



MAKERERE UNIVERSITY BUSINESS SCHOOL

**MARKETING ORIENTATION, COMPETITIVE ADVANTAGE AND
MARKETING PERFORMANCE AMONG MANUFACTURING FIRMS IN
CENTRAL UGANDA**

BY

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**A DISSERTATION SUBMITTED TO MAKERERE UNIVERSITY
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THE AWARD OF A DEGREE OF MASTER OF BUSINESS
ADMINISTRATION OF MAKERERE UNIVERSITY
PLAN A**

NOVEMBER, 2023

DECLARATION

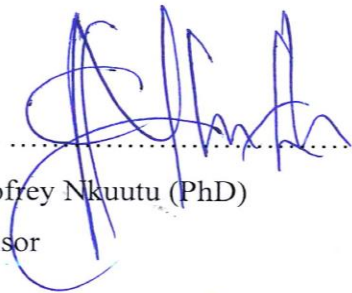
I, Kasiira Hatimu declare that: this dissertation is my original work. It has not been submitted anywhere for any other degree award to any other University or Institution of Higher Learning.

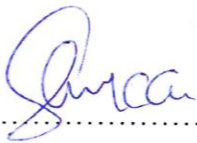
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APPROVAL

This dissertation has been submitted for examination with our approval as supervisors.

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DEDICATION

This work is dedicated to my dear parents, whose tireless efforts and courage have led to this success. God bless you all.

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TABLE OF CONTENTS

DECLARATION	ii
APPROVAL	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
ABSTRACT	ix
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background to the study	1
1.2 Problem Statement	2
1.3 Purpose of the study	3
1.4 Objectives of the study	3
1.5 Research questions	3
1.6 Scope of the study	4
1.6.1 Subject Scope	4
1.6.2 Geographical scope	4
1.7 Significance of the study	4
1.8 Conceptual framework	5
CHAPTER TWO	6
LITERATURE REVIEW	6
2.0 Introduction	6
2.1 Theoretical Underpinning	6
2.1.1 Resource Based View	6
2.1.2 Competitive Advantage Theory	6
2.2 Empirical Support-Objectives	7

2.2.1	Market orientation and marketing performance	7
2.2.2	Competitive advantage and marketing performance.....	9
2.2.3	Mediating role of competitive advantage on the relationship between market orientation and marketing performance	11
CHAPTER THREE		13
RESEARCH METHODOLOGY		13
3.1	Introduction.....	13
3.2	Research Design.....	13
3.3	Study population	13
3.4	Sampling design and procedure	14
3.5	Data source.....	14
3.6	Data Collection procedures.....	15
3.7	Data collection instrument	15
3.8	Measurement of variables	15
3.9	Reliability and validity.....	16
3.10	Data processing and analysis.....	17
3.11	Ethical Considerations.....	18
CHAPTER FOUR.....		19
DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS		19
4.1	Introduction.....	19
4.2	Response rate	19
4.3	Demographic characteristics of the respondents.....	19
4.4	Demographic characteristics of the firms	21
4.5	Correlation analysis	24
4.5.1	Relationship between market orientation and marketing performance	24

4.5.2 Relationship between competitive advantage and marketing performance.....	25
4.6 Regression Analysis.....	26
4.7 Mediation Analysis	27
4.6.1 Mediation effect of competitive advantage on the relationship between market orientation and marketing performance	27
CHAPTER FIVE	30
DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS	30
5.1 Introduction.....	30
5.2 Discussion of the findings.....	30
5.2.1 Marketing orientation and marketing performance.....	30
5.2.2 Competitive advantage and marketing performance.....	32
5.2.3 Mediating role of competitive advantage on the relationship between marketing orientation and marketing performance.	32
5.3 Conclusion	33
5.4 Recommendations.....	34
5.5 Limitations of the study	34
5.6 Areas for Further Research	35
REFERENCES	37
Appendix: QUESTIONNAIRE	42

LIST OF TABLES AND FIGURES

Figure 1.1: Conceptual Framework	5
Table 3.1: Proportionate stratified sampling.....	14
Table 3.2: Validity and Reliability results	17
Table 4.1: Gender of the respondents	19
Table 4.2: Age bracket of the respondents.....	20
Table 4.3: Highest qualification attained of the respondents.....	20
Table 4.4: Years of service	21
Table 4.5: Years in operations	22
Table 4.6: Source of financing.....	22
Table 4.7: Number of employees.....	23
Table 4.8 Pearson correlation matrix	24
Table 4.9 Multiple Regression Analysis.....	26
Table 4.10. Mediation test results	28
Figure 4.1: MedGraph-PC: Mediation effect of competitive advantage on the relationship between market orientation and marketing performance.....	29

ABSTRACT

The study examined the relationship between market orientation, competitive advantage and marketing performance of manufacturing firms in Central Uganda. The study was premised on the following research objectives: examine the relationship between market orientation and marketing performance, to examine the relationship between competitive advantage and marketing performance; and to examine the mediating effect of competitive advantage on the relationship between market orientation and marketing performance of manufacturing firms.

The study adopted a cross-sectional research design along with a quantitative research approach. The sample was selected using stratified sampling. Quantitative data analysis was done using correlation analyses, regression and Medgraph.

Study findings revealed a positive relationship between market orientation and marketing performance, and competitive advantage and marketing performance. Findings revealed a partial mediation of competitive advantage on the relationship between market orientation and marketing performance.

It can be recommended that There is need for manufacturing firms to invest in thorough market research to gain insights into customer needs and preferences through allows firms to cater to their requirements more effectively. Manufacturing firms need to constantly adapt and improve their products and services to keep up with customer expectations and new trends in the market. Manufacturing firms can develop a unique value proposition that sets them apart from their competitors. This should be done identifying what the customer needs and developing products and services that meet those needs.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Marketing performance has become crucial for policy makers in developing and developed economies (Narver and Slater, 1990, Kaleka and Morgan, 2017; Royo-Vela *et al.*, 2022). Accordingly, over the last few years, the concept of marketing performance has attracted increased attention among academic researchers and business practitioners (Nwokah and Maclayton, 2006; Eusebio *et al.*, 2006). Marketing makes a fundamental contribution to long-term business success on the bases that an organization's survival depends on its capacity to create value. Therefore, evaluating marketing performance is a key task for management (Eusebio *et al.*, 2006). Scholars like Narver and Slater (1990), Kaleka and Morgan (2017), and Royo-Vela *et al.* (2022) measured marketing performance in terms of product success, sales growth and annual profit. However, in Uganda particularly the manufacturing sector, marketing performance continues to be a challenge. For instance, Uganda clays failed to meet its operating costs and had reported losses since 2018, with the recent one being a net loss increment from Shs128million in the first half of 2019 to Shs1.4billion in 2020 (khisa, 2020). Other manufacturing companies have been seen closing operations such as Unga millers which closed its operations in Uganda three years ago as a result of raising costs (Mayemba, 2017). This trend would be attributed to the poor market orientation and poor competitive advantage.

