

EFFECT OF ENTREPRENEURIAL ORIENTATION ON THE PERFORMANCE OF FAMILY OWNED BUSINESSES: A CASE STUDY OF SUPERMARKETS IN NAIROBI COUNTY

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ABSTRACT

Family businesses exist on a global scale. In the United States alone, researchers estimate that there are more than 12 million family businesses ranging from small private businesses to large publicly traded corporations. A major reason why family owned supermarkets underperform is due to SMEs inability to build necessary internal capacity to deal effectively with diverse and hostile business requirements. Further, despite the enormous role they play in the economy, supermarkets are faced by numerous challenges that affect their performance including competition, lack of skills in management and regulatory framework. Many supermarkets have closed down due to stiff competition in the market brought about by market liberalization. Many supermarkets are generally low margin, 'me too' businesses, have very little differentiation and are survival or necessity driven. This implies that the supermarkets in Kenya may be lacking EO. The purpose of this study was to determine the effect of entrepreneurial orientation on the performance of family owned supermarkets in Nairobi County. A descriptive survey research design was used in this study. The target population of the study consisted of the management staff of all the 45 family owned supermarkets in Nairobi County. This research study used a stratified random sampling method to select 30% of the respondents. The researcher therefore selected 216 respondents. The researcher used primary data for this study and was collected using questionnaires. The quantitative data in this research was analyzed by descriptive statistics. In addition, a multivariate regression model was applied to determine the relative

importance of each of the five variables with respect to Family Owned supermarket performance. The study found that innovativeness culture promoted a performance of family owned supermarkets in Nairobi County, innovativeness is a tendency, an individual's or organization's receptivity and proclivity to adopt new ideas. The study concludes that proactiveness supported performance among family owned supermarkets in Nairobi County. The study concludes that risk taking presented new business opportunities and ventures which had a positive influence on performance among family owned supermarkets in Nairobi County and that features of risk-taking form the basis for the targets of profit acquisition and improved business performance. The study concludes that collaboration in family owned supermarkets through exchange of explicit knowledge promoted better production. The research recommends that the management of family owned supermarkets should work to ensure that that internal flow of activities is effective as the quality of coordination was found to be a crucial factor in the survival of family owned supermarkets. Family owned supermarkets should endeavor to be in the forefront to introduce new products and services and processes. Family owned supermarkets should endeavor to form strategic business partnerships this will present an opportunity to grow their customer base and improve their business performance. Family owned supermarkets should take moderate level of risk in order to make entrepreneurial venture attainable and thus succeed in entrepreneurial venture.

Key Words: *entrepreneurial orientation, family businesses, supermarkets, innovativeness, proactiveness, risk taking, regulatory framework and market creating value for customer, collaboration, liberalization*

INTRODUCTION

Throughout the world, shifts in population demographics, technological changes, fluctuating economies and other dynamic forces have transformed societies as never before, bringing new challenges and opportunities to the forefront. Among the responses to these shifting forces is an increased emphasis on entrepreneurship by governments, organizations and the public (GEM Global Report, 2012). Entrepreneurial orientation has been acknowledged as a key determinant for a firm's growth and profitability. It has been related to high firm growth (Brown, Davidson & Wiklund, 2008), superior performance, and longevity (Soininen, 2013). High adoption of innovativeness, risk-taking and pro-activeness is seen as a key ingredient to success of firms (Frank, Kessler & Fink, 2010).

One way of assessing an entrepreneur's chances of success is by establishing the entrepreneurial orientation of an individual. Entrepreneurial orientation refers to the strategy making processes that provide the basis for entrepreneurial decisions and actions (Wiklund & Shepherd, 2013). Mahmood and Hanafi (2013) suggested that entrepreneurs with a high entrepreneurial orientation are more likely to perform better than those that lack such an orientation. Various studies that have been carried out on relationship between entrepreneurial orientation and performance, lead to conclusions that increase in entrepreneurial orientation, leads to improved performance, which suggests that correlation between entrepreneurial orientation and Performance is significant (Schillo 2011). Due their relatively limited resources and lack of capabilities, entrepreneurs especially those operating in SMEs have to possess entrepreneurial orientation to survive or even to outperform their competitors in markets.

Organizations continue to exist beyond the life of the founders and the dilemma of ownership and management is considered as a potential source of danger and conflict. Professional and managerial requirements tend to be intertwined with family feelings and interests. A family-owned enterprise is a 'total system' that is derived from a number of sub-systems, including the founding entrepreneur as an entity, the family member as an entity and the enterprise as an entity (Dyer & Handler, 2014).

