

Market Orientation and Growth of Small and Medium Enterprises in Machakos County, Kenya

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Abstract

Enterprises realize revenue through marketing of the products and services to potential customers across the economy. Therefore, to orient a firm's strategies to identify, capture, and turn those market leads into sales and profits requires proper market orientation capabilities. Sadly, not all Small and Medium Enterprises have the capacity to fully align themselves with market opportunities and surmount existing challenges to reap the benefits of such markets. Cognizing this gap, the study investigated the role of market orientation and its effect on growth of Small and Medium Manufacturers in Machakos County, Kenya. A total of 384 SME owners and managers participated in the study by responding to Likert scale questionnaire during the survey. Data was analyzed using multiple regression to test for the null hypothesis. The findings of the study showed that market orientation significantly influenced the growth of SMEs Manufacturing in Machakos County, Kenya, with a $p=0.0001$. Coefficient of regression showed a positive direction meaning that market orientation influenced growth of SMEs with up to 46% of the change ($\beta=0.461$). Drawing from these results, the study concluded that small and medium enterprises' market orientation, intrinsic resources such as the identification of both current and future markets, aligning strategies towards capturing those markets, and developing products and services required are critical elements that must be possessed by entrepreneurs. It was therefore recommended that owners and managers of these firms must deliberately train and build their skills towards participating in newer markets and innovatively developing newer products and services embedded in technological capabilities to increase their revenue, a critical recipe for growth. Future studies should assess the internal capabilities required by SMEs Manufacturers in participating in regional markets to further boost growth and the larger realization of economic benefits for countries.

Keywords: Market, Orientation, Growth, Enterprises, Marketing, Exchange, Products, Services

1. Introduction

Market orientation is the organization's focus on continuously collecting and responding to market intelligence, including customer needs and competitor actions (Habib et al., 2020). A strong market orientation ensures that SMEs remain closely associated with customer demands and market trends. SMEs that gather and utilize accurate market information can tailor their offerings to better meet customer needs (Goaill & Al-Hakimi, 2021). This information further leads to enhanced customer satisfaction and builds

stronger customer relationships (Kuo et al., 2021). This orientation often leads to increased customer loyalty, market share, and ultimately growth. However, excessive focus on current market conditions may sometimes limit long-term innovation and strategic exploration of growth opportunities (Anwar & Shah, 2020).

Market orientation centers on the SME's focus on understanding and meeting the needs of its target market. It involves a customer-centric approach (Schmidt et al., 2021). That is, the SME actively gathers market intelligence, listens to customer feedback, and adapts its products, services, and strategies to fulfill the market needs (Zahoor & Lew, 2021). SMEs with a strong market orientation are responsive to changes in customer preferences, competitor actions, and market trends (Chung & Yoon, 2020). Small and medium enterprises prioritize building strong customer relationships (Abdulrab et al., 2020). These strengths are critical to delivering superior value and maintaining a competitive edge in the market over others (Bailey et al., 2022).

Those SMEs that can tap into their intellectual and social capital, technological innovation, financial systems, dynamic capabilities, and other related issues could potentially remain and keep an upward trajectory (Sangwa & Muvunyi, 2021; Kiiru et al., 2023). However, due to the nature and composition of the minds behind small and medium enterprises, a lot needs to be done for these businesses to achieve their full potential and create the desired impact for the government of Kenya, and beyond. The nature of strategic orientation required by these SMEs could be unclear for both policy and practice. Even if the reverse were true, the modalities for operationalizing these strategic orientations are not yet certain. Through an in-depth inquiry, certainty can be built for the betterment of the business landscape for small and medium enterprises in Kenya.

Problem Statement

The importance of small and medium enterprises (SMEs) in the economy is threatened without a robust strategic orientation (Coad & Karlsson, 2022; Zhang et al., 2023; Bekata & Kero, 2024). For the growth and successful navigation through transitional phases, SMEs heavily rely on innovation orientation, entrepreneurial orientation, and market orientation acquired through the government, private sector, non-profit organizations, and other entities (Celuch & Murphy, 2010; Park & Seo, 2018; Maclean et al., 2023). However, a disconcerting trend emerges as 46% of SMEs cease operations within the inaugural year, roughly translating to 3.4086 million closures (Adhiambo, 2019; KBA, 2021). Recent data indicate that 21% of SMEs shuttered due to the COVID-19 pandemic, with even higher closure rates (54.4%) in counties like Narok (Masago et al., 2020; Mwaniki et al., 2022; Enaga & Kathula, 2022; Kanini et al., 2022).