Extant literature suggests several determinants of marketing performance. For instance, Puspaningrum (2020) find that paying attention to market orientation, focusing on customer orientation, competitor orientation, and inter-functional coordination, and developing or

innovating new products impacts on the SMEs performance. Additionally, Narver and Slater (1990) state that customer orientation, competitor orientation, and coordination between functions are elements of market orientation. Customer orientation and competitor orientation are activities that involve information about buyers and competitors in the target market and disseminated through the business. Interface communication is the coordinated use of company resources in creating superior value for targeted customers.

Furthermore, other scholars argue that other determinants like competitive advantage is important in explaining marketing performance. For example, Song and Parry (1997) documents that firms' competitive advantage is seen the uniqueness of their products, product quality, and competitive product prices. Further, Philip and Armstrong (2018) defines competitive advantage as an advantage achieved by a company in a competition by offering lower value or more significant benefits than competitors. Yasa *et al.* (2020) finds that competitive advantage has a positive and significant influence on marketing performance achievement.

However, the above studies have focussed on marketing performance from developed perspective ignoring the developing perspective Uganda in particular. Addressing this limitation, marketing orientation and competitive advantage on marketing performance is necessary. Also, two theories (Resource Based View and Competitive Advantage) will be invoked to explain marketing performance deficiency.

1.2 Problem Statement

The current level of marketing performance in manufacturing firms in Uganda continues to be low. Evidence shows that majority of manufacturing firms have incurred incremental loses and low market share. For example, Sserunjogi *et al.* (2021) revealed that business perceptions in the

manufacturing sector further dampened compared to the previous quarter. This was against the backdrop of less favourable business activity, turnover, reduced capacity utilisation, increased inability to establish and expand new business centres, reflecting heightened post-election uncertainty, amplified by disruptions caused by the COVID-19 pandemic. Further, Uganda clays failed to meet its operating costs and had reported losses since 2018, with the recent one being a net loss increment from Shs128million in the first half of 2019 to Shs1.4billion in 2020 (Khisa, 2020). This could be attributed to some manufacturing firms having poor market orientation and weak competitive advantages in place. If this continues, marketing performance catastrophes would continue unabated.

1.3 Purpose of the study

The purpose of this study was to examine the relationship between market orientation, competitive advantage and marketing performance on manufacturing firms in Central Uganda.

1.4 Objectives of the study

- i) To examine the relationship between market orientation and marketing performance in manufacturing firms in Central Uganda.
- ii) To examine the relationship between competitive advantage and marketing performance in manufacturing firms in Central Uganda.
- iii) To examine the mediating effect of competitive advantage on relationship between market orientation and marketing performance in manufacturing firms in Central Uganda.

1.5 Research questions

- i) What is the relationship between market orientation and marketing performance in manufacturing firms in Central Uganda?

- ii) What is the relationship between competitive advantage and marketing performance in manufacturing firms in Central Uganda?
- iii) What is the mediating effect of competitive advantage on relationship between market orientation and marketing performance in manufacturing firms in Central Uganda?

1.6 Scope of the study

1.6.1 Subject Scope

The subject scope of this study focused on market orientation, competitive advantage and marketing performance. Market orientation was independent variable, competitive advantage as the mediating variable while marketing performance was the dependent variable.

1.6.2 Geographical scope

The study covered manufacturing firms located in Central Uganda. This choice was because this region is a hub of the manufacturing firms in Uganda.

1.7 Significance of the study

The study findings would inform policy makers on effective market orientation and competitive advantage in bid to improve marketing performance of firms.

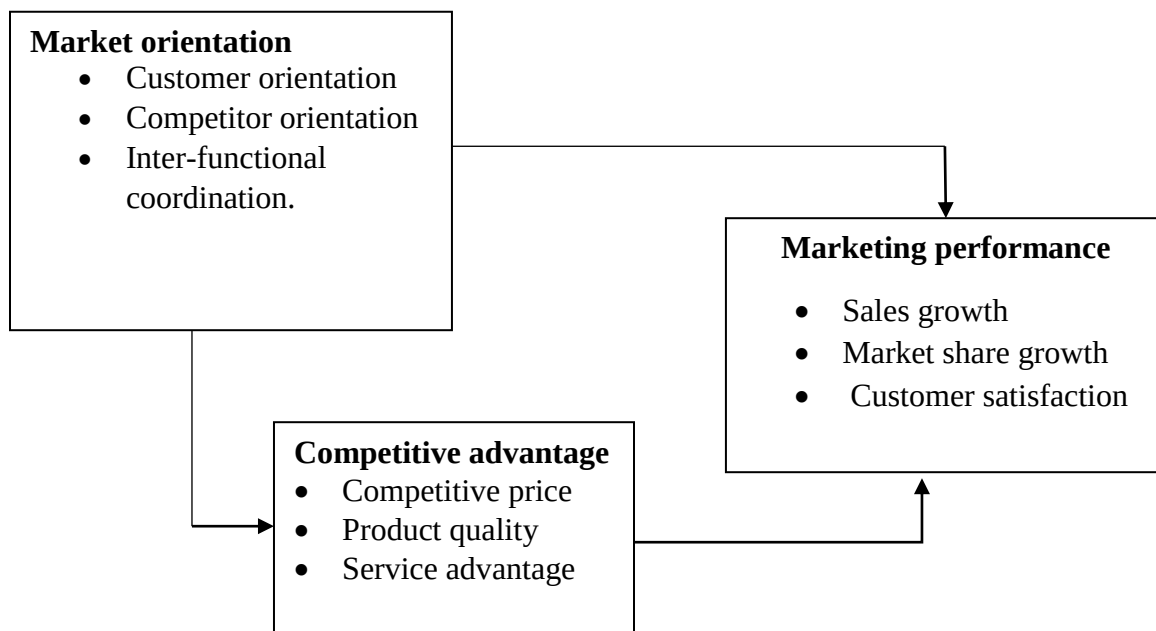
The study findings would contribute to existing body of knowledge on market orientation, competitive advantage and marketing performance from a developing country angle.

This study investigates competitive advantage among manufacturing firms and would form a basis for informing competitive advantage in Uganda.

1.8 Conceptual framework

The framework in Figure 1.1 which has been developed from literature demonstrates that market orientation and competitive advantage are related to marketing performance. Market orientation is conceptualized in terms of customer orientation, competitor orientation and inter-functional coordination. Competitive advantage is conceptualized by competitive price, product quality and service advantage. Marketing performance is conceptualised by the sales growth, product success and annual profit.

Figure 1.1: Conceptual Framework



Source: literature review by previous scholars such as Narver and Slater (1990), Song and Parry (1997)

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents on the theoretical underpinning and review of the study variables. This review provided better understanding on the relationships between the study variables.

