

EFFECTS OF MARKET ORIENTATION ON BUSINESS PERFORMANCE OF COMMERCIAL BANKS IN NAKURU TOWN, KENYA

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ABSTRACT

The increase in the number of commercial banks in Kenya, coupled with the new regulatory regimes, globalization and changes in technologies has resulted in high competition amongst banks. As a result, banks have resorted to market their services in different and attractive ways to satisfy customer needs and desires which are continually changing. One such intervention can be achieved through an adept understanding of market orientation, which leads to the development of appropriate product and service strategies to meet customer needs. However, in doing so, due consideration should be given to the specific firm capabilities used to implement market orientation in the target market. The objective of this study was to determine the effect of marketing orientation on business performance of commercial banks in Nakuru Town, Kenya. The study targeted all employees of these banks and used a survey design using quantitative approaches. From the target population of 278, statistical formulae were used to tabulate the sample which gives a sample 74. The study used primary data which were collected using self-administered questionnaires. The data collected was analyzed using statistical package for social sciences and presented in tables. A regression analysis was undertaken to determine the relationship between marketing orientation and business performance. The R^2 value of 0.336 implies that 33.6% of the variations in the business performance of banks can be explained by the variations in the independent variables. It was also established that all the independent variables, namely; market dynamism, competitive intensity, technological turbulence and regulatory policies had a positive effect on market orientation. However, the market dynamism had the strongest effect while competitive intensity had the least effect. It is hoped that the findings of this study will be beneficial in outlining the effect of market orientation on business performance in commercial banks in Kenya.

KEYWORDS: The Effect of Marketing Orientation, Business Performance, Commercial Banks