

**RELATIONSHIP AMONGST MARKET ORIENTATION,
SERVICE QUALITY, FIRM INNOVATION AND
FITNESS ENTERPRISES' PERFORMANCE IN KENYA**

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other university.

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DEDICATION

To my dear parents Muthoni and Muigai Snr. whose unconditional love always warms my heart as the seed you planted in me illuminates. To dear Felista, thank you and to you little Muso-“grow ye unto the uttermost.”

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ABBREVIATIONS AND ACRONYMS

SERVPERF- Service Performance

SERVQUAL- Service Quality Scale

SSQPS -The Scale of Service Quality for Participant Sport

SPSS- Statistical Package for the Social Sciences

PCA- Principal Components Analysis

EPA-Exploratory Factor Analysis

KMO - Kaiser-Meyer-Olkin

ANOVA - One Way Analysis of Variance

QUESQ - An instrument for assessing the service quality of sport centers

ABSTRACT

This study sought to establish the relationship amongst market orientation, service quality, firm innovativeness and firm performance within fitness enterprises in Kenya. These are important strategic marketing and development facets whose outcomes impact profitability and growth, hence need to establish their utilization and practice within the fast growing fitness industry in Kenya. Using a purposive sampling method 77 enterprises were obtained from secondary sources while another 69 enterprises were identified through snowball sampling technique using key informants. In total this yielded 146 enterprises from which 191 managers were identified as key informants to participate in this study. To sample the 1283 clients who took part in the study, the mall intercept method was used. Questionnaires were used to collect data. Two instruments (in form of questionnaires) were used in this study; one for clients and the other for the managers. The resulting data were analyzed using principal components analysis, the Pearson's product moment correlation and multiple regression analysis. The results demonstrated significance of market orientation and innovation as key contributors toward fitness firm performance but failed to show any significance for service quality. The results indicated that relationships do exist on perceptions of service quality from clients based upon demographic characteristics (trainings per week, employment status, age of the client and gender of the client of participant). The multivariate regression results demonstrated that the dimensions of market orientation and firm innovation developed for this study greatly impacted firm performance. Firm innovation moderated the market orientation firm performance relationship; however, service quality failed to show any mediation effect on these two variables. This study found that higher service quality resulted in higher customer satisfaction. Results suggested that managers must understand and appreciate the concerns of clients in regard to services that they offer and in particular with regards to the tangibles elements. The findings also revealed that the tangibles, reliability, responsiveness/ assurance and empathy dimensions significantly led to increases in the overall satisfaction evaluation of services that the firm provides. The tangibles dimension was most significant. The ability to attract and retain customers through providing excellent service quality is a necessity for any business in every field. From this study, it was recommended that in a bid to consistently provide high quality service, fitness firms must first know how to measure and identify areas of needed improvement. Key in this process is the customer relationship management process which is internal to the firms' operations. It is also imperative that fitness managers determine what constitutes market orientation, innovation and service quality within their cultural context for optimizing service and satisfaction to fitness customers.

CHAPTER ONE INTRODUCTION

1.1 Background to the Problem

The health and fitness movement is a rapidly growing industry worldwide providing opportunity for recreation, health development, income generation, physiological, psychological, emotional growth and wellness (Afthinos *et al.*, 2005; Leitner *et al.*, 1989). Woolf (2008) contend that this is a competitive industry and it is important to keep up with technological developments and provide services valued by key consumer groups. This requires small enterprise managers to focus on appropriate marketing strategies, service quality and integrate innovation within their operations to meet market demand and maximize returns (Charles *et al.*, 2006). The fitness industry requires delivery of customized services meeting consumer needs whilst ensuring enterprise survival and vitality. Alistair, (2006) observes that marketing and promotion are clearly essential for successful fitness/ hospitality industry development. Unfortunately, these are often overlooked for they are erroneously considered simplistic in nature hence the impetus to conduct this study.

Past research acknowledges that market orientation can predict a firm's performance in the context of an increasingly competitive and volatile environment spiced with rapid changes in customer needs and desires (Kolar, 2006; Vila, *et al.*, 2005; Kara, *et al.*, 2005). Market orientation concern is the marketing concept, which is considered a strategic approach capable of improving organizational performance (Jia-Jeng Hou, 2008; Zeithaml and Bitner, 2003; Kohli and Jaworski, 1990). Although the market orientation performance relationship appears to be fairly strong, the robustness of the relationship across different sectors is not clear. This notion can be stated for fitness enterprises, owing to rapid technological changes in this service sector. Modern fitness industry has gone through numerous changes thus fostering competition, hence, the focus to become more market oriented, more innovative, and higher in

service quality provision (Ko and Pastore, 2005).