Understanding the entrepreneurial orientation in family businesses can improve performance of the firms. More than 90% of small and medium enterprises (SMEs) are family businesses (Callaghan & Venter, 2011). Family businesses are an integral part of the socioeconomic environment and source of national income for any country. The prominence and impact of family businesses on the economy is well recognized, contributing to an estimated 70 - 90% of worldwide Gross Domestic Product (GDP) annually (Fatoki, 2014).

Globally, family-owned businesses support some 50 percent of the population, and during these difficult economic times, they put many of the unemployed back on the payroll thus playing a significant role in the economy. Entrepreneurial orientation has been

conceptualized as the process and decision-making activities used by entrepreneurs that leads to entry and support of business activities (Martinand, 2015); and as the strategy- making processes that provide organizations with a basis for entrepreneurial decisions and actions (Wiklund & Shepherd, 2013). Thus, entrepreneurial orientation (EO) generally considered as a key ingredient for the success of a firm.

As the pace of change continues to accelerate globally, the success of community enterprises depends on the innovation of entrepreneurs. Yet the Global Entrepreneurship Monitor (GEM, 2011) reported South Africa as performing low (9.1%) and GEM (2012) reported 7.3% in entrepreneurship, with total entrepreneurial activity (TEA) below the average of comparable economies around the world.

Small and Medium Enterprises are weak in Africa because of small local markets, undeveloped regional integration and very difficult business conditions, which include cumbersome official procedures, poor infrastructure, dubious legal systems, inadequate financial system and unattractive tax regimes (African Development Bank, 2009). Many firms stay small and informal and use simple technology that does not require great use of national infrastructure. Their smallness also protects them from legal proceedings so they can be more flexible in uncertain business conditions (MSME Brochure, 2014).

In Nigeria, according to Gomba and Tumo (2016), entrepreneurial orientation is viewed as the dynamic process of wealth creation. Despite the many positive aspects of EO in family businesses in the African continent, their failure rate is higher in Africa at an average of 89% as compared to the 67% global failure rate. According to Gomba and Tumo (2016), nearly 86% of family businesses fail during the transfer to the second generation, with only 11% surviving the third generation transfer. In Nigeria 82% small family businesses die with their founders (Babangida & Semasinghe, 2014).

The survival and longevity of the Kenyan family business is a cause of concern as they are a major contributor to the social and economic wellbeing. The running of an enterprise is usually closely aligned to the personality and style of the founding entrepreneur (Bowen, Morara & Mureithi, 2009). When owners or managers retire, less than one-third of family-owned businesses are continued by the next generation. The Standard of 14 February 2010 shows that 15% of the Kenyan family businesses survive to the second generation. Many family companies in Kenya seem to suffer from the founders' syndrome and few have any strategies in place on how to grow the business. This founder's trap can develop into a family trap if a family member takes over on the basis of ownership and bloodline rather than competence and experience.

In Kenya, according to Abuya (2015), entrepreneurial orientation has been conceptualized as the process and decision-making activities used by entrepreneurs that leads to entry and support of business activities. Entrepreneurial orientation is often tested based on the following factors; risk taking, innovativeness, pro-activeness, and competitive energy and autonomy. Several studies have made clear that entrepreneurship could actually foster organizational growth. Several explanations have been made for the positive relationship

between Entrepreneurship and organizational growth. However, Otieno (2012) discovered a high level of influence of EO among Kenya's manufacturing firms operating under EAC regional integration. EO and Strategy influence performance of manufacturing firms under EAC regional integration in terms of sales, profits and employment (Otieno, 2012).

The family owned businesses are important because of their contributions to the economy and also due to the commitment they show to local communities. These businesses bring long-term stability, the responsibilities they feel as owners and the values for which they stand (Mazzola, 2008). In the Kenyan context, family businesses are renowned for their entrepreneurial and innovative spirit and are a key driver for the Kenyan economy.

Family owned businesses face unique challenges in Kenya's competitive business environment. Managing family business comes with extra baggage. It comes with the joy and fulfilment and with risks and anxieties. In the worst-case scenario, it could destroy the very same family that the business was set up to assist, in the first place. A number of issues deserve careful attention for successful family owned and managed business. One of the best ways to capture these is to reflect on some common mistakes that people in family businesses make and the possible solutions. The issues gravitate around ownership and rewards, communication, conflict, pay and benefits, engagement of family members and entrepreneurial orientation (Waweru, 2011). Entrepreneurial orientation is a key element of an effective management and ensuring that an organization achieves its future goals.

In Nairobi County there are 88 supermarkets (Supermarket Directory, 2014). Some of the old family owned supermarkets are Ukwala supermarkets, founded in the mid 70s and Nakumatt supermarkets, founded in 1987 (Kamau, 2008). Thirty years ago, the three families whose interaction and competition would shape the face of Kenya's retail business were hardly noticeable. In the Rift Valley town of Nakuru, two families — the Shahs and the Kamaus — were busy flexing their muscles and just beginning to extend their business empire. They were not exactly well-known families in the town then, but today they control almost 85 per cent of Kenya's retail business. The two families own Nakumatt, Tuskys and Naivas chains of supermarkets. Their close-knight family friendship runs deeper than business rivalry, or so it seems.

