INFLUENCE OF CUSTOMER FOCUS ON COMPETITIVENESS OF LARGE MANUFACTURING COMPANIES IN KENYA

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Abstract: *Customers are key stakeholders in every organization. Organization communication with its customers plays an important role in developing market relationship. This helps in fostering trust and providing information that assist in undertaking cooperative and collaborative duties of relationship marketing. In various ways, it is the life force of relationship marketing.*

Objective: *This study seeks to establish the influence of the strategic management drivers on the competitiveness of large manufacturing firms with a specific objective to evaluate the influence of customer focus on competitiveness of large manufacturing companies in Kenya.*

Methodology: *Descriptive survey research design was employed in the study and the population consisted of large manufacturing firms in Nairobi, Kenya (454) which was sampled using stratified random sampling to obtain a sample of 384 respondents. Qualitative data was analysed through content analysis where the data were compared and presented based on the research objective. Inferential statistics were carried out to determine the relationship between independent and dependent variables where ANOVA, P-values and Beta coefficients were employed.*

Findings*: The findings from the descriptive analysis revealed that most of the firms surveyed offered feedback to their customers' queries but they did not hold interactive and engaging meetings with the customers. This implies that the relationship between the companies and their customers could deteriorate as a result of low level of engagement which in turn could affect the competitiveness of the manufacturing firms. The study concluded that customer focus was partially embraced in the large manufacturing firms and this could negatively affect their competitiveness.*

Keywords: *customer focus, large manufacturing firms, strategic management drivers*

INTRODUCTION

Customer Focus and Firm Competitiveness

Reinartz and Wayne (2012) studied the relationship between CRM and competitiveness of firms in American service firms. The study used in-depth field interviews and a large-scale, cross-industry survey. CRM dimensions such as communication, CRM technology, and interaction and CRM orientation were embraced by most services firms. The results revealed that CRM did not affect firm competitiveness directly however; it led to improved sales growth and reduction of cost.

Coltman, Devinney and Midgley (2011) did a study on the link between Customer focus and firm competitiveness of services firms in Europe. The research applied a cross-sectional survey of 100 banks. A questionnaire was used to collect the primary data. Data was then analysed by use of descriptive statistics which included both mean and standard deviation. From the findings it was concluded that CRM led to an increase in customers which resulted into increased sales and competitiveness.

Hyung–Su (2012) studies the impact of CRM as a strategy on competitiveness of service firms in Shanghai, China. The study adopted a cross-sectional research design. Primary data was collected using questionnaires and interviews. The results revealed that CRM technology and knowledge management were popular CRM strategies used by service firms. Further, it was revealed that CRM as strategy improved efficiency and reduction in marketing costs which contributed positively to towards improved organizational competitiveness.

Shavazi, Moshabaki and Hoseini (2013) examined the relationship between customer focus and different measures of competitiveness in the banking sector. Data was collected from banks in Iran, the sub-process of implementing CRM was extracted and also four measures of balanced scorecard were applied to measure competitiveness. The findings revealed that has a positive impact on sales growth, reduced marketing costs and hence improved organizational competitiveness.

Hassan *et al.* (2015) analysed the effect of customer relationship management on customer satisfaction. The study sought to analyse the role played by the customer relationship management strategies on the satisfaction of the customers. According to Hassan *et al.,* customer satisfaction is an indication that customer needs, wishes and expectations are met or overcome during the product/service period, giving way to re-purchasing and customer loyalty. They further argued that customer satisfaction is the assessment of the pre-purchasing expectations from the product, with the results reached after the act of purchasing. According to Kavulya *et al.,* (2018), a highly satisfied customer continues seeking the services or products of the particular company for a long time, buys more as long as the firm produces new products and the existing products are improved, speaks of the firm and its products with praise, keeps indifferent to the trademarks that are in competition with the products of the firm and does not place the emphasis on the price, and offers the firm suggestions and ideas about products and services.

Fink (2014) analysed the effect of customer focus on firm competence and success. Their study established that focusing on customers was essential in enhancing the competence of the organization towards meeting customer needs. According to Fink (2014), while there are many enterprises that offer products and services of the same quality and at the same price interval makes it difficult for the enterprises to secure customer satisfaction. It may even be easy to let the satisfied customer go to the rival enterprises. Garay *et al.,* (2017) argue that in the modern business environment, it is critical for companies to adopt customer-centred practices that seek to enhance customer satisfaction, through customer focus.

Statement of the Problem

Manufacturing sector is very essential in any country's development in the modern world. Manufacturing firms contribute to economic development of many countries across the globe through provision of employment and contribution to the Gross Domestic Product (GDP). According to a report by Ministry of industrialization and enterprise development in Kenya (2015), manufacturing firms contributed to an average of 14.4% of the total revenue generated by the manufacturing sector in the country in the period between 2009 and 2014. The report further highlights the demand of the manufactured products was increasing at a high rate as a result of continued development and economic growth.