Market orientation philosophy is embraced by the marketing concept and is fundamental in achieving organizational goals (Zeithaml and Bitner, 2003). This involves market intelligence, information generation and dissemination, customer/competitor orientation, responsiveness and inter-functional coordination. Little attention however has been paid to the concept in small enterprises and in particular fitness firms. Research on the relationship between market orientation, innovation and service quality and their influence on firm performance is also scanty (Charles *et al.*, 2006; Salavon and Lioukas, 2003).

According to Houston (1986), market orientation may not be rewarded uniformly across diverse market conditions. Consequently, as long as market orientation requires resources and efforts, it is not a clear-cut strategy for every single firm. It is upon this argument that an evaluation of the market orientation in the fitness industry becomes paramount. Thus, to explore the mechanisms through which market orientation and fitness firm performance may be related to service quality and firm innovation constructs will be introduced and examined. Verma *et al.*, (2005) point out that innovation, plays an important role in the marketing concept because it gives the service firm market information. This gives a firm the ability to stay ahead of its competitors through new market offerings.

Marketing as defined by the American Marketing Association (2004) involves processes for creating, communicating and delivering value to customers and for managing customer relationships. Typically this is implementation of the marketing concept whose elements are the marketing mix to meet customer expectations profitably. However, despite the importance attached to marketing, recreation sector

managers have been slow to effectively implement marketing principles (Johnson *et al.*, 1999). Out of all considerable research that has been conducted on marketing orientation there is little focus on the micro and small sized enterprises, and more so in the developing countries. There lacks documentation about the fitness industry and market orientation in Kenya. Yet, in micro and small sized enterprises lies potential for the entrepreneurs/ managers dreams to be reflected strongly in the enterprises characteristics and operations.

Market orientation outcomes include sustainable competitive advantage, profitability, greater capacity for speed and innovation and overall firm performance. Pelham (2000) found market orientation has strong relationship with performance in small and mid-sized firms though they have limited resources. This makes their market orientation levels to vary, hence the need to investigate the practice of market orientation among the fitness firms. The importance and relevance of market orientation to service operations rests in the increased emphasis on innovation and service quality in customer oriented enterprises. This is because customers not only purchase products but they also co-produce in service organizations (Manville & Ober, 2003; Salavon and Lioukas, 2003).

The primary goal of fitness enterprises is to provide quality services to clients from which they can derive satisfaction. The implication is minimal variance in service delivery to ensure positive perception by customers. This argument originates from the notion that satisfied customers are likely to be loyal and share their experiences and satisfaction with others, thereby supporting the enterprise (Guillaume, 2006). Measuring service quality focuses on quality customer service and is primary to success of firms' internal processes (Bindu *et al.*, 2009). Service products provided by the health and fitness industry are characterized by intangibility, inseparability, heterogeneity, and perishability (Thomas and Owen, 1999). These factors increase

the difficulty for service providers to guarantee consistent quality service and customer satisfaction for their customers (Lam *et al.*, 2005). Owing to demand for high service quality from individual and corporate clients, service quality and client satisfaction emerge as important issues in fitness centres management (Yi-De *et al.*, 2007).

To provide high quality and satisfying experiences, fitness managers therefore must determine clients' perception of service quality (Nicholas and Kostantinos, 2008). Key purposes of fitness centres is to program and deliver/ provide fitness services to clients so as to meet their emergent needs most appropriately to best achieve these goals. Fitness enterprise managers must make every effort to build positive experience for clients. Understanding what factors contribute to market orientation, higher service quality and satisfaction among different clients may develop appreciation of operational issues and promote firm performance.

Managers' market orientation, innovation, service quality and customer perceptions of service quality and satisfaction with fitness services offered are internalized making it difficult to express explicitly (Alistair, 2006). They are revealed through inferred behaviour such as consumption. Service quality is developed through internal marketing which occurs through external marketing techniques. The interactions internally and externally create relationships and demonstrate a long-term focus for the organization. The ability to recognize areas for improvement in service quality and their effects on profit is difficult (Woolf, 2008). It is believed that companies which focus on quality service increase their market shares and hold the ability to charge premium prices. When this is not addressed companies lose revenue and customers, and they must therefore spend in an attempt to regain new clients. The challenge in this area of research has been the ability to operationalize service

quality. Service quality develops over numerous transactions for it is not transaction specific, and it involves beliefs from past experiences (Robinson, 2006).

