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THE CONDITIONAL EFFECT OF INTER FUNCTIONAL COORDINATION ON THE RELATIONSHIP BETWEEN CUSTOMER ORIENTATION AND FIRM PERFORMANCE: EMPIRICAL EVIDENCE FROM MANUFACTURING FIRMS, NAIROBI, KENYA

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Abstract

The purpose of this study was to investigate the conditional effect of inter functional coordination on the relationship between Customer orientation and Firm performance. Specific objectives were: to determine the effect of Customer orientation on Firm performance and to investigate the effect of Inter Functional coordination on Firm performance. The study also explored the conditional effect of Inter Functional coordination on the relationship between Customer orientation and Firm performance. The study was guided by Stakeholders Theory and Resource Based Theory. Explanatory research design was used and data collected by questionnaires from a sample size of 300 using random sampling technique. Cronbach alpha was used to test reliability of the research instrument. Pearson correlation and multiple regression models were *used to analyze the data and to test the hypotheses. The findings confirm that both Customer orientation and Inter Functional coordination positively and significantly affect Firm performance. Results also indicate that Inter Functional coordination significantly has a conditional effect on the relationship between Customer orientation and Firm performance, thus providing new knowledge in marketing literature. Companies should therefore pay attention to customer perceived value, understand their needs and share customer information among all the functional areas of the firm as this has been found to affect Firm performance.*

Keywords: Customer Orientation, Inter Functional coordination, and Firm Performance

INTRODUCTION

In today's new marketing and competitive age, firms and business success depends on understanding customers, the market and competitors move. Consumer's needs are always changing. These dynamics and the prevailing market conditions as a result of technological changes and innovations affect firms' performance and success on the market. A firm that recognizes these changes and trends must develop unique strategies by taking advantages of the prevailing trends, capture, protect its market share, and carefully create unique products for it to outperform her competitors. It is therefore a must for managers to recognize and anticipate for these factors and present suitable ways to encounter them as they play a key role in target markets' success.

According to Javalgi *et al*., (2005) competitive advantages are hard to be sustained and nothing is stable for long any more. Therefore marketing managers need to be more flexible in their strategic planning and act more intelligently with their environment; this is because superior performance comes from not only having timely and needed information about changing markets but understanding the implications or actions that are necessary as a consequence of this knowledge. This is supported by Kariithi&Kihara (2017),who argues that emerging of world class competitors in domestic and international business require manufacturing firms to reengineer their processes to fulfill market needs. Thus, firms are being forced to shift their exploration from conventional way of thinking to strategic thinking as a core element to equip them well in order to wave through this stiff competition (Giunipero, Handfield&Eltantawy, 2006). Manufacturing firms are the lifeblood of any country's economy because of the critical role they play in a country's long-term prosperity (Owuoth 2010); hence carrying out a study in this area is of great importance.

The objectives of this study were to; determine the effect of Customer orientation on Firm performance; to assess the effect of Inter Functional coordination on Firm performance and to investigate the conditional effect of Inter Functional coordination on the relationship between Customer orientation and Firm performance.

LITERATURE REVIEW

Theoretical Review

Stakeholder theory and Resource Based theory were utilized in this study.

A stakeholder Theory approach to firm performance

This study adopted this theory because profit and growth are relevant reasons for the existence of any business firm in attempt to measure performance. Prior studies in this field (Phillips 2003, Scherer &Patzer, 2011 and Harrison & Wicks 2013) have indicated that firms have stakeholders and should proactively pay attention to them, that stakeholder theory exists in tension with shareholder theory, that stakeholder theory provides a vehicle for connecting ethics and strategy, and that firms that diligently seek to serve the interests of a broad group of stakeholders will create more value over time leading to excellent performance.

A Resource Based View Theory approach to firm performance

According to Barney & Clark (2007), a firm achieves a sustained competitive advantage when it creates more economic value than the rivalry firms in the same industry and when other firms can't duplicate the benefits of this strategy which explains why some firms may persistently outperform others. According to Corte *et al*., (2017) the connection of Resource Based Theory and marketing topics mainly deals with the search for a sustainable competitive advantage and successful firm performance which is the focus of this study. A study by Furrer *et al*., (2007) reveals that market orientation (the ability to learn about the market environment and to use this knowledge to guide actions appropriately - as a key driver of business performance) is conceived as the main source of sustainable competitive advantage and superior long-term financial performance.

