Competitor Orientation and Performance of Small and Medium Enterprises in Kenya

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Abstract

Many countries recognize that, apart from development, SMEs play an important role in ensuring economic stability, growth, job creation, and social cohesion. Despite the importance of the SME sector in developing economies, these businesses face various challenges including a lack of working capital, diversion of income for other purposes, and personal problems. This study sought to determine the effect of competitor orientation on performance of SMEs in Kenya. The study also sought to establish the moderating role of information technology capability on competitor orientation as pertained to the performance of SMEs in Kenya. The study adopted a cross-sectional survey research design and, the targeted population was SMEs. The sample population was a census of the top 100 Small and Medium-sized firms. Data was analyzed using descriptive and inferential statistics. The study established that the implementation of competitor orientation strategies affects the firm performance positively. Information technology capability causes a positive effect of competitor orientation on SME performance but not significant. Competitor-oriented firms are quick to develop new products and defend their product market share through adequate brand-oriented actions. The management therefore can ensure that competitor-oriented talents are nurtured in their firms.

Keywords: *Competitor orientation, information technology, performance, small and medium enterprises*

1.0 Introduction

Small and medium enterprises drive the economic growth of many countries around the world. Countries have recognized small businesses for their role in promoting economic stability and growth, job creation, and social cohesion alongside development. Baporikar (2017) argues that SMEs lead to equitable development and offer extraordinary employment opportunities at lower capital costs. It also allows the industrialization of lagging areas. Small business failure rates worldwide are high. Demirbag et al. (2006) noted that measuring performance is very important for effective management of any organization. The primary goal of all firms is to demonstrate the level of success of their business operations (Wang, 2008; Ndungu, et al., 2014). Improvement of organizational performance calls for measures that identify the level at which the application and usage of organizational resources affect business performance (Gadennen & Sharma, 2002).

The performance of an organization is influenced by industry competition. It gives meaning and aligns the strategy of several organizations (Gatington & Robertson, 2013). Organizations

that are competitor-oriented respond to market changes quickly and meet the needs of their customers more than their rivals. This creates customer loyalty and value and therefore helps the organization to increase profitability (Martin & Grbac, 2010). Narver and Slater (1996) in their study reveal that competitor orientation is positively related to organizational performance. The research identified competitor strengths, advantages, and actions as measures of competitor-oriented firms.

Information technology capability is the capacity of a firm to advantageously use a wide collection of technologies for business operations (Parida et al., 2016; Mithas et al., 2011). It includes the use of intranet, extranet, ERP, SCM, E-Commerce, and other technological applications that are relevant to SME firms (Kannabiran and Dhamalingam, 2012; Tan et al.,2010). These capabilities are particularly beneficial to small firms as they create a link to increase internal efficiency, initiate and maintain group effort with external partners, and improve internal and external communication (Parida et al., 2016).

1.1 Problem Statement

Small and medium enterprises strengthen the levers of economic growth in many countries. Many countries recognize SMEs for their important role in ensuring economic stability, growth, job creation, and social cohesion in addition to development. At the local level, the SME sector creates jobs and absorbs up to 81.1 percent of the total workforce. It also contributed around 34 percent to Kenya's gross domestic product (GDP) in 2015 (KNBS, 2016). Despite the importance of the SME sector in economic growth, the study found 2.2 million of these businesses had closed in Kenya over the past two years due to various challenges, including scarce working capital and diverting income for other purposes, some reporting personal issues ranging from pregnancy to child care (KNBS, 2016). It is estimated that two-thirds of early-stage startups worldwide do not make it past their fifth year. Huge amounts of invested funds and jobs were lost along the way, in addition to lost opportunities that can never be recovered. They cause loss of jobs, vicious cycles of poverty, poor social cohesion, and even riots and riots against those in power (Boparika, 2016).