The growth of supermarkets has provided thousands of jobs in the County hence by providing employment they are assisting the government in its efforts to alleviate poverty among the citizens. The supermarkets have also brought about development of other businesses in the County. The Nairobi County economic growth is attributed to family-owned firms such as supermarkets hence, a lot of effort should focus in making family owned supermarkets to grow so as to make them more prominent, and their presence felt as well as convert their visions into reality (Ndongeri, 2010). Supermarket firms in Nairobi County are registered by the registrar of companies under the ministry of trade and industry through the Directorate of Commerce. The Directorate of Commerce has been mandated to execute the following functions: Trade Development Policy, Promotion of Retail and Wholesale Markets Fair trade Practices and Consumer Protection (Ministry of trade, 2013). Also, Nairobi county provide license to allow them operate their business within the county

STATEMENT OF THE PROBLEM

Family businesses exist on a global scale. In the United States alone, researchers estimate that there are more than 12 million family businesses ranging from small private businesses to large publicly traded corporations. In other parts of the world this statistic is much higher, which indicates that at least 40% of the world's economy is affected by the family business (Ward, 2013). These statistics show the extreme penetration of family businesses, yet the influence of families on the businesses they own and manage is often invisible to management theorists and business schools (Gerick et al, 2011). Nearly half of the world's economy is made up of family businesses thus making it clear that the perpetuation of the world economy is rooted in the long term sustainability of the family entity (Fleming, 2013).

Family businesses comprise 80 to 90 percent of all business enterprises in Kenya but concerns have been raised on the rate at which family owned businesses never get to the fourth and fifth generation or very few manage to that level. The statistics in Kenya indicates that only 30% of the family business survives for up to 2nd generation with only 12% making it to the third generation and a measly 3% get to the fourth generation (KNBS, 2015; PwC, 2016). Their failure rate is stunningly higher compared to other SMEs whose 62% survive to the second generation; around 30% survive the third generation and 21% surviving to the fourth generation (Economic Survey, 2015). This can be evidenced by an example of Woolworth supermarket which was opened in 1985 and in the year 1997.

According to Karanja (2012), more often than not, families make applications in court to bar their family members from running or interfering with the running of family business. Examples can be seen in the case of Tuskys supermarket; one of the leading supermarkets is facing problems as siblings disagree in the family owned business. Gakure, Kithae and Munyao (2012) observes that a major reason why family owned supermarkets underperformance is due to SMEs inability to build necessary internal capacity to deal effectively with diverse and hostile business requirements. Further, despite the enormous role they play in the economy, supermarkets are faced by numerous challenges that affect their performance including competition, lack of skills in management and regulatory framework. According to Kenya Private Sector Alliance (KEPSA, 2015), many supermarkets have closed down due to stiff competition in the market brought about by market liberalization. Many supermarkets are generally low margin, 'me too' businesses, have very little differentiation and are survival or necessity driven (The Guardian, 2014). This implies that the supermarkets in Kenya may be lacking EO.

Locally, entrepreneurial orientation and performance has also been studied by scholars such as Osoro (2012) who studied the effects of entrepreneurial orientation of business performance in the manufacturing sector. Others include; Otieno, Bwisa, and Kihoro (2012) studied effect of entrepreneurial orientation on Kenya's manufacturing firms operating under East African regional integration; Mwangi, and Ngugi (2014) studied the effect of entrepreneurial orientation on growth of micro and small enterprises in Kerugoya, Kenya; Mwaura, Gathenya, and Kihoro (2015) evaluated dynamics of entrepreneurial orientation on the performance of women owned enterprises in Kenya while Ali and Ali (2015) conducted a

study on entrepreneurial orientation and performance of women owned enterprises in Sub-Saharan African context in Somalia. Further, Okeyo (2014) studied the impact of business development services on entrepreneurial orientation and performance of small and medium enterprises in Kenya and Gathungu, Aiko, and Machuki (2014) studied entrepreneurial orientation, networking, external environment, and firm performance. Suffice is to say that previous studies have not brought out the factors affecting entrepreneurial orientation among family businesses. This study will therefore have sought to fill this gap by answering the question; what is the effect of entrepreneurial orientation on the performance of family owned supermarket Nairobi County?

GENERAL OBJECTIVE

The purpose of this study was to determine the effect of entrepreneurial orientation on the performance of family owned supermarkets in Nairobi County.