The concept of Firm Performance

The main objective of any firm is continuous performance. This is the only way that organizations are able to grow and progress (Kariithi&Kihara, 2017). The concept of performance is defined by Fauzi *et al.,* (2010), as the firm's ability to achieve its set objectives and goals by using its resources in an efficient and effective manner. Previous literature indicates that performance can be measured through the process of quantifying the efficiency and effectiveness of how well organizations are managed and the value they deliver to customers and other stakeholders (Richard *et al*., 2009). These measures can be categorized as both financial and non-financial; profitability, market share, and liquidity are the financial aspects and efficiency, customer satisfaction and quality of decisions are the non-financial performance measures (Ango 2008).Measurement of firm performance in this study is based on the firm's growth and profitability (Gibson &Birkinshaw, 2004; Wolff &Pett, 2006).

Santos &Brito (2012) argues that the only way for a firm to satisfy its investors is through superior firm performance which can only be characterized by profitability that measures a firm's past ability to generate returns. The ability of a firm to increase in its size refers to its growth while market value represents the external assessment and expectation of firms' future performance. Santos &Brito, (2012) points out that a firm's size can bring economies of scale and market power, leading to enhanced future profitability, an indicator of performance. This is also echoed by Safarova (2010), who says that firms which show a sign of growth will always experience increase in profitability while those making losses contract and eventually exit the market; this is because the size of the firm at each certain point in time is a distinct statistical predictor of its business survival.

According to Kariithi&Kihara, (2017), manufacturing industry today in Kenya and other developing countries is in a state of metamorphosis. This is because of the emerging issues facing the sector that includes; organizational culture, changes in technology, globalization leading to stiff competition among the firms, customer satisfaction and their diverse demands that require an effective workforce with a global mindset. These are issues penetrating every area of the industry, thus forcing managers to develop effective strategies to outperform their competitors as the issues affect the general operations and performance of the entire industry. It is therefore necessary to carry out a study of customer orientation, inter-functional coordination on firm performance.

Customer Orientation and Firm performance

Customer orientation is defined as a component of market orientation that focuses on putting the customers at the center of strategic focus (McEachern&Warnaby (2005). Prior studies of Cross*et al*.,(2007), Ali &Bharadwaj (2010), and Chahal&Kumari(2011) emphasized the need for firms to move away from studying customer specific segments to developing individualized offers, services and messages which can be done through collection of information on each customer's past transactions, demographics, psychographics, and media and distribution preferences (Asikhia&Binuyo 2012).

According to Leeflang (2011) and Sisay *et al*., (2017), customer orientation should be a key focus for every firm's relationship to its market as this is the sufficient way of understanding one's target buyers to be able to create superior value for them continuously, thus driving firm performance. The concept therefore encompasses the analysis of customers' needs and how the firm responds to such needs (Nakata & Zhu 2006). The concept is at the heart of a market orientation because as the firms' organize around the mission to create customer value, they generate higher levels of satisfaction, loyalty, innovation, and performance (Kirca*et al*., 2005; Ingenbleek, Tessema, & van Trijp, 2013).

A study done by Acar *et al*., (2013) indicates that a firm pursuing customer oriented strategies provides quality, contribute to customer satisfaction and attain organizational goals more efficiently and effectively than its competitors, hence customer orientation has a positive impact on performance at both the company and salesperson. According to Zhou *et al*., (2009), a customer orientation enables a firm to develop a competitive advantage based on market differentiation. Armed with the knowledge of what customers' desire, a firm impressing the concept makes its market offerings more appealing by adjusting its marketing mix to achieve long-term customer satisfaction, by providing offerings that uniquely meet the particular needs of its target market which affects its performance within the industry. Based on the above discuss, we propose the following hypothesis:

H1 Customer orientation significantly and positively affects Firm performance.

Inter- Functional Coordination and Firm Performance

According to Zhou *et al.*, (2009) inter functional coordination, promotes the coordinated use of company resources and customer-related activities throughout the entire organization. The concept is therefore critical for responding to market intelligence effectively. Auh&Menguc (2005) defines Inter Functional coordination as the integration and collaboration of various functional areas within an organization as a way of enhancing communication and information to better meet the organization's goal. This concept describes the ability of different functional areas to accommodate disparate views and work around conflicting perspectives and mental models by putting aside functional interests for the better of the organization as a whole (Zhou *et al.*, 2009).