Even though several scholars have investigated the phenomenon of SME growth elsewhere, these challenges and shortcomings are still pronounced in Kenya as well as in Machakos County (Kiveu et al., 2019; Abdulrab et al., 2020; Gachanja et al., 2020). These gaps, therefore, can be further investigated to highlight their causes and possible solutions for the growth of manufacturing SMEs in Machakos County. Drawing from the evidence posted by the preceding literature, gaps vary from SMEs' inability to boost their revenue due to risk factors, the improper theorization of profitable business models, and failure to strategically orient their business operations, leading to missed business opportunities in the market. Therefore, it was interesting to answer these gaps in the role of innovation orientation and its influence on

the growth of SMEs in the manufacturing sector. The findings are expected to provide crucial insights for fortifying the contributions of SMEs to Kenya's economic growth, improving strategic management theories, and contributing to academic knowledge. The findings of the study can also inform policies and practices on the wellness of SMEs and their critical role in the economy.

Objectives of the Study

Determine the influence of marketing orientation on growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya.

Research Hypothesis

There is no significant influence of market orientation on growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya.

Scope of the Study

The study was conducted in Kenya, among the manufacturing firms that cut across eight sectors of the economy. These sectors include pharmaceuticals and allied, metals and allied, leather and textile, fertilizer and agro-processing, building and construction, plastic and rubber, automotive and spares, and electrical and electronics. A total of 641 such SMEs were targeted in the study to understand the phenomenon under investigation. The study was conducted in Machakos County in Kenya, with respondent SMEs expected to have been in business for a period of more than six years from inception, that is, from 2018 to 2023.

Significance of the Study

The study was critical to theory, policy, practice, and the academic field. The findings of the study can be used to identify gaps in the theories that anchor, support, and relate to the understanding of small and medium enterprises. The gaps can be improved to ensure that newer meanings of the theories can be understood, while obsolete ones can be improved to capture the changes that have taken place in the environment and business landscape of small and medium enterprises. The role of small and medium enterprises is critical in the economy; they are the backbone of most economies in the world. Thus, to practice, the growth of SMEs must be sustained to deliver the much-needed employment, innovation, and GDP growth to contribute to the attainment of sustainable development goals, including goals 6-13, 16, and 17, and better economic stability in Kenya.

Theoretical Framework

Human Capital Theory

The Human Capital Theory has roots in the works of economists such as Gary Becker in the 1960s (Biedka et al., 2022). The Theory suggests that investments in education, training, and other human capital development activities enhance individuals' productivity and contribute to economic growth (Hu et al., 2022). It emphasizes the importance of human resources in driving economic performance. It is a critical theory for understanding the role of entrepreneurial capabilities in driving SMEs to successful growth and ensuring sustainability (Epure et al., 2023). The Human Capital Theory has been applied across various fields, including labor economics, education, and organizational behavior. It provides a framework for understanding the relationship between investment in human capital and organizational outcomes

(Charruau, 2024). Harney and Alkhalaf (2020) used the Human Capital Theory to assess the accumulation of skills, knowledge, and competencies that are critical for economic performance. Therefore, SME owners who have the requisite human capital and skill set can effectively steer their enterprises into growth.

Human Capital Theory supports the idea that investing in employees' skills and knowledge enhances an SME's capacity for marketing and market outreach. Skilled employees are more likely to generate and implement new ideas, which then can be taken to the market for testing and scaling (Tran et al., 2021). It also relates to market orientation that benefits the SME through its workforce that is knowledgeable, adaptable, and skilled in identifying and exploiting new opportunities. Human capital investments can impact these marketing traits (Hameed et al., 2024). The main weakness of the Human Capital Theory is noted to be overemphasis on formal education. The theory tends to prioritize formal education and training, potentially underestimating the value of informal learning and on-the-job experience (Santos-Jaen et al., 2021). The Human Capital Theory is critical to understanding how the skills, knowledge, and experience of a firm are valuable resources that increase the performance of organizations. In the SME environment, for instance, HCT is important due to its small size and limited resource base. Therefore, meaningful human capital in an organization cannot only foster learning, mentorship, and professional development but also utilize the existing capital embedded in human resources for greater growth.