2.1 Theoretical Underpinning

2.1.1 Resource Based View

The resource-based theory (RBV) literature (Barney, 1991; Wernerfelt, 1984) explained firm performance like marketing performance in terms of resource differences at the firm level, The RBV posits that marketing performance varies mostly owing to resource heterogeneity between firms (Wernerfelt, 1984). This suggests that disparities in marketing performance can be explained by different levels of market orientations in different organizations. RBV offers FIs a clear set of priorities for effective marketing performance. Only by building a resilient customer orientation base, a competition orientation base, and an inter functional coordination base can this be achieved. According to the tenets of the resource-based perspective, a firm's marketing performance, such as outstanding sales growth's, is determined by the availability of market orientations and its capability to control those resources, including intangible assets.

2.1.2 Competitive Advantage Theory

The competitive advantage strategy framework (Porter, 1980; 1985) argues that failure to choose between one of the competitive strategy in the strategy space of potential competitive strategies can result in inferior performance (Campbell-Hunt, 2000). The study investigates marketing performance by integrating information from both this theory, i.e. firm-level resources and

industry/market-based competitive strategies, rather than relying solely on one. Collis and Montgomery (2008) argues that the RBV intrinsically links a company's internal capabilities (what it does well) with its external environment (what the market demands and what competitors supply. The developing of research objectives links well with the configurations based on resource position similarities (i.e. distinctive competences on similar resource dimensions), closeness in strategy space, and marketing performance, which is the main focus in conducting a literature review.

2.2 Empirical Support-Objectives

2.2.1 Market orientation and marketing performance

Several studies are suggestive of a relationship between market orientation and marketing performance for example, (Puspaningrum, 2020; Ayimey, Blomme, Kil and Honyenuga, 2020; Oduro and Haylemariam, 2019; Winarso, Hady, Panday and Untari, 2020). Market orientation is an essential strategy for SMEs in line with increased competition and changes in customer needs. All SMEs realize that they must always be close to customers. Also, market-oriented SMEs continue to strive to be committed to creating value for customers. The achievement of value creation for customers through marketed products contributes to the competitive advantage, which is implemented in the uniqueness of the products being marketed, the quality of the products produced, and the competitive price. If SMEs can achieve a competitive advantage, they can improve their marketing performance, which is shown by creating new products, an increase in sales growth, and an increase in profit every year. Puspaningrum (2020) found that in order to improve SMEs' performance, efforts must be made to develop marketing strategies, such as paying attention to market orientation, focusing on customer orientation, competitor orientation, and inter-functional coordination, and developing or innovating new products.

According to Narver and Slater (1990), customer orientation, competitor orientation, and coordination between functions are elements of market orientation. Customer orientation and competitor orientation are activities that involve information about buyers and competitors in the target market and disseminated through the business. Interface communication is the coordinated use of company resources in creating superior value for targeted customers. Market-oriented SMEs, as part of the processes and activities related to the creation and fulfilment of customer needs and satisfaction, will influence increasing marketing performance. This condition occurs because SMEs with strategic efforts, that are oriented towards market conditions, consumer demands, and consumer desires, will have a high level of sensitivity to the behavior or strategies adopted by their competitors.

Ayimey, Blomme, Kil and Honyenuga (2020) examined how market orientation impacts marketing performance through conducting personal interviews from hotel managers of the sampled hotels. They found that market orientation positively impacts selected marketing performance indicators, precisely sales growth, customer complaints, customer satisfaction, and customer retention. Oduro and Haylemariam (2019) comparatively examined the interaction effect of corporate social responsibility on the direct link between market orientation and financial and marketing performance in manufacturing firms in Ghana and Ethiopia. They found that market orientation significantly improved financial and marketing performance. The findings suggested that company managers and marketing practitioners can use CSR in their marketing orientation campaigns to keep high performance and to remain competitive in today's globalized market. Winarso, Hady, Panday and Untari (2020) examined the effect of market orientation and innovation of local product on competitive advantage and marketing performance in SMEs in Bekasi using a sample of 120 SMEs. They showed that market orientation had a

significant effect on competitive advantage. However, they found that market orientation had no significant effect on marketing performance. It showed that the better market orientation does not necessarily improve marketing performance. Frösén, Luoma, Jaakkola, Tikkanen and Aspara (2016) found that market orientation is an important determinant of business performance. However, reap its benefits, managers need to complement it with appropriate marketing performance measurement, the level and focus of which vary across firms. For example, whereas large firms and market leaders generally benefit from comprehensive marketing performance measurement, small firms may benefit from measuring marketing performance only selectively or by focusing on particular dimensions of marketing performance. Alrubaiee (2013) investigated the mediating effect of new service development on the relationship between market orientation and marketing performance through survey conducted on managers of Jordanian hotels. They indicated the dual role of market orientation as both direct contributor to marketing performance and as indirect contributor through new service development. The study shed light on the usefulness of new services development that would help hotel become more market oriented and achieve superior performance outcomes. Therefore, market orientation measured in terms of customer orientation, competitor orientation, and inter functional coordination are likely to enhance marketing performance and hence the possible hypothesis is that:

***H₁:** Market orientation is positively related with marketing performance.*

2.2.2 Competitive advantage and marketing performance

Several studies have studied the relationship between competitive advantage and marketing performance (Yasa *et al.*, 2020; Nuryakin and Maryati, 2022; Philip and Armstrong, 2018). Competitiveness is the idea of comparing a company's ability and performance in selling and supplying products and or services to the consumer (Bambang *et al.*, 2021). Encouraging new

business ideas and creativity is an aspect of competitive advantage (Sijabat *et al.*, 2020). Intellectual capital, competitive advantage, and creativity are essential and strategic assets for SMEs. This component makes SMEs a successful and sustainable business (Siti *et al.*, 2021). A competitive advantage strategy is a company advantage in terms of resources, expertise, and innovation. When the company sustains their profits that have exceeded average, it is called they have a competitive advantage than the other. The goal of every business strategy is to sustain competitive advantage (Anning-Dorson, 2018). By applying these three competency areas, companies can develop strategies to produce products with high competitiveness in the market. Companies that have a competitive advantage can win in market competition. To be able to have a competitive advantage requires a good ability in company management.

Competitive advantage has been measured in many ways, such as production capability, marketing capability, product quality, excellence in pricing (Katsikeas, 1994), and innovation and cost leadership (Chandler & Hanks, 1994). But this study focuses on the study by Song and Parry (1997), firms' competitive advantage can be seen from the uniqueness of their products, product quality, and competitive product prices. Further, Philip and Armstrong (2018) defined competitive advantage as an advantage achieved by a company in a competition by offering lower value or more significant benefits than competitors. A company is said to have occupied a competitive advantage position if it has a competitive advantage in resources that can produce superior value at a low cost. Yasa *et al.* (2020) found that competitive advantage has a positive and significant influence on marketing performance achievement. This means that with a higher competitive advantage, there is a greater marketing performance. Nuryakin and Maryati (2022) showed that green competitive advantage significantly and positively affected green marketing performance. Thus, green competitive advantage has proven to improve the green marketing

performance of Batik SMEs in Yogyakarta, Indonesia. Therefore, competitive advantage measured in terms of competitive price, product quality, and service advantage are likely to enhance marketing performance and hence the possible hypothesis is that:

H₂: Competitive advantage is positively related with marketing performance.