RESEARCH QUESTIONS

1. How does innovativeness affect performance of family owned supermarkets in Nairobi County?
2. What is the effect of proactiveness on performance among family owned supermarkets in Nairobi County?
3. What is the relationship between risk taking and performance among family owned supermarkets in Nairobi County?
4. In what ways does creating value for customer affect performance among family owned supermarkets in Nairobi County?
5. How does collaboration affect performance of family owned supermarkets in Nairobi County?

THEORETICAL REVIEW

There are different theories on entrepreneurial orientation, each identifying own paradigm and concept on family owned businesses. Some of these theories include The Contingency Theory, Cartesian approach, Configuration approach, theory of entrepreneurship innovation and the theory of high achievement motivation.

The Contingency Theory

Several contingency approaches were developed concurrently in the late 1960s. The authors of these theories argued that Marx Weber's bureaucracy and Fredrick Taylor's scientific management theories had failed as they neglected environmental influences and that there is not one best way to manage an enterprise (Priem, 2001). The contingency theory states that there is no universal principle to be found in the management of enterprises but one learns about management by experiencing a large number of case problem situations and determines what will work for every situation. The fundamental idea behind contingency theory in the Entrepreneurial Orientation (EO) field is that entrepreneurship needs to be aligned with context for best results (Lumpkin and Dess, 2011).

Lumpkin and Dess (2011) suggest that EO needs to be aligned with many different contextual factors and that these can be divided between environmental (external) and organizational (internal) factors. Organizational factors can be, for example, structure, strategy, processes, and resources, while environmental factors can be the characteristics of markets, industry, and the environment. Contingency fit can be seen as a simple concept: a match between entrepreneurship and context leads to increased organizational performance. Therefore this theory is relevant to this study on Entrepreneurial Orientation on the performance of family owned business as it explains how business need to be in a position to manage risks to be able to thrive in the prevailing environment and remain competitive with high performance output in comparison to other businesses of similar kind.

Cartesian Theory

Some researchers (Wang, 2008) adopt what can be termed a Cartesian. This approach takes a perspective over the firm where the focus is usually on a context-structure pair of variables for instance, Moreno and Casillas (2008) investigate how EO can relate to performance depending on the context of the environment in which the firm operates. In a similar manner, examine the relationship between EO and performance depending on the context of the firm's different levels of network capabilities. They suggest that firms that increase their network capabilities will also increase the contribution of EO to firm performance. These are typical EO studies that take a Cartesian perspective.

The Cartesian stream of contingency fit sees firms as adapting over time and constantly adjusting their structure to different contingencies. Because researchers taking this perspective usually focus on two independent variables, it is possible to be precise and explain this specific relationship with high specificity (Drazin and Van de Ven, 2011). These relationships are expected to be bivariate between a structural variable and its contingency factor, and these relationships can be linear or curvilinear (Donaldson, 2001). The Cartesian stream takes the view that there are many fits along a continuum of variable and context. It is thus assumed that for each level of the contextual variable there is a structural variable that can match it in the Cartesian view. Therefore, this theory is relevant to this study on Entrepreneurial Orientation on the performance of family owned business as it explains how business need to be able to create value for customers who are the key environment to be able to thrive in the prevailing environment and remain competitive with high performance output in comparison to other businesses of similar kind.

Configuration Theory

Another view of contingency fit is that of configurations. Similarly, to the Cartesian view, the configurationally approach also suggests that fit between variable(s) and context leads to fit. However, some of the theoretical arguments are fundamentally different. The configurational approach builds upon the notion that firms fall into a limited number of states of internal coherence among a collection of theoretical attributes. Since only a small number of states of fit exist, firms that wish to make changes need to make major changes at great speed (i.e. quantum jumps) to avoid in-between states. In EO research, it seems that only a few studies

have taken a configurational perspective. One such study is that of Kreiser and Davis (2010), who embrace a configurational approach when they conceptualize the EO sub-dimensions, organizational structure, and various environmental contexts into ideal types.

Andersén (2012) empirically derives six configurations of manufacturing firms based on a range of resources and capabilities and connects each configuration with their EO level. Both of these studies are rare examples of research that use configuration models in the EO field. The configuration stream takes a view of the organization and their underlying themes and systematic features. These themes that configurations take might come from, for example, the CEO's vision, which Working paper, please do not cite embraces the whole organization, that is, an overarching theme that sets the agenda for all parts of the organization, such as strategies and organizational culture (Eggers, 2013).

The benefit for firms in having a central theme is that it gives a unifying direction. This makes coordination easier, and focuses efforts and complementarities between, for example, strategies, leadership style, and product offerings. Certain synergies can be achieved by unique combinations of organizational parts that complement one another; for example, a specific strategy might be more effective in a firm with a conservative leadership style and which is situated in a particular context. Because of this thematic view, only a few viable configurations are theorized to exist. This is also why it is theorized that firms make quantum jumps, that is, changes that are major and drastic when change is needed. Changing only one element would disturb the harmony in the configuration and move it out of fit. For that reason, it is proposed that the variables or elements have to change together (Song and Thieme, 2009).