Importance of inter functional coordination to firm performance is also emphasized by Alizadeh *et al*., (2013) who refers to it as the willingness by members of different functional areas of an organization to communicate, think, and work together to achieve their objectives, effectiveness, competitive advantage, and performance. The concept comprises the organization-wide coordinated effort of a firm to create superior value for customers. Zhao &Cavusgil, (2006) also confirms that inter functional concept coordinates the utilization of an organization's resources in creating superior value for target and potential customers. It therefore represents the integration of all functions in a firm to satisfy and serve customer needs, wants, and demand. Tse *et al*., (2003) concludes that it is the dissemination of information about customers and competitors among all sections of staff and organizations in order to make a correct understanding of the needs and wishes of the customer and planning to overcome competition.

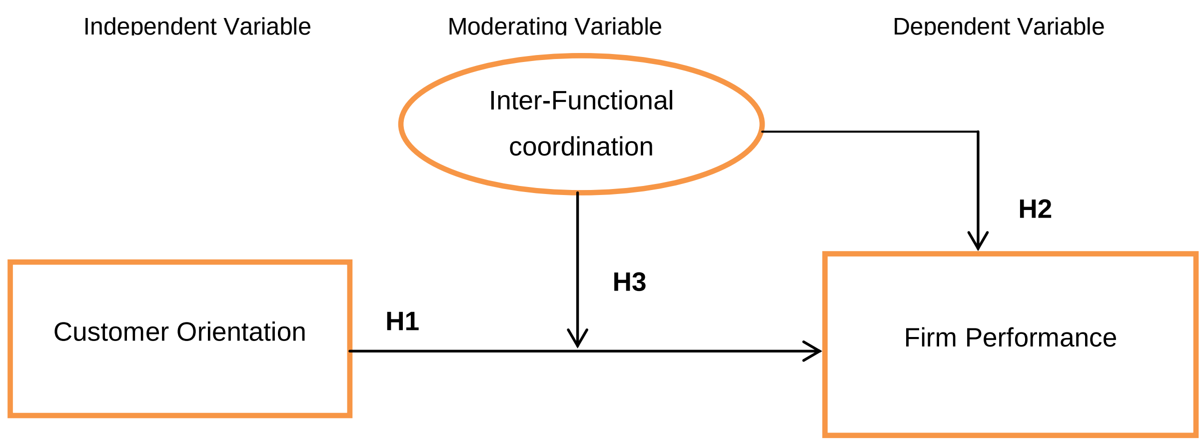
The importance of inter functional coordination on firm performance is also evident in the work of Marjanova *et al*.,(2015) who argues that firms embracing inter functional coordination will realize higher profitability which is a sign for better performance and competitiveness of firms. According to the authors, the entire personnel, regardless of the size of the enterprise, in various departments of the company must be coordinated in a way that can create value for customers through mutual cooperation and assistance. It is also important that the internal cooperation is presented through participation in the creation of company's plans and strategies, distribution of information obtained from clients across sectors, as well as knowledge about offering superior value to the customer (Marjanova *et al*., 2015).

The choice of inter functional coordination as a moderator in this study is based on previous studies of Auh&Menguc, (2005) where inter functional coordination was found to moderate the relationship between top management team diversity. This is also supported by Mohiuddin (2017), who's study addressed how employees and a firm's inter functional coordination play a key role in the firm's customer orientation to drive its customer-related performance. Based on the above discussion we post the following two hypotheses:

H2 Inter-Functional coordination significantly and positively affects Firm performance.

H3 Inter-Functional coordination significantly exerts a conditional effect on the relationship between Customer orientation and Firm performance

Figure 1: Conceptual Framework



RESEARCH METHOD

The main purpose of this study was to investigate the conditional effect of Inter-Functional coordination on the relationship between Customer orientation and Firm performance among manufacturing Firms in Nairobi, Kenya. The study adopted explanatory research design which examines the cause effect relationship between independent, moderator and dependent variable. A comprehensive closed ended self-administered questionnaire was used to collect data from marketing managers of the manufacturing firms.

A simple random sampling technique was used in selecting the respondents of the study in which, every individual manufacturing sector in the target population had an equal chance of being part of the sample. First a complete list of the population (categories of the sectors) was obtained as indicated in Table 1, and then six manufacturing sectors (with a total of 299 manufacturing firms - Table 2) were randomly picked from that list in which their marketing managers would be the respondents of the study. The use of one manager as a key respondent is consistent with prior study of Charles, Joel, &Samwel, (2012).