2.2.3 Mediating role of competitive advantage on the relationship between market orientation and marketing performance

Several studies have examined the direct relationship between market orientation and marketing performance ((Puspaningrum, 2020; Ayimey, Blomme, Kil and Honyenuga, 2020; Oduro and Haylemariam, 2019; Winarso, Hady, Panday and Untari, 2020) and also other studies have examined competitive advantage and marketing performance (Yasa *et al.*, 2020; Nuryakin and Maryati, 2022; Philip and Armstrong, 2018). This implies that the presence the direct relationship between market orientation and competitive advantage provides a justification for the mediation effect. There are a few studies that examined this mediation effect. For instance, Puspaningrum (2020) analysed competitive advantage as a variable that mediates the effect of market orientation on marketing performance on 113,000 SMEs (Small and Medium Enterprises) located in Malang City, which are engaged in food processing, handicrafts, and clothing business units with an observation sample of 100 SMEs. They found that SMEs' performance will increase if they can carry out processes and activities related to creating and satisfying customer needs. Besides, market-oriented SMEs contribute to competitive advantage by creating product uniqueness, product quality, and competitive prices, ultimately affecting the performance of SMEs. Furthermore, Yasaa *et al.* (2020) indicated that competitive advantage significantly mediates the effect of promotional strategy on marketing performance. Correia, Dias and Teixeira (2021) provided empirical evidence on the understanding of the relationship between

market orientation and performance, through the mediating effects of both dynamic capabilities and competitive advantages among Portuguese firms. Additionally, Royo-Vela, Carlos, Salazar and Blanco (2022) aimed to address research gaps with regard to the relationship between market orientation and marketing performance when small- and medium-sized enterprises (SMEs) are located within a service cluster. They found that a higher level of competitor orientation is associated with greater marketing performance. Therefore, competitive advantage measured in terms of competitive price, product quality, and service advantage will mediate the relationship between market orientation and marketing performance and hence the possible hypothesis is that:

***H₃:** Competitive advantage mediates the relationship between market orientation and marketing performance.*

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used in the study. This included the research design, sampling, and data collection method, sources of data, reliability of the research instrument, data processing and analysis, and limitations of the study.

3.2 Research Design

This study adopted a cross-sectional research design, to provide the current effect of market orientation and competitive advantage on marketing performance of manufacturing firms. It also involved use of both descriptive and analytical procedures to examine the relationship between the study variables. The cross-sectional design was preferred to longitudinal design because it is relatively quick and easy to conduct, data on all variables is only collected at once, thus, allowing the researcher to measure prevalence of all variables under investigation on spot (Sedgwick, 2014).

3.3 Study population

The study population comprised of 606 manufacturing firms located in the central region of Uganda. These are the registered members of Uganda Manufactures Association (UMA) as per December 2020. Manufacturing firms in central region were considered since they are more than all other regions combined. The unit of analysis was a manufacturing firm and the unit of inquiry were Chief Operations Officers, Marketing Manager or Product Manager.

3.4 Sampling design and procedure

The sample size of 235 manufacturing firms was determined using Krejcie and Morgan table (1970). Proportionate stratified random sampling technique was used to select manufacturing firms from the respective classifications of manufacturing firms that are to be included in the study (Table 3.1). Since manufacturing firms were the unit of analysis, they cannot answer questionnaires by themselves. Therefore, for each manufacturing firm, available officers ranging from Chief Operations Officers, Marketing Manager or Product Manager were selected to fill the questionnaires.

Table 3.1: Proportionate stratified sampling.

Firm Categorisation	Population	Sample Size
Corporate	21	8
Large	58	23
Medium I	158	61
Medium II	369	143
Total number of firms	606	235

Source: UMA report, 2020

3.5 Data source

Primary data was collected directly from managers in the selected manufacturing firms.

3.6 Data Collection procedures

The researcher designed a questionnaire to be used in data collection for market orientation, competitive advantage and marketing performance. The questionnaires were distributed to the respondent on appointment with a letter from the Makerere University Business School endorsing the study and requesting participation of the intended participants with the help of research assistants.

3.7 Data collection instrument

A self-administered questionnaire with close ended questions were used in data collection. This targeted to marketing managers, product manager, and chief operations officer. The questionnaire was designed according to the objectives of the study on a five-point scale ranging from strongly disagree to strongly agree for the closed ended questions.

3.8 Measurement of variables

To capture market orientation, competitive advantage and marketing performance, the researcher employed the perceptions of marketing managers, product manager, and chief operations officer of manufacturing firms. First, marketing performance is a measure of a company's success in marketing its products, reflected in market share growth, sales growth, and customer satisfaction. Marketing performance was measured and modified based on previous scholars such as Narver and Slater (1990), Kaleka and Morgan (2017), and Royo-Vela *et al.* (2022). Three indicators including product success, sales growth and annual profit were used to measure marketing performance. The researcher generated items from literature which were anchored on a five point likert scale with 1=strongly disagree and 5= strongly agree.

Second, competitive advantage reflects the company's product quality and price advantage over competitors. Competitive advantage was measured and modified based on previous scholars such

as Song and Parry (1997), Pramuki and Kusumawati (2020). Three indicators including competitive price, product quality, product uniqueness, and service advantage were used to measure competitive advantage. The researcher generated items from literature which were anchored on a five point likert scale with 1=strongly disagree and 5= strongly agree.

Finally, market orientation is the process and activities carried out by manufacturing firms related to creating customer satisfaction and needs. Market orientation was measured and modified based of previous scholars such as Narver and Slater (1990), Slater and Narver (1994), and Oduro and Haylemariam (2019). Three dimensions of customer orientation, competitor orientation and inter-functional coordination were used to measure market orientation. The researcher generated items from literature which were anchored on a five point likert scale with 1=strongly disagree and 5= strongly agree.

3.9 Reliability and validity

The validity of the study is concerned with the extent to which data collection instruments accurately measure what they intend to. Validity refers to the appropriateness of the instrument in collecting the data that is supposed to be collected while reliability refers to its consistency in measuring whatever it is intended to measure (Amin 2005). Content validity measures the extent to which the content of the instrument corresponds to the content of the theoretical frame work of the study (Amin, 2005). The expert views were obtained by talking to experts both academicians and practitioners in the field of marketing performance. Validity of the questionnaire was established using content validity Index (CVI) to determine the relevance of the questions in measuring the variables (Campbell and Stanley, 1966) where questionnaires will be distributed to the experts, fellow researchers and academics. The validity of the instrument was tested and the internal consistency of the instrument was tested to find out whether it consistently measures

the study variables on the scales used (Nunnally, 1978). The Reliability of the questionnaire was tested using Cronbach's alpha test as recommended by Nunnally (1978). Item-total reliability (a measure of internal consistency) and Cronbach alpha coefficients of study variables was computed. The computed Cronbach alpha coefficient results above 0.7 were acceptable (Nunnally, 1978) as presented in Table 3.2.