Adopting the right strategic direction can provide the SME sector with the necessary improvements in its operations to achieve superior business performance, enhance internal and external capabilities, and create a competitive advantage. Mawar et al. (2011) fear that IT skills are an essential part of any business to be competitive and work effectively. Any company that wants to create skills for the future must base those skills on its information technology. The current study sought to investigate the moderating role of IT capabilities on the relationship between competitor orientation and performance of SMEs in Kenya.

1.2 Research Hypothesis

H_{01}: There is no significant relationship between competitor orientation and performance of SMEs in Kenya

H_{02}: IT capabilities do not moderate the relationship between competitor orientation and the performance of SMEs in Kenya

2.0 Literature Review

2.1 Empirical Review

The performance of an organization is influenced by industry competition. It gives meaning and aligns the strategy of several organizations (Gatington & Robertson, 2013). Organizations that are competitor-oriented respond to market changes quickly and meet the needs of their customers more than their rivals. This creates customer loyalty and value and therefore helps

the organization to increase profitability (Martin & Grbac, 2010). Narver and Slater (1996) in their study reveal that competitor orientation is positively related to organizational performance. The research identified competitor strengths, advantages, and actions as measures of competitor-oriented firms.

Njeru and Kibera (2014) study the effect of the three components of strategic orientation on marketing in Kenya. The empirical objective of the study was to determine the perceived effect of competitor orientation on the organizational performance of tour firms in Kenya. The research study interviewed chief executives and senior managers of 104 tour firms in Kenya. The research embraced descriptive cross-sectional design. This design is vigorous in analyzing a phenomenon, situation, or behavioral relationship attitude of a population at a particular point in time. The data were collected using a questionnaire, which is structured through a 5-likert scale. This study revealed that there is a positive and significant relationship between competitor orientation and performance of tour firms in Kenya.

2.2 Conceptual Framework

A conceptual framework shows the relationship between variables. In this study, the dependent variable is the performance of SMEs, the independent variable is competitor orientation and moderating variable is IT.
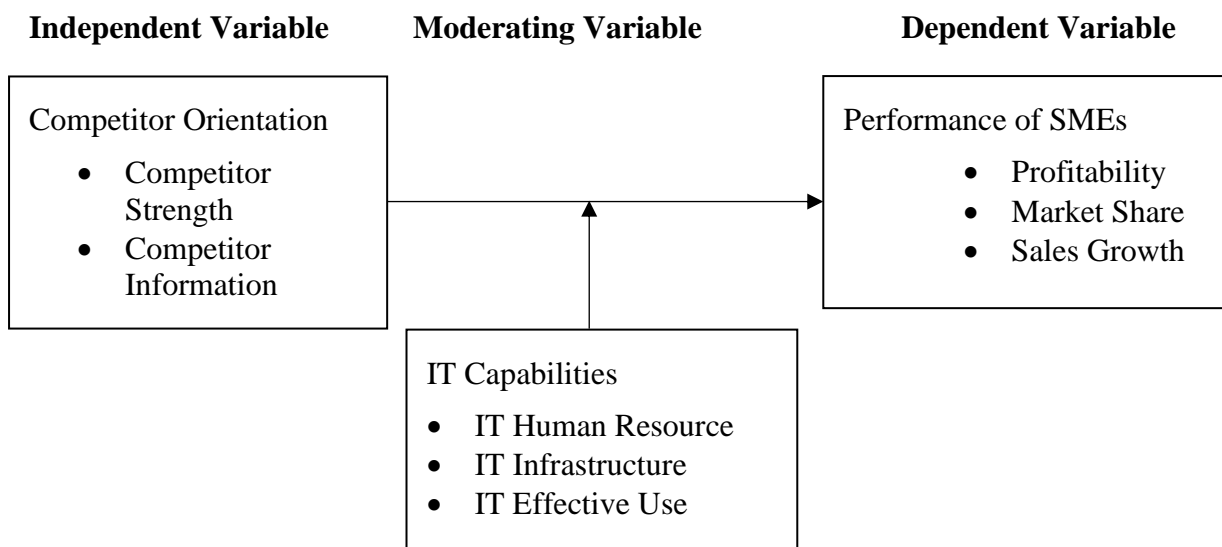
Independent Variable   Moderating Variable   Dependent Variable