Table 1: Target Population of Manufacturing Firms in Nairobi

SECTOR	No. of Firms
Building and construction	6
Food and Beverage	100
Chemical and Allied	62
Energy, Electrical & Electronics	42
Plastics & Rubber	54
Textiles & Apparel	38
Wood Products	22
Pharmaceuticals and medical equipment	20
Metal & Allied	38
Leather & Footwear	8
Motor Vehicle assemblies and accessories	17
Paper and Board	48
TOTAL	455

Source: KAM directory (2016)

The sample size of this study was therefore 299 but rounded off to 300 marketing managers' of manufacturing firms in the six randomly picked sectors with few exceptions where in their absence the assistant marketing managers were requested to fill the questionnaires for the purpose of reducing non response rate. The sample size of 300 managers is sufficient and acceptable in most scientific research as a rule of thumb (Roscoe's 1975).

Table 2: Sample Size of the Study

SECTOR	No. of Firms
Food and Beverage	100
Energy	42
Plastics	54
Metal & Allied	38
Motor	17
Paper	48
TOTAL	**299**

Source: KAM (2016)

Research instruments used in this study were developed using measures from previous studies. The first section of the instrument comprised of variables to be measured and the second section of the questionnaire contained the demographic characteristics of the respondents, respondents' position, gender, age, education and tenure. Respondents were asked the extent to which they agree/disagree with a series of statements, describing their firm by "Strongly Agree" (5) to "Strongly Disagree" (1).

Customer orientation had 6 items and Inter-Functional coordinationwith 5 itemswere measured using the complete MKTOR scale developed by Narver and Slater (1990) which is appropriate for evaluating a firm's commitment toward its customers. Firm performance was measured based on the firm's growth and profitability with 5 items based on prior studies (Gibson &Birkinshaw, 2004; Wolff &Pett, 2006) with few modifications to suit the study settings. Five variables were controlled in this study, namely; position held in the firm, gender, age, education, and tenure. Gender was measured as 1 or 2; age grouped into 3 categories, education into 5 categories, and tenure (number of years in service) categorized into 4 groups. Previous literature have found that gender, age, education and even tenure can have a significant influence in decision making (Bulog 2016), and hence it was necessary to monitor their effects by including them in the analysis model.

ANALYSIS AND RESULTS

Response rate, Demographic and Descriptive statistics

A total of 300 self-administered questionnaires were distributed to the respondents but only 250 were returned indicating a response rate of 83 %. However only 222 questionnaires were used as 28 of them were not properly filled, hence excluded from the final tally. According to Fincham, (2008), response rates approximating 60% for most research should be the goal of researchers.

The findings from table 3 reveals that most respondents were marketing managers (n=207), 93.2% and only (n=15), 6.8% were assistant marketing managers an indication that majority of respondents were in high position in their firms, hence are in better position to understand the impact of customer orientation and inter functional coordination better than their junior staff. Results also established that male respondents were the majority with 126 in number which represents a 56.8% compared to female, with 43.2 %, (n=96), showing accommodation of equal opinion and views from both sides of the gender. The study shows that most respondents (n=106), were of ages 30-44 years with a 47.7%, which was followed by 60 of them ageing above 45 years representing a 27% with the least being age below 29 years, (n=56) representing 25.2%. The finding therefore gives an equal representation of opinions of respondents who are mature and can make reliable decisions concerning the variables of the study.

The education of the respondents indicates that majority (n=92) had an undergraduate degree with a 41.4% followed by master's degree and a diploma certificate of (n=48) and (n=45) representing 21.6 and 20.3% respectively, thus had adequate education to furnish the study with reliable information in relation to the measuring items of the objectives of the study. Lastly the study sought to establish the duration respondents had worked in their firms. Results shows majority n= 155 (69.8 %) had worked between 2- 4 years and 15.3% (n=34), between 5-7 years an indication that more than 85%, (n=189) of the respondents had worked in their firms for more than 2 years hence had an understanding of the influence of customer orientation, and inter functional coordination on firm performance.

Table 3: Demographic characteristics of the Respondents

Demographic factor		**Frequency**	**Percentage**
Position Held by Respondents	Marketing Managers	207	93.2
	Assistant Marketing managers	15	6.8
	Total	**222**	**100**
Gender of the Respondents	Male	126	56.8
	Female	96	43.2
	Total	**222**	**100**
Age of the respondents	Under 29 years	56	25.2
	30-44 years	106	47.7
	45 years and above	60	27.0
	Total	**222**	**100**
Highest level of education	Certificate	26	11.7
	Diploma	45	20.3
	Undergraduate	92	41.4
	Master's degree	48	21.6
	PhD	11	5.0
	Total	**222**	**100**

Table 3...