Table 3.2: Validity and Reliability results

Variable	Content Validity Index (CVI)	Cronbach's alpha
Marketing orientation	0.892	0.842
Competitive advantage	0.881	0.861
Marketing performance	0.858	0.817

Source: Primary data

3.10 Data processing and analysis

Quantitative data collected was edited, coded, and checked for accuracy and relevancy. Then data was analysed using Statistical Package for Social Sciences (SPSS 20) program, to examine the relationship between marketing orientation, competitive advantage and marketing performance. This provided descriptive outputs on the demographical characteristics of the respondents and firms. Pearson's Correlation coefficient was used to establish the strength of the relationship between the variables. Regression analysis was used to establish the extent to which market orientation and competitive advantage predict on marketing performance among manufacturing firms. Furthermore, the study preferred the popularly known Sobel test as applied by Barron and ken mediation approach. A MedGraph was used to assess the mediating role of

competitive advantage on the relationship between marketing orientation and marketing performance.

3.11 Ethical Considerations

The researcher requested for an introduction letter from the faculty of graduate studies and research of Makerere University Business School to ensure that the researcher's motives of undertaking the study are not confused with any opportunistic tendencies. With the help of an introduction letter, the researcher requested for permission to carry out research in their manufacturing firms. The respondents were informed of the nature of the study to be carried out, the purpose of the study and reasons for the study. This helped to minimize the suspicion that members could have had towards the whole exercise of data collection. In addition, to increase the respondents' level of confidentiality, the researcher designed the data collection instruments without putting an option for the respondent's name. This ensured that specific views provided by respondents are not linked to the people who provided them and such an approach would encourage employees to participate in the study without fear of being victimized.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

In this chapter, data on the study variables was analyzed and presented in two sections. The results presented were analyzed using descriptive analysis, correlation analysis and regression analysis, and mediation tests. The first category presents the descriptive findings and the second section presents inferential statistics.

4.2 Response rate

The study targeted to collect data from 235 manufacturing firms and only 130 manufacturing firms responded accounting for 55.3% response rate (Mugenda and Mugenda, 1999).

4.3 Demographic characteristics of the respondents

The demographic characteristics of the respondents analysed include; gender, age group, highest education level and length of service. The results are shown in table 4.1 – 4.4.

Table 4.1: Gender of the respondents

Gender		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Male	158	60.8	60.8	60.8
	Female	102	39.2	39.2	100.0
	Total	260	100.0	100.0	

Source: Primary data

Results in Table 4.1 indicates that majority of the respondents were male (60.8%) compared to females (39.2%). The results indicate that there were more male managers than female counterparts in this study.

Table 4.2: Age bracket of the respondents

Age bracket		Frequency	Percent	Valid Percent	Cum. Percent
Valid	26-35 years	44	16.9	16.9	16.9
	36-45 years	113	43.5	43.5	60.4
	46-55 years	73	28.1	28.1	88.5
	55 years and above	30	11.5	11.5	100.0
	Total	260	100.0	100.0	

Source: Primary data

Results in Table 4.2 indicates that majority of the respondents were aged between 36-45 years, followed by 46-55 years, then 26-35 years while 55 years and above were the least. This means that respondents were from different age groups and at the same time results indicate that all respondents were mature and able to provide reliable data for the study.

Table 4.3: Highest qualification attained of the respondents

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Diploma	57	21.9	21.9	21.9
	Degree	131	50.4	50.4	72.3
	Masters	72	27.7	27.7	100.0

	Total	260	100.0	100.0	
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Source: Primary data

Results in Table 4.3 shows that majority of the respondents had bachelor's degree, followed by respondents with masters and the least were diploma holders. This means that respondents had enough knowledge to respond to the subject matter.

Table 4.4: Years of service

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Less than 5 years	16	6.2	6.2	6.2
	5-10 years	67	25.8	25.8	31.9
	10-15 years	102	39.2	39.2	71.2
	15 years and above	75	28.8	28.8	100.0
	Total	260	100.0	100.0	

Source: Primary data

Results in Table 4.4 shows that majority of the respondents had working experience of 10-15 years (39.2%), followed by 15 years and above (28.8%), 5-10 years (25.8%) and the least were less than 5 years (6.2%). This indicates that all the respondents had enough experience and able to understand and interpret research questions to provide reliable data.

4.4 Demographic characteristics of the firms

The demographic characteristics of the firms analysed include; years in operations, sources of finance, and number of employees. The results are shown in table 4.5-4.7.

Table 4.5: Years in operations

Years in operations		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Less than 5 years	8	6.2	6.2	6.2
	5-10 years	28	21.5	21.5	27.7
	10-15 years	78	60.0	60.0	87.7
	15 years and above	16	12.3	12.3	100.0
	Total	130	100.0	100.0	

Source: Primary data

Results in Table 4.5 shows that majority of the firms had been in operations for a period between 10 to 15 years (60.0%), followed by 5-10 years (21.5%), 15 years and above (12.3%) and the least were less than 5 years (6.2%). This indicates that most of the sampled firms had stayed long in operations to respond to marketing performance issues.

Table 4.6: Source of financing

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Loans	71	54.6	54.6	54.6
	Both	59	45.4	45.4	100.0
	Total	130	100.0	100.0	

Source: Primary data

Results in Table 4.6 shows that majority of the firms obtained loans to finance their operations (54.6%) and only 45.4% used both their equity and loans as source of funding. This indicates

that all the firms use loans as source of financing and therefore need to outperform their marketing performance concerns.

Table 4.7: Number of employees

		Frequency	Percent	Valid Percent	Cum. Percent
Valid	Less than 50 employees	25	19.2	19.2	19.2
	50-100 employees	34	26.2	26.2	45.4
	100 employees and above	71	54.6	54.6	100.0
	Total	130	100.0	100.0	

Source: Primary data

Results in Table 4.7 shows that majority of the firms had 100 employees and above (54.6%), followed by 50-100 employees (26.2%) and the least were less than 50 employees (19.2%). This indicates that firms had enough workforce to attend to more marketing performance concerns.

4.5 Correlation analysis

Correlation analysis was employed for the first two objectives to establish if there exists an association between market orientation and marketing performance, and competitive advantage and marketing performance as presented in Table 4.8.

Table 4.8 Pearson correlation matrix

Variables	1	2	3	4	5	6	7	8	9	10	11	12
Customer Orientation -1	1											
Competitor Oreintation-2	.455**	1										
Inter-functional oreintation-3	.135*	.119	1									
Market Orientation-4	.787**	.769**	.541**	1								
Competitive Price-5	.294**	.050	.378**	.331**	1							
Product Quality-6	.175**	.520**	.665**	.618**	.281**	1						
Service Advantage-7	.238**	.559**	.514**	.607**	.114	.758**	1					
Competitive Advantage-8	.281**	.519**	.684**	.680**	.514**	.732**	.739**	1				
Customer Satisfication-9	.113	.414**	.707**	.552**	.229**	.801**	.739**	.854**	1			
Sales Growth-10	.188**	.762**	.123*	.519**	.064	.461**	.453**	.449**	.353**	1		
Market Share -11	.254**	.790**	.110	.560**	.128*	.514**	.500**	.516**	.376**	.725**	1	
Marketing Performance-12	.226**	.808**	.389**	.671**	.172**	.772**	.696**	.748**	.712**	.861**	.857**	1

**, & *. Correlation is significant at the 0.01 level and 0.05 level (2-tailed)..

4.5.1 Relationship between market orientation and marketing performance

Results in Table 4.8 show that there is a positive significant relationship between market orientation and marketing performance ($r = 0.671^{**}$, $p < .01$). This means that the more a manufacturing firm prioritizes their marketing efforts and focuses on satisfying customer needs and preferences, the higher their marketing performance is likely to be. Further, this suggests that a customer-centric approach to marketing, where the marketing strategies and actions are aligned

with the needs of the target market, can positively influence a manufacturing firm's marketing performance.