Several studies have linked poor competitiveness of organizational projects with implementation of strategic management plans and adoption of low-value strategic management drivers and techniques (Tukel & Rom, 2011; Casso, 2014; and Rozenes, Spraggett & Vitner, 2016). According to Casso (2014), government projects are not completed in time and deliver the required results due to low usage of aspects of strategic management drivers such as HRM and ICT. Joel (2016) found that many manufacturing firms underperformed due to inadequate strategic management practices which met some of the corporations collapse while others face delayed completion. Kalay and Lynn (2015) found that innovation and technology as well as adequate resource allocation contributed to success of international manufacturing firms.

Based on the above reviews, it is not clear what exactly causes the declining competitiveness of large manufacturing firms or manufacturing firms at large. It is on this merit that the current study sought to fill this gap and answer the question; does strategic management drivers have any influence on the competitiveness of manufacturing firms in Kenya?

Research Objectives

The main aim of this study was to investigate the influence of strategic management drivers on competitiveness of large manufacturing firms with a specific objective to evaluate the influence of customer focus on competitiveness of large manufacturing companies in Kenya.

Research Hypothesis

The study will adopt the following null hypothesis;

i. **H_{01}:** There is no significant influence of customer focus on competitiveness of large manufacturing companies in Kenya.

RESEARCH METHODOLOGY

Descriptive survey research design was employed in the study and the population consisted of large manufacturing firms in Nairobi, Kenya (454) which was sampled using stratified random sampling to obtain a sample of 384 respondents. Questionnaires were used as the research instruments where the data was collected through drop-and-pick method. The collected data was analysed through both qualitative and quantitative methods where quantitative data was coded and interpreted in form of mean, standard deviations and percentages and presented through frequency tables, pie-charts and bar-graphs. The qualitative data on the other hand was analysed through content analysis where the data were compared and presented based on the research objectives. Inferential statistics were carried out to determine the relationship between independent and dependent variable where ANOVA, P-values and Beta coefficients were employed.

FINDINGS AND DISCUSSIONS

This part covers the research findings and discussions on the influence of strategic drivers on the competitiveness of large manufacturing companies in Nairobi County, Kenya. The section has various subsections which are systematically outlined to clearly point out what was observed in the study. The first subsection covers the descriptive analysis of the research findings which comprises of mean, standard deviation and percentages. The tests for assumptions of the regression model, correlation analysis as well as inferential statistics are also covered in this part.

customer focus was assessed through the main parameters which are customer feedback, customer service monitoring and enhanced information sharing. These are the main aspects that show how best the customers are engaged and play a key role in enhancing customer loyalty and trust. The respondents were asked to indicate their levels of agreement with specific statements drawn from these parameters and the findings are as shown in Table 1.

As the findings portray, majority of the respondents agreed that the customers in their respective organizations were effectively offered feedbacks to their queries as evidenced by a mean of 3.51 and a standard deviation of 1.09. The respondents indicated that their respective manufacturing companies did not hold interactive and engaging meetings with customers so as to enhance the relationship between the two stakeholders as shown by a mean of 2.86 and a standard deviation of 1.21 (Strongly disagree = 36.4%; disagree = 26.6%). The respondents were mainly neutral on the statement that there were platforms for the customers to give their views and receive feedback promptly in their respective organizations as shown by 48.0% neutral cases and a mean of 3.02. The findings imply that the customer feedback and engagement stands low at most of the surveyed firms.

The findings further revealed that majority of the respondents agreed that the employees in their respective manufacturing firms were held accountable and required to offer the best services to the customers as shown by a mean of 3.98 and a standard deviation of 1.01. They also agreed that there were systems in their organizations set to follow-up and monitor the satisfaction of the customers over a period of time (Agree = 47.2%; strongly agree = 32.8%; mean = 3.99). The respondents further indicated that their respective organizations always prioritized and upheld the needs of the customers to ensure their satisfaction as shown by a mean of 3.54 and a standard deviation of 1.88. The respondents further disagreed that their respective organizations benefited from customer relationships which enhanced referrals thus promoting competitiveness where 36.4% strongly disagreed and 29.7% disagreed. This is an indication that most of the respondents felt that the strategies taken by their respective organizations to bring the customers closer and satisfy their needs were not adequate. According to Kumar, Batista, and Maull (2011), customers are key drivers to organizational success thus they ought to be given the main avenue to air their needs while the organization struggles to meet these demands.