Resource-Based View Theory

The Resource View Theory was primarily developed by Jay B. Barney in 1986 (McDougall et al., 2019). The theory posits that a firm's unique resources and capabilities contribute to its sustained competitive advantage (Crespi et al., 2017). The Resource-Based View Theory has been widely applied in strategic management research to understand why some firms outperform others (Collins, 2020). It suggested that firms should identify and leverage their unique resources to achieve a competitive advantage (Patwary et al., 2024). Ha et al. (2021) used the Resource-Based View Theory to review strategic orientation, innovation orientation, entrepreneurial orientation, and market orientation to understand how SMEs utilize their resources. The utilization of resources at their disposal distinguishes them from the competition. SMEs that can take advantage of even the least resources available can combine their intricate skills and market knowledge to achieve notable growth where others struggle (Li et al., 2015). The RBV further suggests that SMEs can leverage unique resources to drive innovation (Campbell & Kubickova, 2023).

Critics, however, argue that RBV had a limited focus on external environmental factors, which are not the only elements that could position SMEs to compete effectively (Ding et al., 2020). Other shortcomings of the theory are that it is unable to fully explain dynamic capabilities and the role of market innovation in competitive advantage (Campbell & Kubickova, 2023). Despite its shortcomings, RBV is rich, and its application to SMEs can contribute to the identification gaps that need to be filled. First, SMEs thrive mainly due to other intricate capabilities, not necessarily capital, labor, and entrepreneurship. Therefore, I argue that Small and Medium Enterprises can leverage intangible resources for strategic advantage where large firms may not thrive. Since RBV focuses on static resources, this study argues that people, including scholars, haven't understood how SMEs build capabilities to reconfigure resources and respond to market changes, thereby warranting further inquiry.

Empirical Review

Market Orientation

Market orientation of SMEs in the manufacturing sector prioritize understanding and meeting the needs of their target market (Jamaludin et al., 2022). Owners invest in market research, gather customer feedback, and analyze market trends to gain insights into customer preferences and behaviors (Nuryakin & Maryati, 2022). Understanding customers deeply is critical for the development of products and services that are better oriented to the market demand (Schmidt et al., 2021). Market orientation enables SMEs to be more responsive to changes in the business environment. These changes, among others may include shifts in customer preferences, competitive dynamics, and technological advancements (Robb & Stephens, 2021). Staying attuned to market changes, SMEs can adapt their strategies, products, and operations accordingly, which ensures continued relevance and competitiveness among business competitors (Omisakin & Adegoke, 2022).

Market-oriented SMEs prioritize customer-oriented innovations. They also develop products and services that address specific customer needs and pain points (Agyei et al., 2023). They engage with customers throughout the product development process, soliciting feedback and incorporating it into their offerings. Market orientation emphasizes the importance of building strong relationships with customers. Market-oriented SMEs invest in building trust, delivering value, and providing excellent customer service that fosters long-term relationships (Mulyana & Hendar, 2020). Market-oriented SMEs are better positioned to identify and capitalize on opportunities for market expansion and diversification (Alshagawi & Mabkhot, 2024).

Alhamami et al. (2024) suggest that it is important for SMEs to understand market trends and customer needs, identify new market segments or geographic regions to target, and rightly target these locations with products and services. Expansion into new markets or diversifying product offerings, SMEs can reduce dependency on a single market or product line (Alshagawi & Mabkhot, 2024). This increases the chances of mitigating risks while creating additional revenue streams. It can also drive growth and business sustainability in the manufacturing sector. Zahara et al. (2023) posit that market orientation equally confers a competitive advantage to SMEs by understanding market dynamics and customer preferences better than their competitors. They can also develop strategies to maintain the edge over others for the longest time possible (Mulyana & Hendar, 2020).

Growth of SMEs

Xie et al. (2024) define the growth of SMEs as the expansion and development of these small and medium enterprises over time. Growth is typically measured by increases in key performance indicators such as revenue, market share, profitability, employment levels, geographic reach, and innovation capacity (Vagni et al., 2022). Lefebvre (2023) argues that SMEs in the manufacturing sector play a significant role in driving economic growth, job creation, and wealth generation. Nanziri and Wamalwa (2021) assert that growth leads to increased production output, higher levels of industrial activity, and greater contribution to gross domestic product (GDP). In the manufacturing sector, growth translates into increased employment opportunities. Castro et al. (2020) suggest that the increment is justified by such enterprises because the majority serve as employers within local communities. Karami et al (2020) further found that the expansion of SMEs leads to the creation of new jobs, reduces unemployment rates, and enhances

socio-economic development. It also provides livelihoods to individuals and families within the environment in which such SMEs operate.