Theory of Entrepreneurship Innovation

The theory of entrepreneurship innovation was propounded by Joseph Schumpeter (1949). According to him, entrepreneurs help the process of development in an economy, entrepreneurs are the people who are innovative, creative, and with foresight in a given community. Schumpeter went further and added that innovation occurs when the entrepreneur introduces a new product or a new production system, open a new market, discover a new source of raw materials or introduce a new organization in to the industry. He further stated that entrepreneurship is about combining resources in a new way such as introducing new products, new method of production, identify new source or source (s) of raw materials/inputs and setting a new standard either in the market or the industry that alters the equilibrium in the economic system.

However, Schumpeter's entrepreneurs are, essentially, large scale businessmen/ women which are common in the advanced economies. The class of entrepreneurs common in developing countries are entrepreneurs who needs to imitate, rather than innovate to survive. This study focuses on innovativeness in family owned business as one of the entrepreneurial orientation, therefore this theory is of great relevance in understanding innovation in business performance.

Theory of High Achievement Motivation

The theory of high achievement motivation was propounded by McClelland (1999). Here, he identified two characteristics of entrepreneurship, namely; Doing things in a new and better way and Making decisions under uncertainty. He stated further that people with high achievement motivation were likely to become entrepreneurs. That these people are not influenced by money or external incentive, but consider profit making in any venture as a measure of success or competency. Achievement motivation can be measured by the achievement motivation inventory which is a drive that is developed from emotional state.

One may feel to achieve by get striving for success and avoiding failure. Another theory developed by McClelland was the theory of Acquired Needs motivation. He categorized a person's needs into three; need for achievement- success with individuals own effort Need for Power- need to dominate and influence others and need for affiliation -to maintain friendly relations with others. McClelland concluded by stating that the need for achievement is essential for successful new entrepreneurship. McClelland also carried out an experiment which is popularly known as Kakinada studies (Shane, 2013). This study focuses on proactiveness in family owned business as one of the Entrepreneurial Orientation, therefore this theory is of great relevance in understanding motivation to drive proactiveness in entrepreneurial orientation in business performance.

RESEARCH METHODOLOGY

Research Design

Research design refers to the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in the procedure (Babbie, 2012). A descriptive survey research design was used this study. The design is chosen since it is more precise and accurate since it involves description of events in a carefully planned way (Andre, 2014). The research design was both quantitative and qualitative with the aim of determining the relationship between the entrepreneurial orientation (independent variables) and performance of family owned supermarkets in term of output (dependent variables).

Target Population

Mugenda and Mugenda (2003) described population as, the entire group of individuals or items under consideration in any field of inquiry and have a common attribute. Thus, if an enquiry is intended to determine the average per capita income of people in a particular city, all the people with some form of income in that city comprised the population. The target population of the study consisted of the management staff of all the 45 family owned supermarkets in Nairobi County (Supermarkets Directory, 2016).

Sample and Sampling Technique

Sampling frame is the listing of all elements of the population from which a sample was drawn. A sample is a set of entities drawn from a population with the aim of estimating

characteristic of the population (Siegel, 2013). This research study used a stratified random sampling method to select 30% of the respondents. According to Mugenda and Mugenda (2003) a sample size of between 10 and 30% is a good representation of the target population. The researcher therefore selected 216 respondents.

Data Collection Instruments

Primary data according to Kothari (2014) is the data collected a fresh for the first time while secondary data is that data that has already been collected and passed through statistical process. The researcher used primary data for this study and was collected using questionnaires; the questionnaires included closed and open-ended questions. Closed ended questions were used in an effort to conserve time and money as well as to facilitate an easier analysis as they are in immediate usable form; while the open-ended questions was used as they encouraged the respondent to give an in-depth and felt response without feeling held back in revealing of any information. With open ended questions, a respondent's response gives an insight to his or her feelings, background, hidden motivation, interests and decisions.

Data Collection Procedure

This refers to means by which the researcher used to gather the required data or information. The study used primary data. On the primary data, questionnaires were used to collect data. The researcher administered the questionnaire individually to all respondents. Care and control by the researcher was exercised to ensure all questionnaires issued to the respondents are received. To achieve this, the researcher maintained a register of questionnaires, which were sent, and which was received. The questionnaire was administered using a drop and pick later method to the sampled respondents.