Table 1: Descriptive Results on Customer Focus

Statement	SD (%)	D (%)	N (%)	A ()%	SA (%)	Mean	Std. Dev.
Customers are effectively offered feedbacks to their queries in our organization	7.2%	12.5%	14.4%	53.1%	12.8%	3.51	1.09
Our company holds interactive and engaging meetings with customers so as to enhance the relationship	36.4%	26.6%	15.7%	16.7%	4.6%	2.86	1.21
There are platforms for the customers to give their views and receive feedback promptly in our organization	12.8%	23.9%	48.0%	8.7%	6.6%	3.02	1.18
Our customers are frequently contacted to ensure they are comfortable with the service/product offered	10.8%	12.8%	16.1%	49.8%	10.5%	3.36	1.16

The employees are held accountable and required to offer the best services to the customers	13.4%	14.1%	7.4%	46.2%	18.9%	3. 98	1.01
There are systems to follow-up and monitor the satisfaction of the customers over time	4.3%	4.9%	10.8%	47.2%	32.8%	3.99	1.01
We frequently carry our customer analysis and tracking to understand their needs and preferences	3.3%	1.3%	6.2%	54.1%	35.1%	4.16	0.85
Our organization always prioritizes the needs of the customers to ensure their satisfaction	9.2%	12.5%	11.1%	49.2%	18.0%	3.54	1.18
We always take keen the customer complaints to ensure their opinions are well catered for.	10.8%	16.4%	11.8%	43.0%	18.0%	3.40	1.25
Our organization has benefited from customer relationships which has enhanced referrals thus promoting competitiveness	36.4%	29.7%	13.0%	14.4%	6.6%	2.95	1.20

Factor Analysis for Customer Focus

The factor analysis for the third objective (influence of customer focus on the competitiveness of large manufacturing firms) was carried out. The variable had 10 items. The factor loadings for the items ranged between 0.497 and 0.789 an indication that all the items had factor loadings falling within the threshold hence they were all adopted in the study for the analysis of the final model.

Table 2: Factor Loadings for Customer Focus

Factors	Loadings
Customers are effectively offered feedbacks to their queries in our organization	.789
Our company holds interactive and engaging meetings with customers so as to enhance the relationship	.756
There are platforms for the customers to give their views and receive feedback promptly in our organization	.604
Our customers are frequently contacted to ensure they are comfortable with the service/product offered	.717
The employees are held accountable and required to offer the best services to the customers	.497
There are systems to follow-up and monitor the satisfaction of the customers over time	.718
We frequently carry our customer analysis and tracking to understand their needs and preferences	.710
Our organization always prioritizes the needs of the customers to ensure their satisfaction	.785

We always take keen the customer complaints to ensure their opinions are well catered for.	.773
Our organization has benefited from customer relationships which has enhanced referrals thus promoting competitiveness	.673

The total variance explained by the factors under the customer focus was established. The results as shown in Table 3 revealed that there were three components with Eigenvalues above 1. The first component explained a cumulative variance of 38.6%, while the second and third components had a variance of 17.5% and 11.7% respectively.

Table 3: Total Variance Explained on Customer Focus

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.863	38.626	38.626	3.863	38.626	38.626
2	1.744	17.444	56.070	1.744	17.444	56.070
3	1.171	11.709	67.779	1.171	11.709	67.779
4	.669	6.692	74.471			
5	.634	6.337	80.808			
6	.490	4.902	85.710			
7	.438	4.379	90.089			
8	.350	3.504	93.593			
9	.339	3.387	96.980			
10	.302	3.020	100.000			

Extraction Method: Principal Component Analysis.

The component matrix for the components identified was sought. The results as shown in Table 4 revealed that the first component had 4 factors with factor loadings higher than 0.40, the second component had 3 factors with factor loadings ranging from 0.674 to 0.833, while the third component had 3 factors with factor loadings ranging from 0.566 to 0.858. These were computed to represent the three sub-constructs of customer focus.

Table 4: Component Matrix under Customer Focus

	Component		
	1	2	3
Customers are effectively offered feedbacks to their queries in our organization	.610		
Our company holds interactive and engaging meetings with customers so as to enhance the relationship	.801		
There are platforms for the customers to give their views and receive feedback promptly in our organization	.783		

Our customers are frequently contacted to ensure they are comfortable with the service/product offered	.682
The employees are held accountable and required to offer the best services to the customers	.566
There are systems to follow-up and monitor the satisfaction of the customers over time	.813
We frequently carry our customer analysis and tracking to understand their needs and preferences	.858
Our organization always prioritizes the needs of the customers to ensure their satisfaction	.799
We always take keen the customer complaints to ensure their opinions are well catered for.	.833
Our organization has benefited from customer relationships which has enhanced referrals thus promoting competitiveness	.674

Extraction Method: Principal Component Analysis.