Since service production is based on different grounds other than goods production, the products (product innovation) and new methods of production (process innovation) are likely to be different and may also have a different impact on customer satisfaction (Panayides, (2006). Market orientation, service quality and innovativeness affect one another recursively, hence the synergy in this study. Innovativeness refers to the organization's openness to new ideas, as well as to its capacity to innovate, to implement and to adopt the new idea, to adopt a process or change a product successfully. Innovativeness encompasses both the tendency to change as well as the practical capacity to innovate. While openness to new ideas and learning is part of innovativeness, the practical aspect of the organizational capacity to innovate is central. An organization that does not implement innovations cannot be perceived as innovative. Based on the definitions of innovativeness as an organizational tendency to support new and creative ideas towards their implementation, we perceive innovativeness as a practically-driven organizational orientation (Deshpandé and Farley, 2004).

Market intelligence addresses how firms acquire and manage market information and improve inter- and intra- coordination of activities. Innovativeness is dependent on such knowledge and learning which leads to superior performance, consequently affecting a firms' innovativeness. (Therin, 2002; Tasi, 2001; Chaston *et al.*, 2001; Hult *et al.*, 2000; Slater and Narver, 1995). A theoretical review of organizational market orientation, service quality and innovativeness indicates their central role as drivers of enterprise performance. This linkage is documented in several studies such as by Han *et al.*, (1998), Deshpandé *et al.*, (1993) and Noble *et al.*, (2002).

Narver and Slater (1990) provide a basis for examining the mediating variables that connect market orientation and performance. They indicate that a series of activities dictated by market orientation create superior customer value/ quality, which in turn brings superior returns to the firm. Therefore, superior value quality is one of the possible constructs that mediate the relationship between market orientation and performance. Superior value of a firm's product can be explicated as consisting of service quality and innovation (Zeithaml and Bitner, 2003). The fitness enterprises provide services or value creating activities performed for the customers (Edgar, 2004; Guo, 2002). It is worth evaluating the service quality gaps that may exist so as to identify any existing problems that could eventually hinder efficiency and effective firm performance (Guo, 2002). Han *et al.*, (1998) contend that market orientation may promote the innovativeness of an organization. Specifically, the market information generation that occurs in market oriented firms provides an opportunity for customer directed and intelligent innovation. This affects the overall firm performance. Vila *et al.*, (2005) and Guo (2002) contend that market orientation as a strategic marketing concept influences performance, innovation, as well as service quality, which in turn impacts on firm's performance. A close examination of the relationship between these variables within the fitness enterprises is lacking in Kenya hence the focus of the proposed study.

In Kenya most of the health clubs and gymnasias tend to be located in star rated hotels, corporate and government or public establishments as well as private institutions and clubs. This makes access difficult as participants have to be hotel guests, institutional members, or to have subscribed so as to acquire the fitness services offered (Kenya Bureau of Statistics, 2004). The hotels in Kenya are grouped into three categories namely- town, vocational and lodges (Hotels and Restaurants

Authority, 2003). The establishment, function and distribution of health clubs consequently tend to be influenced by the distribution of hotels, corporate and educational institutions and the trend is that they are found in major towns. It is imperative to note however, that health clubs that have been established strategically to provide fitness services outside the hotels and institutional set-ups are on the increase in Kenya as demand levels increase (Central Bureau of Statistics, *et al*, 1999). Broadly these enterprises are categorized as small and medium enterprises which have made an important positive contribution to the Kenyan economy in creation of employment opportunities (Government of Kenya, 1997).

1.2 Statement of the Problem

Liberalization of the economy in Kenya that started in the 1990's led to increased investments by entrepreneurs and development of small and micro enterprises in various sectors including the fitness industry (Central Bureau of Statistics *et al*, 1999; Barkan, 1994). Observations within the small and micro-sector in Kenya within which the fitness enterprises fall, indicate they suffer from poor infrastructure, marketing and management skills (Lois and St-Onge, 2005; McPherson, 1999; Central Bureau of statistics *et al.*, 1999). Concern about customer needs and satisfaction then is low resulting in poor productivity and business performance.

