements have been used in past research studies

ranging from the traditional accounting measures of sales growth, market share, and profitability to the more recent measures that have been expanded to include other indicators of stakeholder satisfaction. Reliance on accounting-based performance indicators has been highlighted as inadequate (Fitzgerald and Moon 1996; Wright 1998; Buckmaster, 2000) thus leading to newer measurement models. A review of literature revealed that different measures are identified and applied depending on the objectives of the research (Santos *et al.,* 2009). Since this study looked at firm performance from the stakeholder perspective it applied measures that capture stakeholder satisfaction.

In order to meet stakeholders' expectations, improving firm performance remains a central concern in firms of all types today (Neely, 1999) and as postulated by the stakeholder theory, the firms' stakeholders expect managers to maximize their value. This calls for understanding of the determinants of firm performance by managers of firms and policy makers. Strategic management has been linked to firm performance (Venkatraman, 1989; Morgan and Strong, 2003) and more so in the backdrop of the prevailing highly competitive market trends where firm's performance highly depends on sustainable competitive advantage. Strategy plays a crucial role in the firms' performance as it gives the direction that a firm has in mind and how to achieve its goals. The Resource Based View (RBV) of the firm postulates that, to realize sustainable competitive advantage in highly competitive environments firms must effectively and efficiently translate their resources into unique capabilities (Ray *et al.,* 2004). This study focused on the link between strategy and firm performance from the resource based view perspective.

Many researchers have related business strategies with performance, distinguishing between strategies associated with high and low performance. Researchers typically use strategic orientations to examine the link between firm strategy and performance (Avci, *et al.*,2011; Voss and Voss, 2000).The underlying assumption here is that substantive strategic beliefs underpin the strategic actions taken by the firm (Lau and Bruton, 2011). Strategic orientation has been viewed as an attribute that influences the ability of a firm to focus its strategic direction and build or sustain the proper strategic fit for superior firm performance (Davidsson and Wiklund, 2000; Gatignon and Xuereb, 1997). Scholars assert that firms of all types are increasingly faced with similar challenges brought about by the competitive landscape characterized by trends towards globalization, emerging new markets, deregulation and acceleration of technological change (Ireland and Hitt, 1999). Those of this view argue that it is how firms position themselves to fight for their survival that makes the difference in their performance (Meers and Robertson, 2007). The dynamic nature of the business environment therefore necessitates organizations, both SMEs and corporate, to be more strategic in their everyday approach to business.

Various studies have recommended strategic postures and orientations as ways of building firm competitive advantage in order to enhance firm performance (Shane and Venkataraman, 2000; Ireland *et al.*,2003; Escriba-esteve *et al.*,2008; Hitt *et al.*,2001; Morgan and Strong, 2003). However, research findings pertaining to the impact of specific strategic orientations in SME firms are varied under different conditions such industry type, geographical location and nations' level of economic development among others and hence the need for more research in this area. This study thus looked at

strategic orientation as a determinant of firm performance in SME firms in a developing economy, from the comparative approach which seeks to evaluate strategy by way of multiple traits or dimensions common to all firms (Morgan and Strong, 2003).

Furthermore strategy implies choice and the notion of strategic orientation recognizes that given the same environments, similar firms may employ different competitive methods or strategies to address the environment (Dess and Davis 1984; Lado, *et al.,* 1992). This, points to the vital role of managers in firm performance since they are the ones that make decision on what strategies to follow. This is even more crucial in the small and medium firms where the business owner and or manager is responsible for the strategic decisions and the formulation of a firm's strategy. The strategy is therefore often strongly influenced by the distinct characteristics, competencies and unique knowledge of the owner / manager in SMEs (Postma and Zwart, 2001). Many studies have been done to establish the influence of managers' characteristics such as social status, tenure, age, and gender (Escriba- estive *et al.,* 2008; Bertrand and Schoar, 2003; Malmendier and Tate 2009) on strategy choice. Recent research calls for more characteristics beyond the demographics to better understand the influence of managers on firm performance. There is extensive research literature that compares the performance of owner-managed firms to those run by professional managers (Anderson and Reeb, 2003; Bertrand and Schoer, 2006; Maury, 2006). Such studies have indicated the impact of managers' ownership status on firm performance in different contexts. This study therefore looked at the role of top managers as a moderator variable in the link between strategic orientation and firm performance in small and medium enterprises in a Kenyan context.

1.2.1 Small and Medium Enterprises

Small and Medium Enterprises are found across nations and in different industries. The categorization of firms as SME is normally on the basis of number of employees and or the revenue turnover. The performances of SMEs are not just important to the stakeholders who expect maximum value on their investment but to the development of nations. The SME sector is increasingly being recognized as a major vehicle for economic development in both developed and developing nations. It is a key source of employment, revenue generation, innovation and technological advancement (Piech, 2004; Lad Zani and Vuuren, 2002), development of new products, processes and ideas (Griffins and Ebert, 2006) and supply chain to multinationals (Luedkenhorst, 2004). According to World Bank (SME Finance Report, 2015), formal SMEs contribute up to 45 % of total employment and up to 33 % of national income (GDP) in emerging economies. In Sub-Saharan Africa, SMEs make up 95% of all firms (Kauffmann, 2005). It is for this reason that many governments have established support programs and policy initiatives aimed at assisting SME firms in realizing their potential and to link them to the nations' larger developmental visions. Such initiatives pursue a variety of objectives including; financing SMEs, promoting innovation, enhancing management skills, encouraging use of e-commerce and promotion of networks among others.

In Kenya, the SME sector consists of firms varying in size and industry type ranging from very small start-up firms (Micro) to those established and listed on the stock market and manufacturing to service type. It is estimated that there are 7.5 million SMEs in Kenya, providing employment and income generation opportunities to low income sectors of the economy. The Sector plays an important role in the economy of the

country contributing 40% to the Gross Domestic Product (GDP) and approximately 80% of total employment and contributed over 92% of the new jobs created in 2008 (Kenya Economic Survey, 2009).According to World Bank report (2015), Kenya's growth is projected to rise to 5.9% in 2016 and 6.1 % in 2017and recognizes small businesses as engines for its growth, creating jobs and providing essential goods and services.

Kenya as a country attaches a lot of importance on its SME sector giving it prominence as one of the drivers of the national development plan (Vision 2030). In the plan, the sector has been identified as a key engine for economic growth, poverty eradication and employment creation and the bedrock for industrializing the country in the near future. To support SMEs the government of Kenya has, created stable macroeconomic conditions, liberalised the economy, and the growth of micro-financing business. It has also enacted a law to guide the development and sustainability of micro-finance institutions and established an authority (Micro and Small Enterprises Authority) to oversee the implementation of the Micro and Small Enterprises Act, 2013. The official policy framework for SMEs is contained in the Kenya Sessional Paper No 2 of 2005: *Development of Micro and Small Enterprises for Wealth and Employment Creation for Poverty Reduction*. However, notwithstanding the apparent significance associated with SME firms and the numerous policy initiatives and support programs the performances of these firms have not reached full potential with very high mortality rates being reported (Arinaitwe, 2002 ; Kenya National Bureau of Statistics, 2007). This situation has been attributed to many factors emanating from the highly competitive markets and management issues.The challenges facing SMEs in Kenya are not only in the areas of

financing investment and working capital, but also in human resource development, market access, and access to modern technology and information.

Studies on SMEs indicate that enterprises are not able to operate at their optimum due to the many challenges they face such as, unavailability of appropriate and timely information technology, lack of human resource skills, weak management systems and entrepreneurial capabilities, poor product quality among others (Davidson, 2004). There is substantial research literature that has singled out challenges that are unique to SME firms. For instance, large firms may strategically exit from one of its business areas, but for SMEs the options for responding are limited due to challenges of scarce resources and strategic choices (Chen and Hambrick 1995). In addition SMEs not only face competition from their peers but also from large companies that are increasingly venturing in the niche markets hitherto a preserve of SMEs (Ntakobajira, 2013). These studies therefore point to the importance of strategic management for SME firms.

The research community sharing the view that growing SMEs are of special importance in the economy has brought about numerous studies on SME performance and growth (Dobbs and Hamilton, 2007; O'Regan *et al.*, 2006; Delmar *et al.*,2003; Davidsson *et al.*,2002; and Smallbone and Wyer, 2000). The studies have however yielded varied findings in terms of the factors being proposed as determinants of SME performance and growth. These include factors related to competitive strategy, management strategies, and characteristics of the entrepreneur, environmental/industry-specific factors, and the characteristics of the firm among others. Furthermore earlier studies on SME performance have focused more on the success of new ventures rather than older

SMEs and the factors behind their longetivity and growth (Tsai *et al.*, 1991; Duchesneau and Gartner 1990; Keeley and Roure 1990; Cooper 1993). Hence this points to the need for more studies to understand the determinants of firm performance in SMEs. This study focused on the performance of SME firms in Kenya's North Rift Region.

1.3 Statement of the Problem

The performances of small and medium enterprises have been given prominence in building economies particularly in developing nations, such as Kenya, where they play a key role in their contribution to GDP and employment (Kenya Economic Survey, 2009; World Bank report 2015) This has led to extensive government and non government support initiatives for SME firms. In spite of these, SME performances, particularly in developing nations are still an issue of concern with high mortality rates of such firms being reported (Davidson, 2004; World Bank, 2010, 2015; ILO, 2008; Arinaitwe, 2002). This concern brings to fore the need to unlock the potential of SMEs by identifying ways to enhance their performances. It is for this reason that the subject of SME performance has generated widespread interest among researchers and scholars, predominantly in the disciplines of entrepreneurship and strategic management. However, previous studies dealing with the determinants of business success have focused on large companies more than SMEs yet changes in the environment cause more uncertainty in SMEs. Some researchers assert that overall, the development and conceptualization of SME growth and performance is still limited (Wiklund *et al.*, 2009 and Kraus, 2001). Some have specifically called for studies in SMEs paying attention to different backgrounds and contexts in terms of, economies, geographical locations and

industry. Therefore there is still a need for further research in the general area of strategic management in SMEs.

Furthermore, streams of research literature indicate that adoption of strategic management by firms positively impacts on their performances with strategic orientation being given considerable attention as an important antecedent of firm performance. There is empirical evidence to support the assertion that strategic orientation leads to superior firm performance (Poon *et al.,* 2006; Wiklund, 1999; Zahra and Covin, 1915). However, literature points to the insufficient research evidence on the significance, value and process of strategy and strategic management for SMEs (Mughan *et al.,* 2004 and Kraus, 2001). In response to this knowledge gap the study investigated the link between strategic orientation and firm performance in SMEs in the context of a developing economy within a specific geographical location and in a single industry.

The study also responded to yet another knowledge gap indentified in literature on the scope of related studies which indicate that the majority so far have focused on one or two strategic orientations at a time. For example, in the marketing literature, business performance has been mostly associated with market orientation (Diamantopoulos and Hart, 1993; Jaworski and Kohli, 1993; Narver and Slater, 1990) while entrepreneurial studies are focused on entrepreneurial orientation (Wiklund and Shephard 2005). Other studies have examined two strategic orientations at a time, for instance, market and entrepreneurial orientations (Atuahene-Gima and Ko, 2001; Baker and Sinkula, 2009; González-Benito *et al.,* 2009; Matsuno *et al.,* 2002) and market and learning orientations (Mavondo *et al.,* 2005). Conversely the complex nature of most markets of today may

require firms to develop strategies built on multiple strategic orientations (Matsuno *et al.,* 2002; Noble *et al.*,2002; Zhou *et al.*,2005). Recent studies have indicated that firms have multiple strategic orientations (Cadogan, 2012 and Griggs 2002) and that focusing on one strategic orientation at the expense of others may, in fact, lead to poorer performance (Grinstein, 2008; Kropp *et al.,* 2006).

In addition a lot of research on SMEs has focused on entrepreneurial orientation construct but researchers have recently acknowledged that relying solely on the entrepreneurial mindset provides an incomplete understanding of SMEs performance (Wiklund and Shephard 2005). Ireland, *et al.*,(2003) assert that an entrepreneurial orientation can create temporary competitive advantage but which firms may fail to sustain effectively. Hence several authors propose a combination of both entrepreneurial and strategic dimensions (Morgan and Strong 2003; Venkatraman 1989) to build and sustain competitive advantages. Cadagon (2012) pointed that due to the multifaceted nature of markets today firms tend to have multiple strategic orientations. Moreover where studies have used multi-dimensional approach there is no consistency in their findings on the influence of specific strategic dimensions as determinants of firm performance and therefore substantiating the need for more empirical research to build consensus. To respond to these shortcomings the study took the perspective of recent and growing number of studies that focus on strategic orientation as a construct of multiple dimensions that exist simultaneously (Morgan and Strong, 2003; Kropp *et al.*, 2006).

Current empirical evidence points to yet another knowledge gap in the understanding of the link between strategic orientation and firm performance. Research evidence reveals

that the link differs in various backgrounds due to contingent factors that play moderating and or mediating influence (Andreas *et al.*,2012, Covin and Slevin, 1991) and as such have called for studies focused on investigating such factors to model the strategic orientation – performance relationship effectively (Covin and Slevin, 1991; Covin *et al.*,Lumpkin and Dess, 1996).Related studies have suggested that top managers' characteristics, play a moderating role, but most of such studies have looked at top managers demographics mostly in terms of age, gender, functional backgrounds and education levels (Walley and Becerra, 2004; Song and Yang, 2000;). Such studies have called for investigation of other top managers' characteristics as well as replication of studies in different backgrounds (Escriba *et al.,* 2008). Studies on management structures of SMEs point to the influence of managers' ownership status on firm performance with most indicating that owner-managed firms outperform the non-owner managed (Anderson and Reeb, 2003; Bertrand and Schoer, 2003 and Maury, 2006).Related studies have established that managers do matter in determining corporate outcomes (Bertrand and Schoar, 2003 and Malmendier and Tate, 2009 and Barth et.al, 2005).This study hence looked at the ownership status of top managers as a moderating variable in the relationship between strategic orientation and firm performance.

The purpose of this study therefore was to investigate the moderating influence of top managers' ownership status on the strategic orientation – firm performance relationship in SME firms in a developing economy and makes a contribution by providing empirical support to fill the knowledge gap pointed in literature.

1.4 Research Objectives

1.4.1 Overall Objective

To establish the effect of strategic orientation as a determinant of firm performance and explore the moderating effect of top managers' ownership status on the relationship between strategic orientation and firm performance in small and medium enterprises in the hospitality industry of Kenya's North Rift Region.

1.4.2 Specific Objectives

i. To establish the effect of futurity dimension of strategic orientation on firm performance in SMEs.
ii. To assess the effect of proactiveness dimension of strategic orientation on firm performance in SMEs.
iii. To establish the influence of riskiness dimension of strategic orientation on firm performance in SMEs.
iv. To establish the impact of aggressiveness dimension of strategic orientation on firm performance in SMEs.
v. To establish the effect of analysis dimension of strategic orientation on firm performance in SMEs.
vi. To determine the effect of defensiveness dimension of strategic orientation on firm performance in SMEs.
vii. To determine the moderating effect of top managers' ownership status on the relationship between futurity dimension of strategic orientation and firm performance in SMEs.

viii. To determine the moderating effect of top managers' ownership status on the relationship between proactiveness dimension of strategic orientation and firm performance in SMEs.

ix. To assess the moderating effect of top managers' ownership status on the relationship between riskiness dimension of strategic orientation and firm performance in SMEs.

x. To explore the moderating effect of top managers' ownership status on the relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs.

xi. To determine the moderating effect of top managers' ownership status on the relationship between analysis dimension of strategic orientation and firm performance in SMEs.

xii. To explore the moderating effect of top managers' ownership status on the relationship between defensiveness dimension of strategic orientation and firm performance in SMEs.

1.5 Research Hypotheses

Based on the objectives of the study, the following null hypotheses were formulated and tested.

H_{01} There is no significant relationship between futurity dimension of strategic orientation and firm performance in SMEs.

H_{02} There is no significant relationship between pro-activeness dimension of strategic orientation and firm performance in SMEs.

H_{03} There is no significant relationship between riskiness dimension of strategic orientation and firm performance in SMEs.

H_{04} There is no significant relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs.

H_{05} There is no significant relationship between analysis dimension of strategic orientation and firm performance in SMEs.

H_{06} There is no significant relationship between defensiveness dimension of strategic orientation and firm performance in SMEs.

H_{07} Top managers' ownership status does not moderate the relationship between futurity dimension of strategic orientation and firm performance in SMEs.

H_{08} Top managers' ownership status does not moderate the relationship between proactiveness dimension of strategic orientation and firm performance in SMEs.

H_{09} Top managers' ownership status does not moderate the relationship between riskiness dimension of strategic orientation and firm performance in SMEs.

H_{010} Top manager's ownership status does not moderate the relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs.

H_{011}Top managers' ownership status does not moderate the relationship between analysis dimension of strategic orientation and firm performance in SMEs.

H_{012} Top managers' ownership status does not moderate the relationship between defensiveness dimension of strategic orientation and firm performance in SMEs.

1.6 Significance of the Study

This study makes contribution to the knowledge repository in the general area of strategic orientation, top managers' ownership status and firm performance in SMEs in a Kenyan context which is a developing economy. This will benefit researchers and students interested in this area of research. According to business strategic management theory, businesses are likely to succeed if they utilize strategic management in their activities. Specifically the strategic orientation of a business will guide in the selection of the strategic approaches and techniques to be employed for enhancement of firm

performance (Lau and Bruton, 2011; Baum *et.al,* 2001; Shane and Venkataraman, 2000; Ireland *et al.,* 2003; Escriba-esteve *et al.,* 2008).

A number of researchers have indicated the need to further study the link between strategic orientation and firm performance in different contexts such geographical locations, level of economic development, industry type as well as factors that play moderating and or mediating roles in that relationship (Flint and Van Fleet, 2005; King, 2007b; Escriba-Esteve *et al.,* 2008; Hitt *et al*., 2001; Meyer and Heppard 2008).

This study is one of the few that have looked at strategic orientation as a determinant of firm performance in SMEs from a multidimensional perspective and has pointed to the impact of different strategic orientation dimensions on performances of SME firms in the study area. Hence the empirical evidence put forth by the study will be useful to SME firms in Kenya and specifically in its North Rift Region. It provides a framework that will help managers of firms to identify appropriate strategies to enable them respond to environmental opportunities and challenges and gain sustainable competitive advantage. A growing number of recent research has indicated that the complex nature of most markets of today require that firms develop strategies built on multiple strategic orientations and that focusing on one strategic orientation at the expense of others may, in fact, lead to poorer performance (Grinstein, 2008; Kropp *et al.,* 2006; Matsuno *et al.,* 2002; Noble *et al.,*2002; Zhou *et al.,*2005).

The study provides insight in the role of top managers' ownership status on the link between strategic orientation and firm performance. This is important because recent research has established that the relationship between strategic orientation and firm

Performance is influenced by intervening factors that moderate and or mediate the relationship (Andreas *et al.*,2012; Walley and Becerra, 2004; Song and Yang, 2000). Thus the impact of such factors should be considered by owners and or managers of firms when making decisions on strategy choice. The study therefore will benefit SME firms in understanding the impact of the level of ownership status of top managers on the relationship between specific strategic orientation dimensions and firm performance. Specifically it will guide in making appropriate strategy decisions depending on the ownership status of their top managers.

Kenya as a nation attaches importance to growing its SME sector (Kenya Vision 2030), therefore the research findings and the subsequent recommendations of this study are deemed valuable in terms of policy making and practice at national and county government levels. The study findings can be used to develop policy frameworks to guide in the attainment of sustainable performance and consequently growth of small and medium sized enterprises.

This study also makes contribution to theory by setting a base for further studies. By incorporating multiple strategic orientations in the same research model it enables a more comprehensive view showing that multiple factors may explain business performance. It therefore builds on the body of literature that attempts to develop and test conceptual frameworks for understanding the determinants of firm performance in small and medium enterprises and opens room for further studies.

1.7 Scope of the Study

The study was carried out in the North Rift Region of Kenya, targeting registered small and medium enterprises of the hospitality industry. The Region is made up of eight counties namely: Turkana, Baringo, Elgeyo-Marakwet, Nandi, Uasin-Gisgu, West Pokot, Samburu and Tranzia (see appendix 6). One county (Samburu) was however left out of the study due to security concerns obtaining in that of the country at the time of data collection. The study data was collected in September and October, 2015. The focus of the study was to establish the moderating influence of top managers' ownership status on the relationship between strategic orientation and firm performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the extant literature related to the study. It presents the concepts of firm performance, strategic orientation, as a determinant of firm performance and ownership status of top managers as a moderating variable in the relationship between the independent and dependent variables. The chapter also presents the theories grounding the study. Subsequently a conceptual framework of the study is presented showing the variables and the hypothesized relationships.

2.2 Firm Performance

Firm performance is important not only to business firms but also to nations and society at large. Therefore improving business performance has been one of the central tenets of management and remains fundamental to organizational success (Neely 1999). Over decades several definitions have been put forth by various scholars to reflect the evolving nature of the concept. Dating back to the 1970s we have definitions such as that of Alchian and Demsetz (1972) which looked at firm performance as the comparison of value created by a firm with the value that owners expected to receive from the firm. In 1980s and 1990s managers began to understand that an organization is successful if it accomplishes its goals (effectiveness) using a minimum of resources (efficiency) and we have definitions such as that of Flapper, Fortein and Stoop (1996) it is “the way organization carries its objectives into effect”. In the last two decades definitions have taken a broader perspective to include social factors.

Firm performance is a relevant construct in strategic management research where it is frequently used as the final dependent variable (Richard, and Johnson, 2009; Wiklund and Shepherd, 2003). Despite this relevance, there is lack of consensus not just about its definition but, dimensionality and measurement. For instance in literature we find various concepts in business performance such as; operating performance (Jaworski and Kohli, 1993); financial performance (Zahra and Covin,1995); international performance (Arbaugh, 2003; Knight, 2000) export performance (Thirkell and Dau, 1998) long term performance (Wiklund,1999; Rueker 1992) new product performance (Kwaku *et.al.*, 1995) innovation performance (Stam and Elfring, 2008).

The diverse nature of the performance construct and the variety of operational definitions has also brought about corresponding equally diverse measurements that have been used in past research studies. Earlier, many studies emphasised traditional accounting measures for performance such as sales growth, market share, and profitability but in more recent studies performance measures have been expanded to include other indicators of stakeholder satisfaction. For instance Reid and Smith (2000) suggest that the effectiveness of performance must be measured according to what goals a firm has set. An increasing number of scholars and practitioners have expressed disquiet with traditional quantitative performance measures that tend to focus on conventional financial indicators (Tosi and Gomez-Mejia, 1994; Wright 1998; Buckmaster, 2000; Yusuf and Saffu, 2005).

There are strong assertions that reliance on accounting-based performance indicators in the service sector is inadequate (Fitzgerald and Moon, 1996; Ittner and Larcker, 2003).

Two approaches have been advocated in attempt to overcome the limitations of historical-based accounting measures. First, is the enhancement of accounting information used to support the management control and decision-making processes within the organization and second, the identification of performance measures that are broader in focus and include qualitative measures. This view is grounded in the stakeholder approach to firm performance which advocates for a comprehensive measure of performance to take in to account the value expectation of the different stakeholders, and considering both financial and non financial measures.

Studies in firm performance are generally in two streams. One stream investigates ways of improving firm performance while the other is focused on studying the predictors of firm performance. From the second stream, firm performance has been widely studied as a dependent variable in organizational research (Rogers and Wright 1998, Mach and Sutton, 1997). Several models of firm performance have been proposed by different scholars. These majorly fall into two major paradigms, the economic and the organizational. This study looks at firm performance as a dependent variable from the organizational paradigm and grounded in the stakeholder perspective.

2.2.1 A Stakeholder Approach to Firm Performance

The stakeholder theory holds that firms have stakeholders and they should proactively pay attention to them (Freeman, 1984). The fundamental argument of the proponents of this theory is that, organizations should be managed not only in the interest of shareholders but of all their stakeholders. The stakeholder theory was originally detailed

by R. Edward Freeman in his landmark book, Strategic Management: A Stakeholder Approach, (1984). This theory offers a social perspective to the objectives of the firm and a pragmatic approach to strategy that urges organizations to be cognizant of stakeholders to achieve superior performance. Unlike the traditional view of the firm (the shareholders view) the stakeholder theory asserts that there are other parties involved in the firm apart from shareholders and therefore pushes managers to be clear about how they want to do business. Specifically, they have to be clear on what kind of relationship they want and the need to cooperate with their stakeholders to deliver on their purpose.

Freeman (1984. 46) initially defined stakeholder as "any group or individual who can affect or is affected by the achievement of the organization's objectives". But this definition was later seen as boundary less with the possibility to include an unmanageable number of constituencies. Clarkson and Preston (1995) suggested separation of primary stakeholders who have direct exchange relationship with the firm and secondary stakeholders who have indirect relationships with the firm, but are clearly affected by its actions. Freeman later on specified stakeholders as employees, suppliers, customers, shareholders and local community. Freidman, (2006) added the stakeholders list to include media, general public, business partners, past and future generations of the firm, academics, competitors, government regulators, policy makers.

There is extensive literature attempting to link good stakeholder treatment by an organization with the creation of value to them. For instance, that firms that diligently seek to serve the interests of a broad group of stakeholders will create more value over

time (Campbell, 1997; Freeman, 1984; Freeman, Harrison and Wicks, 2009). Related studies assert that while economic returns are fundamental to a firm's core stakeholders, most stakeholders want other things as well (Bosse, Phillips and Harrison, 2009). Attention to these other factors may prove critical to understanding why firms succeed over time, why stakeholders are drawn to (and remain with) some firms.

The stakeholder view of the firm therefore requires a comprehensive measure of firm performance that takes in to account the value expectation of the different stakeholders, and this essentially calls for the use of both financial and non financial measures. Indeed the use of stakeholders' satisfaction to measure firm performance has been adopted over time by a large number of authors (Agle, Mitchell, andSonnenfield, 1999; Clarkson, 1995; Kaplan and Norton, 1992; Richard *et al.,* 2009; Venkatraman and Ramanujam, 1986; Waddock and Graves, 1997a).

Notably this conceptualization of firm performance is applicable across different organizations, as remarked by Carneiro, *et al.,* (2007), allowing one to differentiate between high and low performers in the eyes of each stakeholder. This is important since each stakeholder group has its own agenda in relation to the company and values a particular set of goals (Fitzgerald and Storbeck, 2003).

The conceptualization of firm performance, as based on satisfying the stakeholders, can be thought of as having at least seven facets as expressed by different authors: growth, profitability, market value, customer satisfaction, employee satisfaction, social performance and environmental performance. Superior financial performance is a way to satisfy investors (Chakravarthy, 1986) and can be represented by profitability, growth

and market value (Cho and Pucik, 2005; Venkatraman and Ramanujam, 1986). Customer and employee satisfaction are two further aspects to consider. Customers want companies to provide them with goods and services that match their expectations. To do that, companies must understand their needs, avoid defects and improve the perceived quality and value added by their offerings. Customer satisfaction increases the willingness-to-pay and thus the value created by a company (Barney and Clark, 2007). Employee satisfaction is related to investments in human resources practices. This group tends to value clearly defined job descriptions, investment in training, career plans and good bonus policies (Harter *et al.,* 2002). At the same time the satisfaction of these stakeholders, according to Chakravarthy (1986), translates itself into a firm's ability to attract and retain employees and thereby lower turnover rates.

Indirect stakeholders, like governments and communities, are affected by a number of firm's actions, especially social and environmental ones. Social and environmental performance can be considered a way to satisfy communities (Chakravarthy, 1986) and governments (Waddock and Graves, 1997a). Some activities associated with the satisfaction of these groups are safe environmental practices, increased product quality and safety, ethical advertising, minority employment and development of social projects (Agle *et al.,* 1999; Johnson and Greening, 1999; Waddock and Graves, 1997a, 1997b).

The stakeholder approach therefore requires that firm performance measured from aspects that answer the expectations of the various stakeholders. Several models have been developed to meet this need such as the Integrated Performance Measurement System (Nanni *et al.,* 1992), Balanced Score Card (Kaplan and Norton 1992: 1996: 2001) and the Performance Prism (Neely *et al.,* 2002). This study addresses firm performance on the basis of the stakeholder view of the firm using both financial and non-financial measures measured on the basis of the Balanced Score Card.

2.2.2 The Balanced Score Card Model of Performance

The BSC is a multi-dimensional performance measurement encompassing both financial and non financial measures that are derived from the organizations strategy and that are linked together in a series of causal and effect relationships. The concept of 'Balanced Scorecard' was first introduced by Kaplan and Norton in 1992 as a more integrative and comprehensive measure of firm performance. The idea behind it was that the traditional financial measures such as ROI and EPS alone cannot capture all the critical areas of the business necessary for its long term survival, growth and development. The balanced scorecard today has been expanded to become a strategic planning and management system with the authors advocating its use for aligning business activities and initiatives to the vision and strategy of the organization, improving communication, and monitoring performance against strategic goals.

According to Kaplan and Norton the ultimate goal of implementing the BSC is the achievement of superior long term results. The scorecard integrates financial measures with other key performance indicators around customer perspectives, internal business processes and organizational, growth, learning and innovation. As a performance measurement framework the Balanced Scorecard divides the important factors of an organization into four perspectives, namely; Learning and Growth Perspective which includes all factors related to people, knowledge and learning; Business Process Perspective, this perspective refers to internal business processes whose metrics allow managers to know how well their business is running, and how well they translate into meeting customer requirements; Customer Perspective, which is about customer satisfaction, where the loyalty of satisfied customer is increased it may lead them to buy more or pay more and Financial Perspective which is concerned with monetary gains/achievement/ financial statistics.

The nonfinancial metrics included in the BSC are valuable mainly because they predict future financial performance rather than simply report what has already happened. Hence it can help managers systematically link current actions with future goals.

Literature reviews point to more and more related studies emphasizing the value of non financial performance indicators. For example Venkatraman and Ramunljam (1986) proposed that strategy-level performance measure should include both financial and operating measures. Chakravarthy (1986) studied firms operating in the computer industry and concluded that financial firm measures are inadequate indicators of a broader construct "excellence" partly because financial indicators ignore the interest of all other stakeholders except stockholders. Olson and Slater (2002) in their study of competitive strategy and performance endorsed the multi-measure approach to understanding firm performance, although they argue against the assertion that all measures are of equal importance. Contemporary knowledge suggests that accounting based issues need to be combined with market- based assets in order to generate a more composite assessment of business performance attributes (Otley and Pollanen, 2000).

The BSC is relevant to the stakeholder approach to firm performance which recognizes that there are other parties interested in the performance of the firm apart from the stakeholders. It has allows the measurement of the various performance indicators- beyond the traditional financial indicators- that are of interest to the different stakeholders of a firm.

Financial measures fail to capture most of the intangible value that an organization has or can create for the different stakeholders therefore this study will use the balanced score card. This study conceptualized firm performance from the stakeholder perspective therefore the BSC performance measurement system is appropriate because it incorporates other non financial measures. The BSC has become widely used in recent studies (Cho and Ho 2000; Ittner and Larcker 2003; Speckbacher *et al.,* 2003).