Data Analysis

Data analysis tool used is dependent on the type of data to be analyzed depending on whether the data qualitative or quantitative. The quantitative data in this research was analyzed by descriptive statistics using statistical package for social sciences (SPSS) version 21. This version was used since it is the most recent version of SPSS and hence it has got advanced features. Descriptive statistics includes mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data. In addition to measures of central tendencies, measures of dispersion and graphical representations were used to tabulate the information. Data was presented in tables, charts and graphs. Completeness of qualitative data collected was checked for and cleaned ready for data analysis. Content analysis was used in processing of this data and results presented in prose form.

In addition, a multivariate regression model was applied to determine the relative importance of each of the four variables with respect to SME performance. The regression model was as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \varepsilon$$

Where: Y = Family Owned supermarket performance; β_0 = Constant Term; $\beta_1, \beta_2, \beta_3, \beta_4$ & β_5 , = Beta coefficients; X_1 = innovativeness; X_2 = Proactiveness; X_3 = Risk taking; X_4 = Creating Value for Customers; X_5 = Collaboration; ε = Error term

RESEARCH RESULTS

Reliability Analysis

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sample respondents. Reliability analysis was subsequently done using Cronbach’s Alpha which measured the internal consistency by establishing if certain item within a scale measures the same construct. Gliem and Gliem (2003) established the Alpha value threshold at 0.7, thus forming the study’s benchmark. Cronbach Alpha was established for every objective which formed a scale. The table shows that proactiveness had the highest reliability ($\alpha= 0.888$), followed by risk taking ($\alpha=0.865$), innovativeness ($\alpha=0.793$) creating value for customers ($\alpha=0.748$) and collaboration ($\alpha=0.725$). This illustrates that all the variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

Table 1: Reliability Analysis

Scale	Cronbach’s alpha	Number of items	Comment
Innovativeness	0.793	6	Reliable
Proactiveness	0.888	8	Reliable
Risk taking	0.865	8	Reliable
Creating Value for Customers	0.748	8	Reliable
Collaboration	0.725	8	Reliable

Regression Test

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions. The model summary was presented in the Table 2.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.869 ^a	.755	.742	.56762

R-Squared is a commonly used statistic to evaluate model fit. R-square is 1 minus the ratio of residual variability. The adjusted R^2 , also called the coefficient of multiple determinations, is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. 74.2% of the changes on performance of family owned supermarket could be attributed to the combined effect of the predictor variables (Innovativeness, proactiveness, risk taking, creating value for customers and collaboration).

Table 3: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	42.91	5.00	8.58	16.1	.000 ^b
1 Residual	99.52	187.00	0.53		
Total	142.43	192.00			

a. Dependent Variable: Y (performance of family owned supermarket)

b. Predictors: (Constant), X5, X4, X2, X3, X1

From the ANOVA results, the F calculated at 5% level of significance was 16.1, since F calculated is greater than the F critical (value = 2.2899), which indicates that the model significantly predicts the outcome of the relationship between study independents variables (Innovativeness, proactiveness, risk taking, creating value for customers and collaboration) and dependent variable (performance of family owned supermarket).

Table 4: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.580	.348		-1.666	.100
Innovativeness X1	.308	.063	.369	4.880	.000
1 Proactiveness X2	.280	.085	.233	3.296	.001
Risk taking X3	.343	.075	.329	4.604	.000
Creating Value for Customers X4	.218	.074	.187	2.924	.005
Collaboration X5	.310	.083	.308	3.735	.015

a. Dependent Variable: Y (performance of family owned supermarket)

The regression equation obtained from this output was:

$$Y = 0.580 + 0.371X_1 + 0.308X_2 + 0.280X_3 + 0.343X_4 + 0.218X_5 + 0.310X_5$$

The constant term value is 0.580, implying that when innovativeness, proactiveness, risk taking, creating value for customers and collaboration is held at zero; the performance of family owned supermarket would have a default value of 0.580, further the results predicts that a unit increase in innovativeness would lead to an increase in performance of family owned supermarket by a factor of 0.308, unit increase in risk taking would lead to increase in performance of family owned supermarkets by a factor of 0.343. Unit increase of proactiveness would lead to an increase in performance of family owned supermarket by a factor of 0.280, unit increase in creating value for customers would lead to increase in performance of family owned supermarket by factor of 0.218 and a unit increase in collaborations would lead to increase in performance of family owned supermarket by factor of 0.310. All the variables were significant as their significant value was less than (p<0.05).