In their operations, fitness enterprises face major challenges and threats such as new technologies, consumer tastes and lifestyle changes and business competition (McMahon-Beattie and Yeoman, 2004; Ko and Pastore, 2004; Russell, 2001; Edginton *et al*, 1995). Consequently they must innovate and improve the service quality of their services to survive. Kumar, (1998) notes that efficient market orientation coupled with innovativeness provides strategic guidelines on the development of a firm; thus it is critical for fitness enterprises' performance and premium customer satisfaction. Despite this fact, exploratory and comparative

research on market orientation, innovation as well as service quality in fitness centres and recreation context is extremely rare in both anthropological and leisure literatures (Chick, 2000). These observations necessitate inquiry to examine and unravel existing uncertainty in order to create understanding on the extent of adoption and utilization of these concepts among the Kenyan fitness enterprises.

1.3 Purpose of the Study

This study sought to examine the roles/ practices and relationships among market orientation, service quality and innovation and how these constructs affect the performance of fitness enterprise in Kenya.

1.4 Objectives of the Study

The following objectives were used in order to achieve the purpose of the study:-

- 1) To determine the relationships between fitness clients' upon selected socio-demographic characteristics.
- 2) To determine the relationships between fitness managers upon selected socio-demographic characteristics.
- 3) To determine the relationships between service quality and clients satisfaction within Kenyan fitness enterprises.
- 4) To determine the relationships among market orientation, service quality, firm innovation, and firm performance within Kenyan fitness enterprises.
- 5) To investigate interaction between Kenyan fitness firms market orientation and overall firm performance as moderated by service quality and firm innovation.

1.5 Research Hypotheses

The null hypotheses tested were:

- H0₁ There is no significant relationship between demographic variables of
- (i) Clients and service quality perception in Kenyan fitness enterprises.
 - (ii) Managers and constructs of market orientation, innovation, service quality and firm performance of fitness enterprises in Kenya.
- H0₂ There is no significant relationship between service quality and the overall satisfaction of clients within fitness enterprises in Kenya.

- H0₃ There is no significant relationship between service quality and performance of fitness enterprises in Kenya.
- H0₄ There is no significant relationship between a firm's market orientation and performance of fitness enterprises in Kenya.
- H0₅ There is no significant relationship between a firm's innovation and performance of fitness enterprises in Kenya.
- H0₆ There is no significant relationship between a firm's market orientation and innovation of fitness enterprises in Kenya.
- H0₇ There is no significant relationship between a firm's market orientation and service quality of fitness enterprises in Kenya.
- H0₈ Service quality and firm innovation do not moderate the relationship between market orientation and firm performance within Kenyan fitness enterprises.

1.6 Conceptual Framework

Market orientation focus in a firm requires an understanding of market needs, customer wants/demands, and the relevance of acting in response to market opportunities (Rodri'guez-Cano *et al.*, 2004). Thus, market orientation reflects firms' disposition to both cultural and behavioural aspects used to obtain market information. This puts the customer at the centre of the organization and includes the acquisition of market information, its interdepartmental dissemination and processing in order to respond and adapt to market conditions (Keskin, 2006; Kohli and Jaworski, 1990; Narver and Slater, 1990). Market orientation elements ultimately link to innovativeness because a firm's access to new ideas from the market and its inclination to respond to demands increases. Likewise market orientation elements link to service quality in a firm as new information from the market is synthesized and packaged towards giving customers superior value. (Hult *et al.*, 2004). A strong market orientation also indicates understanding of customer needs and of competitive situations (Salavou *et al.*, 2004). Market orientation offers opportunity for innovations to be adjusted to the market requirements, thereby increasing a firm's inclusion of innovation as a managerial activity (Gatignon and Xuereb, 1997). More critically market orientation nurture an organizational

environment which facilitates innovation (Damanpour, 1991). The market orientation-innovation and market orientation-service quality link is complementary and leads to higher firm performance (Baker and Sinkula, 2002; Sachdev and Verma, 2004; Zhou, 2004).