2.2.3 Measurement of Firm Performance

The stakeholder perspective of firm performance has yielded contemporary approaches to performance measurement that integrate intangible dimensions with the traditional financial measures. Such dimensions include measures on performance indicators such as public image and perception, customer satisfaction, employee satisfaction and attrition, skills levels, innovations in products and services, investments into training and new value streams and so on (Forslund, 2007; Francisco *et.al.,* 2003; Fullerton and Wempe, 2009; and McAdam and Hazlett, 2008). Notwithstanding the measurement of organizational performance in empirical researches vary.

In one view scholars select concepts of organizational performance according to the objective of the study and measurement is based on different indicators depending on the environment, strategies and specific objectives and can be evaluated in both subjective and objective methods.

For instance according to Bing LIU and Zhengping FU (2011), three types of indicators have generally been adopted in organizational performance studies, namely growth, profitability and market share which are expressed by either financial or non financial indicators. Covin and Slevin (1991) pointed out that enterprises engaged in entrepreneurial activities lay more emphasis on growth and profit margin which can be estimated by financial indicators of sales growth and return on investment. Wiklund (1991) investigated the relationship between entrepreneurial orientation and performance using sales growth, employee growth, sales growth compared with competitors and market value growth as measure of growth performance. Dess,

Lumpkin and Covin (1997) regarded sales growth, profitability, return on investment and overall performance as performance measurement.

The alternative view is that performance is multidimensional in nature and that it is advantageous to integrate different dimensions of performance in empirical studies (Cameron, 1978; Lumpkin and Dess, 1996; Cooper, 1995). This view holds that it is possible to regard financial performance and growth as different aspects of performance each one revealing important and unique information.

Similarly in the context of SMEs there is no clear consensus on what should be considered as appropriate performance measures (Day and Wensley, 1988). Extant literature highlights characteristics of SMEs that differentiates them from larger organizations, such as lack of formalized strategy, operational focus, limited managerial and capital resources, and misconception of performance measurement (Fuller-Love, 2006; Ghobadian and Gallear, 1997; Jennings and Beaver, 1997; Garengo *et al.*,. 2005). Literature advocates that SMEs require simple measures that provide focused, clear and useful information (Hussein *et al.,* 1998; Laitinen, 2002) as SMEs lack the resources needed to implement complex measurement systems (Cook and Wolverton, 1995; McAdam and Bailie, 2002).

This study applied the integrated view, which is supported by the stakeholder theory, and used both financial and nonfinancial concepts to measure firm performance

The study was guided by the Balanced Score Card and the following measures were identified from the four perspectives of the model as follows: Return on Investment and

Revenue growth to measure the financial perspective, Employment growth and employee Training and Development to measure Learning and Growth Perspective, automation of internal processes for the Business process perspective and customer satisfaction and market share to measure the Customer satisfaction perspective.

These measures of firm performance have been used in similar studies. For instance Gibson and Cassar (2005) used both financial indicators (sales and income measures) and non financial indicators (number of employees) to measure the performance. Because of the possible difficulty in obtaining consistent information and the inherent reluctance of small business firms to disclose financial information, performance was measured by way of self evaluation where the respondents were asked to indicate the direction of their firm's performance over the past few years.

2.3 Strategic Orientation

Strategic orientation is a concept that has gained wide research attention in the field of strategic management with various definitions being applied but all of which view its final objective as being to achieve superior firm performance. Extant literature presents empirical evidence to support the assertion that strategic orientation leads to superior firm performance (Poon *et al.,* 2006; Wiklund, 1999; Zahra and Covin, 1995; and Zhou *et al.,* 2005). This is attributed to the focus of the strategic orientation concept which is about building competitive advantages and exploring new business opportunities through innovation, experimentation and risk-taking decisions; and sustaining competitive advantages by analysis, organizational planning and long-term vision. In view of this, the strategic management field has produced a body of research focusing

on the identification and the understanding of firm level strategic orientations within and across industries and featuring large and small firms.

In literature, strategic orientation has been conceptualized through three theoretical perspectives. First is the narrative approach, which endeavors to describe in words the holistic nature of strategy which is unique to the event, situation, and organization such as entrepreneurial orientation, marketing orientation, branding orientation and learning orientation among others. A second perspective is the classificatory approach which attempts to classify firms' strategy according to either ex ante conceptual arguments or ex post empirically derived groupings (Morgan and Strong, 2003). These classifications are known as typologies. Prevalent strategic typologies include the one introduced by Miles and Snow (1978), Generic strategies (Porter 1980), market leadership (Treacy and Wierseman 1995), strategic windows (Abell, 1980) and High performance Gestalt (Miller, 1992). The third approach is the comparative, which is associated with Venkatraman (1989), and seeks to evaluate strategy by way of multiple traits or dimensions common to all firms (Morgan and Strong, 2003).

From the comparative approach, Venkatraman (1989) considered the nature of strategic orientation and conceptualized its component parts as having as many as six dimensions namely which are common to all firms. These are: aggressiveness, analysis, defensiveness, futurity, proactiveness, and riskiness. These dimensions form the guiding principles of managers in developing appropriate strategies (Lau and Bruton, 2011).

In the context of SMEs, research studies have been done from the three theoretical perspectives. From the classificatory approach one of the most widely used construct of

firms' strategic orientation is the typology of Miles and Snow (1978)which proposed different strategic archetypes interrelating organizational strategy, structure and process variables within a theoretical framework of co-alignment. The framework identifies four types of firms' strategic postures: prospectors, defenders, analyzers and reactors. However, although this methodology is well grounded in the management literature, classificatory approaches are restricted solely to intergroup comparison, preventing any investigation of intra -group analysis (Speed, 1993). To overcome the empirical limitations of a classificatory approach, other authors have adopted the comparative approach, and have conceptualized firms' strategic orientation not across strict strategy classifications but along scales of specific dimensions.

From the narrative approach the entrepreneurial orientation construct, developed by Covin and Slevin (1989), has received a lot of empirical support in the context of SMEs (Covin and Slevin, 1989; Kreiser, *et al.,* 2002; Wiklund and Shepherd, 2005). Here the entrepreneurial orientation is conceptualized as a latent construct composed of three dimensions: innovativeness, risk-taking and pro-activeness. However, researchers have recently indicated their concurrence that relying solely on an entrepreneurial mindset provides an incomplete understanding of SMEs' performance (Wiklund and Shepherd, 2005; Ireland *et al.,* 2003).

Researchers of this view argue that although entrepreneurial orientation can create temporary competitive advantages, firms may fail to sustain them effectively. Thus opine that understanding the reasons for differentials among firms' wealth creation requires analyzing their vision of the future and their strategic planning processes through which they develop, exploit and sustain competitive advantages (Hitt *et al.,*

2001; Venkataraman and Sarasvathy, 2001). This view is supported by the Resource Based Theory which views firm's competitive advantage as coming from its resources. Scholars of this stand point propose the conceptualization of strategic orientation as a corporate posture that combines both entrepreneurial and strategic dimensions (Morgan and Strong, 2003; Venkatraman, 1989). Escriba-Esteve *et al.,* (2008) posit that based on earlier conceptualizations (Covin and Slevin, 1991, Morgan and Strong, 2003, Venkatraman, 1989 and Lumpkin and Dess, 1996) the firm's strategic orientation is a multidimensional construct involving both entrepreneurial orientations (innovative, proactive aggressive, and risk-taking) and strategic postures (information analysis and processing and future orientation).

The comparative approach evaluates strategies by dimensions that are common to all firms. According to Venkatraman, the strategic orientation of business enterprise, dimensions examine realized strategy, with respect to competitors, reflecting the pattern of critical decisions made by firms. This approach overcomes empirical limitations of other approaches in that "strategic orientation is viewed not across strict strategy classifications but, alternatively, along specific dimensions (Morgan and Strong, 2003) in terms of multiple traits common to all firms. Thus, strategy can be assessed in terms of the firm's relative emphasis, instead of strategy across classifications.

Several studies relating strategic orientation and firm level performance in SMEs have indicated that the multifaceted nature of most markets of today require that strategies are built on multiple strategic orientations (Matsuno *et al.,* 2002; Noble *et al.,* 2002; Zhou *et al.,* 2005 and Cadogan, 2012). According to the entrepreneurship literature, companies need to engage in entrepreneurial behaviors to identify and exploit business

opportunities to grow and create value (Shane and Venkataraman, 2000; Spicer and Sadler-Smith, 2006). However, other related studies grounded on the resource based theory of the firm contend that while identifying and exploiting business opportunities can create temporary competitive advantages, firms may fail to sustain these competitive advantages effectively (Ireland *et al.*, 2003). Hence the need to understand the reasons for the differentials among firms' wealth creation by studying also the strategic traits of firms' actions through which they develop, exploit, and sustain competitive advantages. A number of scholars argue (Covin and Slein, 1989; Lumpkin and Dess, 1996; Morgan and Strong, 2003; Venkatraman, 1989; Ireland *et al.*, 2003; Meyer and Heppard, 2000; McGrath and

MacMillan, 2000) that the entrepreneurial and strategic management perspectives jointly contribute to explaining the strategic orientation needed to achieve and sustain competitive advantages.

The study adopts the comparative approach and conceptualizes strategic orientation as a corporate posture that combines both entrepreneurial and strategic dimensions. This conceptualization is deemed appropriate for SME context since strategy is multi-dimensional and situational, and encompasses the adaptation and positioning of a firm's internal resources, capabilities and activities, in response to threats and in exploiting opportunities present in the firm's external environment.

2.3.1 The Resource Based View (RBV) of the Firm

The Resource Based View (RBV) of the firm was introduced by Wenerfelt in 1984 and expanded by Barney in 1991 as an approach to achieving competitive advantage . The

proponents of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it (Rothaermel, 2012).Also, that it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. The RBV approach, advocates that firms must translate efficiently and effectively their resources and capabilities into business process, otherwise they cannot expect to realize the competitive advantage potential of their resources (Ray *et al.,* 2004).

This theory assumes that each organization is a collection of unique resources and capabilities, and that their uniqueness is the basis of a firm's strategy and its ability to earn above average returns. Barney identified the VRIN framework for examining four key attributes (valuable, rare, costly to imitate and non-substitutable) required for resources and capabilities to fetch sustained competitive advantages. Resources are inputs into a firm's production process, such as capital equipment, the skills of individual employees, patents, finances, and talents of managers. Firm resources may be tangible or intangible and are generally classified into three categories: physical, human, and organizational and can be turned into a source of competitive advantage when they are formed into a capability. A capability is the capacity for a set of resources to perform a task or an activity in an integrative manner. Capabilities evolve over time and must be managed dynamically in pursuit of above-average returns (Ireland *et al.,* 2009). The RBV perspective argues that, the differences in firms' performances are due to primarily their unique resources and capabilities rather than the industry's structural

characteristics. It also assumes that firms acquire different resources and develop unique capabilities based on how they combine and use them in such a way that they are not highly mobile across firms so that the differences in resources and capabilities become the basis of competitive advantage. Through continued use, capabilities become stronger and more difficult for competitors to understand and imitate.

The RBV approach predicts that certain types of resources owned and controlled by firms have the potential and promise to competitive advantage and eventually superior firm performance. However the authors stress that the potential to generate competitive advantage from resources can only be realized if they are used efficiently and effectively to accomplish some business purpose or objective (Ray *et al.,* 2004). This implies strategic choices by management on the characteristics and types of advantage-generating resources and the actions required to translate them into business process (Fahy, 2000).

The link betweenstrategic orientation and firm resources from the RBV paradigm is particularly important in small and medium firms as they fight to survive in the highly globalized and competitive environment of today. SMEs are mostly resource constrained (Aaby and Slater, 1989, Zou and Stan, 1998, Wheeler, *et al.,* 2008). According to Knight (2000), small firms with their relatively limited resources have to bank heavily on their strategies to survive or to outperform their competitors. This is consistent with earlier studies which have confirmed that what is really necessary for the firm to reach and keep a competitive advantage stems from its intangible resources and its capabilities, (Barney, 1991; Grant, 1991; Peteraf, 1993 and Barney, 1995). In order to

organize their limited resources efficiently, SMEs need to have organizational capabilities, since resources are not productive on their own (Grant, 2008).

This makes the RBV approach to strategy important to SME firms to create an effective combination of choice of strategy and resources to counter the challenges they face in the highly competitive environment. SME firms are generally resource constrained but can approach strategy orientation from the RBV paradigm. SMEs though resource constrained have unique resources and capabilities. For instance SMEs have commonly been described as flexible, entrepreneurial, research and design intensive firms (Etemad, 2004) and having innovation Capabilities which help them to develop new products and improve existing ones (Okpara and Kumbiadis, 2008).

The RBV however has been criticized for the narrow conceptualization of a firm's competitive advantage, for example some critics have called for a more precise definition and identification of the types of dynamic capabilities as well as their relevance to managerial practice and applicability to other than rapid innovation-based environments (Wall *et al.*, 2010). Other critics say that that the RBV has clung to an inappropriately narrow neoclassical economic rationality thereby diminishing its opportunities for progress and have suggested to move it to a more dynamic framework for it to work as a viable theory of competitive advantage. Therefore the study will build on literature on the applicability of RBV in non rapid innovation-based environment in a developing country as well as build on as a dynamic framework of strategic orientation. Given the differences between the characteristics of SMEs in developed and developing countries, especially regarding the level of tangible resources

(Ghauri, *et al.,* 2003; Tesfom and Lutz, 2006), the strategic orientations adopted are likely to be unique and specific for SMEs in developing countries.

2.3.2 STROBE Model and Measures Strategic Orientation

Extant literature indicates that strategic orientation is measured by way of description which takes mainly two forms, the paragraph method and the description of characteristics used to define the strategy typology or dimension. The descriptions used to assess firm's strategy follow the theoretical perspective of strategic orientation taken by the researcher.

Based on the conceptualization of strategic orientation as a combination of both entrepreneurial and strategic perspectives Venkatraman (1986) developed a framework of strategic orientations of business enterprises (STROBE) delineating six dimensions of strategic orientation. His proposition is that the six dimensions (futurity proactiveness, riskiness, aggressiveness, analysis and defensiveness) exist concurrently in firms and that firms are strong on one or more. Each dimension is identified by specific traits or characteristics. This study has used the STROBE frame work to develop measurements of strategic orientation.

2.3.2.1 Futurity

Futurity dimension of strategic orientation is defined by the extent of importance given to futurity. It reflects an emphasis on a firm's long-term considerations. Long-term vision is a strategic imperative for securing a competitive edge in the turbulent marketplace (Morgan and Strong, 2003) and help firms to face environmental dynamics and reduce their risk. In the context of dynamic environment involving rapid change, this trait can enable a firm to acquire competitive edge in the market. This aspect of

strategy recalls Boyd's (1991) observation on long-range planning that enables a firm to better perform over those who don't manifest this behavior. Futurity applies particularly in areas pertaining to forecasting sales, customer preferences and environmental trends. It also can be seen in long term relationship with suppliers or other strategic business partners. The belief embedded in futurity dimension of strategic orientation is the way a firm's strategy is firmly grounded in the notion of reaching an envisioned future state through desired firm growth (Ansoff, 1975; Grant and King, 1982).

2.3.2.2 Proactiveness

This dimension reflects a firm's keenness for exploiting emerging opportunities, experimenting with change, and initiating first-mover actions (Dess *et al.*, 1997; Lynn *et al.*, 1996). It is an action-oriented approach and is associated with competitive superiority due to the 'step-ahead' tactics pursued by firms with this particular strategic behavior (Gatignon and Xuereb, 1997). Proactiveness explains the readiness exhibited by a firm in entering new markets, introducing new products, brands before competition arrives and similarly in eliminating operations that have reached their optimum level or are on the verge of decline in their life cycle.

Proactive firms strive to create competitive advantage by leading the market in pioneering new products and developing innovative techniques and processes (Avci *et al.*, 2011). Proactiveness is central to innovative behavior and reflects a firm's interest for exploiting emerging opportunities, experimenting with change, and mobilizing first mover actions (Morgan and Strong, 2003). Proactiveness firms have high performance,

because of their responsiveness to market signals and potential customer needs; they also may create new needs by their creativity and build new trend in market.

2.3.2.3 Riskiness

Riskiness dimension of strategic orientation is described as the possible losses or gains that are derived from an action; so it has an important role in resource allocation and can act as a key parameter in determining the decision processes involved in competitive strategy (Morgan and Strong, 2003). It also describes how much risk the firm can tolerate (Lau and Bruton, 2011). Riskiness as a strategic orientation can improve the performance of the firm only by enhancing flexibility, creativity and traditional rule breaking. Firm profitability may suffer from the adoption of such strategies due to the additional risks incurred and less predictable returns.

This is a calculated behavior displayed by firms on the basis of their analysis and risk-taking appetite in order to target growth and this calls for decisions involving substantial financial and human resource investments. Very importantly, firm behavior in this particular instance, combines also an entrepreneurial approach towards risk-taking in relation to opportunities that surface (Baird and Thomas, 1990). According to March (1991), this is more of an exercise in exploration and exploitation in organizational learning as a firm strives to push its boundaries of risk and shake itself free of time-honored rules. This spirit of creativity and rule breaking through riskiness can become critical inputs in leveraging business growth. Thus, where traits of riskiness are evident within a firm's strategic orientation, firm growth level may be notably high (Bettis and Hall, 1982).

2.3.2.4 Aggressiveness

The aggressiveness trait of strategic orientation can be defined by the willingness of the business to take actions to improve the market position of the firm (Lau and Bruton, 2011). It is primarily concerned with exploiting and developing resources more rapidly than competitors (Morgan and Strong, 2003). Aggressiveness typically involves a clear sales orientation (Lumpkin and Dess, 2001). Aggressiveness is particularly critical to highly volatile environments such as in high technology industry and demands substantial investment. Aggressiveness typically involves a clear sales orientation (Lumpkin and Dess, 2001) which underscores emphasis on market share development for improved performance.

Aggressiveness signals a clear mindset oriented towards market share development through fighting competition in an aggressive manner. Normative studies recommend aggressive strategic behavior in product-markets characterized by turbulence and competitive intensity. It generates performance payoffs in sales growth and profitability (Covin and slevin 1991, Zahra 1993). This trait is concerned with exploiting and developing resources more rapidly than competitors (Clark and Montgomery, 1996). Differential aggressiveness has been found to explain why certain firms niche market positions and derive sustained benefits from such market development.

.3.2.5 Analysis

The Analysis trait can be seen as the efforts of the firm to have internal consistency in achieving the firm's stated objectives (Lau and Bruton, 2011). By systematically pursuing analytical activities such as collecting and interpreting information and

deriving managerial implications, firms facilitate their objectives with competitive strategies (Talke, 2007). Such analytical activities are critical for, and are likely to positively impact, business performance, regardless of the external environment (Morgan and Strong, 2003).

The analysis dimension of strategic orientation reflects a firm's knowledge building capacity and enabling processes for organizational learning (Morgan and Strong, 2003). This trait represents firm's approach to problem solving secured by understanding internal and external environmental contexts (Miller and Friesen 1984). It also includes the internal systems and procedures that facilitate the foundation and execution of competitive strategy to achieve firm objectives (Grant and King 1982). It has been observed that analytical activities and systems are positively related to performance in both stable and volatile industry environments (Fredrickson and laquinto, 1989). The quick decision resulting from comprehensive decision processes lead to better performance (Goll and Rasheed 1997). Empirical evidence to support this has been found (Judge and Miller 1991; Priem *et al.*, 1995).

This trait behavior refers to a firm's knowledge building capacity (Bourgeois, 1980) and ability to enhance organizational learning (Cohen and Sproull, 1996). This orientation indicates the problem-solving approach derived by a firm from its understanding of both external and internal environments (Miller and Friesen, 1984). This trait signals a firm's tendency to go in-depth into problems to generate the best possible alternatives and is considered to be an important characteristic of the organizational decision-making (Miller and Friesen, 1982). Further, this particular dimension of SO also indicates the level of internal consistency that is achieved in overall resource allocation for achieving

target objectives for the firm (Grant and King, 1982). The whole aspect of this orientation bears close resemblance to the idea of rational comprehensive processes (Frederickson and Mitchell, 1984), wherein the observed phenomenon is that of analytical activities and systems relating positively with firm performance (Eisenhardt, 1989b).

2.3.2.6 Defensiveness

The defensiveness dimension of the strategic orientation is the opposite of aggressiveness; characterized by an emphasis on efficiency, productivity and cost reduction in operations. This dimension is noted for a high degree of strategy specialization, a focus on existing domain defense rather than new product/market development (Morgan and Strong, 2003). Firms demonstrating the characteristics of defensiveness are able to accumulate selected capabilities and skills, and develop composite strategies to outperform less domain focused firms. This trait helps in understanding the defensive behavior displayed by firms (Miles and Snow, 1978), which becomes manifest through approaches such as cost reduction and efficiency seeking. In this kind of an orientation, a firm does not privilege development beyond the defense of its domain (Miles and Cameron, 1982) or core technology (Thompson, 1967). This trait reflects high degree of strategy specialization (Child, 1974) and nurtures the belief that expertise honed in a specialized area leads to higher performance (Venkatraman, 1989). Firms exhibiting this orientation can secure capabilities and skills that develop comprehensive strategies which give them advantage over firms that are less specialized or domain-focused (Hart and Banbury, 1994).

2.4 Top Manager's Ownership Status in the Firm

A Top manager (TM) generally refers to the highest ranking executive responsible for entire enterprise. Such executive may be the owner or a professional manager. Scholars have long been interested in the role of top managers in organizations with research being done to establish how they influence organizational outcome. Present research generally concludes that managers do matter in determining firm performance (Bertrand and Scoar, 2003; Malmendier and Tate 2009).

For a variety of reasons, it is sometimes neither efficient nor practical for owners of SMEs to actually manage their businesses. In such instances they have to engage non-owner managers to make day-to-day decisions regarding business operations and expenditures. The non-owner-managers often have considerable discretion in making decisions having a long-term effect on the company's operations, financial performance and overall competitiveness. The status of firm's the manager as owner or non-owner has been found to influence organization outcome.

The separation of ownership and managerial control presents agency-related problems since the interests of owners and non-owner-managers may diverge. The Agency theory explains this dispersion of ownership and control. In non-owner managed firms it should be expected that the priorities and objectives of agents and owners may differ based upon divergent interests (Dalton *et al.,* 2007). Previous studies have indicated that there are differences in decision making between firms controlled by owner managers and those under non owner managers. For instance (Lorenz *et al.,* 2013) found differences in risk-taking behaviour and views of resource development between owner-managers and non-owner-managers.

In many family businesses the owner or a member of the owner family chooses to run the firm him/herself. Owner management provides a solution to the inherent agency problem involved in operating the business but on the other hand the combination of roles of owner and top manager may have unfavorable consequences for the efficient operation of the firm.

Distinction between owner-management and professional management, owner management aligns the interests of the owners and managers thus providing a solution to the agency problems connected with monitoring and motivating professional managers (Fama an Jensen, 1983). However the negative effects of owner management exists. Here the top manager is taken from a much more restricted pool of a talent than when the manager is recruited from the general market for managers. According to Coleman (1990) and Burkart *et al.,* (2002) this situation generally leads to a lower quality among owner-managers than among professional managers and may be detrimental to the productivity of firms. In owner-managed family business the middle managers know that they have few hopes/chances of achieving to management positions in the firm. Te limited career prospects may function as a disincentive to these middle managers with reduced efforts as a result. Owner-managers have a strong preference for control and often we find decision making authority concentrated in their hands. However control orientation may prevent them from adopting new and productivity-enhancing management principles and personnel policies. Barth *et al.,* (2004) in their study found that family-owned firms are less productive than non-family firms and that the difference in productivity is explained by differences in management regimes. Family

owned firms managed by a manager from outside the owner family are equally productive as non family owned firms. Family owned firms managed by a person from the owner family are found to be significantly less productive than non-family owned firms. They argue that the productivity gap may be due to skill differences between professional and family managers. After all professional managers are chosen from a large pool of talent. It might also be the case that family managers choose to run the firm in less productive manner.

Some studies have indicated professionalism as an issue to consider in the control of SME firms. Family SMEs face capital and managerial constraints because ownership and control structures reduce their ability and willingness to attract professional managers (Carney, 2005). Founding families that control the decision-making processes and have dominated the organization for years may increase the likelihood of an inward focus and limit the exploration of innovative ideas (Zahra *et al.*,2004). For instance, by reducing constructive questioning and creativity, firms may be less likely to adopt a proactive strategic orientation. In contrast, by incorporating non-family managers, SMEs may raise their levels of heterogeneity and professionalism in the managerial team, foster an analytical orientation to problem solving and increase the chance of conflict of ideas, innovation and entrepreneurship (Zahra *et al.*, 2004).

Research indicates that performance can be improved when key variables are correctly aligned (Naman and Slevin, 1993). This is supported by the contingency theory, which suggests that congruence or “fit” among key variables such as industry conditions and organizational processes is critical for obtaining optimal performance (Lawrence and Lorsch, 1967). This theory holds that the relationship between two variables depends on

the level of a third variable. Therefore introducing a moderator into a bivariate relationship helps reduce the potential for misleading inferences and yields more precise understanding of contingency relationships (Rosenberg, 1968). If the relationship between variables varies across samples that differ on a given attribute, such findings suggest that the attribute may be a moderator (Miller and Toulouse, 1986). It is not necessary that previous studies have explicitly tested moderator relationships in order to determine moderating effects. The study focused on TM ownership status as moderator variable between strategic orientation and firm performance in SME firms.

2.4.1 Upper Echelons Theory

The Upper echelons perspective articulated by Hambrick and Mason (1984) provides a framework within which the role of top managers in influencing organizational outcomes can be interpreted. This theory holds that the characteristics of top level managers make a difference on how the organization is run and consequently how it performs. Its central premise is that managers' experiences, values, and personalities greatly influence their interpretations of the situations they face and, in turn, affect their choices and eventual organizational outcomes.

The Upper echelons perspective has triggered a large number of studies that focus on top management team members during the last two decades. According to this perspective, top management perceptions and cognitive base are expected to influence strategic choice, and ultimately, organizational outcomes (Finkelstein and Hambrick, 1990; Pegels *et al.,* 2000). The upper echelon perspective suggests that the demographic characteristics of managers act as proxies of their cognitive base and values which are

expected to influence strategy and firm performance (Wally and Becerra, 2001). This leads us to expect a link between top management demographic characteristics and business strategy and firm performance. However, the extent of managerial discretion may vary from one industry environment to another. Managers in high-discretion contexts are able to choose from a wide range of strategic options and, thus, are able to have their skills and experiences reflected in organizational outcomes (Shen and Cho, 2005). This has led to suggestion to look beyond the direct relationships as sounded by Hambrick *et al.*, (2005). The examination of direct relationships among executive characteristics, strategic decisions, and organizational outcomes, however, are likely to lead to inconsistent findings if the crucial moderating role played by the environment is not taken into consideration (Hambrick *et al.*, 2005).

In support of Hambrick and Mason's theory, theorists of Carnegie School have argued that complex decisions are largely the outcomes of behavioral factors rather than a mechanical quest for economic optimization (Cyert and March, 1963, March and Simon, 1958). In relation to strategy, their view is that the term strategic choices is a fairly comprehensive term to include; choices made formally and informally, indecision as well as decisions, major administrative choices(such as reward systems and structure) as well as the domain and competitive choices more generally associated with the term 'strategy'. Since strategic choices have a large behavioral component, then to some extent they reflect the idiosyncrasies of decision makers- each decision maker bringing his or her own set of 'givens' to an administrative situation(March and Simon, 1958). These givens reflect the decision makers' cognitive base; knowledge or assumptions about future events, knowledge of alternatives and knowledge of consequences attached

to alternatives. They also reflect the values and principles for ordering consequences or alternatives according to preference.

2.5 Relationships between Study Variables

2.5.1 Strategic Orientation and Firm Performance

Strategic management efforts have been linked to performance in SMEs in several dimensions, (Meers and Robertson, 2007). Researchers typically use strategic orientations to examine the link between firm strategy and firm performance (Avci *et al.*, 2011; Voss and Voss, 2000). The underlying assumption in strategic orientation is that substantive strategic beliefs underpin the strategic actions taken by the firm (Lau and Bruton, 2011). Strategic orientation has received considerable attention in the strategy literature as an important antecedent of firm growth. Grounded in the Resource-Based View (RBV) (Barney, 1991) of the firm, researchers have defined strategic orientation as an attribute that influences the ability of a firm to focus strategic direction and build or sustain the proper strategic fit for superior firm performance (Davidsson and Wiklund, 2000; Gatignon and Xuereb, 1997). Seen from this perspective organizations use resource allocation and environmental cues to determine the right plan for the firm to achieve its goals (Goll and Sambharya, 1995).

The strategy gives the direction that a firm has in mind and guides on how to achieve their goals. Earlier research has demonstrated that firms that set out a clear strategy, for example a quality differentiation or a cost leadership strategy will outperform those firms that deploy a mixed strategy (Baum *et.al,* 2001). Many scholars assert that to understand the reasons for differences among companies' wealth creation requires analyzing their vision of the future and their strategic planning processes through which

they develop, exploit and sustain competitive advantages (Hitt *et al.,* 2001; Venkataraman and Sarasvathy, 2001).

Theory and research have suggested that strategic behavior is a key factor for organizational success (Covin and Slevin, 1989; Miles and Snow, 1978; Venkatraman, 1989; Wiklund, 1999; Zahra, 1991). Current environmental pressures require a strategic posture that combines entrepreneurial attitudes and orientations toward analysis and long-term view. This notion of Strategic Orientation suggests that some firms are more willing than others to continually search for opportunities, target premium market segments, and 'skim' the market ahead of competitors (Lumpkin and Dess, 1996). Firms with more proactive Strategic Orientations are expected to exhibit higher levels of risk tolerance in ambiguous situations and are more likely to develop product and process innovations (Covin and Slevin, 1989). A firm with a proactive orientation will respond to environmental conditions through searching for new businesses or markets, and trying to shape the nature and direction of competition to its own advantage.

A lot of scholarly work has been done to understand why some firms are more successful than others even when they originate from similar circumstances with similar access to resources (Tuck and Hamilton 1993). Further research in the field of Resource Base theory RBV suggested that firm resources are the primary source of performance differences among the firms. Penrose (1959) argued that firm growth is a function of the way in which resources of a firm are employed- not merely dependent upon the possession of valuable resources but also the strategic decisions it makes regarding how these resources may be productively employed. This means that value is created only

when resources are deployed appropriately within the firm (Sirmon, *et al.*,2007) through the adoption of different aspects of strategies. Different managers of resources may therefore produce different outcomes in firms even when they possess similar resources – it is the firm's strategic behavior which results in different levels of firm growth.

Strategic management efforts have been linked to performance in SMEs in several dimensions, (Meers and Robertson, 2007) but in practice this necessity has been downplayed due to amongst others, the scope of SMEs, availability of resources and a diversion of energy to day to day operational issues. Thus there is a need for further understanding of other factors influencing strategic management in SMEs. Some studies suggest that companies with a strong strategic orientation, in which the characteristics of managers (age, education, background, experience, values) are more congruent with a combination of entrepreneurial and strategic postures, may achieve higher performance levels (Entrialgo, 2002; Gabrielsson, 2007).