Competitor Orientation

- Competitor Strength
- Competitor Information

Performance of SMEs

- Profitability
- Market Share
- Sales Growth

IT Capabilities

- IT Human Resource
- IT Infrastructure
- IT Effective Use

Figure 1: Conceptual Framework

3.0 Methodology

The study adopted a cross-sectional survey research design and, the targeted population was SMEs. The sample population was a census of the top 100 Small and Medium-sized firms which were surveyed by Nation Media Group and KPMG Audit and Management firm for the year 2017. Self-administered semi-structured questionnaires were used to collect primary data. Secondary data was obtained from published sources. A pilot study was conducted before collection of primary data using a sample of 10 similar firms. The pilot study goal was to test both the reliability and validity of the research instruments. The reliability was assessed with the use of Cronbach's alpha. The analysis of the primary data was carried out using SPSS version 22. Descriptive statistics were tabulated into percentages of participants' responses. Correlation analysis was used to determine the association between variables while regression analysis was used to evaluate inferential statistics for the hypothesis.

4.0 Results and Discussion

4.1 Reliability of Research Instrument

Cronbach Alpha was used to determine the reliability of the questionnaire. The overall Cronbach Alpha was 0.879 which was found to be very good and hence the research instrument was reliable for the current study. George and Mallery (as cited in Kimaku, Omwenga & Nzulwa, 2019) stated that the reliability of the constructs was acceptable based on the rule that when Cronbach's alpha value is greater than 0.9, it is considered excellent; when the value is 0.8 is deemed very good and when it is 0.7, it is rated as good.

Table 1: Overall reliability coefficients

S/No.	Variable	No. of Items	Cronbach Alpha Value	Remarks
1	Competitor Orientation	3	0.854	Very Good
2	Information technology capability	20	0.906	Excellent
3	Performance of Small and Medium Size (SME) firms	15	0.879	Very Good
	AVERAGE		**0.879**	**Very Good**

4.2 Descriptive Analysis

Competitor Orientation

To acquire information about competitor orientation, various statements were asked of the respondents, who were required to provide feedback on a Likert scale of one (1) to five (5), with 1 strongly agreeing, 2 being agree, 3 being neither agree nor disagree, 4 being disagree and 5 being strongly disagree to the statements. In the statement "We respond to competitive action that threatens us." 57.3% of the respondents strongly agreed with the statement, 39.6% of the respondents agreed with the statement, whereas 3.1% disagreed with the statement, with a mean of 1.49 and standard deviation of 0.665. On the statement "We target customers and customer group that we have or can develop a competitive advantage", 42.7% strongly agreed to the statement, 50.0% of the respondents agreed while 7.3% of the respondents neither agreed nor disagreed with the statement, with a mean of 1.65 and standard deviation 0.615. Regarding the statement "The top management team regularly discusses competitor's strengths and strategies", 44.8% strongly agreed to the statement and 52.1% of the respondents agreed to the statement, whereas 3.1% of the respondents neither agreed nor disagreed with the statement, with a mean of 1.58 and standard deviation 0.556.