Furthermore, the results allude to the fact that a manufacturing firm which more market oriented can gain a better understanding of their customers, their needs, and preferences. This could enable manufacturing firms to develop more effective marketing strategies that aligns with the needs of the market which in turn would lead to improved sales, customer satisfaction and market share for the manufacturing firm.

4.5.2 Relationship between competitive advantage and marketing performance

Results in Table 4.8 above, there is a positive significant relationship between competitive advantage and marketing performance ($r = 0.748^{**}$, $p < .01$). This suggests that a manufacturing firm having a strong competitive advantage can lead to better marketing performance. Further, this means that a manufacturing firm can offer something unique to its customers so as to lead to increased demand for its products, more loyal customers and higher market share.

4.6 Regression Analysis

The multiple regression analysis was conducted and the results in Table 4.9 shows the predictive power of market orientation and competitive advantage on marketing performance.

Table 4.9 Multiple Regression Analysis

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.294	.233		-1.263	.208
	Competitive Advantage	.614	.060	.543	10.212	.000
	Market Orientation	.446	.079	.301	5.663	.000
		Adjusted R Square		Std. Error of the		
Model	R	R Square	Square	Estimate		
1	.780 ^a	.608	.605	.36081		
F =	199.698	Sig. 0.000				
a. Dependent Variable: Marketing performance						

Source: Primary data

The results in Table 4.9 indicated that a mix of market orientation and competitive advantage explained 60.5 percent of the variations in the marketing performance, implying that there are other factors affecting marketing performance among manufacturing firms. Further, market orientation ($\beta = 0.301$) and competitive advantage ($\beta = 0.543$) were significant predictors of marketing performance. The model also indicated that competitive advantage is a better significant predictor than market orientation. Overall, the model was significant ($F=199.698$, $Sig=0.000$).

4.7 Mediation Analysis

We examined third objective on the mediation effect of competitive advantage on the relationship between market orientation and marketing performance. The mediation analysis was based on Baron and Kenny (1986) conditions. According to Baron and Kenny (1986), mediation occurs if the following conditions are met: variations in the independent variable significantly account for variance in the presumed mediator; variations in the mediator significantly account for variance in the dependent variable; variations in the independent variable significantly account for variance in the dependent variable; The effect of the independent variable on the dependent variable significantly reduces when the mediator is included in the equation. The results are presented in Table 4.10 and Figure 4.1 of the Medgraph.

4.6.1 Mediation effect of competitive advantage on the relationship between market orientation and marketing performance

According to Table 4.10, first, market orientation accounts for a significant proportion of variance in marketing performance ($\beta = 0.671$, $p < 0.01$). Second, market orientation accounts for a significant proportion of variance competitive advantage ($\beta = 0.680$, $p < 0.01$). Third, competitive advantage accounts for a significant proportion of variance in marketing performance ($\beta = 0.748$, $p < 0.01$). Last, the absolute effect of tax morale on tax compliance reduced from $\beta = 0.671$ to $\beta = 0.301$. Thus, all conditions have been met, thereby establishing competitive advantage as a true mediator in the relationship between market orientation and marketing performance. A further step was taken to test the significance of the mediation effect. In order to do this, a Sobel z-value was generated through a MedGraph. The results in Figure 4.1(MedGraph) indicates a significant Sobel z-value 8.4233 ($p < 0.05$). The Figure 4.1 further shows that when competitive advantage is introduced, the standardized beta (β) for the

relationship between market orientation and marketing performance reduces from $\beta = 0.671$ to $\beta = 0.301$. This confirms that competitive advantage partially mediates the relationship between market orientation and marketing performance. A ratio index (i.e. indirect effect/total effect) of 55% given by $(0.369/0.671 * 100)$ was computed. This indicates that 55% of the effect of market orientation on marketing performance goes through competitive advantage.

These results imply that while there is a direct impact of marketing orientation on marketing performance, the presence of competitive advantage takes the center stage. In the case of manufacturing firms, this means that having strong marketing orientation can contribute positively to marketing performance outcomes such as sales and customer satisfaction but only when this firm is offering superior services, products and price over its competitors. Therefore, competitive advantage is the conduit through which marketing orientation can influence the marketing performance among manufacturing firms.

Table 4.10. Mediation test results

Predictor	Model 2: Competitive Advantage			Model 3: Marketing Performance		
	B	SE	Beta	B	SE	Beta
Constant	0.515	0.239		-0.294	0.233	
Market Orientation	0.890	0.060	0.680**	0.446	0.079	0.301**
Competitive Advantage				0.614	0.060	0.543**

Notes: **Significant at the 0.01 level; B = unstandardized beta coefficients; SE = standard error;

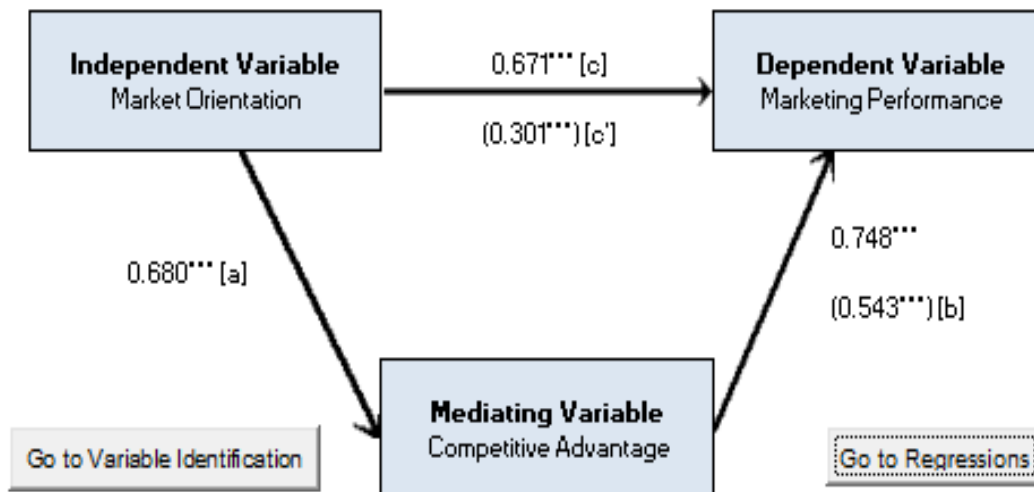
Beta = standardized beta coefficients

Source: Primary

Figure 4.1: MedGraph-PC: Mediation effect of competitive advantage on the relationship between market orientation and marketing performance

MedGraph – PC: A programme to graphically depict mediation among three variables

Type of mediation	Significant	
Sobel z-value	8.4233	$p = <0.000001$
95% Symmetrical Confidence interval		
Lower	0.4193	
Higher	0.6736	
Unstandardized indirect effect		
a*b	0.5465	
se	0.0649	
Effective Size measures		
<u>Standardised Coefficients</u>		<u>R² Measures (Variance)</u>
Total:	0.671	0.449
Direct:	0.301	0.048
Indirect:	0.369	0.400
Indirect to Total ratio	0.55	0.891



Note: The numerical values in parentheses are beta weights taken from the second regression and the other values are zero order correlations.