2.5.2 Top Manager's Ownership Status and Firm Performance

Unlike corporate enterprises whose performance is dependent on a management team, SMEs are often dependent upon the skills of the owner/manager (Dyer and Ross, 2008). This has generated research studies aimed at understanding how the personal characteristics of managers influence firm outcome. Related research literature points to a difference in personal characteristics between the owner manager and non-owner manager and how these influence firm outcome.

Managers have an important role in defining the actions and events that will influence the organization's current or future orientation. In RBV literature, Penrose (1959) argued

that top managers are entrepreneurial resources for a firm that affects its performance. The Upper echelons theory holds that the characteristics of top level managers make a difference on how the organization is run and consequently how it performs. The foundation of this theory is that executives' experience, values and personalities greatly influence their interpretations of situations they face and in turn the choices they make (Irungu, 2007). According to this perspective, top management perceptions and cognitive base are expected to influence strategic choice, and ultimately, organizational outcomes (Finkelstein and Hambrick, 1990; Pegels *et al.*, 2000). The executive's variables may condition the firm's behavior in terms of receptivity to change, willingness to take risks, diversity in information sources and perspectives, and creativity and innovativeness in decision-making.

Agency theory stresses that the extent of involvement in risky activities is likely to be influenced by the ownership and governance of the firm (Fama, 1980; Fama and Jensen, 1983; Jensen and Meckling, 1976). According to this theory, equity ownership influences managers'risk-taking propensity (Eisenhardt, 1989; Keasey *et al.*, 2005; Zajac and Westphal, 1994), suggesting that managers become risk averse as their ownership in the firm increases (Beatty and Zajac, 1994; Denis *et al.*, 1997). Strategic change typically involves taking risk. Ownership concentration among the top management of the firm can lead to risk aversion and lack of willingness to engage in strategic change activities such as corporate diversification, product innovation or entering new international markets (George *et al.*, 2005; Hill and Snell, 1988; Hoskisson *et al.*, 2000).

Most SMEs are closely held and owner-managed (Bennedzen and Wolfenzon, 1999; Nutek, 2004). The concentration of ownership and the unification of ownership and management lead to managers being subjected to less pressure from outside investors and other monitors who demand accountability, transparency and strategic renewal (Carney, 2005). There is extensive literature that compares the performance of owner-managed family firms to those run by professionals, (such as Anderson and Reeb, 2003, Bertrand and Schoar, 2006, Maury 2006) which predominantly conclude that firms run by professional managers outperform those run by a family member or the owner. However other studies have found mixed results, for example Bradford (2012) and Barth *et al.,* (2004) found that for one-owner firms, owner-managed outperformed non-owner managed firms while for multi-owner firms the performance differences were not significant.

2.5.3 Strategic Orientation and Top Managers' Ownership Status in the Firm

The firm's strategic orientation is an indicator of how it operates, reflecting specific aspects of decision-making styles, methods and practices (Morgan and Strong, 2003; Venkatraman, 1989). The strategic choice paradigm (Andrews, 1971; Child, 1972) has generated a large body of research examining the influence and control of executive managers over an organization's future direction. Hambrick and Mason (1984) in their "upper echelons theory" provided a boost to the empirical research by arguing that the top management team's demographic characteristics (age, education, tenure, heterogeneity) are good proxies for the underlying traits and cognitive processes of the top executives.

Top managers are the ones that identify environmental opportunities and threats, interpret relevant information, consider organizational information, consider organizational capabilities and constraints and formulate and implements strategic change (Mintzberg, 1979; Pegels *et al.*, 2000). Therefore an examination of what influences how they asses and direct strategy is an important area of investigation. This is even more important for SME firms. It has been argued that the effect of top managers' characteristics on strategic orientation is likely to be particularly strong in SMEs because their small size and flexible organizational structures intensify managers' involvement in all processes and activities of the firm (Brunninge, *et al.,* 2007).

Hambrick and Mason (1984) first proposed the study of top managers' influence through the use of demographic variables and since then a substantial body of research has indicated that some demographic variables offer insight into understanding managers' processes and cognitions. Studies on top managers' demographics continue to offer an avenue through which strategy researchers approach understanding of the role of managerial cognitions and processes in shaping strategic outcomes (Ginsberg, 1990, Hambrick and Mason, 1984; Pfeffer, 1983). However recent literature has indicated the need to look for other personal characteristics of top managers (Escriba *et al.*, 2008). Consequently recent research has focused on the allocation of decision rights (Hart 2001). Related studies have examined the influence of owner-managers and non-owner managers on firm performance and found differences in their approaches to firm control and decision making.

The difference in strategy decisions between owner and non owner managers has been explained in literature. Non-owner managers may focus on short-term-oriented goals

and tangible outcome measures such as sales growth. They may be more willing to be satisfied with overall firm performance if sales are rising, as sales growth may provide instant gratifications such as individual bonuses or a positive reputation. Similarly, non-owner managers may be less concerned about the long-term survival of the business, instead focus on less long term sustainable measures such as sales growth. Furthermore, due to their risk aversion non-owner-managers are likely to invest in developing knowledge capabilities, as these capabilities are positively related to organizational performance and survival and, subsequently, a form of job security.

Knowledge capabilities have been associated with firm competitive advantage. Few firms can rely solely on internally generated ideas and knowledge and must assimilate and exploit new external knowledge to sustain competitive advantage. Firms who possess this capability are said to possess an absorptive capacity. Developing and maintaining absorptive capacity is critical to a firm's long-term survival and success because it can reinforce, complement, or refocus the firm's knowledge base' (Lane *et al.,* 2006, p 853). However, the firm's absorptive capacity depends on the capacity of its members and on knowledge transfer within the organization (Cohen and Levinthal, 1990). In particular, Gray (2006) posits that the absorptive capacity of an SME is a reflection of the owner's and key personnel's motivation and experience.

The willingness of owner-manager to accept risk is dependent on and positively related to his/her anticipation of future returns (Black and Scholes, 1973). Owner-managers recognize that high risk strategies can result in the opportunity for greater personal wealth. This risk-seeking behavior is further supported by the likelihood that the owner-

manager's job security is not subject to evaluation by outside stockholders (McEachern, 1975). The peril of insolvency; however, impacts and limits the owner-manager's risk strategy (Jones and Butler, 1992).

Some studies have indicated professionalism as an issue to consider in the control of SME firms. Family SMEs face capital and managerial constraints because ownership and control structures reduce their ability and willingness to attract professional managers (Carney, 2005). Founding families that control the decision-making processes and have dominated the organization for years may increase the likelihood of an inward focus and limit the exploration of innovative ideas (Zahra *et al.*,2004). For instance, by reducing constructive questioning and creativity, firms may be less likely to adopt a proactive strategic orientation. In contrast, by incorporating non-family managers, SMEs may raise their levels of heterogeneity and professionalism in the managerial team, foster an analytical orientation to problem solving and increase the chance of conflict of ideas, innovation and entrepreneurship (Zahra *et al.*, 2004).

2.5.4 Strategic Orientation, Top Managers' ownership status and Firm performance

Extant literature points that Strategic orientation leads to superior firm performance (Poon *et al.,* 2006; Wiklund, 1999; Zahra and Covin, 1995; and Zhou *et al.*, 2005). This is attributed to the focus of the strategic orientation concept in building competitive advantages and exploring new business opportunities. Researchers have defined strategic orientation as an attribute that influences the ability of a firm to focus strategic direction and build or sustain the proper strategic fit for superior firm performance

(Davidsson and Wiklund, 2000; Gatignon and Xuereb, 1997). A firm's strategic orientation is an indicator of the processes developed to analyze and integrate new information, to coordinate decisions, to examine the evolution of environmental factors and to assess new projects (Covin and Slevin, 1989; Lumpkin and Dess, 1996; Morgan and Strong, 2003; Venkatraman, 1989). High performing businesses are said to be distinctly cautious, prudent and make judicious use of their defensive skills, analytical capabilities and future-oriented management (Morgan and Strong, 2003). Strategy formulation is a principal role of top managers in any organization.

The business owner or manager in SME firms is responsible for the strategic decisions and therefore plays a crucial role when it comes to the formulation of a firm's strategy. Research findings affirm that the owner/manager's competitive development and personal goals determine the understanding and use of strategic management and planning (Postma and Zwart, 2001). The strategy is often strongly influenced by the distinct competencies and unique knowledge of the owner/manager. Strategy and strategic vision create a clear direction for the company and this proves to be an important input for firm policy and operational decisions (Philipsen and Kemp, 2003). Within small and medium-sized firms the strategy remains often implicit, top-down, informal and intuitive (Mintzberg, 1989) and this point to the important role of the business owner/manager. The owner/manager is usually the person who has the vision.

Penrose (1959) argued that firm growth is a function of the way in which resources of a firm are employed- not merely dependent upon the possession of valuable resources but also the strategic decisions it makes regarding how these resources may be productively employed. This means that value is created only when resources are deployed

appropriately within the firm (Sirmon, *et al.*, 2007) through the adoption of different aspects of strategies. Different managers of resources may therefore produce different outcomes in firms even when they posses similar resources – it is the firm's strategic behavior which results in different levels of firm growth.

Following on suggestions for further research top managers' ownership status was studied as a moderator variable in this study. The decision to moderate with top mangers' ownership status was considered following on suggested areas of further research from past studies. Such as study on internationalization of SMEs of Italian manufacturing firms Cerreto and Piva (2010) found that family involvement in the management negatively affects SMEs likelihood of being exporters and suggested that SMEs need to strengthen their organizations with greater professionalization of management and more highly qualified personnel if they want to grow in international markets.

2.5.5 Control Variables

The study considered the age and size of the firm as control variables. The effect of these variables on firm performance is already established in literature. Hence it was deemed necessary to have its effects statistically adjusted in order to estimate independent effects of the hypothesized explanatory variables. The importance of business size and age and their influence on firm performance have been highlighted in both theoretical discussion and empirical research.

Past studies have shown positive relationships between business size and firm performance (Wiklund and Shepherd, 2005). Takahashi, also pointed that bigger

businesses can enjoy economies of scale as they are able to exploit available resources better than smaller businesses which enables bigger firms to produce a larger quality outputs with low costs because they have the capacity to access critical resources such as finance. According to Lipuma, *et al.*, (2011) small firms lack the tangible or intangible resources to effectively construct or gain access to informal networks; they rely primarily on the publicly available markets that result in higher than average transaction costs. Empirical evidence also suggests that small firms in emerging economies have historically suffered due to lack of managerial and technical skills that constrain their performances and those small firms that receive both monetary and managerial resources are more likely to survive, grow and compete.

Firm age represents the experience of firms in the industry which is the influential factor for firm success (Takahashi, 2009; Gem 2010). Older firms tend to build good network business partners and customers and have good relationship with financial institutions and have built a good reputation in the market. Research has also shown that market entry is often difficult for new firms in emerging economies due to institutional deficiencies in the form of restricted access to capital markets and burdensome regulatory constraints (Lipuma, *et al.*, 2011).

Firm size was measured in terms of number of employees while firm age was measured by the number of years the firm has been in operation. The subjects of the study are small and medium sized enterprises and these by definition are categorized into sizes on the basis of either number of employees or asset base and turnover. These measures have been used in similar studies (Dhanary and Beamish, 2003; Mitttelstaed *et al.*, 2003; Komen, 2012).

Table 2.1 Summary of Empirical Studies on the Relationship between Strategic Orientation and Firm Performance

Scholar	Year	Research Study	Knowledge Gap and Identified Areas For Further Research
Wiklund and Shepherd	2005	Entrepreneurial Orientation and Small Business Performance: A Configurationally Approach	Suggested that entrepreneurial mindset alone provides incomplete understanding of SMEs performance and that greater insight into performance might be gained through investigating the orchestrating themes and integrative mechanisms that ensure complementarity among a Firm's various aspects.
Ireland, Hitt and Sirmon	2003	A Model of Strategic Entrepreneurship: The Construct and its Dimensions	Entrepreneurial orientation can create but may not sustain competitive advantage. Hence call for combination of both entrepreneurial and strategic dimensions
Lumpkin and Dess	2001	Linking Two Dimensions of Entrepreneurial Orientation to Firm Performance. The Moderating Role of Environment and Industry Cycle	The study looked at two dimensions (out of five) – Pro-activeness and Aggressiveness and found that the positive relationship to firm performance is not always the case under all conditions. Call for studies in different conditions.
Morgan and Strong	2003	Strategic Orientation of Business Enterprises (STROBE) and Business Performance: The	The research suggests that a firm's strategic orientation may indeed influence their financial success and that contextual factors

		Moderating Role of Organizational Culture	could be critical. The study focused on the clan culture, but pointed that; in addition to organizational culture, characteristics of CEOs and top Management teams, such as team dynamics, may also be important contingency factors; the external environment should be considered in that STROBE may have more powerful predictive ability in particular industries, countries, or task environments.
Escriba-esteve, Sanchez-peinado and Sancez-peinado	2008	Moderating Influences on the Firm's Strategic Orientation-Performance Relationship –	Study relied on subjective measures of Firm performance and called on future studies to combine subjective and objective measures. The study did not find moderating effect of Educational level of TMT on SO-performance relationship as found in other studies hence called for a fine-grained approach to measures used. -The study was conducted with empirical data from SMEs in mature and fragmented industries in Spain, thus the call for similar studies in different settings.

Source: Survey Data, 2016

2.6 Conceptual Framework of the Study

The conceptual framework presents the study variables. In the model, firm strategic orientation is the independent variable and it is conceptualized as having six dimensions; futurity, proactive, riskiness, aggressiveness, analysis and defensiveness. Ownership status of top managers in the firm is the moderating variable measured at two levels; owner and non-owner manager. The dependent variable is firm performance which was measured in terms of financial and non-financial terms namely, revenue growth, Market share, Return on investment and employment growth, customer satisfaction, training and development and automation of key internal processes.

The conceptual framework of the study (fig 2.1) was developed on the basis of earlier research using the conceptualization of strategic orientation that was introduced by Venkatraman (1989). The framework posits that while firm performance is determined by strategic orientation, ownership status of the top manager influences the relationships between the specific strategic dimensions and firm performance. It also considers the effect of each dimension on firm performance. According to the conceptual framework of the study, twelve hypotheses were formulated to guide the study.

INDEPENDENT VARIABLE **DEPENDENT VARIABLE**

Strategic Orientation

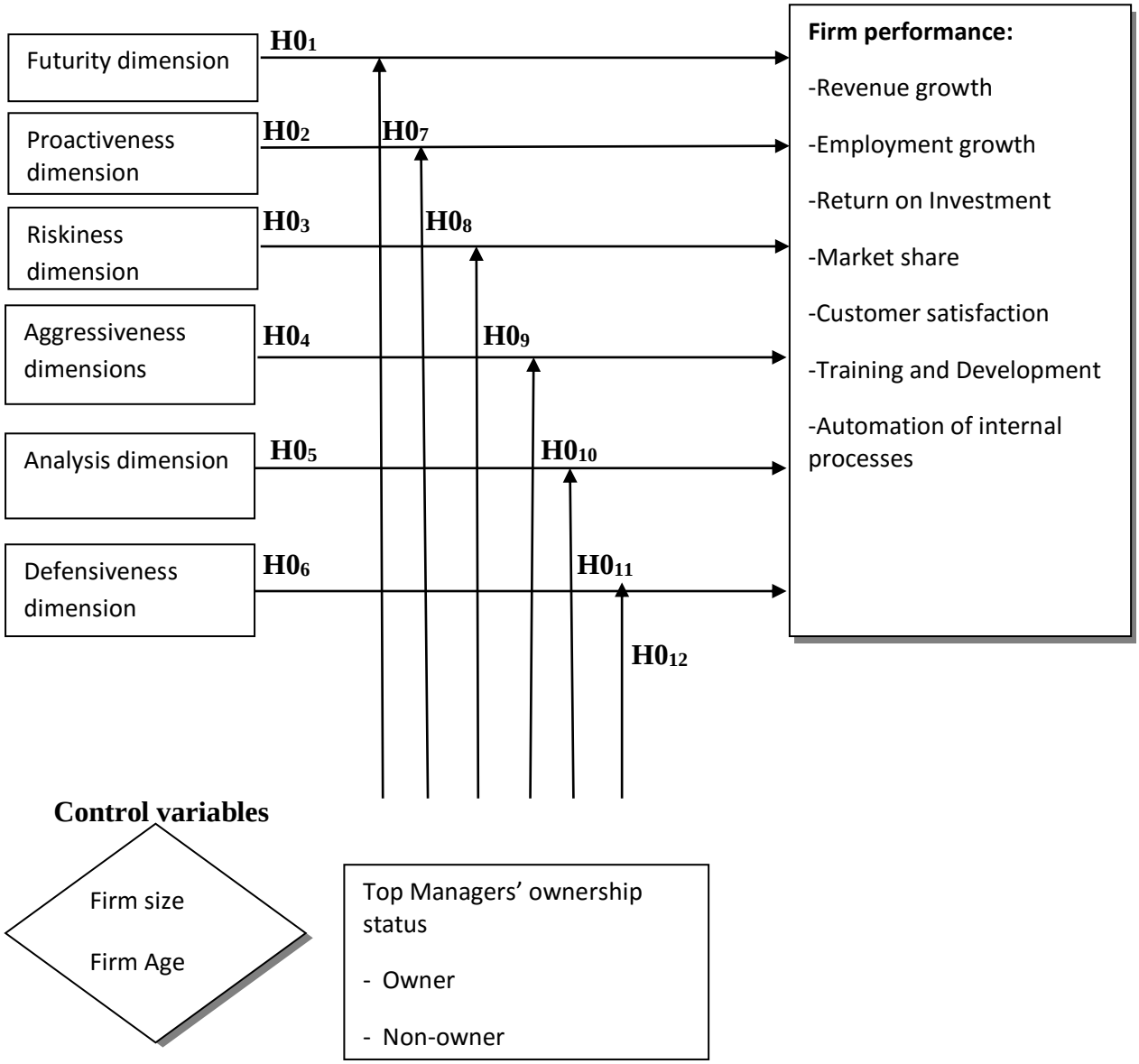


Figure 2.1 Conceptual framework of the relationship between strategic orientation and firm performance.
Source: Survey, 2016.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research design and methodology of the study, including research paradigm, research design, study area, target population, sampling, and the rigor during and after data collection, limitations of the study and ethical considerations.

3.2 Research Paradigm

The underlying philosophy of knowledge generation for this study is based on positivism paradigm which emphasizes objectivist approach to studying social phenomena and gives importance to research methods focusing on quantitative analysis.Positivism is an approach to social research that seeks to apply the natural science model of research for investigations of social phenomena and explanations of the social world (Denscombe, 2008: 2010b). Positivists believe that an objective reality exists outside personal experiences with its own cause and effect relationships (Remenyi *et al.*,1998; Saunders *et al.*,2000; Riege, 2003; Babbie and Mouton, 2008; Saunders *et al.*,2009).

The positivist paradigm of exploring social reality is based on the philosophical ideas of the French philosopher Auguste Comte and as pointed by Conen *et al.,* (2000) it has four main assumptions; determinism, empiricism, parsimony, and generality. Accordingly the principles and assumptions of this paradigm formed the foundations of the methodology of this study.

The study took the approach of establishing causal relationship between study variables by means of collection of verifiable empirical evidences in support of hypotheses. Positivistic paradigm systematizes the knowledge generation process with the help of quantification, which is essential to enhance precision in the description of parameters and the establishment of the relationship among them. The research methods applied thus allow for generalizing study findings.

3.3 Research Design

There are a number of research designs open to a researcher depending on the purpose of inquiry (Zikmund *et al.,* 2010; Greener, 2008). The choice of a research design has been emphasized a lot in literature which indicates that it is fundamentally related to the research question(s) of the study. To emphasize its importance, a research design has been described as a researcher's "blueprint" (Burns and Grove, 2003), "overall plan" (Polit *et al.,* 2001) or "masterpiece" (Adams *et al.,* 2007) for answering the research questions or testing the research hypothesis.

This study used explanatory research design. This was deemed appropriate in answering the study objective of establishing the causal relationship between study variables - strategic orientation, top manager's ownership status and firm performance. According to Saunders *et al.,* (2007) explanatory design is used in studies designed to establish causal relationships. This design was also chosen since it uses quantitative and structured research methods which can be used in carrying out scientific investigation that allow for generalization of findings. As proposed by Field (2005) and Hair *et al.,*

(2006) explanatory design also allows for the use of inferential statistics to determine relationship between variables.

3.4 The Study Area

The study was carried in the North Rift Region of Kenya. It is located in the northern part of the Rift Valley Region of Kenya and is made up of eight counties namely; Turkana, Baringo, Elgeyo Marakwet, Nandi, Uasin Gishu, West Pokot, Samburu and Trans-Nzoia (see appendix 6). The region was identified for the study since it has a growing number of SME firms in the hospitality industry (Uasin Gishu Integrated Development Plan 2013-2018). This growth has been occasioned by the country's political shift to a devolved system of government which has spurred extensive development initiatives at county level. In particular the North Rift Region has organized its counties into an economic bloc known as NOREB, whose aim is to steer the economic development of the region. The counties in this region have put considerable emphasis on the growing of hospitality facilities as a means to support other economic activities such as tourism, conferencing and sports. Towards this end elaborate plans have been laid out in specific county development plans. Most of the SME enterprises are located in and around towns, urban centers and other service centers designated as local centers, market centers, and rural centers. One county (Samburu) was however left out of the study due to security concerns obtaining in that part of the country at the time of data collection.

3.5 Target Population

The business enterprise sector in Kenya is categorized into various sub sectors including agri-business, international trade, monetary and finance, building, construction and housing, tourism, industry/manufacturing, transport and information communication technology (Kenya Bureau of Statistics, 2013). Each of these sub sectors consist of large, medium, small, and micro sized enterprises. The scope of the study was SME firms of the hospitality industry. This industry deals with hospitality services mainly in hotel, accommodation and lodging, food and related entertainment services. It includes a variety of enterprises such as hotels, motels, inns, boarding and lodging houses, guest houses, conference facilities, clubs, restaurants and fast food outlets. The study concentrated on the hotel, accommodation, conferencing and food service enterprises. The entertainment service is recently being considered as an industry on its own and therefore was left out. The study therefore targeted all hospitality industry SME firms in the north rift region of Kenya and the 902 that were formally registered with the various local authorities as hotels, accommodations, conferencing facilities and food service enterprises formed the sampling frame of the study. The respondents were top managers of the sampled firms.

3.6 Sampling of the Study Population

Sampling is important in research as it is not always feasible to study every member of the population due to time and cost limitations. Sampling is also important because in research there is that point beyond which any statistics will not add much value (Kalof *et al.,* 2008). There are two classes of samples, probabilistic and non- probabilistic for which different procedures are applied to obtain the sample. The study applied

probabilistic sampling which allows for making of inferences about the whole population from the sample.

The probabilistic sampling requires a procedure that will enable the use of a small number (the sample) of the population items to make inferences regarding the whole population.

3.6.1 Sample Size

The sample size is important as it determines the statistical precision of the study findings. Scholars generally agree that the absolute sample size is more important than its relative size in relation to the population (Booth *et al.,* 2008) and that the bigger the sample size the more it is likely to represent the population and the lower the sampling error is likely to be (Blanche *et al.,* 2006). However the precision in the data increases up to a sample size of 1000 beyond which it begins to decrease (Bryman and Bell, 2003). Various methods are available for determining sample size, including census, for small populations, sample size of similar studies, published tables and using formulas to calculate. The sample size of this study was calculated using the following formula developed by Ma Corr (2014). This formula is based on defined values of confidence interval; confidence level (corresponding Z- score) and standard deviation.

Necessary Sample Size = $(Z\text{-score})^2 * \text{Std Dev}*(1-\text{StdDev}) / (\text{margin of error})^2$

Defined values

Confidence level = 95%, corresponding Z score = 1.96

Confidence interval (margin of error) = +/- 5%.

Standard deviation = 0.5

$((1.96)^2 \times .5(.5)) / (.05)^2$
$(3.8416 \times .25) / .0025$
$.9604 / .0025$
$= 384.16$ (rounded up to 385)

Using this method a sample size of 385 was determined for the study. The sample size was proportionately distributed among the 7 counties so as to ensure equal representation in the final sample of the study. The 902 firms listed in the sample frame were categorized into two strata of firms offering distinctively different services/products, namely, hotel and accommodation (337 firms) and food service (575 firms). The rounding effect in calculations of proportionate sample sizes for each stratum per county increased the study sample size to 390 as shown in table 3.1.

Table: 3.1 Proportionate Sample Size for Counties by Type of Firms

County	**Hotel and accommodation firms**			**Food service firms**			**Sample**
	Number of firms	**Percent of total**	**Proportional no. of firms**	**Number of firms**	**Percent of total**	**Proportional no. of firms**	
Uasin- Gishu	186	20%	77	323	35%	135	212
Baringo	38	4%	16	61	6%	23	39
Nandi	22	2%	8	43	4%	16	24
West Pokot	14	1%	4	18	1%	4	8
Trans Nzoia	42	5%	20	68	10%	39	59
Elgeiyo-Marakwet	14	5%	20	39	4%	16	36
Turkana	11	1%	4	23	2%	8	12
Sub Total	**327**	**38%**	**149**	**575**	**62%**	**241**	**390**
Total Firms	**327**			**575**			**902**

Source: Survey Data, 2016

3.6.2 Sampling Procedure

The study used probability sampling technique in order to obtain a representative sample that allows generalizations to be made about the population. Probability sampling is most commonly used in survey-based research where the researcher makes inferences from the sample about the population to answer research questions (Saunders *et al.*, 2003). This method leads to sample representative of the whole population by ensuring the sample's main characteristics are similar or identical to those of the population (Booth *et al.,* 2008). In this method randomness is the base for sample selection and that every member of a population has an equal chance of being selected (Roberts – Lombard, 2002). There are several probability sampling procedures ranging from, simple random, stratified, cluster, and systematic proportionate sampling and a researcher may use one or more depending on the information sought.

For this study, stratified proportionate random sampling was used to obtain the study sample. This technique was used to minimize sampling error (Kalof *et al.,* 2008). This step is important because, as elucidated by Greener (2008) a random sample can appear "biased" or unrepresentative of the population as it can fail to include all the groups of a population. The study sampling frame was made up of 902 registered enterprises out of which 327 were hotels, lodges and guest houses and 575 were restaurants and fast foods. These were categorized into two strata namely hotel and accommodation firms and food service firms. To arrive at the required sample size, proportionate sample size was calculated for each stratum of firms for each county as shown in table 3.1. The following procedure was applied to select the sample: numbers were assigned to the firms within the categories identified (see table 3.1) after which similar numbers were

written in small pieces of paper, folded and mixed up in a container and then the required number of pieces was randomly drawn out. The random numbers drawn were used to identify the firms to be included in the sample. This procedure was done for each stratum for every county. The respondents of the study were top managers of each of the sampled firms.

3.7. Data Collection

3.7.1 Type and Sources of Data

The study used primary data. Primary data has been found to be robust in empirical studies (Hair, *et al.,* 1995). Primary data was collected from the top managers of the sampled business enterprises through a questionnaire.

3.7.2 Data Collection Methods and Instruments

A self-administered questionnaire was used to collect primary data from the respondents of the study. The unit of analysis in this study was the firm. Narver and Slater's research (1990) shows that a survey by questionnaire is feasible to collect valid and reliable data about a firm's orientation. This instrument was also chosen as the most suitable for the study because of its efficiency in terms of time and ease of analyzing. The questionnaire approach was deemed appropriate for accessing organizational processes and information in the settings where they naturally occur and has minimum intrusiveness by the researcher (McGrath 1982). A total of 390 questionnaires were distributed physically to the respondents with the help of trained research assistants. The questionnaire is sectioned into four parts namely; general information; strategic orientation; firm performance and demographic characteristics of the study respondents.

3.8 Data Measurements

The data elicited was measured in terms of the study variables namely, firm performance, strategic orientation dimensions, and top manager ownership status in the firm and control variables.

3.8.1 Dependent Variable - Firm performance

The diverse nature of the performance construct has generated a variety of operational definitions and measurements used in past research. Earlier studies employed traditional accounting measures for performance mainly on sales growth, market share, and profitability but in current research this has been expanded to capture other indicators of stakeholder satisfaction. Such indicators included customer satisfaction, employee satisfaction and attrition, skills levels, innovations in products and services, investments into training and new value streams (Forslund 2007; Francisco *et al.*, 2003; Fullerton and Wempe, 2009; and McAdam and Hazlett, 2008).

Since the study was grounded on the stakeholder theory, both financial and non-financial measures of firm performance were used. These were drawn from the four performance perspectives of the Balanced Score Card model. Return on investment and revenue growth was used to measure the financial perspective, employment growth and employee training and development measured the learning and growth perspective, automation of internal processes measured the business process perspective and customer satisfaction and market share measured the customer satisfaction perspective.

3.8.2 Independent Variable - Strategic orientation

The study adopted the comparative approach to business strategy assessment which seeks to evaluate strategy by way of multiple traits or dimensions common to all firms (Venkatraman, 1989, Morgan and Strong, 2003) and used the STROBE model which identifies six dimensions of strategic orientation. Strategic orientation was therefore measured in terms of the characteristics or traits of each of the six dimensions as described below. The measures were derived from concepts and scales used in previous studies. Strategic orientation was measured using a five point Likert type scale.

3.8.2.1 Futurity dimension

This dimension emphasizes on a firm's long term considerations. Long-term vision is seen as a strategic imperative for securing a competitive edge in the turbulent marketplace (Morgan and Strong, 2003) to help firms face environmental dynamics and reduce their risk in the context of dynamic environment involving rapid change; this trait can enable a firm to acquire to acquire competitive edge in the market. This applies particularly in areas pertaining to forecasting sales, customer preferences and environmental trends. Futurity dimension of strategic orientation was measured using six items.

3.8.2.2 Proactive dimension

Proactiveness dimension emphasizes on innovations and effectiveness. This requires continuous research for market opportunities, the introduction of new products and foreseeing the future of the industry environment. Proactive firms strive to create competitive advantage by leading the market in pioneering new products and developing

innovative techniques and processes (Avci, *et al.*, 2011). Proactiveness also reflects a firm's interest for exploiting emerging opportunities, experimenting with change, and mobilizing first mover actions (Morgan and Strong, 2003). Proactiveness dimension was measured using six items.

3.8.2.3 Riskiness dimension

This dimension relates to decisions on resource allocation and how much risk the firm can tolerate. It can act as a key parameter in determining the decision processes involved in competitive strategy (Morgan and Strong, 2003) and also describes how much risk the firm can tolerate (Lau and Bruton, 2011). This is a calculated behavior displayed by firms on the basis of their analysis and risk-taking appetite in order to target growth and this calls for decisions involving substantial financial and human resource investments. Riskiness dimension was measured using four items.

3.8.2.4 Aggressiveness dimension

This dimension is characterised by actions to improve market position of the firm and allocating resources faster than competitors in order to increase market share. It is defined by the willingness of the business to take actions to improve the market position of the firm (Lau and Bruton, 2011). This dimension is primarily concerned with exploiting and developing resources more rapidly than competitors (Morgan and Strong, 2003). Aggressiveness typically involves a clear sales orientation (Lumpkin and Dess, 2001). This dimension was measured using five items.