Number of years in service (Tenure)	1 year and below	10	4.5
	2 to 4 years	155	69.8
	5 to 7 years	34	15.3
	Above 8 years	23	10.4
	Total	**222**	**100**

Descriptive Statistics, Reliability and Correlation analysis for the Constructs

Table 4 describes the summary statistics for the study variables. Firm performance shows the highest mean of (4.1) and a standard deviation of (.41766) which was followed by Customer orientation with a mean of (3.9) and a standard deviation of (.38591)and Inter- Functional coordination with a mean of (3.5)and a standard deviation of .76947.

This study used the criteria of Cronbach's alpha for establishing the internal consistency reliability. According to Kline, (2000) and George &Mallery, (2003), the following is the thumb of rule regarding to the acceptable Cronbach's alpha; αlpha>0.9 = Excellent, 0.7<α<0.9 = Good, 0.6<α<0.7 Acceptable, 0.5<α<0.6 Poor, anything with α<0.5 is Unacceptable. Table 4 indicates that all items scored higher than 0.5 as required.

Finally, Correlation results of the study as presented on Table 4 indicates that all the associated pairs of Firm performance with all the variables were significant at 0.01 levels. Based on the results, the correlation between Firm performance and Customer orientation was the strongest with r = 0.435, p<0.01 while Firm performance relationship with Inter Functional coordination was the weakest with r= 0.233 having p<0.01.

Table 4: Descriptive Statistics, Scale Reliability, and Correlation for the Variables

Construct	No. of items	Mean	Std. Deviation	Cronbach's alpha	Correlations
Firm performance	3	4.1042	0.41766	.520	
Customer orientation	4	3.9054	0.38591	.590	.435**
Inter-Functional coordination	4	3.5541	0.76947	.634	.233**

** Correlation is sig 0.01 level (2- tailed)

Factor Analysis

According to Hof (2012) a common rule of thumb and prerequisite for doing factor analysis is that a researcher at least needs 10-15 participants per item and the required sample size of around 200 to 300. Since this study has 222 respondents it was necessary to carry out factor analysis on the 11 items before carrying out the final data analysis to test the hypotheses. The 11 items were examined by principal component extraction with Varimax rotation. The Kaiser-

Meyer–Olkin (KMO) had a measure of 0.620 (Table 5a) which is above the threshold of 0.5 (Fisher, 2005). The Bartlett's test was significant in this study with a chi-square of 655.120 (p-value < 0.001). Therefore, with KMO value of 0.620 and significance of Bartlett's statistic confirm the appropriateness of the factor analysis for the data set.

Table 5 (b) reveals the factor loading for each item for all the variables used in this study. Any item that fails to meet the criteria of having a factor loading value of greater than 0.5 and does not load on only one factor was dropped from the study (Hof 2012). The table shows that only 9 items were sorted and clustered into three components as one (1) item (inter-functional coordination: share resources with other business units) was dropped as it loaded on a different component. Factor 1 was loaded as Inter Functional coordination with 3 items; Factor 2 was Firm performance with 3 items, and Factor 3 was Customer orientation which had 3 items.

Results from Table 5(b) shows that the Eigen values for each factor is greater than 1.0 (2.321, 2.132 and 1.786) indicating that each factor can explain more variance than just a single variable. The cumulative percentage of variance explained by the three factors is 56.718% which implies that more than 57% per cent of the common variance shared by the 9 items can be explained by these three factors. Based on these results, the construct validity is established.

Table 5 (a) KMO and Bartlett's Test

Component	Rotation Sums	Squared	Loadings	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.620
	Total Eigen Values	% of Variance	Cumulative percentage	Approx. Chi-Square	655.120
1	2.321	21.102	21.102	Bartlett's Test of Sphericity df	55
2	2.132	19.380	40.482		
3	1.786	16.236	56.718	Sig.	.000

Table 5 (b) Rotated Component Matrix

Measurement Items on a 5 likert scale (n=222)	Component		
	1	2	3
customer orientation: customer commitment			.859
customer orientation: create customer value			.690
customer orientation: understand customer needs			.517
inter-functional coordination: inter functional customer calls	.538		
inter-functional coordination: functional integration in strategy	.659		
inter-functional coordination: all functions contribute the customer value	.519		
inter-functional coordination: share resources with other business units			.577
Firm performance: increase market growth		.568	
Firm performance: increase in return on investment		.777	
Firm performance: increase in profitability		.733	

Hypotheses testing

This study tested five formulated hypotheses at 5% significance level. The beta coefficients from the results of regression equation analysis reveal the slope that explains the relationship between the dependent, independent and the moderator variables. The coefficient size shows the magnitude of influence. Hierarchical multiple regression analysis was used to test the hypotheses of this study.