Table 2: Competitor orientation frequencies

Competitor Orientation	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Mean	Std. Dev.
We respond to competitive action that threatens us	57.3	39.6	-	3.1	-	1.49	.665
We target customers and customer groups that we have or can develop a competitive advantage	42.7	50.0	7.3	-	-	1.65	0.615
The top management team regularly discusses competitors' strengths and strategies	44.8	52.1	3.1	-	-	1.58	.556
AVERAGE						**1.57**	**0.612**

Information Technology Capabilities

To acquire information about the moderating variable ICT capabilities, several statements were asked of the respondents, who were required to provide feedback on a Likert scale of one (1) to five (5), with 1 strongly agreeing, 2 being agree, 3 being neither agree nor disagree, 4 being disagree and 5 being strongly disagree to the statements. On the statement "Our staff has very good technical knowledge, they are one of the best technical groups an IT department could have" 34.4% of the respondents strongly agreed to the statement whereas 65.6% of the respondents agreed to the statement, with a mean of 1.66 and standard deviation 0.477. On the statement "Our IT staff can quickly learn and apply new technologies as they become available", 42.7% of the respondents strongly agreed to the statement while 57.3% of the respondents agreed to the statement, with a mean of 1.57 and a standard deviation 0.497. Regarding the statement "Our IT staff has the skills and knowledge to manage IT projects in the current Business environment", 28.1% strongly agreed to the statement whereas 71.9% of the respondents agreed to the statement, with a mean of 1.72 and standard deviation 0.454.

On the statement "Our IT can work closely with customers and maintain productive user or client relationships", 40.6% of the respondents strongly agreed to the statement while 59.4% of the respondents agreed to the statement, with a mean of 1.59 and standard deviation 0.494. On the statement "Our IT staff understands our organizational procedures and policies very well" 49.0% of the respondents strongly agreed the statement while 51.0% of the respondents agreed to the statement, with a mean of 1.51 and a standard deviation of 0.503. On the statement "Our It staff is aware of the core beliefs and values of our organization", 56.3% strongly agreed to the statement, while 43.7% of the respondents agreed to the statement, with a mean of 1.44 and a standard deviation of 0.499.

On the statement "Our IT staff knows who are responsible for important tasks in the organizations" 54.2% of the respondents strongly agreed to the statement whereas 45.8% of the respondents agreed to the statement, with a mean of 1.46 and standard deviation 0.501. On the statement "The technology infrastructure needed to electronically link our business unit is present and in place today", 43.8% of the respondents strongly agreed to the statement, 49.0% of the respondents agreed to the statement while 7.3% neither agreed nor disagreed with the statement, with a mean of 1.64 and standard deviation 0.618. Regarding the statement "The

technology infrastructure needed to electronically link our firm with external business partners (i.e. Key customers, suppliers, alliances) is present and in place today", 24.0% of the respondents strongly agreed to the statement, 68.8% the respondents agreed to the statement while 7.3% neither agreed nor disagreed to the statement, with a mean of 1.83 and standard deviation 0.536.

On the statement "Corporate data is currently sharable across business units and organizational boundaries are in place today", 32.3% of the respondents strongly agreed to the statement, 58.3% of the respondents agreed to the statement while 9.4% neither agreed nor disagreed to the statement, with a mean of 1.77 and standard deviation 0.607. On the statement "We have standardized the various components of our technology infrastructure" 25.0% of the respondents strongly agreed to the statement, 67.7% of the respondents agreed to the statement while 7.3% neither agreed nor disagreed with the statement, with a mean of 1.82 and standard deviation 0.543. On the statement "Our staff uses IT system to decide how best to approach a problem", 17.7% of the respondents strongly agreed to the statement, 40.6% of the respondents agreed to the statement, 36.5% neither agreed nor disagreed with the statement while 5.2% strongly disagreed with the statement, with a mean of 2.29 and standard deviation 0.820.

On the statement "Our staff uses IT system to help them think through a problem", 17.7% of the respondents strongly agreed to the statement, 58.3% of the respondents agreed to the statement while 24.0% neither agreed nor disagreed with the statement, with a mean of 2.06 and standard deviation 0.646. On the statement "Our staff uses IT system to help them explain and justify their decision" 22.9% of the respondents strongly agreed to the statement, 53.1% of the respondents agreed to the statement while 24.0% neither agreed nor disagreed with the statement, with a mean of 2.01 and standard deviation 0.688. On the statement "Our staff use IT system to rationalize their decisions", 22.9% of the respondents strongly agreed to the statement, 60.4% of the respondents agreed to the statement, 11.5% neither agreed nor disagreed with the statement while 5.2% strongly disagreed to the statement, with a mean of 1.99 and standard deviation 0.747.