3.8.2.5 Analysis dimension

The analysis dimension of strategic orientation reflects a firm's knowledge building capacity and enabling processes for organizational learning (Morgan and Strong, 2003). It can be seen as the efforts of the firm to have internal consistency in achieving the firm's stated objectives (Lau and Bruton, 2011). By systematically pursuing analytical activities such as collecting and interpreting information and deriving managerial implications, firms facilitate their objectives with competitive strategies (Talke, 2007). Such analytical activities are critical for, and are likely to positively impact, business performance, regardless of the external environment (Morgan and Strong, 2003). Analysis dimension was measured using five items.

3.8.2.6 Defensive dimension

This dimension emphasizes postures in which firms concentrate on cost efficiency and narrow market domain. It usually has not so well-developed strategies instead strategies are more influenced by management intuition, hunches and unplanned reactions to unanticipated events. This dimension is characterized by an emphasis on efficiency, productivity and cost reduction in operations. It is noted for a high degree of specialization and a focus on existing domain defense rather than new product/ market development (Miles and Cameron 1982; Morgan and Strong, 2003). Defensive postures beliefs that Knowledge of a specialized area leads to high levels of business performance levels (Venkatraman 1989). Defensiveness dimension was measured using five items.

3.8.3 Moderating Variable - Top Manager's Ownership Status

The moderating variable in this study was the ownership status of the top manager in the firm. The Upper echelons theory of Hambrick and Mason (1984) holds that the characteristics of top level managers make a difference on how the organization is run and consequently how it performs. There exists an array of observable top managers characteristics used in previous studies that can influence how they manage the organization such as functional background, tenure in the organization, education, socioeconomic roots, financial position and group heterogeneity**.** The study derived top manager ownership status from the taxonomy of firms based on manager control (McEachern, 1978). Manager ownership status was measured at two levels using concepts (owner and non-owner) used in recent studies (Lorenz *et al.,* 2015).

3.8.4 Control Variables – Firm Size and Firm Age

The size and age of a firm plays a role in determining its performance. Many studies have shown that larger firms are more productive than smaller ones (Castany *et al.,* 2005; Van Biesebroeck 2005; Pagés, 2010) while others have indicated the flexibility of small firms as a point of competitive advantage. This study measured firm size in terms of number of employees and the age by the number of years that the firm has been in operation.

Table 3.2 Study Constructs and their Sources

Construct	Sources
Firm performance	(Francisco et al., 2003; Fullerton and Wempe, 2009)
Strategic orientation dimensions:	
(Futurity dimension	(Venkatraman, 1989b; Morgan and Strong, 2003; Lumpkin and Dess, 2001: Lau and Bruton, 2011)
Proactiveness dimension	
Riskiness dimension	
Aggressiveness dimension	
Analysis dimension	
Defensiveness dimension)	
Top manager ownership status	(Mc Eachern, 1978; Lorenz et al., 2015)

Source: Survey Data (2016)

3.9 Reliability and Validity of the Instrument

A review of relevant conceptual and empirical literature on strategic orientation, top managers' ownership status and firm performance produced the measures for the study variables. These were used to construct the questionnaire (study instrument) which was subjected to reliability and validity tests so as to give reliable data and results.

3.9.1 Reliability of the Instrument

Reliability of the instrument was checked to ensure its consistency. Reliability can be measured in several ways depending on the instrument but mainly in terms of stability, equivalence, internal consistency, inter-judge reliability, and intra-judge reliability. However since reliability is never perfect it is measured as a correlation coefficient (Booth *et al.,* 2008).

The reliability of the study measures was assessed using the Cronbach's Alpha. This is the most commonly used to asses self - report items to check the internal consistency or homogeneity among the research instrument items (Sekaran, 1992; Vender Stoep and Deirdre, 2009).It measures the degree to which the items in an instrument are related. It has a maximum value of 1.0 such that values closer to this maximum reflect a stronger relationship between items. Cronbach's alpha coefficients exceeding the 0.7 level is considered good reliability (Pallant, 2001). However coefficients up to .60 are acceptable in social research (Hair, 1998; Bagozzi and Yi, 1991; Sekaran, 1992).

3.9.2 Validity of Instruments

Validity test is done to check the degree to which a test or instruments measure what it is supposed to or intended to measure. This test is important since an instrument passing the test of reliability is not necessarily valid. To ensure validity, a research instrument must measure what it was intended to measure (VenderStoep *et al.,* 2009; Zikmund *et al.,* 2010; Krysik and Flun, 2013). The study considered the basic approaches to validity, namely, content validity, construct validity, criterion validity and discriminant validity.

Content Validity is associated with validating the content of a test so as to ensure the test items cover all the traits or properties of the concept being measured. This was achieved through a review of literature to determine the traits of the study concepts and variables as used by other researchers. In addition the research supervisors gave their expert input. Construct validity asses the degree to which the test measures the construct it was designed to measure. It is concerned with measurement of abstract concepts and traits such as ability, knowledge, anxiety, attitudes etc (Booth *et al.,* 2008), based on the theories underlying a research (Zikmund, 2010). To meet construct validity the

researcher conducted a thorough review of the theories that ground the study concepts. Criterion validity as elaborated by Booth *et al.,* (2008) is an assessment where we compare how people have answered a new measure of a concept with existing widely accepted measures of that concept. Discriminant validity checks the extent to which a construct is different from other constructs. Factor analysis was used to check for unidimensionality of the variable items. Factor analysis is used to explain the variance in the observed variables in terms of underlying latent factors (Habing, 2003) which are themselves not directly observable (Field, 2000).

3.10 Data Processing, Analysis and Presentation

Data was processed for analysis using SPSS. Assumptions of multiple regressions were conducted. Scale reliability and validity were assessed after which the study hypotheses were tested. A summary of the main steps of data analysis is shown in figure 3.1.

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Data Processing:	Testing regression assumptions:	Reliability tests:	Valididty tests:	Descriptive statistics	Test of Regression assumptions
Coding and entry, missing cases and outliers	Normality, Linearity, Multicollinearity, Homoscedasticity and homogeneity,	Cronbach alpha above .60	Factor analysis: sampling adequacy, PCA extraction, varimax rotation, loadings above .50, factor extraction,	Means, std deviation, skewness and kurtosis,	Hierarchical multiple regression, moderated multiple regression, Further probing of interactions

Fig 3.1: Main steps of data analysis.
Source: Data (2016)

3.10.1 Data Processing

Data processing involved coding of responses, cleaning and screening in preparation for statistical analysis. Data coding refers to assigning numbers or symbols to responses to facilitate data entry and analysis. The study questionnaire was pre-coded. This enabled data entry directly from the questionnaire to the statistical analysis software used (SPSS version 20). Data screening was done to check for accuracy of the data, missing values, outliers. Accuracy was checked by proof reading the data file against original data in the questionnaires. Missing values are known to affect the results of statistical analysis. Missing values were analyzed with respect to cases and variables. Those with missing values were less than 5% and were replaced with mean as recommended by Tabachnick and Fidell, (2001).

3.10.2 Data Analysis

Data was analyzed using descriptive and inferential statistics. The analytical techniques for data analysis were determined in line with the characteristics of the research design and the nature of data gathered as suggested by Zikmund *et al.*, (2010). Descriptive statistics were used to describe basic characteristics and summarize data in a straight forward and understandable manner while inferential statistics were used to make inferences from the sample information to the entire population. Before regression analysis was done, factor analysis was carried out.

3.10.2.1 Factor Analysis

Exploratory factor analysis was used to reduce the number of variables (questions). This is important since a big number of variables can make the study become rather

complicated. Besides, it could well be that some of the variables measure different aspects of the same underlying variable. This technique works by grouping variables with similar characteristics together to produce a small number of factors which is capable of explaining the observed variance in the larger number of variables. The reduced factors are used for further analysis. Suitability of factor analysis with regards to the number of cases (sample size) for the study was first checked. Field (2005) proposed that in general over 300 cases for sampling analysis is probably adequate. The study sample size was 390 thus considered adequate.

The study used the Kaiser-Meyer-Olkin (KMO) and Bartlett's Test in determining the factors to be retained (Tabachnick and Fidell, 2013) following the principal components analysis (PCA) method. This analysis is designed to account for all of the variance including that found in the correlation coefficients and error variance (Brown, 2001). The KMO value measures the sampling adequacy and should be greater than 0.5 for satisfactory factor analysis (Kaiser, 1974). The Kaiser criterion for retaining factors with Eigen values greater than 1 was also applied as suggested by Tabachnick and Fidell (2011) and Field (2005).

3.10.2.2 Descriptive Statistics

Descriptive statistics help to reduce items, summarize data and analyze items and constructs (Zikmund, 2010). Descriptive statistics were analyzed to get the demographic characteristics of respondents and the profiles of the business firms as well as the general trends of the study variables. Frequencies and percentages were analyzed for demographic characteristics of respondents and the profiles of business firms. Measures

of central tendency and dispersion were computed for the variables, using means and standard deviations as well as skewness and kurtosis. The acceptable benchmarks applied for skewness and kurtosis was as suggested by Doane and Seward, (2011) ranging between -1.96 and 1.96 and kurtosis ranging between -10 and 10 respectively. The information from this analysis was important for understanding the context under which the study was carried out in terms of profiles of respondents and the firms sampled and also as a basis for inferential statistics.

3.10.2.3 Inferential Statistics

Inferential statistics are used to generalize from a sample to a population (Zikmund *et al.,* 2010, Venderstoep and Johnston, 2009). It is concerned with the cause-effect relationships between variables and uses various tests of significance for testing hypotheses. This study used correlation, multiple regression and ANOVA analysis.

3.10.2.4 Correlation Analysis

Correlation analysis was performed to identify association between variables. This method of analysis uses a statistical measure, correlation coefficient, to determine covariance or association between two variables. The study used the Pearson correlation which is the most commonly used measure for correlation (Venderstoep and Johnston, 2009). This measure provides that, the closer the correlation, r, is to +1.0 or -1.0, the greater the magnitude of relationship between two variables. The Pearson's product moment correlation was therefore used to test the association between variables. This was computed with the aid of the data analysis software, SPSS, to generate a correlation matrix showing the relationships between the study

variables. The output was checked for correlation coefficients greater than 0.04 at significance level of 0.05 as the acceptance level (Tabachnik *et al.,* 2007: 2013). Scatter plots were generated to further aid in identifying the direction of relationship between variables.

3.10.2.5 Multiple Regressions

The study hypotheses were tested using multiple regressions. Multiple regression analysis is a powerful technique used for predicting the unknown value of a variable from the known value of two or more variables (Hair, *et al.,* 2006, Osborne, *et al.,* 2000). More precisely, multiple regression analysis helps to predict the value of the dependent variable, Y for given values of independent variables, X_1, X_2, …,X_k.

Multiple regressions were first run to establish the boundaries of the regression analysis. This was done to establish direct relationships between variables after which multiple regressions were run to test hypotheses. There are different schools of thought about how this should be accomplished, hierarchical regression and stepwise regression. Hierarchical regression was used for this study. Hierarchical regression argues that theory should drive the statistical model and that the decision of what and when terms enter the regression model should be determined by theoretical concerns. This differs from the stepwise regression, which argues that the data can speak for themselves and allows the procedure to select predictor variables to enter the regression equation. The study used hierarchical regression. This has the advantage of F-tests to control the inclusion of the variables such that each step comes closer to determining the true value of the contribution of each predictor (Komen, 2012).

The appropriateness of the multiple regression model as a whole was tested by the F-test in the ANOVA table where a significant F indicates a linear relationship between Y and at least one of the X's. The regression model was interpreted by examining the coefficient of determination (R^2). The R^2 always lies between 0 and 1 and the closer it is to 1, the better is the model and its prediction. The t-test of regression coefficient was interpreted to test the null hypotheses. If the t-test of a regression coefficient is significant, it indicates that the variable in question influences Y significantly while controlling for other independent explanatory variables.

3.10.2.6 Assumptions of the Regression Model

Before running regressions a critical step of testing for assumptions was done. This was necessary since most statistical tests rely upon certain assumptions about the variables used in the analysis. When these assumptions are not met the results may result in a type I or type II error, or over- or under-estimation of significance (Osborne and Waters, 2002).

i) Variables are normally distributed.

Regression assumes that variables have normal distributions. Non-normally distributed variables (highly skewed or kurtotic variables, or variables with substantial outliers) can distort relationships and significance tests. This assumption can be tested in various ways including visual inspection of data plots, skew, kurtosis, and P-P plots. Skewness helps to examine the symmetry of data distribution and kurtosis is used to check the peakedness or flatness of distribution (Tabachnick and Fidell, 2007:2013). There are also statistical methods such as Kolmogorov-Smirnov which is used in large samples of

over two thousand and Shapiro-Wilk which is applicable to sample sizes of less than 50 but can also handle up to 2000. Outliers can be identified either through visual inspection of histograms or frequency distributions, or by converting data to z-scores. Bivariate/multivariate data cleaning is also important for checking normality in multiple regressions (Tabachnick and Fidell, 2007:2013).

ii) Linearity of relationship between the independent and dependent variable (s).

Standard multiple regression can only accurately estimate the relationship between dependent and independent variables if the relationships are linear in nature. As there are many instances in the social sciences where non-linear relationships occur, it is essential to examine analyses for non-linearity. This test was achieved by checking the correlation matrix.

iii) Homogeneity of variance.

This is the assumption that variables are measured without error. In social science research many variables are difficult to measure, making measurement error particular concern. This assumption states that the variability in the dependent variable is expected to be about the same at all levels of the independent variable. This assumption was checked using the Levene's test.

iv) Assumption of homoscedasticity.

Homoscedasticity means that the variance of errors is the same across all levels of the independent variable. When the variance of errors differs at different values of the independent variable, heteroscedasticity is indicated. According to Berry and Feldman (1985) and Tabachnick and Fidell (1996) slight heteroscedasticity has little effect on

significance tests; however, when heteroscedasticity is marked it can lead to serious distortion of findings and seriously weaken the analysis thus increasing the possibility of a type I error. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regression standardized predicted value. It can also be tested statistically using the Durbin- Watsons statistics which should be between 1.5 and 2.5 as the acceptable limit (Heir *et al.,* 1998 and Hayes, 2013).

Hierarchical multiple regression was used to test for direct relationships between the independent variables and the dependent variable. Moderated hierarchical multiple regression was used to test for the effect of the moderator variable on the relationship between the independent variables and the dependent variable.

Hierarchical regression model was used to answer the research question that sought to establish the effect of each of the strategic dimensions on firm performance. Hierarchical regressions were run on SPSS using enter method. This method allows for the testing of variables one at a time and at each step the correlation of the criterion variable, y, against the current set of predictors is calculated and evaluated.

The regression models are:

$Y = \beta_0 + C + \varepsilon$ ---------- Model 3.1

$Y = \beta_0 + \beta_1 X_{1¿} + \beta_2 X_{2¿} + \beta_3 X_{3¿} + \beta_4 X_{4¿} + \beta_5 X_{5¿} + \beta_6 X_{6¿} + C + \varepsilon$ ------- Model 3.2

$Y = \beta_0 + \beta_1 X_{1¿} + \beta_2 X_{2¿} + \beta_3 X_{3¿} + \beta_4 X_{4¿} + \beta_5 X_{5¿} + \beta_6 X_{6¿} + \beta_7 X_{7¿} + C + \varepsilon$----- Model 3.2

Where:

Y is Firm performance

X_1 is Futurity dimension of strategic orientation

X_2 is Proactive dimension of strategic orientation

X_3 is Riskiness dimension of strategic orientation

X_4 is Analysis dimension of strategic orientation

X_5 is Aggressiveness dimension of strategic orientation

X_6 is Defensive dimension of strategic orientation

X_7 is Top managers' ownership status

C is Control variables, firm age and firm size

ε is Error term

To answer the final objective of the study which was to test the moderating effect of top managers' ownership status on the relationship between strategic orientation and firm performance, moderated regression analysis (as described by Baron and Kenny 1986) was applied using the following model. Interaction terms were entered sequentially into the model so that at each step the moderating effect was checked.

$$Y = \beta_0 + \beta_1 X_{1¿} + \beta_2 X_{2¿} + \beta_3 X_{3¿} + \beta_4 X_{4¿} + \beta_5 X_{5¿} + \beta_6 X_{6¿} + \beta_7 X_{7¿} + \beta_7 X_{1¿} X_{7¿} + \beta_8 X_{2¿} X_{7¿} + \beta_9 X_{3¿} X_{7¿} + \beta_{10} X_{4¿} X_{7¿} + \beta_{11} X_{5¿} X_{7¿} + \beta_{12} X_{6¿} X_{7¿} + C + \varepsilon$$ ---------Model 3.4

Where:

Y is Firm performance

X_1 is Futurity dimension of strategic orientation

X_2 is Proactive dimension of strategic orientation

X_3 is Riskiness dimension of strategic orientation

X_4 is Analysis dimension of strategic orientation

X_5 is Aggressiveness dimension of strategic orientation

X_6 is Defensive dimension of strategic orientation

X_7 is Top managers' ownership status

X_1 X_7 toX_6 X_7 is the interaction term of strategic orientation dimensions and top managers' ownership status.

C is the control variables, firm age and firm size

ε is error term

3.10.3 Data presentation

The analyzed data was thereafter presented using tables, charts, graphs, descriptions and discussions.

3.11. Limitations of the Study

The scope of the study is limited to SMEs of one industry in one country, Kenya and therefore generalizations should be made with caution taking into account studies done elsewhere. This limitation emanates from the fact that national cultures may differ and top managers' characteristics from different countries may vary in terms of response to similar environmental conditions (Carpenter and Fredrickson 2001, and Sharma and Marikatty, 2005).

The study looked at strategic orientation dimensions, top managers' ownership status and firm performance at one point in time. A longitudinal time span is thought to provide more insights than the snap shot approach used in this study.

The data for the study was obtained from the top managers of firms and this can pose a limitation of data obtained through self-report. This concern can be tested through further research using other sources of information such as the various stakeholders.

3.12 Ethical Considerations

Essential principles of ethical conduct are informed consent and the protection of confidentiality (Booth *et.al,* 2008). To meet this requirement, respondents were informed on the nature and purpose of research and confidentiality and anonymity assured through the transmittal letter.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter covers the results and interpretation of the data analysis. It is divided into various sections namely, response rate, data screening, variable reduction, and descriptive statistics of study variables, testing of assumptions of multiple regressions and testing of hypotheses.

4.2 Response Rate

A total of 390 questionnaires were administered and 378 were received back translating to overall response rate of 96.9% (table 4.1). Questionnaire response rate is important in achieving dependable, valid and reliable results (Hair *et al.,* 2007; and Saunders *et al.,* 2006) and as pointed by Rogelberg and Stanton (2007) high response rates tend toward findings that have greater credibility. The study response rate of 96.9% was therefore deemed acceptable. Three incomplete questionnaires were discarded leaving 375 for analysis.

Table 4.1: Response Rate

Response	Number	Percentage
Administered questionnaires	390	100
Returned questionnaires	378	96.9
Discarded questionnaires	3	.76

Source: Survey Data (2016)

4.3 Data Screening

Statistics analysis assumes sound measurement relatively free of coding errors, therefore a run of descriptive statistics on the data was done so as to ensure that it was generally as expected in terms of means, and standard deviations and that there were no out of bound entries beyond the expected range. Screening also involved checking data for missing values and outliers.

4.3.1 Missing Values

The screening revealed missing values in the data set. However it was found that the missing values were less than 5% and these were replaced with means as suggested by Kline, 2005; Tabachnik and Fidell, 2013.

4.3.2 Outliers

Outliers are cases that have unusual scores either for a single variable (univariate outliers) or for a combination of variables (multivariate outliers). Outliers generally have a large impact on the results (Osborne *et al.,* 2002) having the effect that it can change the value or score that would be predicted for every other case in the study. The presence of outliers was detected following the guidelines by Fichman *et al.,* (2005) and Preacher and Hayes (2013).

To detect univariate outliers, all scores were standardized and all those cases associated with large standard z-score with absolute value of 3.00 and above were considered outliers. Five cases were identified as outliers (case numbers 54, 56, 121,248 and 350) as shown in the case wise diagnostics output (table 4.2) and these were deleted from the data set leaving 370 cases for further analysis.

Table 4.2: Case wise Diagnostics

Case Number	Std. Residual	Firm Performance	Predicted Value	Residual
54	-3.144	3.00	7.6580	-4.6580
56	-3.000	2.75	7.1946	-4.4446
121	3.000	10.25	5.6878	4.5621
248	-3.326	2.25	7.1766	-4.9266
350	3.071	9.75	5.1999	4.5501

Source: Survey Data (2016)

Data was checked for multivariate outliers using the centroid-distance statistic, Mahalanobis (D^2). This indicates how far a case is from the centroid of all cases for predictor variables (Tabachnik and Fidell, 2013). A case is considered an outlier if the D^2 is 0.001 or less. The Mahalanobis distance for all the study variables were above the cutoff point.

4.4 Variable Reduction

Variable reduction was carried out for all the study variables using factor analysis. Principal Component Analysis (PCA) extraction method with Varimax (orthogonal) rotation with Kaiser Normalization was used. Factor analysis offers not only the possibility of gaining a clearer view of the data but also the possibility of using the output in subsequent analyses (Field 2000; Riet Veld and Van Hout 1993). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity was used to check for the adequacy of data for extraction of principal components. The KMO statistic of minimum values of 0.5, significant measure of sphericity, and values of minimum 0.5 for communalities after extraction was applied and factors with Eigen

values greater than 1 were retained as suggested by Tabachnick and Fidell, (2011) and Field, (2005).

4.4.1 Firm Performance

Seven (7) items were proposed in the study to measure firm performance. The Kaiser-Meyer- Olkin statistic of .864 satisfied the measure of sampling adequacy and the significant Bartlett's test of sphericity ($p<0.01$) indicated that principal components analysis was appropriate (table 4.3). All factor loadings (ranging between 0.787 and 0 .938) were greater than acceptable minimum value of 0.5 and loaded on one component. The total variance explained by the one factor was 79.1%. The Cronbach's alpha reliability coefficient for the variable was 0.940. This is indicative of this scale being highly reliable with high internal consistency among the items and thus confirms that this scale was appropriate in measuring firm's performance.

Table 4.3: Principal Component Analysis Results for Firm performance

Scales Items	Factor Loading	Eigen values	% of Variance	Cronbach's αlpha
Firm performance		5.537	79.1%	0.940
Revenue growth	.938			
Return on investment	.929			
Market share	.727			
Employment growth	.857			
Employees given training and development opportunities	.911			
Overall customer satisfaction	.787			
Automation of key internal processes	.868			
Kaiser-Meyer-Olkin Statistic				.864
Bartlett's Test Approx. Chi-square				3498.27
df				2
Sig.				.000

Source: Survey (2016)

4.4.2 Futurity Dimension of Strategic Orientation

Seven (7) items were proposed to measure the futurity dimension of strategic orientation. However, one item with factor loadings less than 0.5 was dropped leaving six items. The item dropped was; our organization resource allocation strategy generally reflects short-term consideration. The six remaining items had Kaiser-Meyer-Olkin statistic of .802 and significant (P<0.001) Bartlett's test of Sphericity thus met the measure of sampling adequacy and the data was acceptable for principal component analysis. The 6 items loaded on one factor and accounted for 45.4 % of the variance (Table 4.4). The factor was labeled futurity based on items that loaded high and the

common characteristics of grouped items. Factor loading scores on this factor ranged from.56 to .76. This indicates a good correlation between the items and the factor they belong to. The Cronbach's alpha reliability coefficient for the six extracted items was 0.754.

Table 4.4: Principal Component Analysis Results for Futurity Dimension

Scales Items		Factor loading	Eigen values	% of Variance	Cronbach's αlpha,
Futurity dimension			2.727	45.4%	0.754
Our organization has clearly spelt out its desired future growth.		0.763			
Our organization carries out long range planning of its core activities.		0.674			
Our organization consistently carries out forecasting on customer preferences.		0.724			
Our organization consistently carries out research in order to gain future competitive edge.		0.556			
Our organization constantly keeps track of significant general trends		0.686			
Our organization makes contingency plans of critical issues		0.621			
Kaiser-Meyer-Olkin Statistic					.802
Bartlett's Test	Approx. Chi-square				461.68
	df				15
	Sig.				.000

Source: Survey (2016)

4.4.3 Pro-activeness Dimension of Strategic Orientation

Six (6) items were proposed to measure pro-activeness dimension of strategic orientation. The Kaiser-Meyer-Olkin statistic of 0.796 and the significant ($p<0.001$) Bartlett's test of Sphericity indicated that data met the measure of sampling adequacy and that it was adequate for principal component analysis. Factor loadings ranging between 0.546 and 0.778 were all above the acceptable minimum value of 0.5 and loaded on one factor which accounted for 44.37% of varaince (table 4.5). The one

dimension extracted from the analysis confirmed the unidimensionality of the proactiveness dimension of strategy Scale. The Cronbach's alpha reliability coefficient for the six extracted items was 0.737. The extracted factor was labeled proactiveness dimension.

Table 4.5: Principal Component Analysis Results for Proactiveness Dimension

Scale Items	Factor Loading	Eigen values	% of Variance	Cronbach's αlpha
Proactiveness dimension		2.662	44.370%	0.737
Our organization constantly seeks new opportunities related to the present operations.	0.624			
Our organization is usually one of the first ones to introduce new services/products and markets ahead of competitors.	0.639			
Our organization creates competitive superiority using 'step –ahead" tactics ahead of competitors.	0.778			
Our organization usually pre-empts competitors by expanding capacity ahead of them.	0.774			
Our organization establishes deliberated plans to cope with environment opportunities and threats.	0.546			
Our organization emphasizes the use of innovation to anticipate future market needs.	0.601			
Kaiser-Meyer-Olkin Statistic				.796
Bartlett's Test Approx. Chi-square				447.67
df				15
Sig.				.000

Source: Survey (2016)

4.4.4 Riskiness Dimension of Strategic Orientation

Five (5) items were proposed to measure the riskiness dimension of strategic orientation, however one item with loading below 0.5 was dropped leaving four items. The item dropped was; our organization is willing to break the traditional business rules in the spirit of creativity. The four items with Kaiser-Meyer-Olkin statistic of .632 and significant Bartlett's test of Sphericity ($p<0.001$) indicated that data met the measure of sampling adequacy and was appropriate for principal component analysis (table 4.6).

Factor loadings for the four items were between 0.500 and 0.768 which loaded on one factor. This indicates a good correlation between the items and the factor they belong to. The proportion of variance explained by the first factors was 46.909%. The Cronbach alpha reliability coefficient for the four extracted items was 0.601.The extracted factor was labeled as riskiness dimension.

Table 4.6: Principal Component Analysis Results for Riskiness Dimension

Scale Items	Factor loading	Eigen values	% of Variance	Cronbach's αlpha
Riskiness dimension		1.876	46.9 %	0.601
Our organization takes can be described as one having risk-taking stance in order to target growth.	0.637			
Our organization tends to develop risky investment projects than competitors.	0.500			
Our organization has made substantial financial investments for growth	0.794			
Has made substantial Human resources investments for growth	0.768			
Kaiser-Meyer-Olkin Statistic				.632
Bartlett's Test Approx. Chi-square				192.27
df				6
Sig.				.000

Source: Survey (2016)

4.4.5 Aggressiveness Dimension of Strategic Orientation

Five (5) items were proposed to measure the aggressiveness dimension of strategic orientation. These met the measure of sampling adequacy as indicated by the KMO statistic of 0.625 and the significant ($p<0.001$) Bartlett's test of sphericity signified that data was acceptable for principal component analysis (table 4.7). All factor loadings were above the minimum acceptable value ranging between 0.605 and 0.770 and loaded

on one factor which confirmed the unidimensionality of the strategy Scale. The total variance explained by the first factors was 41.17%. The Cronbach alpha reliability coefficient for the five extracted items was 0.611.The extracted factor was labeled as aggressiveness dimension.

Table 4.7: Principal Component Analysis Results for Aggressiveness Dimension

Scale Items	Factor loading	Eigen values	% of Variance	Cronbach's αlpha
Aggressiveness dimension		2.055	41.107	0.611
Our organization sacrifices profit making to gain higher market share.	.716			
Our organization carries out forecasting on sales regularly.	.702			
Our organization makes substantial investment to improve its competitive position and market share	.770			
Our organization often allocates resources to activities aimed at capturing market share from competitors.	.719			
Our organization cuts down on prices in order to increase market share	.605			
Kaiser-Meyer-Olkin Statistic				.625
Bartlett's Test Approx. Chi-square				284.46
df				10
Sig				.000

Source: Survey (2016)

4.4.6 Analysis Dimension of Strategic Orientation

Six (6) items were proposed to measure the analysis dimension of strategic orientation, however, one item loaded below 0.5 and was excluded leaving five items. The item dropped was; assessment of new projects in our organization is based on intuition instead of analysis. These met the measure of sampling adequacy as indicated by the

Kaiser-Meyer-Olkin statistic of 0.740 and the significant ($p<0.01$) Bartlett's test of sphericity which signified that the data was appropriate for principal component analysis (table 4.8). The factor loadings ranging between 0.548 and 0.778 were greater than the minimum acceptable level of 0.5 and loaded on one factor. This confirmed the unidimensionality of the defensiveness dimension of strategy Scale. The variance explained by the first factors was 46.37%. The Cronbach alpha reliability coefficient for the five extracted items was 0.629. The one extracted factor was labeled as analysis dimension.

Table 4.8: Principal Component Analysis Results for Analysis Dimension

Scale Items	**Factor loading**	**Eigen values**	**% of Variance**	**Cronbach's αlpha**
Analysis dimension		2.255	45.10%	0.629
Our organization seeks effective information and identifies that which is key for decision-making	.688			
Our organization operates with information systems that provide support for decision- making.	.778			
Our organization follows formal procedures to coordinate decisions between its different functional areas/departments.	.669			
Our organization carries out a thorough analysis when confronted with a major decision.	.548			
Kaiser-Meyer-Olkin Statistic				.740
Bartlett's Test Approx. Chi-square				285.364
df				10
Sig.				.000

Source: Survey (2016)

4.4.7 Defensiveness Dimension of Strategic Orientation

Four (4) items were proposed to measure the defensiveness dimension of strategic orientation. These met the measure of sampling adequacy and was appropriate for principal component analysis as indicated by the Kaiser-Meyer-Olkin statistic of 0.740 and significant Bartlett's test of sphericity ($p<0.001$) see table 4.9. All factor loadings were greater than 0.5 ranging between .599 and .655 and loaded on one factor. The one dimension extracted from the analysis confirmed the unidimensionality of the defensiveness dimension of strategy Scale. The total variance explained by the first factors was 40.0%. The Cronbach's alpha reliability coefficient for the five extracted items was 0.600

Table 4.9: Principal Component Analysis Results for Defensiveness Dimension

Scales Item	Factor Loading	Eigen values	% of Variance	Cronbach's αlpha
Defensiveness dimension		1.996	40.0%	0.600
Our organization encourages the use of cost control systems.	.608			
Our organization has in place strategies to fight foreseeable competition.	.655			
Our organization constantly seeks to improve efficiency of its internal processes.	.648			
Our organization focuses on developing the existing domain rather than new products or markets	.599			
Kaiser-Meyer-Olkin Statistic				.740
Bartlett's Test Approx. Chi-Sq				190.37
df				10
Sig				.000

Source: Survey (2016)

4.5 Descriptive Analysis

Descriptive statistics were analyzed to get the demographic characteristics of respondents and the profiles of the business firms as well as the general trends of the study variables. Frequencies and percentages were analyzed for demographic characteristics and measures of central tendency and dispersion were computed for the variables, using means and standard deviations as well as skewness and kurtosis. The acceptable benchmarks applied were between -1.96 and +1.96 for skewness and between -10 and +10 for kurtosis, as suggested by Doane and Seward, (2011).