Step wise method was used to enter the variables in the SPSS software beginning with the control variables, followed by control variables plus the independent and moderator variables to test for the direct effect then lastly control variables, independent variables plus the moderator variable and the interactions to get the moderation effect.

Testing for the direct effect – Hypotheses H1 and H2

Table 6 Model 1 shows the results of the control variables. The findings indicate that the model has $R^2$of .058 and adjusted R^2 of .036 which implies that control variables in this study explain 6% variations in overall Firm performance. Results for control variables, reveals that none of the control variables was found to have an effect on Firm performance.

Model 2, of Table 6 indicates the results for testing the direct effect of the independent (Customer orientation) plus the moderator variable (Inter Functional coordination) on the dependent variable (Firm performance) reflected in hypotheses, H1 and H2 while controlling for all the control variables. The Model, shows a goodness of fit as indicated by the F-statistics (F 22.857) which was significant at 0.001 % level and coefficient of determination (R^2) with a value of .224 and adjusted R^2 of .198.

This result reveals that Customer orientation and Inter Functional coordination explain (R^2.224 - .058= 0.166) 16.6% of the variations of overall Firm performance. The F- value of 22.857 indicates that overall regression model is significant and has some explanatory value. At 0.05 % level *(p*<0.05), there is statistical evidence that both the independent variable combined with the moderator have an effect on Firm performance as they were both found to be significant.

The findings of the study indicates that Customer Orientation (βeta=0.396, p=0.000), and Inter Functional coordination (βeta=0.145, p= 0.030), positively and significantly affect Firm performance. Thus Hypotheses, H1 and H2 are both supported and conclusion made that Customer and Inter Functional coordination exerts a positive and significant effect on Firm performance.

Table 6: Summary of Hierarchical Regression Analysis Results

Variables	Model 1	Model 2	Model 3
Constant	.280	.102	.352
Position held	-.366	-.067	-.372
Gender	-.031	-.036	.061
Age	-.237	-.083	-.141
Education	.140	.037	.032
Tenure	.072	.025	.056
Customer Orientation		.396***	.356***
Inter Functional Coordination		.145*	.075
InterFunct* Customer Orient			-.288***
F	2.660*	22.857***	28.642***
R^2	.058	.224	.316
AdjR^2	.036	.198	.290

Dependent variable: Score (Firm performance, sig.05).Note: *p<.05; ***p<.001.

Testing Hypothesis H3: Conditional effect of Inter Functional coordination on the Relationship between Customer Orientation and Firm Performance

The findings in Table 6 Model 3 shows that inter Functional coordination has a negative but significant conditional effect on the relationship between Customer orientation and Firm performance with a βeta coefficient of -.288, and a p-value 0.000. The Model shows a goodness of fit F-statistics (F 28.642) which was significant at 0.001 % level and coefficient of determination (R^2) of .316 and adjusted R^2 of .290. Since the p-value is <0.5, there is statistical evidence that Inter Functional coordination has a conditional effect on the relationship between Customer orientation and Firm performance, hence Hypothesis H3 is also supported.

The nature of the interaction is shown by Figure 2. It shows that when there's high Inter Functional coordination effort in a Firm, despite of low Customer Orientation, Firm performance is not affected as high Inter Functional coordination acts as a remedy for low Customer Orientation. As the management increases Inter Functional coordination, Firm performance also increases. High Inter Functional coordination and high Customer Orientation does not add any value to Firm performance. This means that firms will invest little resources in Customer Orientation when there is high Inter Functional coordination unlike when there is low Inter Functional coordination to increase Firm performance.