On the statement "Our staff uses IT system to improve effectiveness and efficiency of the decision process", 35.4% of the respondents strongly agreed to the statement, 60.4% of the respondents agreed to the statement while 4.2% neither agreed nor disagreed with the statement, with a mean of 1.69 and standard deviation 0.549. On the statement "Our staff uses It system to communicate and exchange information with other people in their work group" 50.0% of the respondents strongly agreed to the statement, 43.8% of respondents agreed to the statement while 6.2% neither agreed nor disagreed to the statement, with a mean of 1.56 and standard deviation 0.612. On the statement "Our staff uses IT system to communicate and exchange information with people who report to them", 53.1% of the respondents strongly agreed to the statement, 34.4% of the respondents agreed to the statement, while 12.5% neither agreed nor disagreed to the statement, with a mean of 1.59 and standard deviation 0.705.

Table 3: Information Technology Capabilities frequencies

IT Capabilities	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree	Mean	Std. Dev.
Our staff has the very good technical knowledge, they are one of the best technical groups an IT department could have	34.4	65.6	-	-	-	1.66	0.477
Our IT staff quickly learn and apply new technologies as they become available	42.7	57.3	-	-	-	1.57	0.497
Our IT staff has the skills and knowledge to manage IT projects in the current Business environment	28.1	71.9	-	-	-	1.72	0.452
Our IT works closely with customers and maintain productive user or client relationships	40.6	59.4	-	-	-	1.59	0.494
Our IT staff understands our organizational procedures and policies very well	49.0	51.0	-	-	-	1.51	0.503
Our It staff is aware of the core believes and values of our organization	56.3	43.7	-	-	-	1.44	0.499
Our IT staff knows who is responsible for important tasks in the organizations	54.2	45.8	-	-	-	1.46	0.501
The technology infrastructure needed to electronically link our business unit is present and in place today	43.8	49.0	7.3	-	-	1.64	0.618
The technology infrastructure needed to electronically link our firm with external business partners (i.e. Key customers, suppliers, alliances) is present and in place today	24.0	68.8	7.3	-	-	1.83	0.536
Corporate data is currently sharable across business units and organizational boundaries are in place today	32.3	58.3	9.4	-	-	1.77	0.607
We have standardized the various components of our technology infrastructure	25.0	67.7	7.3	-	-	1.82	0.543
Our staff use IT system to decide how best to approach a problem	17.7	40.6	36.5	-	5.2	2.29	0.820
Our staff use IT system to help them think through a problem	17.7	58.3	24.0	-	-	2.06	0.646
Our staff use IT system to help them explain and justify their decision	22.9	53.1	24.0	-	-	2.01	0.688
Our staff use IT system to rationalize their decisions	22.9	60.4	11.5	-	5.2	1.99	0.747
Our staff use IT system to improve effectiveness and efficiency of the decision process	35.4	60.4	4.2	-	-	1.69	0.549

Our staff use It system to communicate and exchange information with other people in their work group	50.0	43.8	6.2	-	-	1.56	0.612
Our staff use IT system to communicate and exchange information with people who report to them	53.1	34.4	12.5	-	-	1.59	0.705
Our staff use IT system to communicate and exchange information with people they report to	52.1	41.7	6.3	-	-	1.54	0.614
Our staff use IT systems to serve internal and or external customers	40.6	44.8	14.6	-	-	1.74	0.700
Our staff use IT system to improve quality of customer service	32.3	61.5	6.2	-	-	1.74	0.567
Our staff use IT system to more creatively serve customers	26.0	55.2	18.8	-	-	1.93	0.669
Our staff use IT system to exchange information with internal and/or external customers	34.4	57.3	8.3	-	-	1.74	0.603
AVERAGE						**1.73**	**0.593**