Bamfo and Kraa (2019) also opine that SMEs that strategize and prioritize growth are better positioned to compete in dynamic and competitive markets. Their growth enables them to achieve economies of scale, invest in research and development, and diversify product offerings. They can also withstand market fluctuations, which are key attributes of market resilience. Growth-oriented SMEs can have a positive social impact by contributing to social inclusion, skills development, and poverty reduction (Agyei et al., 2023). SMEs have contributed up to 50% of total jobs in most developing economies and are equally associated with massive and various skills training programs and community engagement initiatives (Robb & Stephens, 2021). Thus, SMEs can empower individuals, uplift communities, and promote social cohesion.

Market Orientation and Growth of SMEs

Bamfo and Kraa (2019) conducted a study on market orientation and performance of small and medium enterprises in Ghana, with a moderating role of innovation. The study investigated the phenomena across 500 SMEs. The study adopted an explanatory research design with purposive and convenience sampling techniques to select the SMEs. Data was collected on a questionnaire and analyzed using the Structural Equation Model (SEM) to confirm several hypotheses. The findings of the study revealed that market orientation positively and significantly predicted SMEs' performance. Competitor orientation had an inversely and insignificant impact SMEs' performance in Ghana. Innovation was found to partially mediate the relationship between customer orientation and the performance of SMEs. However, innovation did not mediate the relationship between competitor orientation and performance. The study presented some gaps that can be considered. First, the context was in Ghana, even though a developing economy is not similar to Kenya, in terms of laws and regulations for SMEs. The concept was built around customer orientation, with market and competitor orientations as the constructs. Therefore, the expanded this knowledge to include market orientation within local context to further highlight this causal relationship.

Puspaningrum (2020) assessed the relationship between market orientation, competitive advantage, and marketing performance of small and medium enterprises. Data was collected from 113,000 SMEs in food processing, handicrafts, and clothing business units established in Malang City, Indonesia. A sample of 100 respondents answered the research questions. From the Structural Equation Modeling analysis, the results showed that SMEs' performance increases with processes and activities that are concerned with creating and satisfying customer needs. SMEs were also found to contribute to competitive advantage by creating product uniqueness, product quality, and competitive prices, which resultantly impact SMEs' performance. Despite the existence of the relationship between market orientation, competitive advantage, and market performance of SMEs, the study posed a contextual gap that can be filled if a similar phenomenon could be investigated in a different setting. This study, therefore, filled this gap by investigating market orientation as a composite of market orientation's effect on the growth of SMEs in Machakos County, Kenya.

Hassen and Singh (2020) investigated the effect of market orientation on the performance of small and medium enterprises in the Amhara region of Ethiopia. Data was collected from 250 owners or managers of small and medium enterprises using a structured questionnaire. Data was analyzed using multivariate structural equation modeling, and the findings revealed that customer orientation and inter-functional orientation, which is a dimension of market orientation, positively and significantly impacted SMEs' performance. However, the competitor orientation dimension of MO positively but insignificantly impacted SMEs' performance. Market orientation was also found to be critical for SMEs to achieve superior enterprise performance while taking advantage of new business ventures to improve market profile and optimize the scarce business resources. The authors conceptualized market orientation but measured its dimensions of customer and competitor orientation. However, strategies are critical to ensure that markets can be accessed over a longer period of time. This study, thus, investigated strategic orientation as a composite of market orientation, entrepreneurial orientation, and innovation orientation. These three types of orientation combined could better predict SMEs' performance as well as growth in Kenya.

2. Methodology

Research Philosophy

This study adopted the positivist philosophy, epistemological, and ontological paradigms that focus on the objective collection and interpretation of primary data (Means & Mowatt, 2023). This approach maintained that the researcher remained independent of the study outcomes with minimal interaction with respondents, while allowing for the evidential outcome of what was known and what can be gained through new knowledge. Positivism is characterized by quantifiable observations that are analyzed using statistical methods, stemming from the belief that knowledge is derived from human experience (Madden, 2021). Ontologically, positivism views phenomena as discrete entities with interactions that can be observed and quantified. The choice of positivism was informed by the need to theorize and test hypotheses (Nichol et al., 2023). For instance, Park et al. (2020) utilized a positivist philosophical approach plus a structured questionnaire to collect primary data, develop the study sample, and even identify the right target population for the study. Positivist-epistemological paradigms also enable new learning and data replication across different settings, maintaining their relevance and replicability. The positivist philosophy typically adopted a deductive research approach, deriving observations from statistical analyses based on empirical data (Coates, 2023). This approach emphasized facts arising from numerical observations.