4.5.1 Demographic Characteristics of the Respondents

Demographic characteristics of the study were analyzed in terms of age, gender, level of education and experience of top managers (Table 4.10).

4.5.1.1 Age of Respondents

The analysis found that majority of the respondents (top managers) were in the age bracket of 34 to 42 years (n=127, 34.3%), followed by those between 42 to 50 years of age (n=94, 25.4%), then those in the bracket of 26 to 34 years (n=81, 21.9%) followed by the bracket 18 to 26 years (n=22, 5.9%) and lastly those above 60 years of age (n = 9, 2.4%).

4.5.1.2 Gender of Respondents

The study found that majority of the top managers were male making up 60.5% (n = 224) while female were 39.5% (n=146). This is in line with extant literature on SMEs in

Kenya which illustrate that majority of those heading SME firms are male (Komen, 2012; Kinyanjui, 2000).

4.5.1.3 Respondents' Level of education

The study set out to establish the level of education of the top managers and found that the majority (n=181, 48.9%) had college diploma as their highest level of education, followed by those at undergraduate degree level (n=119, 32.2%). Those at postgraduate level made up 14.6% (n=54) and lastly those of secondary school level (4.3%, n=16). This indicates that 95% (n=354) of all top managers had post-secondary school level of education and none were of primary school level. This compares well with other studies on SMEs in Kenya.

4.5.1.4 Top managers' experience

The study sought to find out the experience of respondents in terms of the number of years served as top manager in the current organization and also in previous organizations. In the current firm, majority had experience of 5 years and above (n=198, 53.5%), followed by those with 3 to 4 years experience (n=103, 27.8%), followed by 1 to 2 years (n=59, 15.9%) and lastly those with less than 1 year experience (n=10, 2.7%). A similar trend was observed regarding experience gained in other organizations. Majority of the top managers had previous experience of 5 years and above (60.5%, n=224), followed by 3 to 4 years (21.4%, n=79), then 1 to 2 years (11.4% n=42) followed by those with less than 1 year (3.5% n=13) and lastly those with no previous experience (32% n=12).

Table 4.10: Demographic Profile of the Respondents

Characteristics/variable	Frequency	Percentage
Age in Years		
18- 26	22	5.9
26 – 34	8	21.9
34 – 42	127	34.3
42 – 50	94	25.4
50 – 60	37	10
Over 60	9	2.4
Gender		
Male	224	60.5
Female	146	39.5
Level of Education		
University post graduate	54	14.6
University undergraduate	119	32.2
College diploma	181	48.9
Secondary school	16	4.3
Primary School	0	0
Experience in current organization		
Less than 1 year	10	2.7
1 - 2 years	59	15.9
3 - 4 years	103	27.8
5 years and above	198	53.5
Experience in other organizations		
None	12	3.2
Less than 1 year	13	3.5
1 - 2 years	42	11.4
3 - 4 years	85	23
5 years and above	230	62.1

Source: Survey data, 2016

4.5.2. Descriptive Statistics of Independent Variables

Strategic orientation was conceptualized as the independent variable comprising six dimensions namely; futurity, proactiveness, riskiness, aggressiveness, analysis and defensiveness. A five point Likert type scale was adopted to measure the various parameters ranging from, 1- strongly disagree, 2- disagree, 3- neither agree nor disagree, 4- agree and 5-strongly agree. Respondents were asked to indicate their agreement or disagreement on the items of each variable and the results are presented below.

4.5.2.1 Futurity Dimension of Strategic Orientation

Futurity dimension of strategic orientation was measured using six items. The study findings presented in table 4.11 indicate mean response scores ranging from 3.77 to 4.45. The mean response to the six sub scale items was approximately 4, signifying that the respondents generally agreed that futurity dimension of strategic orientation was given emphasis in their firms'. This involves long-term considerations and is seen in terms of firm's clearly spelt out desired future growth, long range planning, forecasting on customer preferences, research activities, tracking market trends, and making contingency plans.

Table 4.11: Measures of Futurity Dimension

	Mean	Std. Deviation	Skewness	Kurtosis
Our organization has clearly spelt out its desired future growth.	4.40	.734	- 1.49	3.19
Our organization has carries out long range planning of its core activities.	4.20	.750	-1.12	2.60
Our organization consistently carries out forecasting on customer preferences.	4.11	.742	-1.10	2.78
Our organization carries out research in order to gain future competitive edge.	3.77	.822	-0.27	-.429
Our organization keeps track of significant general trends.	4.45	.674	-1.17	1.40
Our organization makes contingency plans of critical issues	4.33	.748	-1.14	1.55
Valid number (listwise)	370			

Source: Survey data, 2016

4.5.2.2 Proactiveness Dimension of Strategic Orientation

Proactiveness was measured using six items and the mean response scores ranged from 3.44 to 4.27 as presented in table 4.12. The mean score for the six sub scale items was about 4 which implies that the respondents generally agreed that proactiveness dimension of strategic orientation was applied in their firms. This dimension is indicated by firm's strategic activities involving seeking new opportunities, introduction of new services and products, step-ahead tactics and use of innovative ways to anticipate future market needs.

Table 4.12: Measures of Proactiveness Dimension

	Mean	Std. Deviation	Skewness	Kurtosis
Our organization seeks new opportunities related to the present operations.	4.08	.742	-1.049	2.38
Our organization is usually one of the first ones to introduce new services/products and markets ahead of competitors.	3.44	1.02	-.157	-628
Our organization creates competitive superiority using 'step –ahead" tactics ahead of competitors.	3.87	.780	-.701	.819
Our organization usually pre-empts competitors by expanding capacity ahead of them.	4.12	.762	-1.063	1.76
Our organization has put in place plans to cope with environment threats and to exploit opportunities.	4.32	.781	-1.433	3.00
Our organization emphasizes the use of innovation to anticipate future market needs.	4.27	.721	-1.301	3.35
Valid Number (listwise)	370			

Source: Survey data, 2016

4.5.2.3 Riskiness Dimension of Strategic Orientation

Riskiness dimension of strategic orientation was measured using 4 items and the mean response scores ranged from 3.86 to 4.39. The study findings presented in table 4.13 indicate that mean response to the four sub scale items was approximately 4. This implies that respondents agreed that generally their organizations take risks in order to target growth. This is indicated by firm's willingness to take risks, development of risky investment projects and substantial financial and human resources investments made.

Table 4.13: Measures of Riskiness Dimension

	Mean	Std. Dev.	Skewness	Kurtosis
Our organization takes risks in order to target growth	3.93	.795	-.992	1.70
Our organization tends to develop risky investment projects than competitors.	3.86	.920	-.825	.543
Our organization has made substantial financial investments.	4.39	.722	-1.32	2.33
Our organization has made substantial human resources investments.	4.14	.764	-.871	1.45
Valid Number (listwise)	370			

Source: Survey (2016)

4.5.2.4 Aggressiveness Dimension of Strategic Orientation

Aggressiveness dimension of strategic orientation was measured using 5 items. The study findings presented in table 4.14 indicate mean response scores ranging from 3.45 to 4.28. The mean response to the five sub scale items was approximately 4, indicating that the respondents generally agreed that aggressiveness dimension of strategic orientation was applied in their firms. This is indicated by organizations' willingness to sacrifice profit making to gain higher market share, substantial investment to improve competitive position, allocation of resources to activities aimed at capturing market share from competitors, forecasting on sales and cutting down on prices in order to increase market share.

Table 4.14: Measures of Aggressiveness Dimension

	Mean	Std. deviation	Skewness	Kurtosis
Our organization sacrifices profit making to gain higher market share.	3.49	1.30	-.540	-.919
Our organization has made substantial investments to improve competitive position and market share.	4.05	.688	-.995	1.56
Our organization allocates resources to activities aimed at capturing market share from competitors	4.28	.717	-.922	2.18
Our organization has put in place strategies to fight competition.	4.10	.796	-1.15	2.50
Our organization cuts down on prices in order to increase market share.	3.45	1.27	-.281	-1.16
Valid Number (listwise)	370			

Source: Survey (2016)

4.5.2.5 Analysis Dimension of Strategic Orientation

Analysis dimension was measured using 5 items and the mean response scores ranged from 3.80 to 4.42 as presented in table 4.15. The mean scores for the five sub scale items imply that the respondents generally agreed that their firms applied analysis dimension of strategic orientation. This is indicated by firm strategic activities involving seeking and using information for decision-making, operating information systems that provide support for decision- making, using formal procedures to coordinate decisions between different functional areas/departments, carrying out a thorough analysis when

confronted with a major decision and approaches problem-solving by understanding of both internal and external environments.

Table 4.15: Measures of Analysis Dimension

	Mean	Std. Deviation	Skewness	Kurtosis
Our organization seeks effective information and identifies that which is key for decision-making	4.17	.733	-.983	1.96
Our organization operates with information systems that provide support for decision- making	4.17	.729	-1.07	2.59
Our organization follows formal procedures to coordinate decisions between its different functional areas/departments	4.19	.806	-.742	.253
Our organization carries out a thorough analysis when confronted with a major decision	3.80	.828	-.606	.723
Our organization approaches problem-solving from its understanding of both internal and external environments	4.42	.671	-1.24	.792
Valid number (listwise)	370			

Source: Survey (2016)

4.5.2.6 Defensiveness Dimension of Strategic Orientation

Defensiveness dimension of strategic orientation was measured using 4 items. The study findings presented in table 4.16 indicate mean response scores ranging from 3.19 to 4.34. The mean responses to the four sub scale items indicate that the respondents generally agreed that defensiveness dimension of strategic orientation was applied in

their firms. This dimension of strategic orientation was indicated by firm's strategic activities involving the use of cost control systems, seeking efficiency of its internal processes, focus on developing the existing domain rather than new products or markets and focusing on developing specialization and expertise.

Table 4.16: Measures of Defensiveness Dimension

	Mean	Std. Deviation	Skewness	Kurtosis
Our organization encourages the use of cost control systems	4.34	.682	-.878	.792
Our organization consistently seeks efficiency of its internal processes	4.34	.629	-.699	1.98
Our organization focuses on developing the existing domain rather than new products or markets	3.19	1.43	-.113	-1.38
Our organization's strategies focus on developing specialization and expertise in specific services/products	3.99	.872	-.895	1.07
Valid number (listwise)	370			

Source: Survey (2016)

4.5.3 Descriptive Statistics of the Dependent Variable, Firm Performance

Firm performance was measured on seven items using an 11 point scale; 0% and below, 1-10%, 11-20%, 21-30%, 31-40%, 41-50%, 51-60%, 61-70%, 71-80%, 81-90% and 91- 100% and above. Respondents were asked to rate their organizations' performances in the past three years expressed in percentage (%) and responses are shown in table 4.17. The means for all the measures were between 41% and 60%. On average revenue growth, return on investment and employee training and development were between 41-

50%. The rest of the measures, market share growth, employment growth, customer satisfaction and automation were between 51-60%.

Table4.17: Measures of Firm performance

	Mean	Std Deviation	Skewness	Kurtosis
Revenue growth	6.30	2.13	-.169	-.779
Return on investment	6.08	2.20	-.134	-.820
Market share	7.14	2.15	-.315	-.795
Employment growth	7.48	2.28	-.427	-.496
Overall customer satisfaction	6.50	1.83	-.097	-.723
Number of employees given training and development opportunities	6.00	2.16	-.093	-.751
Overall automation level of key internal processes	6.58	1.87	-.068	-.478

Source: Survey (2016)

4.5.4 Descriptive Statistics of the Moderating Variable

Top managers' ownership status in the organization was conceptualized as the moderating variable. The study hence sought to establish the ownership status of top managers in the organizations they serve. This was measured at two levels, in terms of whether the manager was an owner or non-owner. The results are presented in table 4.18. The study found that majority (57.3%, n=212) of the top managers were non-owners. Those who were owners of the business firms were 42.7% (n=158).

Table 4.18: Descriptive Statistics of the Moderating Variable

Top Management Ownership Status	Frequency	Percentage
Owner	158	42.7
Non owner	212	57.3

Source: Survey Data (2016)

4.5.5 Descriptive Statistics of the Control Variables

The age and size of the business firms were conceptualized as the control variables (table 4.19). The analysis revealed that most of the firms sampled had been in operation for a period of between 5 to 10 years (38%, n=142) followed by those that had been in operation for over 10 years (33.2%), n=123) then by those between 3 and 5 years in operation (20.8%, n=77) and lastly those with less than 3 years in operation being only 7.6 % (n=28).

The size of the firms was measured in terms of number of employees. The analysis established that majority of the firms were in the category of 6 to 20 employees (n=158, 42.7%). Firms with between 21 and 35 (n=135, 36.5%) came in second and lastly was the category of firms with between 36 to 50 employees (n=77, 20.8%).

Table 4.19: Demographic Profile of the Business Firms

Characteristic/variable	Frequency	Percentage	Cumulative%
Firm Age (years since operation)			
Less than 3 years	28	7.6	7.6
3 -5 years	77	20.8	28.4
5 - 10 years	142	38.4	66.8
Over 10 years	123	33.2	100
Firm Size (by number of employees)			
6 -20	158	42.7	42.7
21- 35	135	36.5	79.2
36 – 50	77	20.8	100

Source: Survey Data (2016)

4.6 Tests of Regression Assumptions

Testing of assumptions was done to check the appropriateness of analyzing data using multiple regressions.

4.6.1 Level of Measurement

Linear regression requires for the dependent variables to be measured at continuous level and the independent to be either continuous or categorical (Hayes, 2013). The independent variable, strategic orientation was measured using interval scale, while the dependent was measured using ratio scale.

4.6.2 Sample Size

Hierarchical multiple regressions require the minimum ration of valid cases to independent variable at 5:1 (Hair *et al.*, 2006). The study had 370 valid cases against 6 independent variables giving a ratio of 61:1 which is well above the acceptable minimum.

4.6.3Testing for Normality

The data set was checked for normality using various methods. Testing for normality of distribution was conducted by visual inspection of the graphs and plots as well as examining the skew and kurtosis. Inspection of the histogram indicated a normal curve which shows normal distribution of data (Fig 1, Appendix3). Inspection of the normal P-P plot revealed that data had a good fit with the normal line (Fig 2, appendix 3). The data skewness was within a range of -1.490 to -.113 which is within the acceptable range of -1.96 to 1.96 while the kurtosis range was between 3.357 and -.429 which was also well within the acceptable range of -10 to 10 as suggested by Doane and Seward, (2011). Shapiro-Wilk test was also used to statistically test normality. Using this test, normality is indicated by values greater 0.05 (Shapiro and Wilk, 1965; Razali and Wah, 2011).The results indicated that data was normally distributed for all scales since all the values were above the value of 0.05.

4.6.4 Testing for Linearity

Standard multiple regression can only accurately estimate the relationship between dependent and independent variables if the relationships are linear in nature. Linearity was tested using Pearson moment correlation analysis to check for correlations among variables. The correlation coefficient value of (r) ranging from 0.1 to 0.29 is considered weak, 0.30 to 0.49 is medium and 0.5 to 1.0 is considered strong (Wong and Hiew, 2005; Jahangir and Begum, 2008). The results are as shown in the correlation matrix (table 4.20).

The strongest correlation was between analysis and futurity (r =.687, p<.001) followed by correlation between; defensiveness and futurity (r =.669, p<.001); riskiness and analysis (r =.658, p<.001); defensiveness and analysis (r =.614, p<.001); riskiness and proactiveness (r =.590, p<.05); riskiness and proactiveness (r =.590, p<.05); firm size and firm age (r =.571, p<.001).

Moderate correlations were indicated between the following variables; firm age and futurity (r =.438, p<.001); proactiveness and firm age(r =.379, p<.001); futurity and firm size (r =.381, p<.001); proactiveness and firm size (r =.338, p<.001); riskiness and firm age (r =.428, p<.001); riskiness and firm size (r =.332, p<.001)analysis and firm age (r =.381, p<.001); analysis and firm size (r =.400, p<.001); defensiveness and firm age (r =.399, p<.001); defensiveness and firm size (r =.448, p<.001).

Weak correlation was indicated between aggressiveness and firm age(r =-.139, p<.05); aggressiveness and futurity (r =.221, p<.001); aggressiveness and proactiveness (r =.221, p<.001); riskiness and aggressiveness(r =.228, p<.001); and analysis and aggressiveness (r =.151, p<.05).

All six independent variables of the study namely futurity, proactiveness, riskiness, analysis, aggressiveness and defensiveness were each significantly correlated with the dependent variable, firm Performance. All correlations were positive except for one variable, aggressiveness which was negative (Futurity, r =.435, p<.0.401, Proactiveness, r =.417, p<.001, Riskiness, r =.401, p<.00, Analysis, r =.590, p<.001, Defensives, r =.590, p<.001 and Aggressiveness, r = -.162, p<.001).

These results support the view that there is association between the predictor variable, strategic orientation and the dependent variable, firm performance. The two control variables, firm age and firm size were also found to be significantly correlated with firm performance, (Firm Age, r =.589, p<.001 and firm Size, r =.496, p<.001).

Examination of the correlation matrix of variables (table 4.20) shows that the correlations between the dependent variables and the independent variable are between the acceptable value range of +1 to -1 and were all significant at p< 0 .05 denoting linear relationship and thus the regression assumption of linearity is met.

Table 4.20: Pearson Moment Correlations between Variables

	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1.Firm performance	1								
2.Firm age	.589**	1							
3.Firm size	.496**	.571**	1						
4.Futurity dimension	.435**	.438**	.381**	1					
5.Proactiveness dimension	.417**	.379**	.338**	.664**	1				
6.Riskiness dimension	.401**	.428**	.332**	.667**	.590**	1			
7.Aggressiveness dimension	-.162**	-.139*	-.017	.221**	.221**	.288**	1		
8. Analysis dimension	.494**	.381**	.400**	.687**	.631**	.658**	.151**	1	
9. Defensiveness dimension	.590**	.399**	.448**	.669**	.626**	.604**	-.015	.614**	.360*1

P < 0.001**, P < 0.05*, P < 0.1*

Source: Survey Data (2016).

4.6.5 Multicollinearity Test

Multicollinearity occurs when two or more independent variables are highly correlated with each other making it difficult to separate the contribution of each to the variance explained in the dependent variable, as well as pause technical issues in calculating a

multiple regression model. Multicollinearity was checked against two criteria; Pearson's bivariate correlation among independent variables and Variance Inflation Factor (VIF). High correlation among independent variables signals a possible problem of multicollinearity. Hayes, (2013) recommends correlation coefficients below 0.70 while Garson, (2012) argues for a cut off value of 0.80 on the upper limit. Inspection of the correlations among predictor variables (table 4.20) revealed that all coefficients were less than 0.70. The second test to check for multicollinearity was by VIF where a maximum threshold of +10 – 10 is recommended (Heir *et al.,* 2005). All variables had VIFs well below the accepted maximum threshold. The test results thus indicated that there was no multicollinearity.

4.6.6 Test of Independence of Errors

Multiple regressions require that there is little or no autocorrelation in data. The assumption of independence of errors requires that residuals in prediction do not follow a pattern. This was tested using Durbin-Watson test. The accepted statistic range to indicate no autocorrelation is 1.50 – 2.50 (Heir et al., 1998 and Hayes, 2013). The Durbin-Watson for the overall model containing all the independent variables and the dependent variable had a Durbin-Watson statistic of 1.817 which is within the acceptable range. This signifies that the residuals are not correlated.

4.6.7 Test of Homogeneity of Variance

This is the assumption that variables are measured without error. Levene static was used to test for this assumption. The statistics were significant and within the acceptable

values of P >.05 (Martin and Brigmon, 2012) indicating that the variables had equal variances as shown in table 4.21.

Table 4.21: Test of Homogeneity of Variances

	Levene statistic	df1	df2	Sig.
Futurity dimension	2.524	13	353	.083
Proactiveness dimension	1.901	15	351	.186
Aggressiveness	1.906	13	358	.194
Riskiness	2.242	11	358	.077
Analysis	2.144	11	354	.074
Defensiveness	2.150	12	352	.072

Source: Survey (2016)

4.7. Testing of Hypotheses

Regression analyses were conducted to test the twelve null hypotheses that guided the study. Hierarchical multiple regression was carried out to test the first six hypotheses, $H0_1$ through to $H0_6$, for direct relationships and the results are presented in table 4.22. Moderated hierarchical regression was there after conducted to test hypotheses $H0_8$ through to $H0_{12}$ to test the interaction effect of the moderator variable and the results are presented in table 4.23.

4.7.1 Hierarchical Multiple Regression Analysis

To test hypotheses for direct relationship the study controlled for two variables, age and size of the sampled business firms. This was necessary since past studies have established strong relationships between firm performance and the size and age of the firm (Wiklund and Shepherd 2005; Takahashi, 2009; Gem, 2010; Lipuma *et al.*, 2011). As suggested by previous studies, these two variables have direct influence on firm performance hence the necessity to control for in order to estimate independent effects

of the independent variables of the current study. Hence regressions were first run with control variables alone (model1) then followed by regressions with independent variables (model 2).

Table 4.22: Multiple Regressions Results for Direct Effects

Variables	Model 1	Model 2
Constant	.980 (.328)	-.811(.851)
Control Variables		
Age of firm	.949 (.113)***	.569(.259)***
Size of firm	.936 (.183)***	.632(.248)***
Independent Variables		
Futurity dimension		-.111(.248)
Proactiveness dimension		.194(.205)
Riskiness dimension		.041(.214)
Aggressiveness dimension		-.492(.138)***
Analysis dimension		.596(.241)**
Defensiveness dimension		.829(.218)***
Top Management ownership status		.141(.154)
F statistic	119.843 (000)	40.377(000)
R^2	.395	.505
R^2 Change	.395	.114
Adjusted R^2	.392	.493
Durbin-Watson	1.906	1.817

*P < 0.1, **P < 0.05, ***P < 0.001

Source: Survey Data, 2016.

The results in model 1 indicate that the two control variables firm age (β=.949; p<.001) and firm size (β=.936; p<.001) had statistically significant effect on firm performance. The coefficient of determination R^2 of .395which is statistically significant at P<.001 (.000) implies that the control variables explain 39.5 % of variation in firm performance (See Table A1appendix 4).The overall model is statistically significant as indicated by F change statistic of 119.843 as shown in the ANOVA table (See table A2 appendix 4). The model fit is indicated by the coefficient of determination R^2 with a value of .395 and adjusted R^2 at .392.

The results indicate positive relationships between age and size of firms with business performance in SMEs implying that as a firm grows older and larger its performance is bound to improve. This finding concurs with previous research and theory. As posited by Takahashi, (2009) and Gem, (2010)older firms over time have built good business networks and good relationships with partners, customers and financial institutions and even good reputation in the market all of which are critical success factors. Takahashi, also pointed that bigger businesses can enjoy economies of scale. This is supported by the theory of economies of scale which explains how bigger firms are able to exploit available resources better than smaller businesses enabling them to produce larger quality outputs with low costs.

After the Control variables, the predictor variables, futurity, proctiveness, riskiness, aggressiveness, analysis, defensiveness dimensions of strategic orientation and the moderator variable were entered into the model. As shown in model 2 the entry of the predictors significantly increased the model's predictive ability in explaining change in firm performance by 11.4% as indicated by R^2 change with a value of .114. The change

is statically significant at p< .001, .000 (see table B1 appendix 4). The overall model 2 is significant at p< .001as indicated by the F change statistic of 40.377 as shown in the ANOVA table (table B2 appendix 4) and explains 50.5% of variation in firm performance as indicated by the coefficient of determination R^2 with a value of .505. The overall model fit is indicated by the coefficient of determination R^2 with a value of .505 and adjusted R^2 of .493.

Hypothesis one Ho_1 stated that there is no significant relationship between futurity dimension of strategic orientation and firm performance in SMEs. The study results failed to reject the hypothesis meaning that futurity dimension of strategy has no significant effect (β=-.111; p >.0 5) on SME performance. This could be attributed to the fact that specific strategies associated with this dimension are time oriented and futuristic and their effect may not be immediate.

Hypothesis two Ho_2 stated that there is no significant relationship between proactiveness dimension of strategic orientation and performance in SMEs. The results failed to reject the hypothesis which means that proactiveness dimension of strategic orientation has no statistically significant effect (β=.194; p >.001) on firm performance.

Hypothesis three Ho_3 postulated that there is no significant relationship between riskiness dimension of strategic orientation and firm performance in SMEs. The results indicated that riskiness dimension had no statistically significant effect (β=.041; p >.001) on firm performance and therefore failed to reject the hypothesis.

Hypothesis four Ho_4 stated that there is no significant relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs. The

results indicate that aggressiveness dimension has negative and statistically significant (β= -.492; p<.001) relationship with firm performance and hence rejected the hypothesis. This suggests that aggressiveness in firm strategic orientation will result in a decrease in firm performance.

Hypothesis five Ho_5 stated that there is no significant relationship between analysis dimension of strategic orientation and firm performance in SMEs. The study findings established that there is a positive and statistically significant relationship (β=.596; p<.05) between analysis dimension and firm performance and hence the hypothesis was rejected. This implies that an increase in the levels of analysis dimension will raise firm performance.

Hypothesis six $H0_6$ suggested that there is no significant relationship between defensiveness dimension of strategic orientation and firm performance in SMEs. The results however indicated that defensiveness dimension has positive and significant effect (β=.829; p<.001) on firm performance and therefore the hypothesis was rejected. The results suggest that increased defensiveness traits of strategy will improve firm performance.

4.7.2 Hierarchical Moderated Regression Analysis

Hierarchical moderated regression analysis was carried following the steps outlined by Baron and Kenny (1986) to determine the moderating effect of top managers' ownership status on the relationship between strategic orientation dimensions and firm performance in SMEs as proposed in hypotheses $H0_7$, $H0_8$, $H0_9$, $H0_{10}$, $H0_{11}$, and HO_{12}. The moderating effects were tested in a series of hierarchical blocks. The independent

variables were first standardized to Z-scores so as to reduce the effects of multicollinearity and to simplify interpretations. In model 1 the two control variables; size and age of firm were entered. In model 2 all independent variables were entered. In the subsequent models the interaction terms were added sequentially in models 3 to 8. The results are as shown in table 4.23.

Table 4.23 Moderated Regression Results

Inspection of the p values of the main effects indicate that those of three predictors, aggressiveness (.001), analysis (.017) and defensiveness (.000),and the control variables, age of the Firm (.000) and size of the firm (.002) were less than 0.05 and thus significant. This implies that each of these variables independently influence firm performance. Two of the variables (analysis and defensiveness), had positive effect, which means that an in increase in each of these variables would cause an increase in firm performance. However one variable, aggressiveness, was found to have a negative effect implying that an increase in its value would have a decrease effect on firm performance in SME firms.

Hypothesis Ho_7 stated that top managers' ownership status does not moderate the relationship between futurity dimension of strategic orientation and firm performance in SMEs. The analysis of results revealed that futurity did not have significant main effect (β= -.038; p>.05) on firm performance. The interaction effect of top managers' ownership status between this dimension of strategy and firm performance was also not significant (β= .067; p>.001). Hence the results failed to reject the hypothesis.

Hypothesis Ho_8 stated that top managers' ownership status does not moderate the relationship between proactiveness dimension of strategic orientation and firm performance in SMEs. The results show that there was no statistically significant main effect of proactiveness dimension on firm performance (β= .109; p>.001) and similarly the interaction effect of top managers' ownership was not statistically significant (β= .014; p>.001).This implies that top managers' ownership status does not moderate the relationship between proactiveness dimension of strategic orientation and firm performance. Accordingly the study failed to reject the hypothesis.

Hypothesis $H0_9$ stated that top managers' ownership status does not moderate the relationship between riskiness dimension of strategic orientation and firm performance in SMEs. The results revealed that there was no statistically significant main effect of riskiness dimension on firm performance (β= .034; p>.001). It was also established that the interaction effect of top managers' ownership status on riskiness and firm performance was not statistically significant (β= -.192; p>.01). The study thus failed to reject the hypothesis, which means that top managers' ownership status does not moderate the relationship between riskiness dimension of strategic orientation and firm performance.

The Hypothesis Ho_{10} stated that top managers' ownership status does not moderate the relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs. The results revealed that the main effect of aggressiveness dimension on firm performance was negative and statistically significant (β= -.300; p<.001).It was however established that the interaction effect of top managers' ownership status and aggressiveness on firm performance was positive and statistically significant (β= .179; p<.05).The results with interaction accounted for significantly more variance (R^2 = 0.07; F change = 28.599; p<.05) as shown in table F3 (appendix 5). The model explained 51.4% of variation in firm performance as shown by R^2 of .514 and the model fit is indicated by R^2 and adjusted R^2.This means that top managers' ownership status positively moderates the relationship between aggressiveness dimension of strategic orientation and firm performance and hence the study failed to reject the hypothesis. This implies that ownership status of top managers increases the positive effect of aggressiveness dimension on firm performance.

Hypothesis Ho_{11} stated that top managers' ownership status does not moderate the relationship between analysis dimension of strategic orientation and firm performance. The results indicate that the main effect of analysis dimension on firm performance was positive and statistically significant ($\beta = .298$; $p<.05$). However the interaction effect of top managers' ownership status on analysis and firm performance was not statistically significant ($\beta = .105$; $p>.05$).This means that top managers' ownership status does not moderate the relationship between analysis dimension of strategic orientation and firm performance and therefore the results failed to reject the hypothesis.