Performance of SMEs

Table 4: Performance of SME frequencies

Performance of SMEs	0 – 20%	21 – 40%	41 – 60%	61 – 80%	81 – 100%	Mean	Std. Dev.
Average Pre-tax Profits 2013	53.1	30.2	16.7	-	-	1.64	.756
Average Pre-tax Profits 2014	42.7	32.3	25.0	-	-	1.82	0.808
Average Pre-tax Profits 2015	34.3	33.3	32.3	-	-	1.98	0.821
Average Pre-tax Profits 2016	27.1	44.8	28.1	-	-	2.01	0.747
Average Pre-tax Profits 2017	25.0	44.8	30.2	-	-	2.05	0.745
Sales Growth 2013	67.7	20.8	11.5	-	-	1.44	0.693
Sales Growth 2014	44.8	41.7	13.5	-	-	1.53	0.695
Sales Growth 2015	41.7	39.6	18.8	-	-	1.69	0.701
Sales Growth 2016	45.8	32.3	19.8	-	-	1.77	0.747
Sales Growth 2017	45.8	32.3	19.8	2.1	-	1.78	0.836
Market Share Growth 2013	86.5	8.3	3.1	-	2.1	1.23	0.703
Market Share Growth 2014	79.2	18.8	-	-	2.1	1.27	0.672
Market Share Growth 2015	66.7	31.3	-	-	2.1	1.40	0.703
Market Share Growth 2016	69.8	28.1	-	-	2.1	1.36	0.698
Market Share Growth 2017	63.5	34.4	-	-	2,1	1.43	0.707
AVERAGE						**1.63**	**0.735**

4.3 Regression Analysis

Regression analysis for construct Competitor Orientation

From Table 5 (ii), the regression model of X and Y was significant with $F_{(1,94)} = 11.723$, p-value =0.001), inferring that competitor orientation was a valid predictor in the model. The

Coefficient of determination R^2 of 0.111 showed that 11.1% of the performance of small and medium enterprises is explained by competitor orientation. The remaining percentage of performance of small and medium enterprises can be explained by other factors not included in the model. The R of 0.333 from Table 5(i) shows there is a moderate positive correlation between competitor orientation and performance of small and medium enterprises in Kenya.

From the hypothesis of the study, **H_0:** There is no significant relationship between competitor orientation and performance of SMEs in Kenya, the study findings revealed that there was a positive significant relationship between competitor orientation and performance of small and medium enterprises in Kenya.

The results were fitted in the Model **$Y = \beta_0 + \beta X + e$**

The study therefore rejected the null hypothesis (H_0): There is no significant relationship between competitor orientation and the performance of SMEs in Kenya) and concluded that competitor orientation (X) did influence the performance of SMEs in Kenya (Y).

The Model equation therefore became $Y = 1.044 + 0.370 X$

Where:

Y is a performance of small and medium enterprises in Kenya

X is competitor orientation

The beta coefficient value for competitor orientation (0.370) meant that for every one (1) unit increase in the dimension of competitor orientation in small and medium enterprises, it leads to a 0.370 increase in performance of small and medium enterprises as shown in Table 5 (iii).

Table 5: Regression analysis for construct Competitor Orientation

i) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.333[a]	.111	.101	.449	.111	11.723	1	94	.001

a. Predictors: (Constant), X3
b. Dependent Variable: Y

ii) ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	2.367	1	2.367	11.723	.001[b]
1	Residual	18.980	94	.202		
	Total	21.346	95			

a. Dependent Variable: Y
b. Predictors: (Constant), X3

iii) Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.044	.176		5.927	.000		
	X3	.370	.108	.333	3.424	.001	1.000	1.000

a. Dependent Variable: Y

Discussion of the findings on the relationship between competitor orientation and performance of SMEs in Kenya

The R-value (correlation coefficient, r = 0.333) indicated that there was a fairly moderate positive correlation between competitor orientation and the performance of SMEs. This was an indication that competitor orientation had a moderate influence on the performance of SMEs in Kenya. The p- p-value <0.05 signified that competitor orientation was statistically significant at 5% level of significance, implying that competitor orientation has a positive effect on the performance of SMEs in Kenya. The study therefore rejected the null hypothesis H_0: that there is no significant relationship between competitor orientation and performance of SMEs in Kenya.