DISCUSSION OF THE FINDINGS

Innovativeness

The study established that innovativeness affects business performance to a great extent. Regression results predicts that a unit increase in innovativeness would lead to an increase in performance of family owned supermarket by a factor of 0.308, descriptive results show that firms were actively involved in introducing improvements and innovations, most of the firms were in the forefront to introduce new products and services and processes (mean = 4.35, std deviation = 0.80) in each case. most of the firms took immediate initiative in every situation to counteract their competitors in respond to market competition (mean = 4.25, std deviation = 0.78) and that most of the firm often developed creative solutions to difficult problems (Mean = 4.11, Std deviation = 0.70) The findings are in line with the research Schumpeter (2014) innovations can lead to competitive advantage that can be exploited by innovative firms. The research further noted that Organizations need to implement policies that encourage Process innovation culture. Companies dedicated to continuous innovation and change need to develop a set of guidelines and processes the findings are in line with the research by Leonard-Barton, (2011) that continuous innovation is imperative to gain a competitive advantage in order to find and defend the sweet spot that defines future success.

The study also revealed that firm often supported creativity and experimentation in introducing new products (mean = 3.99 , std deviation = 0.72) most of the firms often encouraged incremental improvements in products and services (mean = 3.97, std deviation = 0.97) changes in firms product/services and processes are often quite dramatic (mean = 3.95 , std deviation = 0.96) and that most of the firm often had strong intentions to stimulating creativity and experimentation (mean = 3.90, std deviation =0.99). further the study revealed that Organizations that possess high strategic innovation orientation engage in value creation strategies such as market segmentation, developing new products/services for new markets, and product or service customization, in the same way, organizations possessing low innovation orientations generally practice less aggressive and internally focused strategies, de-emphasizing such things as customer service, brand reputation, and co-operation based strategies such as joint ventures and alliances. The findings are in support of the argument by Christensen, (2009) finds that market orientation has a positive impact on new product performance at the early stage of the PLC and incremental product innovation. On the other hand, Salavou (2005) suggests that technology orientation has a significant direct effect on product innovativeness in SME instead. Appiah-Adu and Singh (1998) also find a link between customer orientation, new product success and company performance.

Pro-activeness

The study established that pro-activeness affects business performance to a great extent. Regression results predicts that unit increase in risk taking would lead to increase in Proactiveness would lead to an increase in performance of family owned supermarket by a factor of 280. Descriptive results further show that most of the firm were committed to identifying new opportunities (mean = 4.40, std deviation = 0.49) firms generated first-mover advantages and that shaped market direction through anticipating change (mean = 4.26 , std

deviation = 0.69), most of the firms anticipated and responded to emerging needs of customers, considerable number of firms, continually scanned the market to predict future trends and that most of the firms allocated enough resources to deal with an emerging opportunity or threat (Mean = 4.25, std deviation = 0.54) The findings are in line with the research Gibson and Brikshaw (2004) that improving allocative efficiency allows an organization to remain adaptable and competitive, ultimately contributing to increased productivity and greater revenue.

The study also revealed that most of the firm actively sought out in exploiting opportunities to introduce new products/services in anticipation of future demand (mean = 4.26, std deviation = 0.76) considerable number of firms strived to be a first mover to capture the benefits of pioneering (mean = 4.20, std deviation = 0.52), firm leads in associating with aggressive posturing relative to the competitors (mean = 4.09, std deviation = 0.84). The findings concur with the research by Helfat and Peteraf (2003) who emphasized that creating real sustainable advantage is about focusing on energies and developing those things that are not easily replicated by competitors, in this vein of understanding, the management of Kenya dairy sector should e-back on building un-copy able strategies are generally tactical, rather than emulating competitor strategic, elements.

Risk Taking

The study revealed that risk taking affect business Performance to a great extent, Regression results predicts that unit increase in risk taking would lead to increase in performance of family owned supermarket by factor of 0.343. descriptive results show that most of the firms were always willing to ventures into unknown new markets (mean = 4.50, std deviation = 0.50) considerable number of firm were always ready to commit resources to ventures with uncertain outcomes, firms adopted a bold, aggressive posture in order to maximize the probability of exploiting new opportunities (mean = 4.35 , std deviation =0.48) staff in most of the firm were encouraged to take calculated risks with new ideas(mean = 4.34 , std deviation =0.48) the findings are in support of the research by Kreisler, Marino and Weaver, (2012), that features of risk-taking form the basis for the targets of profit acquisition and improved business performance.

The study also revealed that most of the firm were ready to sacrifice profitability to gain market share, firm were always ready to invest in high-risk projects (mean = 4.30, std deviation =0.46) and that most of the firm had strong tendency to adopt new technology without regard risk (Mean = 4.20, Std deviation =0.40). The findings are in line with the research Oscar (2013) it is expected that firms that have better performance would also have a higher level of risk propensity. the findings further concur with the argument by Coulthard, (2015). Careful planning and prior consideration on the risk enables the firm to obtain positive results Risk taking is vital in order to maintain the firm's market share or for the firm to pursue aggressive growth in the business.