Research Design

An explanatory research design was the best choice for investigating this phenomenon among SMEs. It aimed at explaining why this phenomenon occurs and predicting future occurrences as per Meyer and Meissel's (2023) arguments. Explanatory research design has been used in social sciences to understand the factors that contribute to social behaviors, attitudes, or a given phenomenon (Maleku et al., 2021). It has also been used in health sciences to investigate the causes of diseases, health behaviors, and the effectiveness of interventions (Alam & Mueller, 2022). It has also been used in the education field to examine the causes of educational outcomes, for instance, student performance and the effectiveness of teaching methods, among others (Blumenstock, 2024).

Target Population

The target population comprised registered manufacturing small and medium-sized enterprises in 8 economic sectors, including pharmaceuticals, metal and allied, leather and textile, food and beverages, building and construction, plastic and rubber, automotive sector, and electricals and electronics. These SMEs must be registered with the Business Registration Services (BRS) of the National Government and the County Government. These SMEs also owned a Personal Identification Number (PIN) from the Kenya Revenue Authority (KRA) and employed between five (5) and twenty (20) persons in their daily business operations (MSEA, 2023). The SMEs must also have been in operation for at least 6 years from their founding. From this target population, there were a total of six hundred and forty-one (641) manufacturing SMEs in Machakos County (Machakos County Government Business Licensing Department, 2023). The respondents to the study instrument were owners and managers or any other employee who usually represented the owner or the manager in case they were absent.

Sampling Techniques and Criteria

Drawing from Bryman's (2021) suggestion, the study adopted a stratified random sampling technique since it was scientific and could be used for the generalization of a population confidently. The sample size was determined using Cochran's (1977) formula. This formula assumes a normal distribution with a 95% confidence level, with a Z-score (Z) of 1.96, a population proportion (p) of 0.5, and a margin of error (E) at a 0.05 precision level. Substituting the numbers into the formula, the study determines the sample size to be approximately 384 respondents, as captured below.

$$n = (Z^2 \cdot p \cdot (1-p)) / E^2$$

$$\text{Sample Size} = (1.96)^2 \times 0.5 \times (1 - 0.5) / 0.05^2 = 3.8416 (0.5 \times 0.5) / 0.05^2 =$$

$$0.9604 / 0.0025 = 384.16, \text{ rounded off to } = 384 \text{ manufacturing SMEs in Machakos County, Kenya.}$$

Only SMEs engaged in manufacturing were investigated, and only those were in the eight industries, including pharmaceuticals and allied, metals and allied, leather and textile, food and beverage, building and construction, plastics and rubber, automotive and spares, and electricals and electronics. These SMEs must have been operational for the last six years, own a PIN, a business permit, and a license. Any other manufacturing SMEs outside these criteria were excluded from the study.

3. Data Analytical Models

The model used for the regression of innovation orientation against growth was adopted from the guidance of Peck et al. (2020). A multiple regression modeled the direct relationship between the market orientation and growth of SMEs, with entrepreneurial and market orientation acting as dummies. This model was presented thus.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \dots\dots\dots (1)$$

Where

Y = Growth (of SMEs)

X₁ = Market orientation (independent variable)

X_2 = entrepreneurial orientation (dummy independent variable)

X_3 = innovation orientation (dummy independent variable)

β_0 = Constant

β_1 - β_3 = regression coefficients

ε = error term

Diagnostic Tests

Before the conduct of data analysis, several diagnostic tests were carried out to test for the rigor and robustness of the collected data. According to Wheeler and Tiefelsdorf (2005), tests for statistical assumptions are usually carried out to empirically determine the quantitative effect of study design shortcomings on estimates of the accuracy. The test for these assumptions preceded the main data analysis to validate the accuracy, reliability, predictability, and replicability of the study findings. The major tests conducted included reliability and normality as well as multicollinearity, linearity, heteroscedasticity, and autocorrelation. The required ideal conditions were met, thereby confirming the robustness of these study findings.