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter discusses the findings of the study, conclusion and recommendations in relation the study objectives. Areas for further research were also suggested and limitations to the study were also presented. The discussion explains the findings of the study in support or in contrast to the literature review upon which conclusions and recommendations were drawn.

5.2 Discussion of the findings

The main purpose of the study was to examine the relationship between marketing orientation, competitive advantage and marketing performance among manufacturing firms in Central Uganda. In this section the researcher discusses the findings of the study.

5.2.1 Marketing orientation and marketing performance

The study findings revealed that there is a positive significant relationship between marketing orientation and marketing performance. This means that the more a manufacturing firm prioritizes their marketing efforts and focuses on satisfying customer needs and preferences, the higher their marketing performance is likely to be. Further, this suggests that a customer-centric approach to marketing, where the marketing strategies and actions are aligned with the needs of the target market, can positively influence a manufacturing firm's marketing performance.

Furthermore, the findings allude to the fact that a manufacturing firm which more market oriented can gain a better understanding of their customers, their needs, and preferences. This could enable manufacturing firms to develop more effective marketing strategies that aligns with the needs of the market which in turn would lead to improved sales, customer satisfaction and market share for the manufacturing firm.

The findings are consistent with Ayimey, Blomme, Kil and Honyenuga (2020) who examined how market orientation impacts marketing performance through conducting personal interviews from hotel managers of the sampled hotels. They found that market orientation positively impacts selected marketing performance indicators, precisely sales growth, customer complaints, customer satisfaction, and customer retention. Additionally, Oduro and Haylemariam (2019) also comparatively examined the interaction effect of corporate social responsibility on the direct link between market orientation and financial and marketing performance in manufacturing firms in Ghana and Ethiopia. They found that market orientation significantly improved financial and marketing performance. The findings suggested that company managers and marketing practitioners can use CSR in their marketing orientation campaigns to keep high performance and to remain competitive in today's globalized market. However, Winarso, Hady, Panday and Untari (2020) examined the effect of market orientation and innovation of local product on competitive advantage and marketing performance in SMEs in Bekasi using a sample of 120 SMEs. They showed that market orientation had a significant effect on competitive advantage. However, they found that market orientation had no significant effect on marketing performance. It showed that the better market orientation does not necessarily improve marketing performance.

5.2.2 Competitive advantage and marketing performance

The study findings established that there is a positive significant relationship between competitive advantage and market performance. This suggests that a manufacturing firm having a strong competitive advantage can lead to better marketing performance. Further, this means that a manufacturing firm can offer something unique to its customers so as to lead to increased demand for its products, more loyal customers and higher market share.

This is in line with Philip and Armstrong (2018) who defined competitive advantage as an advantage achieved by a company in a competition by offering lower value or more significant benefits than competitors. A company is said to have occupied a competitive advantage position if it has a competitive advantage in resources that can produce superior value at a low cost. Further, Yasa *et al.* (2020) found that competitive advantage has a positive and significant influence on marketing performance achievement. This means that with a higher competitive advantage, there is a greater marketing performance. Also, Nuryakin and Maryati (2022) showed that green competitive advantage significantly and positively affected green marketing performance.

5.2.3 Mediating role of competitive advantage on the relationship between marketing orientation and marketing performance.

The study findings revealed that competitive advantage partially mediates the association between marketing orientation and marketing performance among manufacturing firms. These results imply that while there is a direct impact of marketing orientation on marketing performance, the presence of competitive advantage takes the center stage. In the case of manufacturing firms, this means that having strong marketing orientation can contribute positively to marketing performance outcomes such as sales and customer satisfaction but only

when this firm is offering superior services, products and price over its competitors. Therefore, competitive advantage is the conduit through which marketing orientation can influence the marketing performance among manufacturing firms.

This is consistent with Puspaningrum (2020) who analysed competitive advantage as a variable that mediates the effect of market orientation on marketing performance on 113,000 SMEs (Small and Medium Enterprises) located in Malang City, which are engaged in food processing, handicrafts, and clothing business units with an observation sample of 100 SMEs. They found that SMEs' performance will increase if they can carry out processes and activities related to creating and satisfying customer needs. Besides, market-oriented SMEs contribute to competitive advantage by creating product uniqueness, product quality, and competitive prices, ultimately affecting the performance of SMEs. Furthermore, Yasaa *et al.* (2020) indicated that competitive advantage significantly mediates the effect of promotional strategy on marketing performance. Additionally, Correia, Dias and Teixeira (2021) provided empirical evidence on the understanding of the relationship between market orientation and performance, through the mediating effects of both dynamic capabilities and competitive advantages among Portuguese firms.

5.3 Conclusion

Based on the study findings, the following conclusions can be drawn; first, marketing orientation is a better significant predictor than competitive advantage in explaining marketing performance. Secondly, the study finds that marketing orientation enhances marketing performance directly. Thirdly, marketing orientation can improve marketing performance through competitive advantage.

5.4 Recommendations

There is need for manufacturing firms to invest in thorough market research to gain insights into customer needs and preferences through allows firms to cater to their requirements more effectively. This achieve this also, there is need to invest research and development to innovate and improve quality features.

Manufacturing firms need to constantly adapt and improve their products and services to keep up with customer expectations and new trends in the market.

Manufacturing firms can develop a unique value proposition that sets them apart from their competitors. This should be done identifying what the customer needs and developing products and services that meet those needs.

Manufacturing firms can also form strategic partnerships and collaborations with other firms to improve their product offerings and expand their customer base.

There is need to build strong competitive advantage mechanisms in place to enable more marketing orientations to enhance sales, more customer satisfactions and improved market share of manufacturing firms.

5.5 Limitations of the study

The study covered only Central Uganda and yet the results could be generalised to the whole country.

Some respondents were hesitant to participate in the study for fear of being faulted by management to divulge into marketing performance details of the business with a third party. However, this was solved by first seeking permission from management which authorized staff members to provide the required information.

Some respondents were hard to access at the time the researcher needed them due to the busy schedule at the workplace. To solve this, the researcher made appointments with them to arrange for the appropriate time.