The research findings were coherent with outcomes of Egberi and Osio (2019). While studying the effect of Market Orientation on Organizational Performance in the Nigerian Banking industry, Egberi and Osio (2019) report that there is a significant relationship between Competitor Orientation Culture and the Organizational Performance of the selected banks. Adrianus (2008), Ogbonna and Ogwo (2013), and Jaiyeoba (2011) also established that there is a positive relationship between competitor orientation and organizational performance in their studies.

The moderating effect of Information technology Capability on the relationship between Competitor orientation and performance of SMEs in Kenya

To test whether information technology capability had any effect on the relationship between competitor orientation and the performance of SMEs in Kenya, regression analysis was conducted as shown in Table 6 below. The study tested hypothesis, H_0: Information technology capability has no moderation effect on the relationship between competitor orientation and the performance of SMEs in Kenya.

The results were fitted in three models as shown below

Model 1: $Y = \beta_0 + \beta X + e$

Model 2: $Y = \beta_0 + \beta X + \beta_M M + e$

Model 3: $Y = \beta_0 + \beta X + \beta_M M + \beta_{3M} XM + e$

Where:

Y = Performance of SMEs,

X = Competitor Orientation

M = Information technology capability

X_3M = Interaction term

e = error term

From Table 6(ii), the results show that the three regression models 1, 2 & 3 were all significant. Their F values were 11.723, 5.852, and 4.766, all with p-values<0.05. The Coefficient of determination R^2 for the first model (model 1) was 0.111, which was significant, showing that 11.1% of the performance of SMEs can be explained by competitor orientation alone. In Model 2, upon introduction of information technology capability, the coefficient of determination R^2 changed from 0.111 to 0.112, which was insignificant. Further, upon introduction of the interaction term XM into the model, as shown in Model 3, the R^2 value additionally increased to 0.135, which was still insignificant. This implied that 13.5% of the performance of SMEs can be explained by competitor orientation, information technology capability, and the

interaction term XM. The remaining 86.5% of performance of SMEs is explained by other factors not included in the model. The R values of the three models (0.333, 0.334, and 0.367) from Table 4.25(i) showed a moderate positive correlation.

The F change for competitor orientation (X) was statistically significant (F = 11.723, p value=0.001), which implied that competitor orientation statistically influenced the performance of SMEs in Kenya. Upon introduction of a moderating variable (information technology capability), the F-Change decreased which was statistically insignificant (F = 0.093, p =0.761). Similarly, when the interaction term (XM) was introduced in the model, the F-Change presented an insignificant positive increase (F=2.417, p=0.123). This implied that information technology capability did not affect the relationship between competitor orientation and the performance of SMEs in Kenya. This therefore implies that the null hypothesis H_0: Information technology capability has no moderation effect on the relationship between competitor orientation and the performance of SMEs in Kenya was not rejected and thus concluded that Information technology affected the relationship between competitor orientation and performance of SMEs in Kenya.