4. Results and Findings

i. Questionnaire Response Rate

The targeted total sample was 384 questionnaires, out of which 364 questionnaires were correctly filled and returned, achieving a 94% response return rate. The results were displayed as shown in Table 1.

Table 1: Response Rate

Return Rate	Frequency	Percent
Returned Questionnaires	364	94
Unreturned Questionnaires	20	6
Total	384	100

According to Laken's (2022) recommendations, a sample size of greater than 50% of the target was considered adequate since it was able to give adequate data for meeting the threshold for statistical analysis. Therefore, the study proceeded to conduct subsequent analyses.

ii. Market Orientation

The study determined the adoption of market orientation in SMEs. Table 2 presents the study findings.

Table 2: Market Orientation

The	Statements		SD	D	N	A	SA	Mean	Std. Dev.
	My business pursues innovative markets to link with buyers and suppliers, including online markets	f	17	36	42	263	6	3.56	.871
		%	5	10	12	72	2		
	My business often finds business leads from online markets and local networks to which it responds	f	12	49	33	245	25	3.61	.919
		%	3	13	9	67	7		
	My business allocates sufficient resources including finances to pursue markets	f	15	42	49	238	20	3.57	.914
		%	4	12	13	65	5		
	My business has well-established online markets for local and international buyers	f	15	50	41	236	22	3.55	.945
		%	4	14	11	65	6		
	My business is positioned such that it can respond instantly to market inquiries	f	9	35	40	241	39	3.73	.868
		%	2	10	11	66	11		
Composite Mean and Standard Deviation (n=364)								3.60	.904

responses as portrayed in Table 13 revealed that the majority of the respondents with a mean score of 3.73 and a standard deviation of 0.868 said that their business was positioned such that it can respond instantly to market inquiries while a mean score of 3.61 and a standard deviation of 0.919 of the respondents said that their business often found business leads from online markets and local networks to which it responded. The mean scores of 3.57 and 3.56 with standard deviations of 0.914 and 0.871 of the respondents respectively said that their business allocated sufficient resources including finances to pursue markets and their business pursued innovative markets to link with buyers and suppliers including online markets respectively. Only the mean score of 3.55 with a standard deviation of 0.945 indicated that their business had well-established online markets for local and international buyers. Overall, a composite mean of 3.60 and a standard deviation of 0.904 established that there was a good understanding of the relationship between market orientation on growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya.

iii. Growth of SMEs

The study sought to determine the growth of small and medium enterprises and their relevance to their enterprise. Some of the few aspects for consideration were: growth in income/turnover and number of employees, business profitability, additional employees, innovation, new skills, and understanding the markets. The results are presented in Table 3.

Table 3: Growth of SMEs

The	Statements		SD					Mean	Std. Dev.
			D	N	A	SA			
	My business understands the need to grow and transition to the next category of SMEs	f	16	24	35	287	2	3.65	.798
		%	4	7	10	79	1		
	My business is growing in both income/turnover and the number of employees	f	10	34	38	264	18	3.68	.819
		%	3	9	10	73	5		
	My business has been profitable in the last 5 years, save for a few instances of low income	f	16	30	46	254	18	3.63	.874
		%	4	8	13	70	5		
	My business measures its profitability by its ability to pay for its liabilities in time	f	13	36	37	252	26	3.66	.883
		%	4	10	10	69	7		
	My business adds new employees every year because we have increased business income	f	13	34	45	252	20	3.64	.863
		%	4	9	12	69	5		
	My business has been pursuing innovation, new skills and markets for its growth	f	11	25	40	253	35	3.76	.834
		%	3	7	11	70	10		
Composite Mean and Standard Deviation (n=364)							3.67	.845	

outcomes presented in Table 3 showed that the majority of the respondents with a mean score of 3.76 and a standard deviation of 0.834 mentioned that their business had been pursuing innovation, new skills and markets for its growth while a mean score of 3.68 and a standard deviation of 0.819 of the respondents mentioned that their business was growing in both income/turnover and number of employees. Likewise, the mean scores of 3.66, 3.65, and 3.64 with standard deviations of 0.883, 0.798, and 0.863 of the respondents respectively mentioned that their business measured its profitability by its ability to pay for its liabilities in time, that their business understood the need to grow and transit to the next category of SMEs and their business added new employees every year because they had increased business income respectively. Overall, a composite mean of 3.67 and a standard deviation of 0.845 established that there

was a good understanding of the growth of small and medium enterprises and their relevance to their enterprise.