Figure 2: Nature of interaction

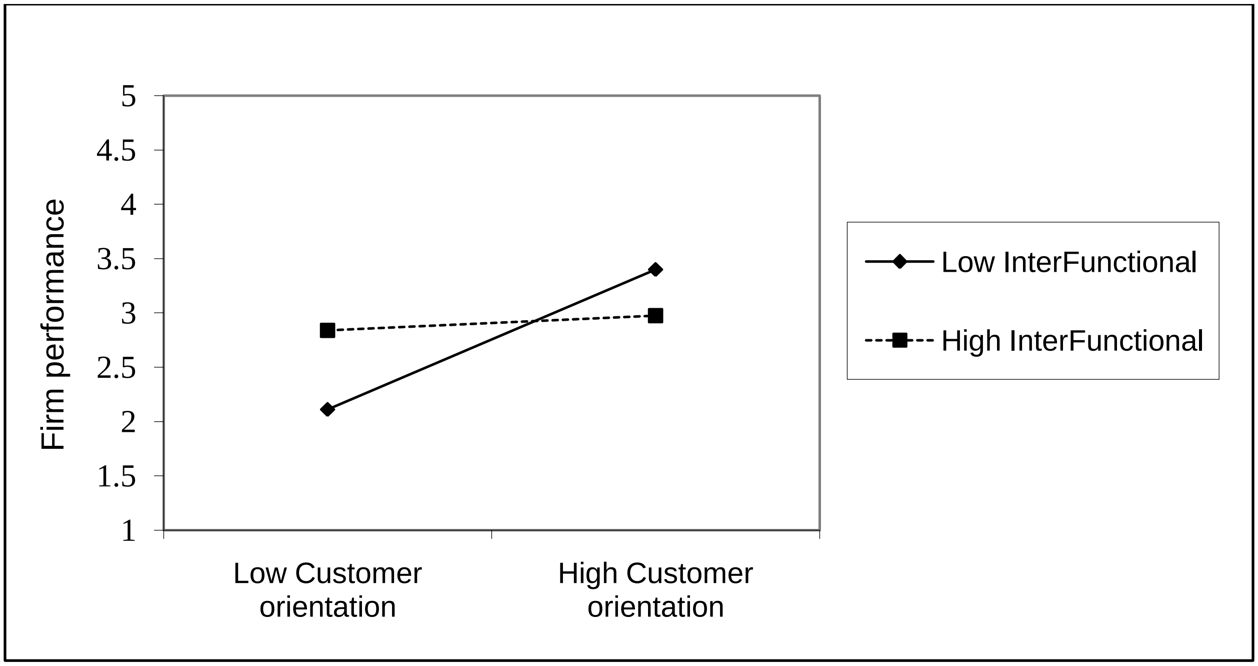


Table 7: Summary of Hypotheses tests results

	Hypothesis	Beta	p-value	Results
H1	Customer Orientation significantly and positively affect Firm Performance	.396	0.000	Supported
H2	Inter Functional coordination significantly and positively affect Firm Performance	.145	0.030	Supported
H3	Inter-Functional coordination significantly exerts a conditional effect on the relationship between Customer orientation and Firm performance	-.288	0.000	Supported

Note: sig at p<0.05 and p<0.001

DISCUSSIONS

The study findings show that customer orientation significantly and positively affect Firm performance. The regression results from the study shows a beta coefficient of β=.396 and a p-value of 0.000. This finding is in line with prior research of Frambach *et al*., (2016) who suggest that the presence of customer Orientation in a firm is a stronger condition for high performance as their study results indicated that this concept indeed drives the performance of a Firm. According to the authors customer orientation is the sufficient understanding of one's target buyers to be able to create or develop superior value for them continuously.

The finding is also in line with Liu, *et al*., (2013) who says that when customers demand change rapidly in the market, the customer oriented firm will actively collect, analyze, and disseminate sufficient information about its customers which helps it to predict better customer demands and to conduct better coordination with trading partners in anticipation of market trends which affects its performance.

Leeflang, (2011) and Sisay *et al*., (2017) also supports the finding of this study that customer orientation is an important focus for any firm's relationship to its Market. The concept is at the heart of a market orientation because as the firms' organize around the mission to create customer value, they generate higher levels of satisfaction, loyalty, innovation, and performance (Kirca *et al*., 2005; Ingenbleek, Tessema, & van Trijp, 2013). This result however is contrary to Eibe (2009) who emphasized that the path coefficient of customer Orientation on Firm performance (ROA) had an unexpected negative sign, as it had no direct significant effect on Firm performance.

The study results also indicate that Inter Functional coordination significantly affect Firm performance. This interaction has a beta coefficient of β=.145 and p-value of 0.030. This finding is in line with Alizadeh *et al*., (2013) who asserts that Firms would perform well if market orientation is improved and practiced formally. The authors states that this can be achieved if customers are put first, and their satisfaction is seen as priority. The sharing of customer information between management and employees can make inputs and reveal how best customers can be served to improve service quality and address their complaints without any delay.