 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Correlation between Customer Focus and Firm Competitiveness

Correlation analysis was done to establish the correlation between customer focus and competitiveness of large manufacturing firms in Kenya. The findings as shown in Table 5 revealed that the Pearson correlation for customer focus was 0.731 at a significance level of 0.000<0.05. This implies that there is a strong and positive correlation between customer focus and competitiveness of large manufacturing firms in Kenya.

Table 5: Correlation Results for Customer Focus

		Firm Competitiveness	Customer Focus
Firm Competitiveness	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	305	
Customer Focus	Pearson Correlation	.731[**]	1
	Sig. (2-tailed)	.000	
	N	305	305

Hypothesis Testing

Customer Focus and Firm Competitiveness

H01: There is no significant influence of customer focus on competitiveness of large manufacturing companies in Kenya

The study sought to find out the statistical relationship between customer focus and competitiveness of large manufacturing companies in Nairobi County, Kenya. The statistical relationship between the two variables

was sought through regression model whereby the output was generated in terms of model summary, ANOVA and regression coefficients. The model adopted herein was of the form: $Y=\alpha_0+\beta_1X_1 + e$. The findings on the model summary as shown in table 6 revealed that the R^2 for the model was 0.522. This is an indication that the variation of competitiveness of large manufacturing companies in Nairobi County, Kenya was explained by up to 52.2% by customer focus.

Table 6: Model Summary for Customer Focus

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.722[a]	.522	.520	.51737

a. Predictors: (Constant), Customer Focus

Analysis of Variance (ANOVA) consists of calculations that provide information about levels of variability within a regression model and form a basis for tests of significance. The "F" column provides a statistic for testing the hypothesis that all $\beta \neq 0$ against the null hypothesis that $\beta = 0$ (Weisberg, 2005). The ANOVA results revealed that at an F-statistic of 330.454, the model was significant at a significant level of 0.000<0.05. This implies that the competitiveness of large manufacturing firms could be explained by customer focus and that the model was significant to give a direction on whether to reject or fail to reject the null hypothesis.

Table 7: ANOVA (Customer Focus)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	88.452	1	88.452	330.454	.000[b]
	Residual	81.103	303	.268		
	Total	169.555	304			

a. Dependent Variable: Firm Competitiveness

b. Predictors: (Constant), Customer Focus

The regression coefficients shown in table 8 on the other hand revealed that at a beta coefficient of 0.679, customer focus significantly and positively influenced the competitiveness of large manufacturing firms in Nairobi County at a significance level of 0.000. The model now becomes: $Y=0.963+0.679X_3 + e$. This implies that a unit change in customer focus leads to 30.7% increase in competitiveness of large manufacturing firms in Nairobi County. This therefore proves the rejection of the null hypothesis of the study that customer focus has no significant influence on the competitiveness of large manufacturing firms.

Table 8: Regression Coefficients (Customer Focus)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.963	.132		7.314	.000
	Customer Focus	.679	.037	.722	18.178	.000

a. Dependent Variable: Firm Competitiveness

Summary of the Findings

The specific objective of the study was to establish the influence of customer focus on the competitiveness of large manufacturing firms in Nairobi. The findings from the descriptive analysis revealed that most of the firms surveyed offered feedback to their customers' queries but they did not hold interactive and engaging meetings with the customers. This implies that the relationship between the companies and their customers could deteriorate as a result of low level of engagement which in turn could affect the competitiveness of the manufacturing firms. The respondents agreed that the customers in their respective firms were frequently contacted and that the employees were held accountable for the services offered to the customers. The implication here is that once the employees are held accountable of how they handle the clients, they are more careful to focus on the customer and offer the best of the services. Contacting customers frequently brings them closer to the organization thus ensuring that they are more attached and ready to subscribe to the company's products. The findings further revealed that most of the firms surveyed monitored the satisfaction of the customers and conducted frequent analysis to gain understanding of the customer needs. The respondents however indicated that their respective companies had not effectively benefited from the customer relationships and indication that the overall customer focus was not satisfactorily one in most of the surveyed large manufacturing firms. The inferential analysis output revealed that indeed customer focus had a positive and significant influence on the competitiveness of the large manufacturing firms hence the rejection of the null hypothesis that there was not significant relationship between customer focus and the competitiveness of large manufacturing firms

The study concluded that Customer focus is an essential strategic driver that brings the customers closer to the firm hence enabling the management to better understand their needs and preferences. The study concluded that customer focus was partially embraced in the large manufacturing firms and this could negatively affect their competitiveness. Most of the firms shared information with the customers but this was more of a one-way communication as opposed to two-way communication. Failure to give customers feedback and provide effective means of information-sharing may discourage them from embracing the company's products.

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