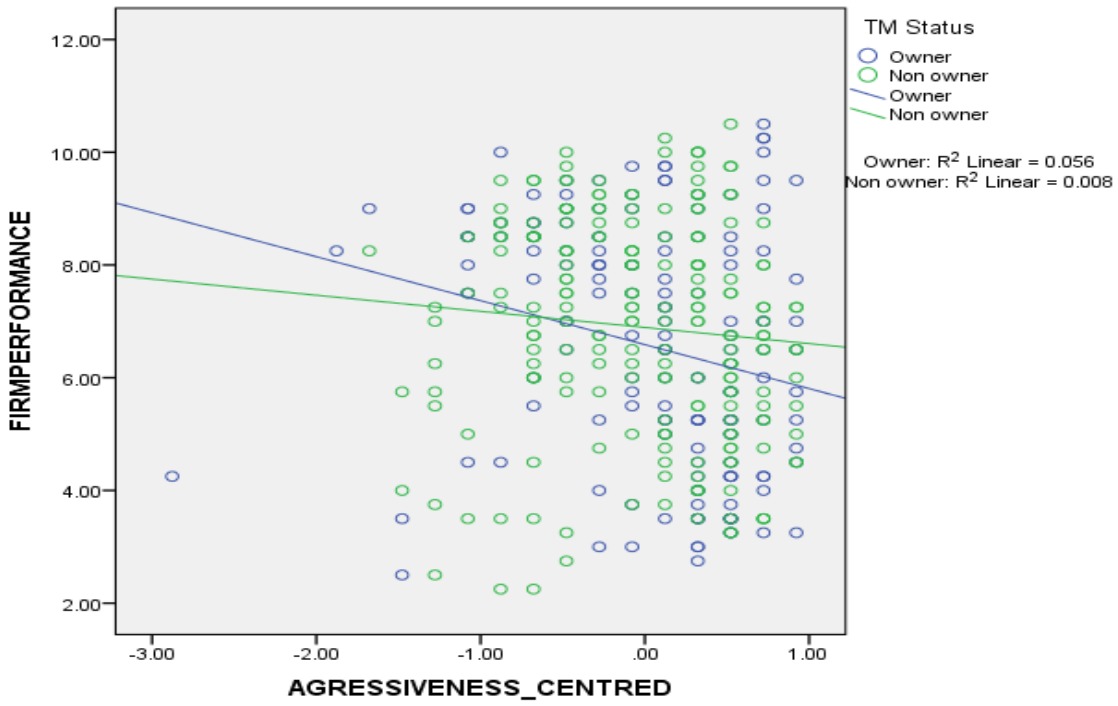
Hypothesis Ho_{12} postulated that top managers' ownership status does not moderate the relationship between defensiveness dimension of strategic orientation and firm performance in SMEs. The results revealed that the main effect of defensiveness dimension on firm performance was positive and statistically significant ($\beta = .480$; $p<.001$). It was however established that the interaction effect of top managers' ownership status and defensiveness on firm performance was negative and statistically significant ($\beta = -.486$; $p<.001$).The results with interaction accounted for significantly more variance ($R^2 = 0.020$; F change = 26.868; $p<.001$) as shown in table H3 (appendix 5). The model explained 53.5% of variation in firm performance as shown by R^2 of .535 and the model fit is indicated by R^2 and adjusted R^2. This means that top managers' ownership status negatively moderates the relationship between defensiveness dimension of strategic orientation and firm performance in SMEs and therefore the study failed to reject hypothesis. This is a case where increasing the moderator reverses the effect of the predictor on the outcome variable hence moderator effect is antagonistic.

4.7.3 Contribution of Top Managers' Ownership Status levels in moderating the Relationships

Having found that TM Ownership status moderated the relationships between two dimensions of strategic orientation (aggressiveness, $p<.05$ and defensiveness $p< .001$) and firm performance, a probe was done to further explore the interaction effect at the two levels of the moderator variable (owner and non-owner). This was done by generating scatter plots where interactions were plotted with fit lines for the two levels to aid interpretation as suggested by Hayes (2013).

Top Managers' ownership status was found to moderate the relationship between aggressiveness dimension of strategic orientation and firm performance and the relationship was positive. The contribution of each of the two levels of ownership status in the interaction term was indicated by the coefficients of determinations, R^2 linear for owner was 0.556 and for non-owner was 0.008. (See fig.4.1).

Figure 4.1 Scatter plots for two way interaction on aggressiveness and firm performance on two levels of ownership status



This indicates that owner status contributed much higher to the interaction effect than non-owner status. This means that when top managers of high ownership status employ aggressiveness strategies the impact on firm performance is higher than if it were by non-owners and that the effect is positive.

TM ownership status was found to moderate the relationship between defensiveness and firm performance and the relationship was negative. The contribution of each level of top manager' ownership status was indicated by the coefficient of determination R^2 linear for owner was 0.460 and non-owner was 0.276. This implies that owner status contributed higher than non-owner status. This implies that when owner managers

engage defensiveness strategies it generates higher impact on firm performance in SMEs than would be the case for non-owner managers but the impact is negative (see fig 4.2).

Figure 4.2 Scatter plots for two way interaction on defensiveness and firm performance on two levels of ownership status.

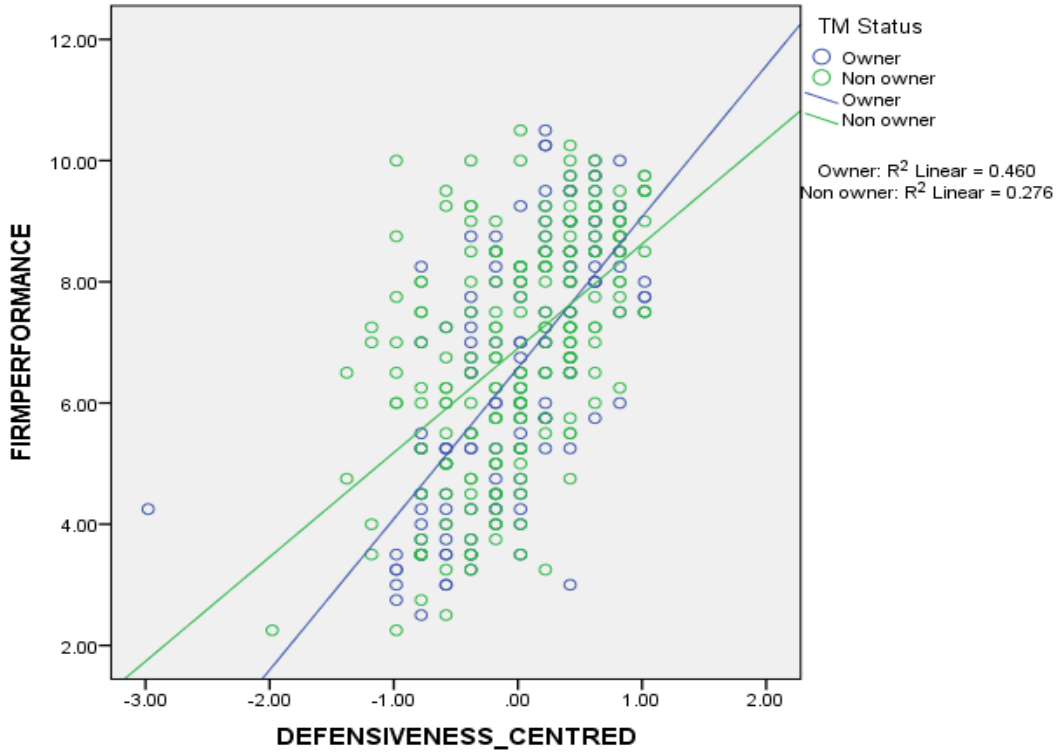


Table 4.24: Summary of Hypothesis Testing Results

Hypothesis	Beta (t-value)	Result
Ho_1 There is no statistically significant relationship between futurity dimension of strategic orientation and firm performance in SMEs.	-.111 (p >.05)	Failed to reject
Ho_2 There is no statistically significant relationship between Pro-activeness dimension of strategic orientation and firm performance in SMEs.	.194 (p >.001)	Failed to reject
Ho_3 There is no statistically significant relationship between Riskiness dimension of strategic orientation and firm performance in SMEs.	.041(p >.001)	Failed to reject
Ho_4 There is no statistically significant relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs.	-.492(p < .001)	Rejected
Ho_5 There is no statistically significant relationship between analysis dimension of strategic orientation and firm performance in SMEs.	.596 (p < .05)	Rejected
Ho_6 There is no statistically significant relationship between defensiveness dimension of strategic orientation and firm performance in SMEs.	.829 (p < .001)	Rejected
Ho_7 Top Managers' ownership status does not moderate the relationship between Futurity dimension of strategic orientation and Firm performance in SMEs.	.067 (p > .001)	Failed to reject
Ho_8Top Managers' ownership status does not moderate the relationship between proactiveness dimension of strategic orientation and firm performance in SMEs.	.014 (p >.001)	Failed to reject
Ho_9Top Managers' ownership status does not moderate the relationship between Riskiness dimension of strategic orientation and Firm performance in SMEs.	-.192 (p > 0.1)	Failed to reject
Ho_{10} Top Manager's ownership status does not moderate the relationship between Aggressiveness dimension of strategic orientation and Firm performance in SMEs.	.179 (p <.05)	Rejected
Ho_{11} Top Managers' ownership status does not moderate the relationship between Analysis dimension of strategic orientation and Firm performance in SMEs.	.105 (p >.05)	Failed to reject
Ho_{12} Top Managers' ownership status does not moderate the relationship between Defensiveness dimension of strategic orientation and Firm performance in SMEs.	-.486 (p <.001)	Rejected

Source: Survey Data (2016)

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter presents a discussion of the findings in light of the research objectives and subsequently provides conclusions, implications and recommendations of the study.

5.2 Discussion of the Study Findings

The main objective of the study was to examine the relationship between strategic orientation as conceptualized in six dimensions (futurity, proactiveness, riskiness, aggressiveness, analysis and defensiveness) and firm performance in SMEs and to establish the moderating effect of top managers' ownership status on that relationship. The study findings are discussed in view of the findings of other similar empirical studies, theory and extant literature.

5.2.1 Futurity Dimension of Strategic Orientation as Determinant of Firm Performance

Hypothesis one, Ho_1 stated that there is no significant relationship between Futurity dimension of strategic orientation and firm performance in SMEs. The study results indicated that the relationship between futurity and firm performance was not statistically significant (β=-.111; p >.0 5) and hence failed to reject the hypothesis. This means that this dimension of strategy has no significant effect on firm performance in SMEs.

Futurity dimension of strategy emphasizes on a firm's long-term considerations that are imperative for securing a sustainable competitive edge in the turbulent marketplace as well as help firms to face environmental dynamics and reduce their risk (Morgan and Strong, 2003). This dimension is reflected in the time orientation in strategic decision making and cultivates sustainable competitive advantage that impacts favorably on business performance. The correlation was found to be insignificant and this could be attributed to the fact that specific strategies associated with futurity dimension are futuristic and their effects may not be immediate yet the scope of the study was a snap shot of a three year period. Related research findings pertaining to this strategy are mixed. For instance Joachim and Stephen (2013) found futurity dimension to have significant positive correlation with financial performance of the firm while others found non -significant correlation.

5.2.2 Proactiveness Dimension of Strategic Orientation as Determinant of Firm Performance

Hypothesis two, $H0_2$ stated that there is no significant relationship between proactiveness dimension of strategic orientation and firm performance in SMEs. According to the results of the study the correlation was not statistically significant (β=.194; p >.001) and therefore failed to reject the hypothesis. This implies that proactiveness dimension has no significant effect on firm performance in SMEs. The emphasis in proactiveness dimension is in exploiting emerging opportunities, experimenting with change, and mobilizing first mover actions (Morgan and Strong, 2003). Proactive firms achieve high performance, because of their responsiveness to

market signals and potential customer needs. Firms with proactiveness may also by their creativity come up with new needs and build new trends in the market.

A study by Lumpkin and Dess (2000) found that Proactiveness had strong positive relationship with firm performance. Proactiveness gives a firm the ability to anticipate change or needs in the market place and be among the first to act on them. Firms pursuing proactive strategy strive to create competitive advantage by leading the market in pioneering new products and developing innovative techniques and processes (Avci *et al.,* 2011). The market for hospitality industry SMEs in the north rift region can arguably be described as stable with not much competition. This means that proactive strategic actions may not yield significant change in performance and yet they have cost implication on the firm.

5.2.3 Riskiness Dimension of Strategic Orientation as Determinant of Firm Performance

Hypothesis three, $H0_3$ stated that there is no significant relationship between riskiness dimension of strategic orientation and firm performance in SMEs. The results of the study indicated that riskiness dimension had no statistically significant effect (β=.041; p >.001) on firm performance and therefore the hypothesis was accepted.

This finding suggests that the risk taking attribute of a firm does not increase or reduce business performance. Riskiness dimension plays a critical role in determining how much risk the firm can tolerate and has an important role in resource allocation. It can act as a key parameter in determining the decision processes involved in competitive strategy (Lau and Bruton, 2011; Morgan and Strong, 2003). Riskiness improves performance only by enhancing flexibility, creativity and traditional rule breaking. On the other hand profitability may suffer due to additional risks incurred and less predictable returns.

The finding of the study supports other findings such as that of Joachim and Stephen (2013) which found no correlation between riskiness dimension and firm financial performance and that of Seyid Jalali (2013) which found no empirical evidence of relationship between riskiness dimension and performance in SMEs.

5.2.4 Aggressiveness Dimension of Strategic Orientation as Determinant of Firm Performance

Hypothesis four, $H0_4$ stated that there is no significant relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs. The findings of the study however indicated that aggressiveness dimension had negative and statistically significant (β= -.492; $p<.001$) correlation with firm performance. This suggests that aggressiveness has negative effect on firm performance in SMEs where an increase in the level of aggressiveness by 1unit would result in a decrease of 0.492 in firm performance.

Aggressiveness dimension generally involves actions by a firm to counter rivals and involves allocating a lot of resources to such activities and often demand substantial investment. Under this dimension the actions taken to improve market position of the firm takes on aggressive strategies such as product innovations or market development. The negative effect of aggressiveness dimension is possibly due to the fact that SME firms often do not have the resource strength to pursue the cost leadership, expansion, price and image differentiation strategies of the aggressive dimension. It is also possible that when such tactics are applied by the SME firms with limited resources, it will be at the expense of the some parameters of firm performance. For instance the heavy investment may divert resources from internal processes, training and development, customer focus and even cut back immediate profit.

This finding supports the RBV which argues that it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity.

Empirical evidence reported on aggressiveness dimension of strategy is varied. For instance Lumpkin and Dess (2001) found that aggressiveness was negatively but not significantly related to any of the performance measures of their study (sales growth, profitability and return on sales). A Study by Ahu Tugba (2015) found aggressiveness to have a positive impact on customer performance, internal business processes performance and learning and growth performance while Venkatraman (1989) found that aggressiveness trait had no significant effect on growth trends but had negative effect on current profitability.

Therefore SME firms emphasizing aggressiveness, in their strategic orientation should do a cost benefit analysis of maintaining such competitive strategy against the payoff in short-term and long term on firm performance attributes.

5.2.5 Analysis Dimension of Strategic Orientation as Determinant of Firm Performance

Hypothesis five, $H0_5$ stated that there is no significant relationship between analysis dimension of strategic orientation and firm performance in SMEs. The study findings established a positive and statistically significant (β=.596; $p<.05$) relationship between analysis dimension and firm performance and hence the hypothesis was rejected. This implies that an increase in the levels of analysis dimension by 1 unit would increase firm performance by .596 of the same unit.

The analysis dimension generally represents firm's approach to problem solving secured by understanding internal and external environmental contexts. It also includes the internal systems and procedures that facilitate the foundation and execution of competitive strategy to achieve firm objectives. The positive effect of analysis dimension on firm performance is possibly attributed to its trait of analytical activities focusing on internal systems and procedures that facilitate the foundations and execution of competitive strategy. As posited by Morgan and Strong (2003), analytical activities are critical for, and are likely to positively impact, business performance, regardless of the external environment. This finding supports the resource based view of the firm which stresses that it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. The proponents of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it (Rothaermel, 2012). The RBV approach, advocates that firms must translate efficiently and effectively their resources and capabilities into business process, otherwise they cannot expect to realize the competitive advantage potential of their resources (Ray *et al.,* 2004). Hence analysis dimension strategies by focusing internally can aid the firm to translate their resources and capabilities to gain competitive advantage. This finding is consistent with extant empirical literature which emphasizes virtues of formal strategic planning and analytical decision making. According to Talke, (2007) firms adopting analysis strategy derive competitive advantage by drawing up competitive strategies based on systematic analytical activities such as collecting and interpreting information for managerial decisions. A study by

Morgan and strong 2013 found that firms that emphasized traits of analysis in their strategic orientation exhibit high levels of performance. Similar studies (Joachim and Stephen,2014; Gupta and Basu, 2008; Karabulut, 2013;) also found that analysis had positive effect on business performance and generally concluded that strategic orientation dimensions are of importance to performance of corporate organizations and that firms can improve their business processes and achieve better effectiveness and efficiency through the engagement of strategic approaches.

Emanating from the finding, SME firms of the hospitality industry should engage strategies of the analysis dimension as sources of competitive advantage. These include seeking and using information for decision-making, operating information systems that provide support for decision- making, using formal procedures to coordinate decisions between different functional areas/departments, carrying out a thorough analysis when confronted with a major decision and approaching problem-solving by understanding of both internal and external environments.

5.2.6 Defensiveness Dimension of Strategic Orientation as Determinant of Firm Performance

Hypothesis six, $H0_6$ stated that there is no significant relationship between defensiveness dimension of strategic orientation and firm performance in SMEs. The study results however indicate that defensiveness dimension had positive and significant effect (β=.829; $p<.001$) on firm performance. Thus the hypothesis was rejected. This finding suggests that increasing defensiveness by 1 unit would improve firm performance by .829 of the same unit.

In defensiveness dimension, emphasis is on specialization with efficiency, productivity and cost reduction. This dimension is noted for a high degree of strategy specialization, a focus on existing domain defense rather than new product/market development. The positive effect of defensiveness dimension is possibly attributed to the notion that SME firms generally being resource-constrained may not be in a good position to mount big external oriented strategies but are in a position to utilize or maximize on what they have within. This finding supports the RBV which advocates for competitive advantage of the firm on the basis of unique capabilities developed by the firm. The resource based theory postulates that each organization is a collection of unique resources and capabilities, and that their uniqueness is the basis of a firm's strategy and its ability to earn above average returns. Through continued use, firm capabilities become stronger and difficult for competitors to understand and imitate. Firms engaging in defensiveness strategies would be expected achieve this by employing strategies of efficiency, specialization and expertise in their domains. The unique capabilities advocated by the RBV thus can be achieved by defensiveness strategies. Hence firms adopting this dimension of strategy are able to accumulate selected capabilities and skills, used to develop strategies to outperform less domain focused firms.

This finding resonates with extant empirical knowledge from previous studies. This dimension is noted for a high degree of strategy specialization, a focus on existing domain defense rather than new product/market development (Morgan and Strong, 2003). Knowledge of specialized area leads to high levels of business performance (Venkatraman, 1989). Previous studies have indicated defensiveness to have positive impact on firm performance (Karabulut, 2013; Joachim and Stephen, 2014).

Strategy specialization enables a firm to accumulate selected capabilities and skills and to develop composite strategies to outperform less domain focused firms. Hence SME firms should utilize defensiveness strategic orientation for better performance.

5.2.7 The Moderating effect of Top Managers' Ownership Status in the relationship between Futurity Dimension of Strategic Orientation and Firm Performance

The Hypothesis seven, $H0_7$ stated that top managers' ownership status does not moderate the relationship between futurity dimension of strategic orientation and firm performance in SMEs. The analysis of results revealed that top managers' ownership status did not have significant moderating effect between futurity and firm performance. The study findings therefore failed to reject the hypothesis. This implies that the effect of futurity dimension on firm performance is not influenced by the ownership status of top managers' of the firm. This means that holding al other factors constant, the correlation between the two variables would be the same whether the manager is owner or not. This is possibly attributed to the formal nature of long range planning in most firms which involves many decision makers. For this reason the influence of an individual owner or non-owner manager may not have a big impact.

5.2.8The Moderating effect of Top Managers' Ownership Status in the relationship between Proactiveness Dimension of Strategic Orientation and Firm Performance

The Hypothesis eight, Ho_8 stated that top managers' ownership status does not moderate the relationship between Proactiveness dimension of strategic orientation and firm performance in SMEs. The study findings indicated that top managers' ownership status did not moderate the relationship between proactiveness dimension of strategic orientation and firm performance and hence the study failed to reject the hypothesis.

This implies that TM ownership status does not affect the relationship between proactiveness dimension of strategic orientation and firm performance. This means there is no difference on the effect of proactiveness strategies on firm performance where top manger is owner or non-owner managers. In both cases the dimension of strategy has no significant effect of firm performance.

5.2.9 The Moderating effect of Top Managers' Ownership Status in the relationship between Riskiness Dimension of Strategic Orientation and Firm Performance

Hypothesis nine, Ho_9 stated that top managers' ownership status does not moderate the relationship between riskiness dimension of strategic orientation and firm performance in SMEs. The results established that the interaction effect of top managers' ownership status on riskiness and firm performance was not statistically significant (β= -.192; p>.01). The study thus failed to reject the hypothesis. This means that TM ownership status does not moderate the relationship between riskiness dimension of strategic orientation and firm performance. The implication of this finding is that riskiness dimension of strategic orientation on firm performance remains non-significant whether the top manager is owner of firm or non- owner. This is possibly due to the fact that in risky strategies, regardless of ownership status, profitability is likely to suffer due to additional risks incurred while at the same time returns are generally less predictable in such strategies.

5.2.10The Moderating effect of Top Managers' Ownership Status in the relationship between Aggressiveness Dimension of Strategic Orientation and Firm Performance

Hypothesis ten, Ho_{10} stated that top managers' ownership status does not moderate the relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs. The results revealed that the main effect of aggressiveness dimension on firm performance was negative and statistically significant (β= -.300; $p<.001$).It was however established that the interaction effect of top managers' ownership status on the relationship between aggressiveness and firm performance was positive and statistically significant (β=.179; $p<.05$).This means that TM ownership status positively moderates the relationship between aggressiveness dimension of strategic orientation and firm performance and hence the study failed to reject the hypothesis. The contribution of each of the two levels of top managers' ownership status was indicated by the coefficients of determinations, R^2 where for owner was 0.056, and for non-owner was 0.008 (See fig.4.1). This result indicates that owner status of top managers contributed much higher than non-owner status. This implies that aggressiveness strategies employed by owner managers has higher impact than would be in the case of non owner managers and the impact is positive.

5.2.11 The Moderating effect of Top Managers' Ownership Status in the relationship between Analysis Dimension of Strategic Orientation and Firm Performance

Hypothesis eleven, Ho_{11} stated that TM ownership status does not moderate the relationship between analysis dimension of strategic orientation and firm performance. The results indicate that the main effect of analysis dimension on firm performance was positive and statistically significant ($\beta = .298$; $p<.05$) but it was established that the interaction effect of top managers' ownership status and analysis on firm performance was not statistically significant

($\beta = .105$; $p>.05$).This means that TM ownership status does not moderate the relationship between analysis dimension of strategic orientation and firm performance and therefore failed to reject the hypothesis.

5.2.12The moderating effect of Top Managers' Ownership Status in the relationship between Defensiveness Dimension of Strategic Orientation Firm performance

Hypothesis twelve, Ho_{12} postulated that TM ownership status does not moderate the relationship between defensiveness dimension of strategic orientation and firm performance in SMEs. It was however established that the interaction effect of top managers' ownership status on defensiveness and firm performance was negative and statistically significant ($\beta = -.486$; $p<.001$).This implies that TM ownership status moderates the relationship between defensiveness dimension of strategic orientation and firm performance and hence the hypothesis was rejected. The significance of this

finding is that the ownership status of top managers influences the effect of defensiveness dimension on firm performance and the impact is negative.

The contribution of each the two levels of top managers' status was indicated by the R^2 where for owner was 0.460 and for non-owner was 0.276. This indicates that owner status contributes higher than non-owner status. This implies that when an owner manager engages defensiveness traits of strategic orientation it has higher impact on firm performance than would be in the case of non-owner managers but the impact is negative (see fig 4.2).

CHAPTER SIX

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presents a summary of the findings, conclusions and recommendations of the study.

6.2 Summary of Findings

The study was carried out to establish the relationship between strategic orientation and firm performance in SME firms and the moderating effect of the ownership status of top managers of the firms. Twelve hypotheses were formulated and tested. The first set of six hypotheses (H_{0I}, H_{02}, H_{03}, H_{04}, H_{05}, and H_{06}) were tested for direct relationships between futurity, proactiveness, riskiness, aggressiveness, analysis and defensiveness dimensions of strategic orientation, and firm performance. A second set of six hypotheses (H_{07}, H_{08}, H_{09}, $H_{10,}$ H_{011}, and H_{012}) were tested to establish the moderating effect of top managers' ownership status on the relationship between the six dimensions of strategic orientation and firm performance.

From the set of hypotheses testing for direct relationship, $H_{05,}$ H_{06} and H_{07} were rejected and this indicates that there are statistically significant relationships between variables: aggressiveness, analysis and defensiveness and firm performance. The results strongly suggest that analysis dimension positively influences firm performance. This is attributed to the analytical activities focusing on internal systems and procedures that facilitate the foundations and execution of competitive strategy.

The study also suggests that defensiveness dimension positively impacts on firm performance and this is due to the high degree of strategy specialization and focus on existing domain defense. Further the results suggest that aggressiveness dimension negatively impacts on firm performance. The negative effect is mainly attributed to the high cost involved in aggressiveness dimension and which often come at the expense of some of the parameters of firm performance. Aggressiveness typically include cutting down on prices, sacrificing profit and substantial investment to gain higher market share, all of which are costly strategies.

The second set of hypotheses tested the moderating effect of top managers' ownership status on firm performance. The variable significantly moderated the relationships between two of the dimensions, aggressiveness (H_{010}) and defensiveness (H_{012}) and firm performance but did not indicate significant interaction with four of the dimensions. Hypothesis $H0_{10}$ stated that top managers' ownership status in the firm does not moderate the relationship between aggressiveness dimension of strategic orientation and firm performance in SMEs. The study findings indicate that top managers' status positively moderate the relationship between aggressiveness and firm performance in SMEs. Further probing of the interaction indicated that owner status contributed more

than non-owner status. This implies that at the high level of firm ownership status the impact of aggressiveness on firm performance is much higher and the reverse is expected at lower level of ownership status. This implies that owner managers can leverage the impact of aggressiveness strategies and reverse the negative impact to make positive gain through higher market share.

Hypothesis $H0_{12}$ postulated that top managers' ownership status does not moderate the relationship between defensiveness dimension of strategic orientation and firm performance. The study however found that top manager ownership status negatively moderates the relationship between defensiveness dimension and firm performance. A further exploration of the interaction indicated that owner status contributed much more than non-owner. This implies that the effect of defensiveness on firm performance is higher in the case of high ownership status and lower in the case of lower ownership status. Defensiveness lays emphasis on inward strategies such as focusing and developing the existing domain, cost control systems and specialization. Firms all types however find themselves in highly dynamic and globalized markets such that too much emphasis on inward looking strategies may not deliver the desired results.

The study therefore failed to reject hypotheses: $H0_1$, $H0_2$, $H0_3$, $H0_7$, $H0_8$, and $H0_9$, $H0_{11}$. This means that there are no statically significant relationships between the variables and firm performance.

6.3. Conclusions

The study empirically tested the relationship between strategic orientation as articulated in six dimensions and firm performance in small and medium enterprises of the hospitality industry in Kenya's North Rift Region. The results of the study support the hypothesis that strategic orientation is linked to business performance in SME firms. Three of the six dimensions were established to be statistically significant predictors of firm performance in SME firms of the hospitality industry. Defensiveness ($\beta = .829$; $p < .001$) and analysis ($\beta = .596$; $p < .05$) dimensions were indicated as positive predictors of firm performance while aggressiveness dimension is negative ($\beta = -.492$; $p < .001$). Three other dimensions indicated relationships with firm performance though not statistically significant. The results strongly suggest that the strategic orientation dimensions are implemented simultaneously by business firms and that the various dimensions have dissimilar impact on firm performance. This is consistent with previous research (Morgan and Strong, 2003; Gupta and Basu, 2008).

This study makes contribution to the explanatory power of the resource based view theory in competitive advantage and performance of the firm. According to proponents of this theory, it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity.

The findings of this study support the view that organizations should look inside the firm to find the sources of competitive advantage instead of looking at competitive environment for it. For instance, the analysis dimension which was established as a positive predictor of firm performance emphasizes on internal analytical activities of competitive advantage. Such traits include internal consistency, knowledge building and organizational learning, use of information for decision making, and internal systems and procedures for execution of strategy. Similarly the traits of defensiveness which was also established as a predictor of firm performance are internal focused. Included here are; strategy specialization, narrow scope of activities, and focus on existing domain, efficiency, productivity and cost reduction. Moreover, it was established that aggressiveness dimension which has traits contrary to the RBV view was found to have negative effect on firm performance. The traits of aggressive dimension include countering rivals, market improvement, product innovations, exploiting and developing resources more rapidly than competitors and sales orientation are mainly external or outward. The ownership status of top managers was found to significantly moderate on the link between two strategic dimensions and firm performance. Ownership status of top managers positively and significantly (β=.179; $p<.05$) moderated the relationship between aggressiveness and firm performance but negatively and significantly (β= -.486; $p<.001$) moderated on the effect of defensiveness dimension. Further probing of the interaction indicated that owner status contributed more (R^2 linear, 0.556) than non-owner status (R^2 linear, 0.008) for aggressiveness. Similar results were indicated for defensiveness dimension where, owner status contributed more (R^2 linear, 0.460) than non-owner status (R^2 linear, 0.276).

This implies that where the top manager of the firm is the owner, the impact of aggressiveness or defensiveness dimensions on firm performance is much higher but the reverse is expected for non-owner managers. This study therefore makes a contribution to support the upper echelons theory which stresses that the firm decisions are likely to be influenced by the top managers' characteristics and that the strategic orientation of a firm is often strongly influenced by the distinct competencies and unique knowledge of the owner or manager.

The study brings new knowledge by linking strategic orientation to firm performance in hospitality SME firms in the North Rift Region of Kenya. It has developed a framework that associates specific strategic orientations to firm performance these firms.

6.4 Recommendations

From the findings, conclusions and extant literature recommendations are made by this study in three areas namely, managerial, theory and research.

6.4.1 Theoretical Implications

The study developed a framework that relates strategic orientation, top managers' ownership status and firm performance in SME firms. The study contributes to theory by providing empirical support to the view that strategic orientation is a construct of various dimensions which are implemented simultaneously by firms and that the impact of the various dimensions is dissimilar. The study findings also make contribution to theory by building on literature on the applicability of Resource Based View theory which has been criticized as giving a narrow conceptualization of a firm's competitive advantage

The study findings indicate that firms can exploit internal and external opportunities from the RBV paradigm. Critics of the RBV have called for a more precise definition and identification of the types of dynamic capabilities as well as their relevance to managerial practice and applicability to other than rapid innovation-based environments (Wall et. al, 2010). The examination of the impact of specific strategic orientation dimensions as demonstrated by the study enables firms to make critical decisions to come up with unique capabilities for competitive advantage as postulated by the RBV. The study makes contribution to the literature focusing on characteristics beyond the demographics in understanding the influence of top managers in firm strategy and outcomes.

6.4.2Managerial Implications

The study holds some important insights for managers, policy makers and those who serve as consultants in supporting SMEs. The study linked strategic orientation to firm

performance in SMEs. In light of the findings indicating that firms simultaneously implement multiple dimensions of strategic orientation, the study recommends that the approach towards uniform adoption of strategic orientation as a whole construct determining firm performance should be reviewed. More importantly the managers of the firms should identify the specific dimensions that will contribute positively in their firm's performance so as to focus their energies and resources on them. This indicates the need for firms to identify specific dimension(s) of strategic orientation that will bring about sustainable competitive advantage depending on their unique circumstances.