Baker and Sinkula (1999) argue that market-orientation, representing the degree to which firms acquire, distribute, and use the market information, is an input for the innovation process. Innovation is important in relation to the competitive position of the firm (Wolfe, 1994). Internal factors to a firm like market orientation act as antecedents of innovation (Darroch and McNaughton, 2002; Sandvik and Sandvik, 2003; Agarwal *et al.*, 2003; Hult *et al.*, 2004). Nevertheless, innovation reflecting the degree to which firms change their beliefs and practices also promotes firm performance. Innovations facilitate the conversion of market-oriented business philosophy into superior firm performance. Market orientation also acts as an antecedent of both the number of innovations and their success (Sandvik and Sandvik, 2003). The basic assumption is that firms which are market oriented are likely to understand their environment and customers than competitors. Consequently they respond better to emerging needs and institute reactive innovations and service quality improvements since they have new market information (Tippins and Sohi, 2003). The relationship between market orientation and innovation propose that innovation is a mediating variable between market orientation and performance.

Since market-orientation breeds new knowledge about customers, it promotes firm innovativeness as well as service quality (Sinkula, 2002). In this regard, learning-orientation embedded in market orientation lays a foundation for a continuous assimilation of new ideas. This leverages customer intelligence for firm

innovativeness (Hurley and Hult, 1998; Celuch *et al.*, 2002). As an outcome, firm business performance mediated by innovation exhibits significant relationship with market-orientation. Market-oriented firms are more effective in producing knowledge which leads to change of values and inevitably development and adoption of new work procedures (Vijande, *et al.*, 2005). Organizations that are able to appreciate the value of timely and relevant information (market-orientation) will also be expeditious enough to utilize such information for productivity (Keskin, 2006). Since, small firms are closer to their customers, they are able to generate new knowledge and exploit the existing knowledge effectively. Specifically, they develop intelligence about customers, from which they develop new knowledge and values that promote innovative products, processes, and services. In fact, market intelligence generation constantly improves and updates organization wide values and skills (Slater and Narver, 1995).

Fitness firms as service firms require to be more oriented to their markets and more knowledgeable of their customers' value chains so that they structure their services based on customers' needs and preferences. As a result, they can create exceptional value for their customers (Day, 1994; Day and Wensley, 1988). In return, customers perceive the firm's services as being of premium quality. Service quality is a key element in the market orientation-profitability relationship (Day, 1994; Jaworski and Kohli, 1993; Slater and Narver 1994). With the right service quality, customer satisfaction increases but also customers become more responsive by continued patronage. The relationship between market orientation and service quality propose that service quality is a mediating variable between market orientation and performance.

A service is a process that leads to an outcome during partly simultaneous production

and consumption processes (Verma, *et al.*, (2005). Service quality is a customer's judgement about a product's overall excellence or superiority and is similar to an attitude (Zeithaml, 1988; Parasuraman *et al.*, 1985). Service quality originates from customers' perceptions of the performance delivered by the firm. Parasuraman *et al.* (1988) identified five dimensions of service quality as, reliability, responsiveness, assurance, empathy and tangibles. Within the services marketing literature, overall service quality is normally not viewed as a separate construct but treated as an aggregate construct whereby the individual dimensions are summed to obtain an estimate of overall service quality. Overall service quality perceptions act as antecedents of customer satisfaction (Dabholkar *et al.*, 2000; Sachdev and Verma, 2004; Zhou, 2004).

Employee's perception of delivery service quality such as tangibles, reliability, responsiveness, and empathy affects organization's performance as measured by monetary and value gain and it is equally essential to understand that superior quality can lead to higher levels of operational performance (Coye, 2004; Bruhn, 2003). Also, Gounaris *et al.* (2003) considered service quality as an important factor that allows an organization to differentiate itself from competitors and therefore gain a sustainable competitive advantage. Service quality involves delivery of superior service relative to customer expectations (Zeithaml and Bitner, 1996). Service quality is recognized as a multi-dimensional construct. The number of dimensions varies from one researcher to the other (Brady and Cronin, 2001).

Customer satisfaction is the full meeting of one's expectations and can be described as the feeling or attitude of a customer towards a product or service after it has been used (Evans *et al.*, 2006). Past research has reported a causal link between service quality and customer satisfaction, and this calls for empirical investigation (Arasli *et*

al. (2005). Service quality is an antecedent of the broader concept of customer satisfaction and even though they are distinct they are also related constructs (Bindu, *et al.*, 2009 ; Arasli, *et al.*, 2005). Most commonly, the nature of this service quality and satisfaction link is viewed as linear, indicating that higher levels of service quality lead to higher levels of customer satisfaction.

In particular, this study aimed at examining empirically the relationships and impacts between market orientation, service quality, firm innovation and firm performance. It is conceptualised that market orientation may affect firm performance directly or through mediation effects of service quality and/or firm innovation. The study's model is illustrated in figure 1.