Creating Value for Customers

The study established that creating value for customers affect business Performance to a great extent, according to Prahalad and Ramaswamy, (2014). Value creation activity promotes co-value creation between firms and customers. Most of the firms placed keen focus on anticipated a future trend of the market (Mean = 4.45, std deviation = 0.50), most of the firms addressed the current needs, delivering value embedded in the offerings (Mean = 4.40, std deviation = 0.49), The findings concur with the research by Guenzi and Troilo, (2015) firms must respond appropriately in delivering value embedded in the offerings. By value, it can be associated with specific benefits that customers enjoy and sacrifices that customers need to bear in possessing that something of value.

The study also revealed that considerable number of firms offered product that met those requirements and customer relating (Mean = 4.30, std deviation = 0.46) The findings are in line with the research Tushman and O'Reilly (2009), address current needs can help and organisation stay ahead of competition as markets. Value creation activity promotes co-value creation between firms and customers (Prahalad and Ramaswamy, 2014).

Collaboration

From the analysis, the study noted that collaboration affect business performance to a great extent. the study revealed that the following aspects of collaboration affect the performance of the business; exchange of explicit knowledge and (mean = 4.45, std deviation = 0.50) and group membership (mean = 4.25 , std deviation = 0.44) the study also revealed that collaboration in SMEs is a motivation conditions influencing formation of firms competitiveness as well as building the relationships with other beneficiaries and that Mutual trust between the firms is required for each relationship.

The findings are in line with the research Peng (2009) who opined that strategic collaboration are most important is building strategic business relationships crucial for effective and operational efficiency of a company, Mutual trust is necessary to mitigate such opportunism in strategic collaboration, cooperation plays a vital role in extending firms collaboration and management. The cooperation among firms help reduce lead times, improve communications, speedup flow of merchandise and ensure correct inventory availability using strategies such as quick response and other intangible resources such as connection with networks. Cooperation's are the logical means to overcome market barriers, maintain company's competitive position, increased market share, improve customer loyalty, improve product quality with low cost and innovation which in turn have an effect on the financial performance of the firms

Moderating Effect of Training

The study also sought to establish how the various aspects of training moderate the effect of entrepreneurial orientation on the performance of the supermarkets. From the findings, the aspects of training that had a great moderating effect on the relationship between entrepreneurial orientation and performance of the supermarkets include on job training

(Mean = 4.49, std deviation = 0.89), mentorship (Mean = 4.26, std deviation = 0.71) and off the job training (Mean = 3.61, std deviation = 0.92).

CONCLUSIONS

From the study it is concluded that innovativeness culture promoted the performance of family owned supermarkets in Nairobi County, innovativeness is a tendency, an individual's or organization's receptivity and proclivity to adopt new ideas, new thinking or solutions that lead to new opportunities. Innovation, on the other hand, is the implementation of an internally generated or a borrowed idea, whether pertaining to a product, device, system, process, policy, program or service that was new to the organization at the time of adoption.

The study concludes that proactiveness supported performance among family owned supermarkets in Nairobi County. Pro-activeness is directly related to first-mover advantage since a firm which is able to anticipate future needs and develop new products to meet such needs ahead of competition tends to capture advantageous positions in sourcing, funding, access to markets, and that Pro-activeness of a firm determines the attitudes of new product developers toward generation of innovative ideas and bringing these ideas into reality.

The study concludes that risk taking presented new business opportunities and ventures which had a positive influence on performance among family owned supermarkets in Nairobi County and that features of risk-taking form the basis for the targets of profit acquisition and improved business performance.

The study concludes that, value creation is directly associated with specific benefits that customers enjoy and sacrifices that customers need to bear in possessing that something of value. Value creation activity promotes co-value creation between firms and customers thus creating value for customer promoted the performance among family owned supermarkets in Nairobi County.

The study concludes that collaboration in family owned supermarkets though exchange of explicit knowledge promoted better production, better service delivery thus promoting internal operational organisation which ultimately promoted to customers satisfaction. Strategic collaborations are most important in building strategic business relationships that are crucial for effective and operational efficiency of a company and that Mutual trust is necessary to mitigate such opportunism in strategic collaboration.

RECOMMENDATIONS

The research recommends that the management of family owned supermarkets should work to ensure that internal flow of activities is effective as the quality of coordination was found to be a crucial factor in the survival of family owned supermarkets. Family owned supermarkets should endeavor to be in the forefront to introduce new products and services and processes.

Family owned super markets should endeavor to form strategic business partnerships that will present an opportunity to grow their customer base and improve their business performance. Family owned super markets should take moderate level of risk in order to make entrepreneurial venture attainable and thus succeed in entrepreneurial venture. Family owned supermarkets should promote discontinuous innovations in this changing environment while maintaining the survival ability by managing incremental innovations.

While embracing discontinuous innovation, the management of family owned supermarkets should design and implement different approaches, including strategic actions, industry context, organizational context, technological context, and people context.

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