5. Hypothesis Testing

The regression analysis coefficients revealed the statistical relationship between market orientation and growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya. Table 4 presents the results.

Table 4: Coefficients

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.494	.100		4.962	.000
Market Orientation	.461	.053	.496	8.656	.000

a. Dependent Variable: Growth of SME

From Table 4 the regression model is $Y = \beta_0 + \beta_1 X_1 + \varepsilon$ hence substituting the value into the equation: $Y = 0.494 + 0.461X_1 + \varepsilon$, where

$\beta_1 - \beta_5$ = regression coefficients

X_1 - Market Orientation

ε - error term

$\beta_1 - \beta_5$ are coefficients of the various determinants of performance, and ε is the error term.

As per Table 4, market orientation was also a strong and significant predictor of SME growth, with a coefficient of 0.461 and a tested p-value = 0.001 well below the standard $p=0.05$, suggesting a statistically significant effect on growth of Small and Medium Enterprises in Machakos County, Kenya. Finally, from the regression equation, a constant change of 0.494, a unit change in market orientation caused an increase of 0.461 in growth of SMEs. The study tested the null hypotheses in line with the specific objective using a multiple regression model. The significance level adopted was 5% with a 95% confidence interval. The results are shown in Table 4. The null hypothesis tested stated that.

There is no statistically significant influence of innovation orientation on the growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya.

From the extracted equation from the main multiple regression model, as displayed in Table 4, the hypothesis equation was $Y = 461X_1 + \varepsilon$. From the multiple regression outputs the coefficient for market orientation was also positive with $\beta = 0.461$, and a tested $p=0.000 < p=0.05$, showing a statistically significant influence. Therefore, the study rejected the null hypothesis and confirm that the relationship

between market orientation and growth of SMEs is significant in Machakos County. This demonstrates that SMEs that focus on understanding customer needs, competitor strategies, and market dynamics are better placed to achieve growth.

6. Discussion of Findings

The objective of the study was to determine the effect of market orientation on growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya. The assumptions revealed that the link between market orientation and growth of SMEs was statistically significant at $p=0.000$ and $\beta=0.839$. These findings agreed with the findings of Habib et al. (2020), who said that market orientation was the organization's focus on continuously collecting and responding to market intelligence, including customer needs and competitor actions. A strong market orientation ensured that SMEs remain closely associated with customer demands and market trends. SMEs that gathered and utilized accurate market information tailored their offerings to better meet customer needs (Goaill & Al-Hakimi, 2021).

7. Conclusion

The study has determined that market orientation affects growth of Small and Medium Manufacturing Enterprises in Machakos County, Kenya. Thus, knowing market formation and market leads is necessary for the growth of SMEs, since these market leads can be turned into revenues and profits. Therefore, we concluded that the market for SMEs, as embedded in market linkages, is critical for connections and relationships that SMEs establish with various stakeholders in the market ecosystem. Establishing strong market linkages with trusted suppliers is important for reducing associated costs as well as reducing supply chain risks while improving operational efficiency, and maintained product quality which enterprises release into the market.

8. Recommendations

The study recommends that SMEs should be provided with market orientation skills to be able to identify market gaps, market leads, and take advantage of such openings to increase their revenue, for example, from the regional markets such the African Continental Free Trade Area (AfCFTA). This increase is necessary for graduating from various SME scales with consequent benefits, including more employment, more ability to pay taxes, and increased economic activity which would collectively benefits the overall economic growth of Kenya. It is further recommended that SMEs can exploit internal mechanisms such as networks, associations, and relations to increase their bonds, linkages, and bridges that can be used to reach untapped markets, source materials on credit, and utilize various technological platforms to sell their products. This collective resource identification and utilization would increase SMEs' resources that can be shared and spread across the country for mutual benefit. Further, the SME owners and managers map available tangible and intangible resources at their disposal to grow their business inwards and outwards.

9. Suggestions for Future Research

The study suggests that new research paradigms should focus on the facilitating capabilities of SMEs as well as operationalization of frameworks to support the identification and utilization of regional markets such as the Africa Continental Free Trade Area (AfCFTA). Further, studies can investigate how markets

and market can leverage further the prowess of technological innovations to reach larger, especially international markets.

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