5.6 Areas for Further Research

It is important to provide scope for future research so that its significance can be identified by future researchers. The scope of the current study is limited to the study of the relationship between marketing orientation, competitive advantage and marketing performance which presents insightful information on manufacturing firms in Central Uganda. Nonetheless, due to limited time and other resources, it has certain boundaries within which it can be used for practical application. The study would serve as the basis for future studies as it serves the critical analysis of previous literature and extensive analysis of primary data. Therefore, it can be said that the present manuscript would help future researchers to extend this study in a similar area.

A longitudinal research design may also be adopted to determine the long term effects of marketing orientation and competitive advantage on marketing performance among manufacturing firms.

In terms of methodology, the study used a self-evaluation approach among manufacturing firms. Henceforth, the researcher recommended undertaking mixed approach that include qualitative

data to understand the linkages between marketing orientation and competitive advantage on marketing performance.

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Appendix: QUESTIONNAIRE

MAKERERE UNIVERSITY

Dear Respondent,

I am **Kasiira Hatimu** pursuing a Masters of Business Administration of Makerere University. You have been selected as one of the respondents in a study titled “*Marketing Orientation, Competitive Advantage and Marketing Performance of Manufacturing Firms*”. I guarantee that all information provided is purely for academic purposes and will be handled with utmost confidentiality.

A: BACKGROUND INFORMATION OF THE RESPONDENT:

i. Your highest level of education is;

Secondary ☐ Certificate ☐ Diploma ☐ Degree ☐ Masters ☐ PhD ☐

ii. Your length of service in this Firm

Less than 5 years ☐ 5-10 years ☐ 10-15 years ☐ 15- above ☐

iii. Age of the respondent

25 years and below ☐ 26-35 years ☐ 36-45 years ☐ 46- 55years ☐ above
55years ☐

iv. Gender of the respondent (a) Male ☐ (b)Female ☐

v. The business has been operating for;
☐

Less than 5 years ☐ 5-10 years ☐ 10-15 years ☐ 15- above ☐

vi. The sources of finance for your business is;

(a) Equity ☐ (b) Loans ☐ (c) Both ☐

vii. Number of employees,

(a) 0-50 employees ☐ (b) 51-100 employees ☐ (c) above 100 ☐
employees

B: STUDY VARIABLES INCLUDE: MARKET ORIENTATION, COMPETITIVE ADVANTAGE AND MARKETING PERFORMANCE:

INSTRUCTION: Use the following scale in this section: Strongly disagree (1) Disagree (2) Not sure (3) Agree (4) strongly agree (5) to show your level of agreement by ticking your response corresponding to the number in the scale given against statement.

MARKETING PERFORMANCE: Please tick according to your level of agreement towards marketing performance over the last three years using a scale of; 1= Strongly Disagree, 2= Disagree, 3= Not sure, 4= Agree, 5= Strongly agree.						
A:	SALES GROWTH	SD	D	NS	A	SA
1	Our firm has increased its sales growth over the past three years	1	2	3	4	5
2	Our firm's net sales have increased	1	2	3	4	5
3	Our firm's sales outlets have increased	1	2	3	4	5
4	The sales growth position relative to our principle competitor has increased	1	2	3	4	5
B:	MARKET SHARE GROWTH	SD	D	NS	A	SA

1	Our firm has increased its market share growth over the past three years	1	2	3	4	5
	The market share gains relative to our principle competitor has increased	1	2	3	4	5
2	Our firm leads in this market	1	2	3	4	5
3	Our firm has the largest clients in the sector	1	2	3	4	5
C:	CUSTOMER SATISFACTION	SD	D	NS	A	SA
1	Our firm has improved its customer satisfaction over the past three years	1	2	3	4	5
2	My satisfaction with the return on Sales has increased	1	2	3	4	5
3	Our clients are ok with our products	1	2	3	4	5
4	Our clients always associate with our products.	1	2	3	4	5
COMPETITIVE ADVANTAGE: Please tick according to your level of agreement towards competitive advantage using a scale of; 1= Strongly Disagree, 2= Disagree, 3= Not sure, 4= Agree, 5= Strongly agree.						
A:	COMPETITIVE PRICE	SD	D	NS	A	SA
1	Our prices are better than its competitors	1	2	3	4	5
2	Ours prices have better discounts	1	2	3	4	5
3	Ours prices are lower than its competitors	1	2	3	4	5
B:	PRODUCT QUALITY	SD	D	NS	A	SA

1	My firm's products/services are better than its competitors	1	2	3	4	5
2	The company is keen to have products that match international standards	1	2	3	4	5
3	The company seeks all efforts to improve its products.	1	2	3	4	5
4	The company is keen to meet market needs	1	2	3	4	5
5	The company seeks to innovate new ways to modify its products	1	2	3	4	5
C:	SERVICE ADVANTAGE	SD	D	NS	A	SA
1	Our firm is more capable of research and development than its competitors	1	2	3	4	5
2	Our image is better than its competitors	1	2	3	4	5
3	Our firm has better managerial capability than the competitors	1	2	3	4	5
4	Our firm is flexible to accept external environmental changes	1	2	3	4	5
MARKET ORIENTATION: Please tick according to your level of agreement towards market orientation using a scale of; 1= Strongly Disagree, 2= Disagree, 3= Not sure, 4= Agree, 5= Strongly agree.						
A:	CUSTOMER ORIENTATION	SD	D	NS	A	SA
1	We encourage customer comment and complaints because they help us do a better job	1	2	3	4	5
2	We have a strong commitment to our customers	1	2	3	4	5
3	We are always looking at ways to create customer value in our	1	2	3	4	5

	product					
4	We measure customer satisfaction on a regular basis	1	2	3	4	5
5	After-sales strategies are an important part of our business strategy	1	2	3	4	5
6	We define quality as the extent to which our customers are satisfied with our products	1	2	3	4	5
7	Our firm would be better off if the sales force worked a bit harder	1	2	3	4	5
8	Customer satisfaction is assessed at least once every three months	1	2	3	4	5
B:	COMPETITOR ORIENTATION	SD	D	NS	A	SA
1	We regularly monitor our competitor's marketing efforts	1	2	3	4	5
2	We regularly collect marketing data on our competitors to help direct our marketing plans	1	2	3	4	5
3	Our sales people are instructed to monitor and report on Competitors' activities	1	2	3	4	5
4	We respond rapidly to competitors, actions	1	2	3	4	5
5	Our top managers often discuss competitors' actions	1	2	3	4	5
6	We consider opportunities based on competitive advantage	1	2	3	4	5
C:	INTER-FUNCTIONAL COORDINATION	SD	D	NS	A	SA
1	Market information is shared with all departments	1	2	3	4	5
2	We regularly have inter-departmental meetings to discuss market trends and developments	1	2	3	4	5
3	Our marketing people regularly discuss customer needs with other departments	1	2	3	4	5
4	The marketing people regularly interact with other departments on	1	2	3	4	5

	formal basis					
5	All departments are involved in preparing business plans/strategies	1	2	3	4	5
6	We do a good job integrating the activities of all departments	1	2	3	4	5

THANK YOU