The fitted models therefore became

Y = 1.044 + 0.370X

Y = 0.971 + 0.367X + 0.045 M

Y = -0.543 + 1.374X + 1.0M - 0.63XM

Table 6: Regression analysis for the moderating effect of Information technology capability on the relationship between competitor orientation and performance of SMEs in Kenya

	i) **Model Summary**								
Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.333[a]	.111	.101	.449	.111	11.723	1	94	.001
2	.334[b]	.112	.093	.452	.001	.093	1	93	.761
3	.367[c]	.135	.106	.448	.023	2.417	1	92	.123

a. Predictors: (Constant), X
b. Predictors: (Constant), X, M
c. Predictors: (Constant), X, M, X3M
d. Dependent Variable: Y

	ii) **ANOVA**[a]					
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.367	1	2.367	11.723	.001[b]
	Residual	18.980	94	.202		
	Total	21.346	95			
2	Regression	2.386	2	1.193	5.852	.004[c]
	Residual	18.961	93	.204		
	Total	21.346	95			
3	Regression	2.871	3	.957	4.766	.004[d]
	Residual	18.475	92	.201		
	Total	21.346	95			

a. Dependent Variable: Y
b. Predictors: (Constant), X
c. Predictors: (Constant), X, M
d. Predictors: (Constant), X, M, X3M

iii) **Coefficients**		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.044	.176		5.927	.000		
	X	.370	.108	.333	3.424	.001	1.000	1.000
2	(Constant)	.971	.299		3.249	.002		
	X	.367	.109	.330	3.368	.001	.993	1.008
	M	.045	.147	.030	.305	.761	.993	1.008
3	(Constant)	-.543	1.018		-.534	.595		
	X	1.374	.657	1.236	2.093	.039	.027	37.081
	M	1.000	.632	.666	1.584	.117	.053	18.819
	XM	-.630	.405	-1.161	-1.555	.123	.017	59.261

a. Dependent Variable: Y

Discussion on the moderating effect of information technology capability on the relationship between competitor orientation and performance of SMEs in Kenya

From Table 6 (iii), model 1 shows a competitor orientation beta of 1.044 (β =1.044, t = 5.927, p-value<0.001) implying it was statistically significant. Likewise, in model 2 when information technology capability was introduced and combined with competitor orientation, the beta value decreased to (β =0.367, t = 3.368, p-value=0.001) which was statistically significant. The beta for information technology capability is 0.045 (β =0.045, t = 0.305, p-value=0.761) hence statistically insignificant.

When the interaction term (X*M) was introduced, competitor orientation presented a significant effect on the performance of SMEs, with a beta of 1.3754 (β =1.374, t =2.093, p-value=0.039). The beta for information technology capability was -0.313 (β =-0.313, t = -0.327, p-value=0.0745) hence statistically insignificant. The interaction term (X*M) beta was 1.000 (β =1.000, t =1.584, p-value=0.117) implying statistically insignificant. From the results, it is clear that information technology capability only added some predictive value but did not moderate the relationship between competitor orientation and the performance of SMEs in Kenya. The results supported the earlier assertions that information technology capability does not moderate the relationship between competitor orientation and the performance of SMEs in Kenya.

5.0 Conclusion

The study concludes that the implementation of competitor orientation strategies affects the firm performance positively. It helps the firm assess its strengths and weaknesses relative to its competitors. Knowing company strengths and weakness, aid the firms to position their product offering in a competitive market. Adi, Ujianto, and Nugroho (2018) concur with this study and add that competitor orientation allows salespeople to gather information about competitors' actions share information with other functions within the firm, and discuss them with the firm's leaders. It helps the firm to counterattack competitor actions and develop short- and long-term capabilities and strategies. These actions allow the SMEs to develop a sustainable competitive advantage. IT capability causes a positive effect of competitor orientation on SME performance but not significant.

6.0 Recommendations

Competitor-oriented firms are an extension of market-oriented firms but goes beyond gathering intelligent information and looking into the strength and weakness of the competitors.

Competitor-oriented firms also assess their competitive advantages relative to their competitors and develop strategies that orient the firms to respond to competition swiftly and focus. Competitor-oriented firms are quick to develop new products and defend their product market share through adequate brand-oriented actions. The management therefore can ensure that competitor-oriented talents are nurtured in their firms.

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