The findings of the study provide empirical evidence pointing to the relative importance of each strategic dimension as determinants of firm performance in SME firms of the hospitality industry. Specifically the study found that the analysis and defensiveness dimensions had positive and significant impact on firm performance. Hence the study recommends for SME firms in hospitality industry to engage the two dimensions to improve their business performances. For analysis dimension, the study recommends analytical strategic activities including seeking and using information for decision-making, operating information systems that provide support for decision- making, using formal procedures to coordinate decisions between different functional areas/departments, carrying out a thorough analysis when confronted with a major decision and approaching problem-solving by understanding of both internal and external environments. For defensiveness dimension strategic activities include those involving the use of cost control systems, seeking efficiency of internal processes, focus on developing the existing domain rather than new products or markets and focusing on developing specialization and expertise. The aggressiveness dimension was found to

have significant but negative direct effect on firm performance. Therefore it is recommended that firms emphasizing this strategy dimension should do a cost benefit analysis to examine its implications.

The study also established that ownership status of top managers in the firm moderates the relationship between aggressiveness and defensiveness dimensions with firm performance and this was attributed more to owner than non-owner managers. The study therefore recommends that SME firms should take in to account the ownership status of the top managers when selecting the appropriate strategic orientations.

Kenya as a nation attaches importance to growing its SME sector (Kenya Vision 2030), therefore the research findings are deemed valuable in terms of policy making and practice at national and county government levels. The study findings can be used to develop policy frameworks to guide in the attainment of sustainable performance and consequently growth of small and medium sized enterprises. This is particularly for the North Rift Region where the study was conducted.

6.4.3. Recommendations for Further Research

Some of the limitations of the study suggest possible avenues for further research. The study was based on information given by top managers of firms. This has been highlighted as a limitation of this study. It is therefore recommended for similar studies to be done but using information from other sources such as outside stakeholders particularly on the dependent variable to see whether it will yield the same results.

The study looked at strategic orientation dimensions, top managers' ownership status and firm performance at one point in time. Further research in this area is recommended on a longitudinal time span. This is deemed important to get deeper understanding of the variables and also to improve the study model in making casual relationships of these variables.

The study focused on the moderating variable at only two levels, that is, owner and non owner status of top managers. Since the results indicated that this variable significantly moderated the relationship between strategic orientation and firm performance, it opens room for further investigation of this moderator at various levels such as shareholding levels.

From the findings of the study it is apparent that more research is needed for further understanding of the conditions that lead to differences in the importance of the various dimensions of strategic orientation. This is thought necessary because the findings from previous researches so far are mixed with no consistency on the relative importance of each dimension as a determinant of firm performance.

The study results suggest the need for continued research on the link between strategic orientation dimensions and firm performance in the context of a developing economy. Since the study was conducted among small and medium enterprises of one industry, the hospitality industry it is therefore recommended for similar studies to be extended to other industries or even in multi industry context.

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APPENDICES

Appendix 1 – INTRODUCTION LETTER

Dear Respondent,

My name is Martha C. Cheluget, a PhD candidate in the School of Business and Economics of Moi University. I am conducting research for my postgraduate studies focusing on **"*The moderating effect of Top Managers' ownership status on the relationship between strategic orientation and firm performance in small and medium enterprises".***

I request you to spare a few minutes to complete the attached questionnaire. Your responses will be kept confidential and will be used for academic purposes only. For anonymity you are not required to write your name anywhere on the questionnaire.

Your voluntary participation in this study is highly appreciated.

Sincerely

Martha Cheluget

APPENDIX 2 - QUESTIONNAIRE

Part I: General information about your organization.

Please indicate your answer by ticking (√) in the most appropriate box.

FA. For how long has your organization been in operation?

Less than 3 years	3-5 years	Over 5 years - 10 years	Over 10 years

FS. How many employees are engaged in your firm?

6-20	21-35	36 -50

Part II: Strategic Orientation

Answer the following questions regarding your organization's strategic orientation in the past three years by ticking (√) your answer in the most appropriate box using the scale provided, where, **Strongly disagree = 1, Disagree = 2, Neither agree nor disagree = 3, Agree =4 and Strongly agree = 5**

		1	2	3	4	5
Futurity dimension of strategic orientation						
FD1	Our organization has clearly spelt out its desired future growth.					
FD2	Our organization carries out long range planning of its core activities.					
FD3	Our organization consistently carries out forecasting on customer preferences.					
FD4	Our organization carries out research in order to gain future competitive edge.					
FD5	Our organization keeps track of significant general market trends.					
FD6	Our organization makes contingency plans of critical issues.					

PD1	Our organization seeks new opportunities related to the present operations.					
PD2	Our organization is usually one of the first ones to introduce new services/products ahead of competitors.					
PD3	Our organization creates competitive superiority using 'step –ahead" tactics ahead of competitors.					
PD4	Our organization usually preempts competitors by expanding capacity ahead of them.					
PD5	Our organization has put in place plans to cope with environment threats and to exploit opportunities					
PD6	Our organization emphasizes the use of innovation to anticipate future market needs.					
Riskiness dimension of strategic orientation						
RD1	Our organization takes can be described as one having risk-taking stance in order to target growth.					
RD2	Our organization tends to develop risky investment projects than competitors					
RD3	Our organization has made substantial financial investments for growth(such as capital projects refurbishing, upgrading, maintenance)					
RD4	Our organization has made substantial human resources investments for growth (such as increasing competence/skills, training and dev/ hiring professionals).					
Aggressiveness dimension of strategic orientation						
AG1	Our organization sacrifices profit making to gain higher market share.					
AG2	Our organization carries out forecasting on sales					
AG3	Our organization has made substantial investment to improve its competitive position and market share					
AG4	Our organization allocates resources to activities aimed at capturing market share from competitors.					
AG5	Our organization cuts down on prices in order to increase market share.					
Analysis dimension of strategic orientation						
AN1	Our organization seeks effective information and identifies that which is key for decision-making					
AN2	Our organization operates with information systems that provide support for decision- making.					

AN3	Our organization follows formal procedures to coordinate decisions between its different functional areas/departments.					
AN4	Our organization carries out a thorough analysis when confronted with a major decision.					
AN5	Our organization approaches problem-solving from its understanding of both internal and external environments.					
Defensiveness of strategic orientation						
DD1	Our organization encourages the use of cost control systems.					
DD2	Our organization has in place strategies to fight foreseeable competition.					
DD3	Our organization consistently seeks efficiency of its internal processes.					
DD4	Our organization focuses on developing the existing domain rather than new products or markets					
DD5	Our organization's strategies focus on developing specialization and expertise in specific services/products.					

Part III: Firm Performance

Rate how your organization performed in the past three years expressed in percentage(%) by ticking (√) your answer in the most appropriate box using the scale provided: **0% and below, 1-10% 11=20%, 21-30%, 31-40%, 41-50%, 51-60%, 61-70%, 71-80%, 81-90%, and 91-100%.**

		≤0	1-10	11-20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	91-100
FP1	Revenue growth											
FP2	Return on investment											
FP3	Market share growth											
FP4	Employment growth											
FP5	Overall customer satisfaction											

FP6	Employees given training and development opportunities											
FP7	Automation of key internal processes											

Part IV: Top Manager Demographic Characteristics

Indicate the characteristics that best describe you by ticking in the appropriate box of the choices provided below.

D1. Tick (√) the appropriate box that represents your age category.

18 ≤ 26 years	27≤34 years	35≤42 Years	43≤50 years	51≤60 years	Over 60 years

D2. What is your gender? Male ☐ Female ☐

D3. What is your highest attained level of education?

Primary school	Secondary school	College	University (Undergraduate)	University (Post graduate)

D4. What is your ownership status in the organization?

Owner ☐ Non-owner ☐

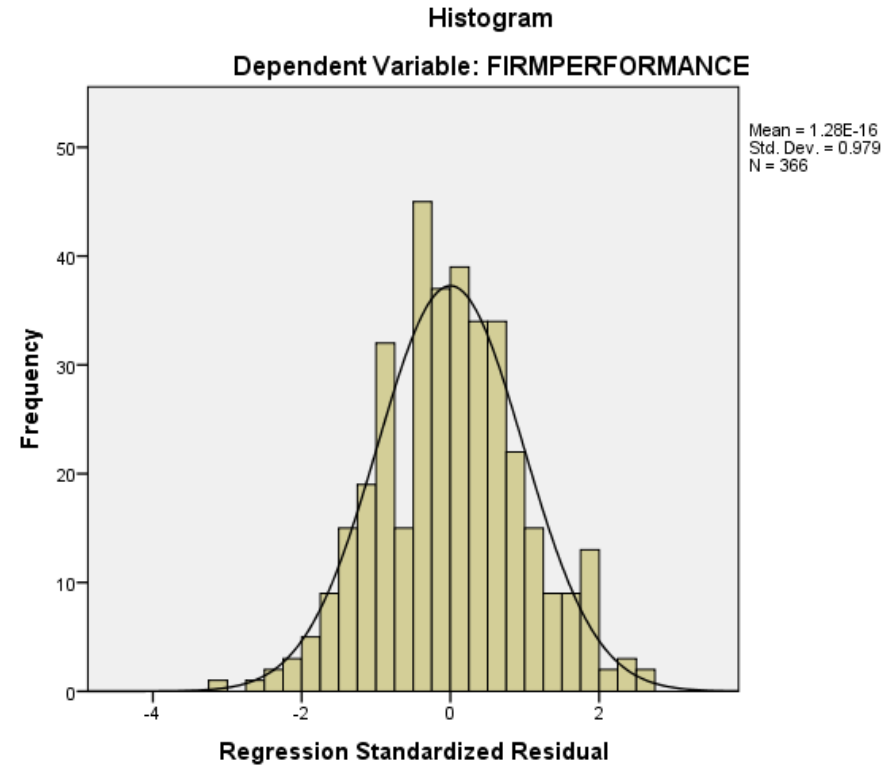
D5. For how long have you served as the top manager in this Organization?

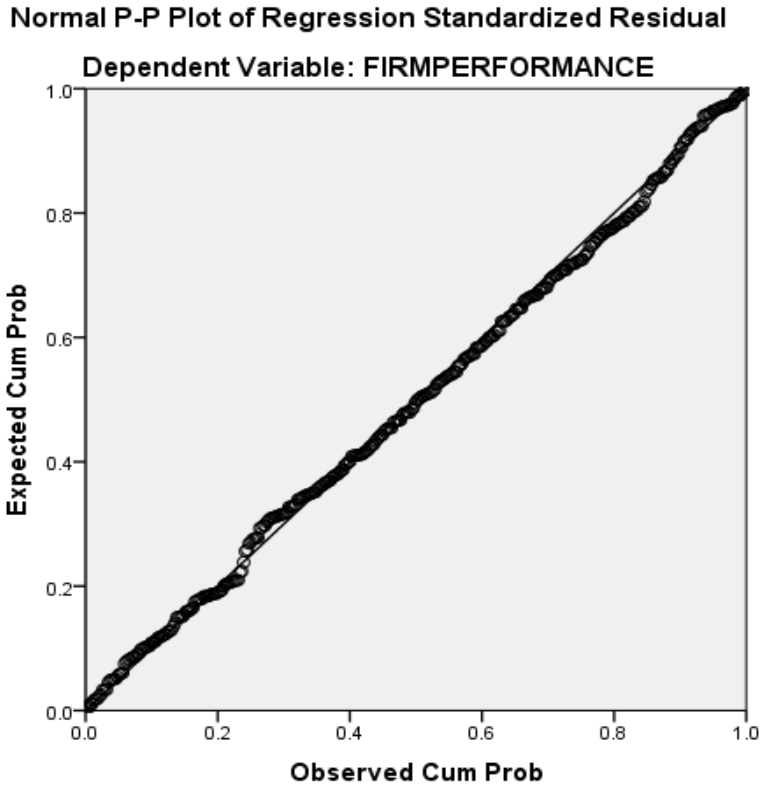
Less than I year	1-2 years	3-4 years	5 years and above

D6. For how long have you served previously as top Manager in any other organization?

5 years and above	3-4 years	1-2 years	Less than 1 year	Never before

Appendix 3: NORMALITY





Appendix 4: REGRESSION RESULTS FOR DIRECT EFFECTS

Table: A1

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson		
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.629[a]	.395	.392	1.57717	.395	119.843	2	367	.000	1.906

a. Predictors: (Constant), Size of Firm, Age of Firm

b. Dependent Variable: FIRMPERFORMANCE

Table: A2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	596.214	2	298.107	119.843	.000[b]
	Residual	912.905	367	2.487		
	Total	1509.119	369			

a. Dependent Variable: FIRMPERFORMANCE

b. Predictors: (Constant), Size of Firm, Age of Firm

Table A3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.980	.328		6.032	.000	1.335	2.626		
	Age of Firm	.949	.113	.431	8.364	.000	.726	1.172	.620	1.613
	Size of Firm	.936	.183	.263	5.101	.000	.575	1.297	.620	1.613

a. Dependent Variable: FIRMPERFORMANCE

Table B1

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.625[a]	.391	.387	1.57853	.391	116.389	2	363	.000	
2	.711[b]	.505	.493	1.43652	.114	11.760	7	356	.000	1.817

a. Predictors: (Constant), Size of Firm, Age of Firm

b. Predictors: (Constant), Size of Firm, Age of Firm, TM Status, AGRESSIVENESS, ANALYSIS, PROACTIVENESS, RISKNESS, FUTURITY, DEFENSIVENESS

c. Dependent Variable: FIRMPERFORMANCE

Table: B2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	580.027	2	290.014	116.389	.000[b]
	Residual	904.507	363	2.492		
	Total	1484.534	365			
2	Regression	749.897	9	83.322	40.377	.000[c]
	Residual	734.637	356	2.064		
	Total	1484.534	365			

a. Dependent Variable: FIRMPERFORMANCE

b. Predictors: (Constant), Size of Firm, Age of Firm

c. Predictors: (Constant), Size of Firm, Age of Firm, TM Status, AGRESSIVENESS, ANALYSIS, PROACTIVENESS, RISKNESS, FUTURITY, DEFENSIVENESS

Table: B3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.024	.330		6.134	.000	1.375	2.672		
	Age of Firm	.935	.114	.426	8.177	.000	.710	1.160	.619	1.616
	Size of Firm	.938	.184	.265	5.084	.000	.575	1.300	.619	1.616
2	(Constant)	-.811	.819		-.990	.323	-2.423	.800		
	Age of Firm	.569	.117	.259	4.872	.000	.339	.799	.492	2.034
	Size of Firm	.632	.175	.178	3.618	.000	.288	.975	.572	1.750
	FUTURITY	-.111	.248	-.028	-.449	.653	-.599	.376	.367	2.724
	PROACTIVENESS	.194	.205	.052	.944	.346	-.210	.597	.459	2.179
	RISKNESS	.041	.214	.011	.190	.849	-.381	.463	.418	2.394
	AGRESSIVENESS	-.492	.138	-.152	-3.556	.000	-.764	-.220	.760	1.316
	ANALYSIS	.596	.241	.153	2.473	.014	.122	1.069	.364	2.748
	DEFENSIVENESS	.829	.218	.240	3.799	.000	.400	1.258	.348	2.871
	TM Status	.141	.154	.035	.912	.362	-.163	.445	.968	1.033

a. Dependent Variable: FIRMPERFORMANCE

Appendix 5: REGRESSION RESULTS FOR INTERACTIONS

Table: A1

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.624[a]	.390	.386	1.58417	.390	117.171	2	367	.000	1.909

Table: A2

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	588.103	2	294.051	117.171	.000[b]
	Residual	921.016	367	2.510		
	Total	1509.119	369			

Table: A3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	6.754	.082		82.010	.000					
	Zscore(CONTROLAGE_CENTRED)	.928	.100	.459	9.238	.000	.593	.434	.377	.674	1.483
	Zscore(CONTROLSIZE_CENTRED)	.477	.100	.236	4.749	.000	.498	.241	.194	.674	1.483

Table : B1

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.621[a]	.385	.382	1.58571	.385	113.699	2	363	.000	
2	.708[b]	.501	.488	1.44261	.116	11.798	7	356	.000	1.811

Table : B2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	571.783	2	285.891	113.699	.000[b]
	Residual	912.751	363	2.514		
	Total	1484.534	365			
2	Regression	743.655	9	82.628	39.704	.000[c]
	Residual	740.879	356	2.081		
	Total	1484.534	365			

Table: B3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	6.760	.083		81.562	.000					
	Zscore(CONTROLAGE_CENTRED)	.916	.101	.454	9.053	.000	.589	.429	.373	.674	1.485
	Zscore(CONTROLSIZE_CENTRED)	.477	.101	.237	4.726	.000	.496	.241	.194	.674	1.485
2	(Constant)	6.760	.075		89.636	.000					
	Zscore(CONTROLAGE_CENTRED)	.564	.105	.279	5.361	.000	.589	.273	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.302	.095	.150	3.170	.002	.496	.166	.119	.627	1.595
	Zscore(FUTURITY_CENTERED)	-.038	.124	-.019	-.309	.758	.435	-.016	-.012	.368	2.718
	Zscore(PROACTIVENESS_CENTRED)	.109	.111	.054	.985	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.034	.117	.017	.288	.774	.401	.015	.011	.414	2.414
	Zscore(AGRESSIVENESS_CENTRED)	-.300	.086	-.149	-3.474	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.298	.125	.148	2.375	.018	.494	.125	.089	.362	2.766
	Zscore(DEFENSIVENESS_CENTRED)	.480	.128	.238	3.747	.000	.590	.195	.140	.347	2.879
	Zscore(STATUS_CENTRED)	.065	.077	.032	.836	.404	.098	.044	.031	.956	1.046

Table C1

Model Summary[d]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.621[a]	.385	.382	1.58571	.385	113.699	2	363	.000	
2	.708[b]	.501	.488	1.44261	.116	11.798	7	356	.000	
3	.709[c]	.502	.488	1.44310	.001	.756	1	355	.385	1.814

Table: C2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	571.783	2	285.891	113.699	.000[b]
	Residual	912.751	363	2.514		
	Total	1484.534	365			
2	Regression	743.655	9	82.628	39.704	.000[c]
	Residual	740.879	356	2.081		
	Total	1484.534	365			
3	Regression	745.230	10	74.523	35.785	.000[d]
	Residual	739.304	355	2.083		
	Total	1484.534	365			

Table: C3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	6.760	.083		81.562	.000					
	Zscore(CONTROLAGE_CENTRED)	.916	.101	.454	9.053	.000	.589	.429	.373	.674	1.485
	Zscore(CONTROLSIZE_CENTRED)	.477	.101	.237	4.726	.000	.496	.241	.194	.674	1.485
2	(Constant)	6.760	.075		89.636	.000					
	Zscore(CONTROLAGE_CENTRED)	.564	.105	.279	5.361	.000	.589	.273	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.302	.095	.150	3.170	.002	.496	.166	.119	.627	1.595
	Zscore(FUTURITY_CENTERED)	-.038	.124	-.019	-.309	.758	.435	-.016	-.012	.368	2.718
	Zscore(PROACTIVENESS_CENTRED)	.109	.111	.054	.985	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.034	.117	.017	.288	.774	.401	.015	.011	.414	2.414
	Zscore(AGRESSIVENESS_CENTRED)	-.300	.086	-.149	-3.474	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.298	.125	.148	2.375	.018	.494	.125	.089	.362	2.766
	Zscore(DEFENSIVENESS_CENTRED)	.480	.128	.238	3.747	.000	.590	.195	.140	.347	2.879
	Zscore(STATUS_CENTRED)	.065	.077	.032	.836	.404	.098	.044	.031	.956	1.046
3	(Constant)	6.760	.075		89.606	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.368	.000	.589	.274	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.076	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.030	.125	-.015	-.241	.810	.435	-.013	-.009	.366	2.734
	Zscore(PROACTIVENESS_CENTRED)	.110	.111	.055	.986	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.019	.118	.009	.157	.875	.401	.008	.006	.405	2.467
	Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.461	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.314	.127	.156	2.476	.014	.494	.130	.093	.354	2.826
	Zscore(DEFENSIVENESS_CENTRED)	.476	.128	.236	3.717	.000	.590	.194	.139	.347	2.882
	Zscore(STATUS_CENTRED)	.064	.077	.032	.825	.410	.098	.044	.031	.956	1.047
	Zscore(FUTURITY_STATUS_CENTRED)	.067	.077	.033	.870	.385	.031	.046	.033	.952	1.051

Table: D1

Model Summary[e]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.621[a]	.385	.382	1.58571	.385	113.699	2	363	.000	
2	.708[b]	.501	.488	1.44261	.116	11.798	7	356	.000	
3	.709[c]	.502	.488	1.44310	.001	.756	1	355	.385	
4	.709[d]	.502	.487	1.44510	.000	.018	1	354	.893	1.814

Table:D2

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	571.783	2	285.891	113.699	.000[b]
	Residual	912.751	363	2.514		
	Total	1484.534	365			
2	Regression	743.655	9	82.628	39.704	.000[c]
	Residual	740.879	356	2.081		
	Total	1484.534	365			
3	Regression	745.230	10	74.523	35.785	.000[d]
	Residual	739.304	355	2.083		
	Total	1484.534	365			
4	Regression	745.268	11	67.752	32.443	.000[e]
	Residual	739.266	354	2.088		
	Total	1484.534	365			

Table:D3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	6.760	.083		81.562	.000					
	Zscore(CONTROLAGE_CENTRED)	.916	.101	.454	9.053	.000	.589	.429	.373	.674	1.485
	Zscore(CONTROLSIZE_CENTRED)	.477	.101	.237	4.726	.000	.496	.241	.194	.674	1.485
2	(Constant)	6.760	.075		89.636	.000					
	Zscore(CONTROLAGE_CENTRED)	.564	.105	.279	5.361	.000	.589	.273	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.302	.095	.150	3.170	.002	.496	.166	.119	.627	1.595
	Zscore(FUTURITY_CENTERED)	-.038	.124	-.019	-.309	.758	.435	-.016	-.012	.368	2.718
	Zscore(PROACTIVENESS_CENTRED)	.109	.111	.054	.985	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.034	.117	.017	.288	.774	.401	.015	.011	.414	2.414
	Zscore(AGRESSIVENESS_CENTRED)	-.300	.086	-.149	-3.474	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.298	.125	.148	2.375	.018	.494	.125	.089	.362	2.766
	Zscore(DEFENSIVENESS_CENTRED)	.480	.128	.238	3.747	.000	.590	.195	.140	.347	2.879
	Zscore(STATUS_CENTRED)	.065	.077	.032	.836	.404	.098	.044	.031	.956	1.046
3	(Constant)	6.760	.075		89.606	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.368	.000	.589	.274	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.076	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.030	.125	-.015	-.241	.810	.435	-.013	-.009	.366	2.734
	Zscore(PROACTIVENESS_CENTRED)	.110	.111	.055	.986	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.019	.118	.009	.157	.875	.401	.008	.006	.405	2.467
	Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.461	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.314	.127	.156	2.476	.014	.494	.130	.093	.354	2.826
	Zscore(DEFENSIVENESS_CENTRED)	.476	.128	.236	3.717	.000	.590	.194	.139	.347	2.882
	Zscore(STATUS_CENTRED)	.064	.077	.032	.825	.410	.098	.044	.031	.956	1.047
	Zscore(FUTURITY_STATUS_CENTRED)	.067	.077	.033	.870	.385	.031	.046	.033	.952	1.051
4	(Constant)	6.760	.076		89.482	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.362	.000	.589	.274	.201	.516	1.940
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.072	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.031	.125	-.015	-.244	.807	.435	-.013	-.009	.366	2.736
	Zscore(PROACTIVENESS_CENTRED)	.109	.112	.054	.973	.331	.417	.052	.036	.457	2.190
	Zscore(RISKINESS_CENTRED)	.020	.119	.010	.166	.868	.401	.009	.006	.403	2.479
	Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.454	.001	-.162	-.181	-.130	.760	1.316
	Zscore(ANALYSIS_CENTRED)	.315	.127	.156	2.476	.014	.494	.130	.093	.352	2.838

Zscore(DEFENSIVENESS_CENTRED)	.475	.129	.236	3.700	.000	.590	.193	.139	.346	2.890
Zscore(STATUS_CENTRED)	.064	.078	.032	.828	.408	.098	.044	.031	.954	1.048
Zscore(FUTURITY_STATUS_CENTRED)	.058	.106	.029	.544	.587	.031	.029	.020	.510	1.961
Zscore(PROACTIVE_STATUS_CENTRED)	.014	.105	.007	.134	.893	.022	.007	.005	.521	1.920

Table: E1

Model Summary[f]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.621[a]	.385	.382	1.58571	.385	113.699	2	363	.000	
2	.708[b]	.501	.488	1.44261	.116	11.798	7	356	.000	
3	.709[c]	.502	.488	1.44310	.001	.756	1	355	.385	
4	.709[d]	.502	.487	1.44510	.000	.018	1	354	.893	
5	.712[e]	.507	.490	1.44047	.005	3.279	1	353	.071	1.811

Table:E2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	571.783	2	285.891	113.699	.000[b]
	Residual	912.751	363	2.514		
	Total	1484.534	365			
2	Regression	743.655	9	82.628	39.704	.000[c]
	Residual	740.879	356	2.081		
	Total	1484.534	365			
3	Regression	745.230	10	74.523	35.785	.000[d]
	Residual	739.304	355	2.083		
	Total	1484.534	365			
4	Regression	745.268	11	67.752	32.443	.000[e]
	Residual	739.266	354	2.088		
	Total	1484.534	365			
5	Regression	752.071	12	62.673	30.204	.000[f]
	Residual	732.463	353	2.075		
	Total	1484.534	365			

Table: E3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	6.760	.083		81.562	.000					
	Zscore(CONTROLAGE_CENTRED)	.916	.101	.454	9.053	.000	.589	.429	.373	.674	1.485
	Zscore(CONTROLSIZE_CENTRED)	.477	.101	.237	4.726	.000	.496	.241	.194	.674	1.485
2	(Constant)	6.760	.075		89.636	.000					
	Zscore(CONTROLAGE_CENTRED)	.564	.105	.279	5.361	.000	.589	.273	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.302	.095	.150	3.170	.002	.496	.166	.119	.627	1.595
	Zscore(FUTURITY_CENTERED)	-.038	.124	-.019	-.309	.758	.435	-.016	-.012	.368	2.718
	Zscore(PROACTIVENESS_CENTRED)	.109	.111	.054	.985	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.034	.117	.017	.288	.774	.401	.015	.011	.414	2.414
	Zscore(AGRESSIVENESS_CENTRED)	-.300	.086	-.149	-3.474	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.298	.125	.148	2.375	.018	.494	.125	.089	.362	2.766
	Zscore(DEFENSIVENESS_CENTRED)	.480	.128	.238	3.747	.000	.590	.195	.140	.347	2.879
	Zscore(STATUS_CENTRED)	.065	.077	.032	.836	.404	.098	.044	.031	.956	1.046
3	(Constant)	6.760	.075		89.606	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.368	.000	.589	.274	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.076	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.030	.125	-.015	-.241	.810	.435	-.013	-.009	.366	2.734
	Zscore(PROACTIVENESS_CENTRED)	.110	.111	.055	.986	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.019	.118	.009	.157	.875	.401	.008	.006	.405	2.467
	Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.461	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.314	.127	.156	2.476	.014	.494	.130	.093	.354	2.826
	Zscore(DEFENSIVENESS_CENTRED)	.476	.128	.236	3.717	.000	.590	.194	.139	.347	2.882
	Zscore(STATUS_CENTRED)	.064	.077	.032	.825	.410	.098	.044	.031	.956	1.047
	Zscore(FUTURITY_STATUS_CENTRED)	.067	.077	.033	.870	.385	.031	.046	.033	.952	1.051
4	(Constant)	6.760	.076		89.482	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.362	.000	.589	.274	.201	.516	1.940
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.072	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.031	.125	-.015	-.244	.807	.435	-.013	-.009	.366	2.736
	Zscore(PROACTIVENESS_CENTRED)	.109	.112	.054	.973	.331	.417	.052	.036	.457	2.190
	Zscore(RISKINESS_CENTRED)	.020	.119	.010	.166	.868	.401	.009	.006	.403	2.479
	Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.454	.001	-.162	-.181	-.130	.760	1.316
	Zscore(ANALYSIS_CENTRED)	.315	.127	.156	2.476	.014	.494	.130	.093	.352	2.838
	Zscore(DEFENSIVENESS_CENTRED)	.475	.129	.236	3.700	.000	.590	.193	.139	.346	2.890

	Zscore(STATUS_CENTRED)	.064	.078	.032	.828	.408	.098	.044	.031	.954	1.048
	Zscore(FUTURITY_STATUS_CENTRED)	.058	.106	.029	.544	.587	.031	.029	.020	.510	1.961
	Zscore(PROACTIVE_STATUS_CENTRED)	.014	.105	.007	.134	.893	.022	.007	.005	.521	1.920
	(Constant)	6.760	.075		89.772	.000					
	Zscore(CONTROLAGE_CENTRED)	.561	.105	.278	5.331	.000	.589	.273	.199	.515	1.941
	Zscore(CONTROLSIZE_CENTRED)	.271	.096	.135	2.816	.005	.496	.148	.105	.611	1.637
	Zscore(FUTURITY_CENTERED)	-.002	.125	-.001	-.014	.989	.435	-.001	-.001	.360	2.780
	Zscore(PROACTIVENESS_CENTRED)	.091	.112	.045	.813	.417	.417	.043	.030	.453	2.207
	Zscore(RISKINESS_CENTRED)	.024	.118	.012	.205	.837	.401	.011	.008	.403	2.481
5	Zscore(AGRESSIVENESS_CENTRED)	-.308	.087	-.153	-3.564	.000	-.162	-.186	-.133	.757	1.320
	Zscore(ANALYSIS_CENTRED)	.332	.127	.165	2.607	.010	.494	.137	.097	.351	2.853
	Zscore(DEFENSIVENESS_CENTRED)	.474	.128	.235	3.698	.000	.590	.193	.138	.346	2.890
	Zscore(STATUS_CENTRED)	.077	.078	.038	.987	.324	.098	.052	.037	.947	1.056
	Zscore(FUTURITY_STATUS_CENTRED)	.140	.115	.069	1.215	.225	.031	.065	.045	.431	2.321
	Zscore(PROACTIVE_STATUS_CENTRED)	.081	.111	.040	.729	.467	.022	.039	.027	.463	2.159
	Zscore(RISKNESS_STATUS_CENTRED)	-.192	.106	-.096	-1.811	.071	-.014	-.096	-.068	.499	2.002

Table: F1

Model Summary[g]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.621[a]	.385	.382	1.58571	.385	113.699	2	363	.000	
2	.708[b]	.501	.488	1.44261	.116	11.798	7	356	.000	
3	.709[c]	.502	.488	1.44310	.001	.756	1	355	.385	
4	.709[d]	.502	.487	1.44510	.000	.018	1	354	.893	
5	.712[e]	.507	.490	1.44047	.005	3.279	1	353	.071	
6	.717[f]	.514	.496	1.43215	.007	5.116	1	352	.024	1.802