The result of the study is also supported by other several authors who include; Sisay *et al*., (2017), UDOYI (2014) and Marjanova *et al*., (2015). All the named prior studies supporting these results put emphasis on the Firm’s management to ensure that the entire personnel, regardless of the size of the enterprise, in various departments of the company must be coordinated and information shared for the purpose of creating value for customers through mutual cooperation and assistance. Inter Functional coordination aids in the creation of company's plans and strategies, distribution of information obtained from the clients across all sectors, as well as sharing knowledge about offering superior value to the customer (Marjanova *et al*., 2015).

Lastly the findings reveal that Inter Functional coordination has a conditional effect on the relationship between Customer Orientation and Firm performance. The findings from the study shows the relationship has coefficient values of a β= -0.288 and a p-value of 0.000. The interaction shows that when Customer Orientation is low, the Firm remains strong and its performance is not affected due to high Inter Functional coordination among the employees of various departments which is viewed as a key factor that helps Firms to understand the needs of customers, thus creating value for clients through mutual cooperation and sharing of information with each other as departments.

From a practical perspective, this suggests that firms can control the allocation of resources when it comes to investments, specifically if there is high Inter Functional coordination and vice versa. This therefore means that firm performance increases or becomes stronger when all firm's functions make an attempt to cooperate and contribute to disseminating customers information in manufacturing firms.

The conditional results of this study provide new knowledge and understanding in the marketing literature that Inter Functional coordination has a conditional effect on the relationship between Customer Orientation and Firm Performance which influence the development of the manufacturing industries in a developing country context like Kenya.

CONCLUSION

By adopting customer orientation, a firm commits itself to satisfying its customers' needs over the long run, thus increasing profitability; market share, return on investment, and other performance benchmarks that ultimately determine the success of any business undertaking. This study addressed a gap in the literature by examining the conditional effect of Inter Functional coordination on the relationship between Customer Orientation and Firm Performance. The findings of the study confirm a positive direct effect of Customer Orientation and Inter Functional coordination on Firm performance.

It is worth mentioning that the study also confirms the conditional effect of Inter Functional coordination on the relationship between Customer Orientation and Firm performance. The study shows that at a low level of Customer Orientation, a Firm with high Inter Functional coordination (sharing of customer information between departments) enhances the relationship of Customer Orientation and Firm performance.

THEORETICAL AND MANAGERIAL IMPLICATION OF THE STUDY

This study provides new knowledge that Inter Functional coordination has a conditional effect on the relationship between Customer Orientation and Firm Performance. These results therefore add some new understanding to the literature on Customer Orientation, Inter Functional coordination and Firm performance and their interrelationships which influence the development of manufacturing industry in a developing country context. Further research of this concept and the nature of the interactions are recommended in this field to ascertain the results of this study.

Firms should therefore be aware that their perceived customer value significantly influences their orientations, hence understanding fully the benefits of each orientation in achieving competitive advantage and superior performance is mandatory in this competitive age. In this context, companies should therefore pay attention to understand customer needs, create customer value for their offerings, and measure customer satisfaction in all their undertakings and make amends where necessary as these have been found to influence a Firm's performance.

Lastly, functional integration in strategy is a must for survival in any business. The management must ensure that resources are shared with other business units of the firm, and customer information is shared among all the departments which will facilitate the contribution of the customer value by all the firm's functional components thus contributing to Firm performance.

LIMITATIONS AND FUTURE STUDIES

First this study used a cross-sectional research design (data collected within a short time of two months only). A longitudinal study can enrich the understanding by offering information on the causal relationships between the independent, moderator and dependent variables.

Secondly, the study focused specifically on customer orientations, though many successful firms may have followed a selling, learning, or entrepreneurial orientation. It is therefore recommended that future scholars could use other orientations to ascertain the results of this study before generalization.

Lastly, the data was collected from senior marketing managers of the manufacturing firms (with few cases where their assistants were requested to fill their questionnaires) in line with previous researchers in the strategic marketing field who relied mostly on CEOs or senior executives as the most knowledgeable respondents (Auh&Menguc, 2005). The most desirable data collection procedure however would have been one in which data is collected using a design of multiple respondents from the firms in order to form a consensus-based dataset. Future researchers should consider such a data collection procedure which might give varied but conclusive opinions.

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