Table: F2

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	571.783	2	285.891	113.699	.000[b]
	Residual	912.751	363	2.514		
	Total	1484.534	365			
2	Regression	743.655	9	82.628	39.704	.000[c]
	Residual	740.879	356	2.081		
	Total	1484.534	365			
3	Regression	745.230	10	74.523	35.785	.000[d]
	Residual	739.304	355	2.083		
	Total	1484.534	365			
4	Regression	745.268	11	67.752	32.443	.000[e]
	Residual	739.266	354	2.088		
	Total	1484.534	365			
5	Regression	752.071	12	62.673	30.204	.000[f]
	Residual	732.463	353	2.075		
	Total	1484.534	365			
6	Regression	762.565	13	58.659	28.599	.000[g]
	Residual	721.969	352	2.051		
	Total	1484.534	365			

Table: F3

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	6.760	.083		81.562	.000					
Zscore(CONTROLAGE_CENTRED)	.916	.101	.454	9.053	.000	.589	.429	.373	.674	1.485
Zscore(CONTROLSIZE_CENTRED)	.477	.101	.237	4.726	.000	.496	.241	.194	.674	1.485
(Constant)	6.760	.075		89.636	.000					
Zscore(CONTROLAGE_CENTRED)	.564	.105	.279	5.361	.000	.589	.273	.201	.516	1.938
Zscore(CONTROLSIZE_CENTRED)	.302	.095	.150	3.170	.002	.496	.166	.119	.627	1.595
Zscore(FUTURITY_CENTERED)	-.038	.124	-.019	-.309	.758	.435	-.016	-.012	.368	2.718
Zscore(PROACTIVENESS_CENTRED)	.109	.111	.054	.985	.325	.417	.052	.037	.459	2.179
Zscore(RISKINESS_CENTRED)	.034	.117	.017	.288	.774	.401	.015	.011	.414	2.414
Zscore(AGRESSIVENESS_CENTRED)	-.300	.086	-.149	-3.474	.001	-.162	-.181	-.130	.760	1.315
Zscore(ANALYSIS_CENTRED)	.298	.125	.148	2.375	.018	.494	.125	.089	.362	2.766
Zscore(DEFENSIVENESS_CENTRED)	.480	.128	.238	3.747	.000	.590	.195	.140	.347	2.879
Zscore(STATUS_CENTRED)	.065	.077	.032	.836	.404	.098	.044	.031	.956	1.046
(Constant)	6.760	.075		89.606	.000					
Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.368	.000	.589	.274	.201	.516	1.938
Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.076	.002	.496	.161	.115	.622	1.608
Zscore(FUTURITY_CENTERED)	-.030	.125	-.015	-.241	.810	.435	-.013	-.009	.366	2.734
Zscore(PROACTIVENESS_CENTRED)	.110	.111	.055	.986	.325	.417	.052	.037	.459	2.179
Zscore(RISKINESS_CENTRED)	.019	.118	.009	.157	.875	.401	.008	.006	.405	2.467
Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.461	.001	-.162	-.181	-.130	.760	1.315
Zscore(ANALYSIS_CENTRED)	.314	.127	.156	2.476	.014	.494	.130	.093	.354	2.826
Zscore(DEFENSIVENESS_CENTRED)	.476	.128	.236	3.717	.000	.590	.194	.139	.347	2.882
Zscore(STATUS_CENTRED)	.064	.077	.032	.825	.410	.098	.044	.031	.956	1.047
Zscore(FUTURITY_STATUS_CENTRED)	.067	.077	.033	.870	.385	.031	.046	.033	.952	1.051
(Constant)	6.760	.076		89.482	.000					
Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.362	.000	.589	.274	.201	.516	1.940
Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.072	.002	.496	.161	.115	.622	1.608
Zscore(FUTURITY_CENTERED)	-.031	.125	-.015	-.244	.807	.435	-.013	-.009	.366	2.736
Zscore(PROACTIVENESS_CENTRED)	.109	.112	.054	.973	.331	.417	.052	.036	.457	2.190
Zscore(RISKINESS_CENTRED)	.020	.119	.010	.166	.868	.401	.009	.006	.403	2.479

Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.454	.001	-.162	-.181	-.130	.760	1.316
Zscore(ANALYSIS_CENTRED)	.315	.127	.156	2.476	.014	.494	.130	.093	.352	2.838
Zscore(DEFENSIVENESS_CENTRED)	.475	.129	.236	3.700	.000	.590	.193	.139	.346	2.890
Zscore(STATUS_CENTRED)	.064	.078	.032	.828	.408	.098	.044	.031	.954	1.048
Zscore(FUTURITY_STATUS_CENTRED)	.058	.106	.029	.544	.587	.031	.029	.020	.510	1.961
Zscore(PROACTIVE_STATUS_CENTRED)	.014	.105	.007	.134	.893	.022	.007	.005	.521	1.920
(Constant)	6.760	.075		89.772	.000					
Zscore(CONTROLAGE_CENTRED)	.561	.105	.278	5.331	.000	.589	.273	.199	.515	1.941
Zscore(CONTROLSIZE_CENTRED)	.271	.096	.135	2.816	.005	.496	.148	.105	.611	1.637
Zscore(FUTURITY_CENTERED)	-.002	.125	-.001	-.014	.989	.435	-.001	-.001	.360	2.780
Zscore(PROACTIVENESS_CENTRED)	.091	.112	.045	.813	.417	.417	.043	.030	.453	2.207
Zscore(RISKINESS_CENTRED)	.024	.118	.012	.205	.837	.401	.011	.008	.403	2.481
Zscore(AGRESSIVENESS_CENTRED)	-.308	.087	-.153	-3.564	.000	-.162	-.186	-.133	.757	1.320
Zscore(ANALYSIS_CENTRED)	.332	.127	.165	2.607	.010	.494	.137	.097	.351	2.853
Zscore(DEFENSIVENESS_CENTRED)	.474	.128	.235	3.698	.000	.590	.193	.138	.346	2.890
Zscore(STATUS_CENTRED)	.077	.078	.038	.987	.324	.098	.052	.037	.947	1.056
Zscore(FUTURITY_STATUS_CENTRED)	.140	.115	.069	1.215	.225	.031	.065	.045	.431	2.321
Zscore(PROACTIVE_STATUS_CENTRED)	.081	.111	.040	.729	.467	.022	.039	.027	.463	2.159
Zscore(RISKNESS_STATUS_CENTRED)	-.192	.106	-.096	-1.811	.071	-.014	-.096	-.068	.499	2.002
(Constant)	6.759	.075		90.285	.000					
Zscore(CONTROLAGE_CENTRED)	.554	.105	.275	5.302	.000	.589	.272	.197	.515	1.942
Zscore(CONTROLSIZE_CENTRED)	.269	.096	.134	2.810	.005	.496	.148	.104	.611	1.637
Zscore(FUTURITY_CENTERED)	-.012	.125	-.006	-.099	.921	.435	-.005	-.004	.359	2.784
Zscore(PROACTIVENESS_CENTRED)	.085	.111	.042	.768	.443	.417	.041	.029	.453	2.208
Zscore(RISKINESS_CENTRED)	.022	.118	.011	.187	.852	.401	.010	.007	.403	2.481
Zscore(AGRESSIVENESS_CENTRED)	-.294	.086	-.146	-3.407	.001	-.162	-.179	-.127	.753	1.327
Zscore(ANALYSIS_CENTRED)	.350	.127	.174	2.760	.006	.494	.146	.103	.349	2.864
Zscore(DEFENSIVENESS_CENTRED)	.485	.127	.240	3.802	.000	.590	.199	.141	.346	2.894
Zscore(STATUS_CENTRED)	.068	.077	.033	.876	.382	.098	.047	.033	.944	1.059
Zscore(FUTURITY_STATUS_CENTRED)	.145	.114	.072	1.267	.206	.031	.067	.047	.431	2.322
Zscore(PROACTIVE_STATUS_CENTRED)	.058	.110	.029	.524	.601	.022	.028	.019	.459	2.177
Zscore(RISKNESS_STATUS_CENTRED)	-.229	.107	-.114	-2.138	.033	-.014	-.113	-.079	.488	2.048
Zscore(AGRESSIVENESS_STATUS_CENTRED)	.179	.079	.089	2.262	.024	.082	.120	.084	.900	1.111

Table: G1

Model Summary[h]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.621[a]	.385	.382	1.58571	.385	113.699	2	363	.000	
2	.708[b]	.501	.488	1.44261	.116	11.798	7	356	.000	
3	.709[c]	.502	.488	1.44310	.001	.756	1	355	.385	
4	.709[d]	.502	.487	1.44510	.000	.018	1	354	.893	
5	.712[e]	.507	.490	1.44047	.005	3.279	1	353	.071	
6	.717[f]	.514	.496	1.43215	.007	5.116	1	352	.024	
7	.717[g]	.515	.495	1.43257	.001	.791	1	351	.375	1.801

Table: G2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	571.783	2	285.891	113.699	.000[b]
	Residual	912.751	363	2.514		
	Total	1484.534	365			
2	Regression	743.655	9	82.628	39.704	.000[c]
	Residual	740.879	356	2.081		
	Total	1484.534	365			
3	Regression	745.230	10	74.523	35.785	.000[d]
	Residual	739.304	355	2.083		
	Total	1484.534	365			
4	Regression	745.268	11	67.752	32.443	.000[e]
	Residual	739.266	354	2.088		
	Total	1484.534	365			
5	Regression	752.071	12	62.673	30.204	.000[f]
	Residual	732.463	353	2.075		
	Total	1484.534	365			
6	Regression	762.565	13	58.659	28.599	.000[g]
	Residual	721.969	352	2.051		
	Total	1484.534	365			
7	Regression	764.187	14	54.585	26.597	.000[h]
	Residual	720.346	351	2.052		
	Total	1484.534	365			

Table: G3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	6.760	.083		81.562	.000					
	Zscore(CONTROLAGE_CENTRED)	.916	.101	.454	9.053	.000	.589	.429	.373	.674	1.485
	Zscore(CONTROLSIZE_CENTRED)	.477	.101	.237	4.726	.000	.496	.241	.194	.674	1.485
2	(Constant)	6.760	.075		89.636	.000					
	Zscore(CONTROLAGE_CENTRED)	.564	.105	.279	5.361	.000	.589	.273	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.302	.095	.150	3.170	.002	.496	.166	.119	.627	1.595
	Zscore(FUTURITY_CENTERED)	-.038	.124	-.019	-.309	.758	.435	-.016	-.012	.368	2.718
	Zscore(PROACTIVENESS_CENTRED)	.109	.111	.054	.985	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.034	.117	.017	.288	.774	.401	.015	.011	.414	2.414
	Zscore(AGRESSIVENESS_CENTRED)	-.300	.086	-.149	-3.474	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.298	.125	.148	2.375	.018	.494	.125	.089	.362	2.766
	Zscore(DEFENSIVENESS_CENTRED)	.480	.128	.238	3.747	.000	.590	.195	.140	.347	2.879
	Zscore(STATUS_CENTRED)	.065	.077	.032	.836	.404	.098	.044	.031	.956	1.046
3	(Constant)	6.760	.075		89.606	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.368	.000	.589	.274	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.076	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.030	.125	-.015	-.241	.810	.435	-.013	-.009	.366	2.734
	Zscore(PROACTIVENESS_CENTRED)	.110	.111	.055	.986	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.019	.118	.009	.157	.875	.401	.008	.006	.405	2.467
	Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.461	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.314	.127	.156	2.476	.014	.494	.130	.093	.354	2.826
	Zscore(DEFENSIVENESS_CENTRED)	.476	.128	.236	3.717	.000	.590	.194	.139	.347	2.882
	Zscore(STATUS_CENTRED)	.064	.077	.032	.825	.410	.098	.044	.031	.956	1.047
	Zscore(FUTURITY_STATUS_CENTRED)	.067	.077	.033	.870	.385	.031	.046	.033	.952	1.051
4	(Constant)	6.760	.076		89.482	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.362	.000	.589	.274	.201	.516	1.940
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.072	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.031	.125	-.015	-.244	.807	.435	-.013	-.009	.366	2.736

Zscore(PROACTIVENESS_CENTRED)	.109	.112	.054	.973	.331	.417	.052	.036	.457	2.190
Zscore(RISKINESS_CENTRED)	.020	.119	.010	.166	.868	.401	.009	.006	.403	2.479
Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.454	.001	-.162	-.181	-.130	.760	1.316
Zscore(ANALYSIS_CENTRED)	.315	.127	.156	2.476	.014	.494	.130	.093	.352	2.838
Zscore(DEFENSIVENESS_CENTRED)	.475	.129	.236	3.700	.000	.590	.193	.139	.346	2.890
Zscore(STATUS_CENTRED)	.064	.078	.032	.828	.408	.098	.044	.031	.954	1.048
Zscore(FUTURITY_STATUS_CENTRED)	.058	.106	.029	.544	.587	.031	.029	.020	.510	1.961
Zscore(PROACTIVE_STATUS_CENTRED)	.014	.105	.007	.134	.893	.022	.007	.005	.521	1.920
(Constant)	6.760	.075		89.772	.000					
Zscore(CONTROLAGE_CENTRED)	.561	.105	.278	5.331	.000	.589	.273	.199	.515	1.941
Zscore(CONTROLSIZE_CENTRED)	.271	.096	.135	2.816	.005	.496	.148	.105	.611	1.637
Zscore(FUTURITY_CENTERED)	-.002	.125	-.001	-.014	.989	.435	-.001	-.001	.360	2.780
Zscore(PROACTIVENESS_CENTRED)	.091	.112	.045	.813	.417	.417	.043	.030	.453	2.207
Zscore(RISKINESS_CENTRED)	.024	.118	.012	.205	.837	.401	.011	.008	.403	2.481
Zscore(AGRESSIVENESS_CENTRED)	-.308	.087	-.153	-3.564	.000	-.162	-.186	-.133	.757	1.320
Zscore(ANALYSIS_CENTRED)	.332	.127	.165	2.607	.010	.494	.137	.097	.351	2.853
Zscore(DEFENSIVENESS_CENTRED)	.474	.128	.235	3.698	.000	.590	.193	.138	.346	2.890
Zscore(STATUS_CENTRED)	.077	.078	.038	.987	.324	.098	.052	.037	.947	1.056
Zscore(FUTURITY_STATUS_CENTRED)	.140	.115	.069	1.215	.225	.031	.065	.045	.431	2.321
Zscore(PROACTIVE_STATUS_CENTRED)	.081	.111	.040	.729	.467	.022	.039	.027	.463	2.159
Zscore(RISKNESS_STATUS_CENTRED)	-.192	.106	-.096	-1.811	.071	-.014	-.096	-.068	.499	2.002
(Constant)	6.759	.075		90.285	.000					
Zscore(CONTROLAGE_CENTRED)	.554	.105	.275	5.302	.000	.589	.272	.197	.515	1.942
Zscore(CONTROLSIZE_CENTRED)	.269	.096	.134	2.810	.005	.496	.148	.104	.611	1.637
Zscore(FUTURITY_CENTERED)	-.012	.125	-.006	-.099	.921	.435	-.005	-.004	.359	2.784
Zscore(PROACTIVENESS_CENTRED)	.085	.111	.042	.768	.443	.417	.041	.029	.453	2.208
Zscore(RISKINESS_CENTRED)	.022	.118	.011	.187	.852	.401	.010	.007	.403	2.481
Zscore(AGRESSIVENESS_CENTRED)	-.294	.086	-.146	-3.407	.001	-.162	-.179	-.127	.753	1.327
Zscore(ANALYSIS_CENTRED)	.350	.127	.174	2.760	.006	.494	.146	.103	.349	2.864
Zscore(DEFENSIVENESS_CENTRED)	.485	.127	.240	3.802	.000	.590	.199	.141	.346	2.894
Zscore(STATUS_CENTRED)	.068	.077	.033	.876	.382	.098	.047	.033	.944	1.059
Zscore(FUTURITY_STATUS_CENTRED)	.145	.114	.072	1.267	.206	.031	.067	.047	.431	2.322
Zscore(PROACTIVE_STATUS_CENTRED)	.058	.110	.029	.524	.601	.022	.028	.019	.459	2.177

Zscore(RISKNESS_STATUS_CENTRED)	-.229	.107	-.114	-2.138	.033	-.014	-.113	-.079	.488	2.048
Zscore(AGRESSIVENESS_STATUS_CENTRED)	.179	.079	.089	2.262	.024	.082	.120	.084	.900	1.111
(Constant)	6.759	.075		90.240	.000					
Zscore(CONTROLAGE_CENTRED)	.553	.105	.274	5.285	.000	.589	.272	.197	.515	1.943
Zscore(CONTROLSIZE_CENTRED)	.271	.096	.135	2.833	.005	.496	.150	.105	.611	1.638
Zscore(FUTURITY_CENTERED)	-.007	.125	-.003	-.055	.956	.435	-.003	-.002	.358	2.791
Zscore(PROACTIVENESS_CENTRED)	.089	.111	.044	.801	.423	.417	.043	.030	.452	2.212
Zscore(RISKINESS_CENTRED)	.016	.118	.008	.140	.889	.401	.007	.005	.402	2.488
Zscore(AGRESSIVENESS_CENTRED)	-.287	.087	-.142	-3.305	.001	-.162	-.174	-.123	.746	1.340
Zscore(ANALYSIS_CENTRED)	.342	.127	.170	2.697	.007	.494	.142	.100	.348	2.876
Zscore(DEFENSIVENESS_CENTRED)	.495	.128	.245	3.864	.000	.590	.202	.144	.343	2.917
Zscore(STATUS_CENTRED)	.071	.077	.035	.918	.359	.098	.049	.034	.942	1.061
Zscore(FUTURITY_STATUS_CENTRED)	.104	.123	.052	.848	.397	.031	.045	.032	.372	2.690
Zscore(PROACTIVE_STATUS_CENTRED)	.037	.113	.018	.324	.746	.022	.017	.012	.439	2.279
Zscore(RISKNESS_STATUS_CENTRED)	-.259	.112	-.129	-2.306	.022	-.014	-.122	-.086	.444	2.252
Zscore(AGRESSIVENESS_STATUS_CENTRED)	.183	.079	.091	2.309	.022	.082	.122	.086	.897	1.114
Zscore(ANALYSIS_STATUS_CENTRED)	.105	.118	.052	.889	.375	-.004	.047	.033	.405	2.470

Table: H1

Model Summary[i]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.621[a]	.385	.382	1.58571	.385	113.699	2	363	.000	
2	.708[b]	.501	.488	1.44261	.116	11.798	7	356	.000	
3	.709[c]	.502	.488	1.44310	.001	.756	1	355	.385	
4	.709[d]	.502	.487	1.44510	.000	.018	1	354	.893	
5	.712[e]	.507	.490	1.44047	.005	3.279	1	353	.071	
6	.717[f]	.514	.496	1.43215	.007	5.116	1	352	.024	
7	.717[g]	.515	.495	1.43257	.001	.791	1	351	.375	
8	.732[h]	.535	.515	1.40408	.020	15.392	1	350	.000	1.782

Table:H2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	571.783	2	285.891	113.699	.000[b]
	Residual	912.751	363	2.514		
	Total	1484.534	365			
2	Regression	743.655	9	82.628	39.704	.000[c]
	Residual	740.879	356	2.081		
	Total	1484.534	365			
3	Regression	745.230	10	74.523	35.785	.000[d]
	Residual	739.304	355	2.083		
	Total	1484.534	365			
4	Regression	745.268	11	67.752	32.443	.000[e]
	Residual	739.266	354	2.088		
	Total	1484.534	365			
5	Regression	752.071	12	62.673	30.204	.000[f]
	Residual	732.463	353	2.075		
	Total	1484.534	365			
6	Regression	762.565	13	58.659	28.599	.000[g]
	Residual	721.969	352	2.051		
	Total	1484.534	365			
7	Regression	764.187	14	54.585	26.597	.000[h]
	Residual	720.346	351	2.052		
	Total	1484.534	365			

	Regression	794.532	15	52.969	26.868	.000[i]
8	Residual	690.002	350	1.971		
	Total	1484.534	365			

Table:H3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	6.760	.083		81.562	.000					
	Zscore(CONTROLAGE_CENTRED)	.916	.101	.454	9.053	.000	.589	.429	.373	.674	1.485
	Zscore(CONTROLSIZE_CENTRED)	.477	.101	.237	4.726	.000	.496	.241	.194	.674	1.485
2	(Constant)	6.760	.075		89.636	.000					
	Zscore(CONTROLAGE_CENTRED)	.564	.105	.279	5.361	.000	.589	.273	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.302	.095	.150	3.170	.002	.496	.166	.119	.627	1.595
	Zscore(FUTURITY_CENTERED)	-.038	.124	-.019	-.309	.758	.435	-.016	-.012	.368	2.718
	Zscore(PROACTIVENESS_CENTRED)	.109	.111	.054	.985	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.034	.117	.017	.288	.774	.401	.015	.011	.414	2.414
	Zscore(AGRESSIVENESS_CENTRED)	-.300	.086	-.149	-3.474	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.298	.125	.148	2.375	.018	.494	.125	.089	.362	2.766
	Zscore(DEFENSIVENESS_CENTRED)	.480	.128	.238	3.747	.000	.590	.195	.140	.347	2.879
	Zscore(STATUS_CENTRED)	.065	.077	.032	.836	.404	.098	.044	.031	.956	1.046
3	(Constant)	6.760	.075		89.606	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.368	.000	.589	.274	.201	.516	1.938
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.076	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.030	.125	-.015	-.241	.810	.435	-.013	-.009	.366	2.734
	Zscore(PROACTIVENESS_CENTRED)	.110	.111	.055	.986	.325	.417	.052	.037	.459	2.179
	Zscore(RISKINESS_CENTRED)	.019	.118	.009	.157	.875	.401	.008	.006	.405	2.467
	Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.461	.001	-.162	-.181	-.130	.760	1.315
	Zscore(ANALYSIS_CENTRED)	.314	.127	.156	2.476	.014	.494	.130	.093	.354	2.826
	Zscore(DEFENSIVENESS_CENTRED)	.476	.128	.236	3.717	.000	.590	.194	.139	.347	2.882
	Zscore(STATUS_CENTRED)	.064	.077	.032	.825	.410	.098	.044	.031	.956	1.047

	Zscore(FUTURITY_STATUS_CENTRED)	.067	.077	.033	.870	.385	.031	.046	.033	.952	1.051
	(Constant)	6.760	.076		89.482	.000					
	Zscore(CONTROLAGE_CENTRED)	.565	.105	.280	5.362	.000	.589	.274	.201	.516	1.940
	Zscore(CONTROLSIZE_CENTRED)	.294	.096	.146	3.072	.002	.496	.161	.115	.622	1.608
	Zscore(FUTURITY_CENTERED)	-.031	.125	-.015	-.244	.807	.435	-.013	-.009	.366	2.736
	Zscore(PROACTIVENESS_CENTRED)	.109	.112	.054	.973	.331	.417	.052	.036	.457	2.190
4	Zscore(RISKINESS_CENTRED)	.020	.119	.010	.166	.868	.401	.009	.006	.403	2.479
	Zscore(AGRESSIVENESS_CENTRED)	-.299	.087	-.149	-3.454	.001	-.162	-.181	-.130	.760	1.316
	Zscore(ANALYSIS_CENTRED)	.315	.127	.156	2.476	.014	.494	.130	.093	.352	2.838
	Zscore(DEFENSIVENESS_CENTRED)	.475	.129	.236	3.700	.000	.590	.193	.139	.346	2.890
	Zscore(STATUS_CENTRED)	.064	.078	.032	.828	.408	.098	.044	.031	.954	1.048
	Zscore(FUTURITY_STATUS_CENTRED)	.058	.106	.029	.544	.587	.031	.029	.020	.510	1.961
	Zscore(PROACTIVE_STATUS_CENTRED)	.014	.105	.007	.134	.893	.022	.007	.005	.521	1.920
	(Constant)	6.760	.075		89.772	.000					
	Zscore(CONTROLAGE_CENTRED)	.561	.105	.278	5.331	.000	.589	.273	.199	.515	1.941
	Zscore(CONTROLSIZE_CENTRED)	.271	.096	.135	2.816	.005	.496	.148	.105	.611	1.637
	Zscore(FUTURITY_CENTERED)	-.002	.125	-.001	-.014	.989	.435	-.001	-.001	.360	2.780
	Zscore(PROACTIVENESS_CENTRED)	.091	.112	.045	.813	.417	.417	.043	.030	.453	2.207
	Zscore(RISKINESS_CENTRED)	.024	.118	.012	.205	.837	.401	.011	.008	.403	2.481
5	Zscore(AGRESSIVENESS_CENTRED)	-.308	.087	-.153	-3.564	.000	-.162	-.186	-.133	.757	1.320
	Zscore(ANALYSIS_CENTRED)	.332	.127	.165	2.607	.010	.494	.137	.097	.351	2.853
	Zscore(DEFENSIVENESS_CENTRED)	.474	.128	.235	3.698	.000	.590	.193	.138	.346	2.890
	Zscore(STATUS_CENTRED)	.077	.078	.038	.987	.324	.098	.052	.037	.947	1.056
	Zscore(FUTURITY_STATUS_CENTRED)	.140	.115	.069	1.215	.225	.031	.065	.045	.431	2.321
	Zscore(PROACTIVE_STATUS_CENTRED)	.081	.111	.040	.729	.467	.022	.039	.027	.463	2.159
	Zscore(RISKNESS_STATUS_CENTRED)	-.192	.106	-.096	-1.811	.071	-.014	-.096	-.068	.499	2.002
	(Constant)	6.759	.075		90.285	.000					
	Zscore(CONTROLAGE_CENTRED)	.554	.105	.275	5.302	.000	.589	.272	.197	.515	1.942
	Zscore(CONTROLSIZE_CENTRED)	.269	.096	.134	2.810	.005	.496	.148	.104	.611	1.637
6	Zscore(FUTURITY_CENTERED)	-.012	.125	-.006	-.099	.921	.435	-.005	-.004	.359	2.784
	Zscore(PROACTIVENESS_CENTRED)	.085	.111	.042	.768	.443	.417	.041	.029	.453	2.208
	Zscore(RISKINESS_CENTRED)	.022	.118	.011	.187	.852	.401	.010	.007	.403	2.481
	Zscore(AGRESSIVENESS_CENTRED)	-.294	.086	-.146	-3.407	.001	-.162	-.179	-.127	.753	1.327

	Zscore(ANALYSIS_CENTRED)	.350	.127	.174	2.760	.006	.494	.146	.103	.349	2.864
	Zscore(DEFENSIVENESS_CENTRED)	.485	.127	.240	3.802	.000	.590	.199	.141	.346	2.894
	Zscore(STATUS_CENTRED)	.068	.077	.033	.876	.382	.098	.047	.033	.944	1.059
	Zscore(FUTURITY_STATUS_CENTRED)	.145	.114	.072	1.267	.206	.031	.067	.047	.431	2.322
	Zscore(PROACTIVE_STATUS_CENTRED)	.058	.110	.029	.524	.601	.022	.028	.019	.459	2.177
	Zscore(RISKNESS_STATUS_CENTRED)	-.229	.107	-.114	-2.138	.033	-.014	-.113	-.079	.488	2.048
	Zscore(AGRESSIVENESS_STATUS_CENTRED)	.179	.079	.089	2.262	.024	.082	.120	.084	.900	1.111
	(Constant)	6.759	.075		90.240	.000					
	Zscore(CONTROLAGE_CENTRED)	.553	.105	.274	5.285	.000	.589	.272	.197	.515	1.943
	Zscore(CONTROLSIZE_CENTRED)	.271	.096	.135	2.833	.005	.496	.150	.105	.611	1.638
	Zscore(FUTURITY_CENTERED)	-.007	.125	-.003	-.055	.956	.435	-.003	-.002	.358	2.791
	Zscore(PROACTIVENESS_CENTRED)	.089	.111	.044	.801	.423	.417	.043	.030	.452	2.212
	Zscore(RISKINESS_CENTRED)	.016	.118	.008	.140	.889	.401	.007	.005	.402	2.488
	Zscore(AGRESSIVENESS_CENTRED)	-.287	.087	-.142	-3.305	.001	-.162	-.174	-.123	.746	1.340
7	Zscore(ANALYSIS_CENTRED)	.342	.127	.170	2.697	.007	.494	.142	.100	.348	2.876
	Zscore(DEFENSIVENESS_CENTRED)	.495	.128	.245	3.864	.000	.590	.202	.144	.343	2.917
	Zscore(STATUS_CENTRED)	.071	.077	.035	.918	.359	.098	.049	.034	.942	1.061
	Zscore(FUTURITY_STATUS_CENTRED)	.104	.123	.052	.848	.397	.031	.045	.032	.372	2.690
	Zscore(PROACTIVE_STATUS_CENTRED)	.037	.113	.018	.324	.746	.022	.017	.012	.439	2.279
	Zscore(RISKNESS_STATUS_CENTRED)	-.259	.112	-.129	-2.306	.022	-.014	-.122	-.086	.444	2.252
	Zscore(AGRESSIVENESS_STATUS_CENTRED)	.183	.079	.091	2.309	.022	.082	.122	.086	.897	1.114
	Zscore(ANALYSIS_STATUS_CENTRED)	.105	.118	.052	.889	.375	-.004	.047	.033	.405	2.470
	(Constant)	6.757	.073		92.054	.000					
	Zscore(CONTROLAGE_CENTRED)	.512	.103	.254	4.967	.000	.589	.257	.181	.509	1.963
	Zscore(CONTROLSIZE_CENTRED)	.268	.094	.133	2.859	.005	.496	.151	.104	.610	1.638
	Zscore(FUTURITY_CENTERED)	.026	.123	.013	.213	.831	.435	.011	.008	.357	2.804
8	Zscore(PROACTIVENESS_CENTRED)	.130	.109	.065	1.185	.237	.417	.063	.043	.448	2.232
	Zscore(RISKINESS_CENTRED)	.029	.116	.015	.254	.800	.401	.014	.009	.402	2.490
	Zscore(AGRESSIVENESS_CENTRED)	-.309	.085	-.153	-3.628	.000	-.162	-.190	-.132	.743	1.346
	Zscore(ANALYSIS_CENTRED)	.304	.125	.151	2.436	.015	.494	.129	.089	.346	2.894

Zscore(DEFENSIVENESS_CENTRED)	.488	.125	.242	3.890	.000	.590	.204	.142	.343	2.918
Zscore(STATUS_CENTRED)	.054	.076	.027	.714	.476	.098	.038	.026	.939	1.065
Zscore(FUTURITY_STATUS_CENTRED)	.195	.123	.097	1.592	.112	.031	.085	.058	.358	2.790
Zscore(PROACTIVE_STATUS_CENTRED)	.118	.113	.058	1.043	.298	.022	.056	.038	.424	2.358
Zscore(RISKNESS_STATUS_CENTRED)	-.182	.112	-.091	-1.633	.103	-.014	-.087	-.059	.431	2.322
Zscore(AGRESSIVENESS_STATUS_CENTRED)	.098	.081	.048	1.213	.226	.082	.065	.044	.832	1.201
Zscore(ANALYSIS_STATUS_CENTRED)	.312	.127	.155	2.454	.015	-.004	.130	.089	.335	2.985
Zscore(DEFENSIVENESS_STATUS_CENTRED)	-.486	.124	-.241	-3.923	.000	-.114	-.205	-.143	.351	2.846

APPENDIX 6 – Map of Kenya showing North Rift Counties