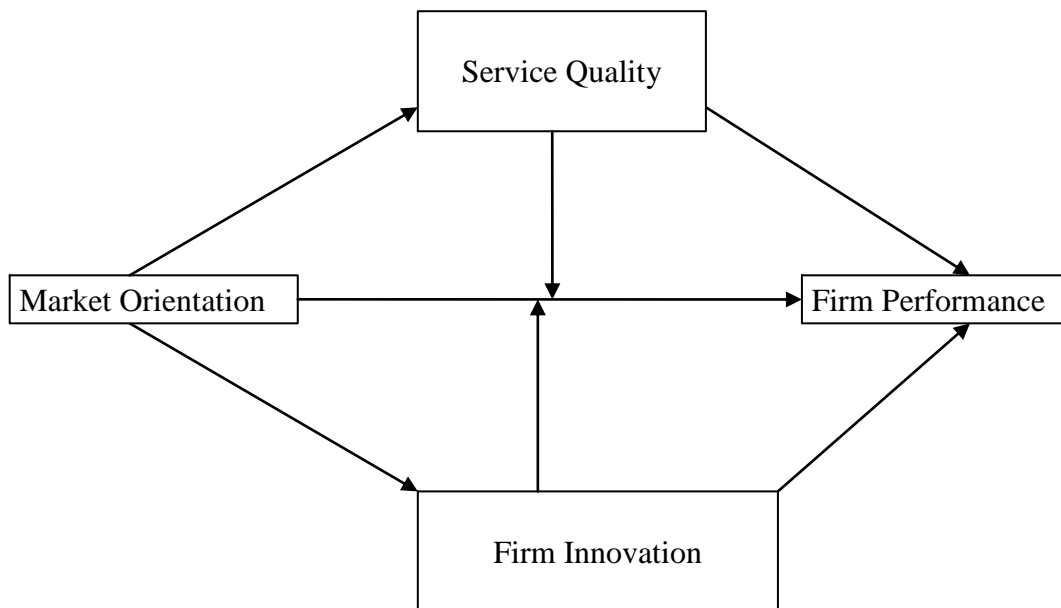


Figure 2- The Relationship between Market Orientation, Innovation and Service Quality with Firm Performance as Outcome Variable.

(source:- Developed from Kohli and Jaworski, 1990; Narver and Slater, 1990; Zeithaml and Bitner, 1996; Parasuraman *et al.*, 1985)

1.7 Significance of the Study

Due to the expansion of fitness enterprises, an increase in the number of participants, change in consumer tastes and lifestyles as well as the proliferation of technological advancements, market orientation, service quality and innovation have become some of the most important concerns for today's sport/ fitness managers (Ko and Pastore, 2005). For that reason, research in this area is crucial to all recreation, and sport managers so that they can establish and implement an effective, formal marketing management and service charter plan. Market orientation and service quality coupled with innovation management should help those who direct fitness and sports programs comply with their customer needs and expectations, as well as provide new and better fitness programs. Findings of this study could then enable improvement on productivity of the fitness enterprises in relation to the capital investments.

The study is expected to extend current knowledge on the dynamics of market orientation, innovation, service quality as well as firm performance in the fitness industry in Kenya and offer policy recommendations on the managerial practices and structures of these enterprises. To researchers, the study is expected to contribute to existing knowledge about fitness centres management with emphasis on marketing orientation, innovation and service quality. There is a lack of literature on fitness industry in Kenya with regard to market orientation, service quality and firm performance. This study will provide a baseline data for further research in the area of fitness industry.

Outcomes of this study are expected to benefit a number of stakeholders such as fitness centre managers, owners and potential entrepreneurs, the instructors, the recreation and hospitality educators, administrators of the sports and recreation clubs. The results may help managers and instructors concentrate more on mastery of key

competencies in order to offer quality fitness services to their client's in the future. The results may be useful to fitness centres' managers and instructors training programs to help evaluate current curriculum and course content with a view of enhancing their professional competencies.

1.8 Delimitations of the Study

The study was delimited to the following:

- 1) The fitness enterprises examined operated independently and not as sub-sets in their business strategies and policy formulations.
- 2) Questionnaires were used as instruments for data collection.
- 3) Market orientation was the independent variable, firm performance as the dependent while service quality and firm innovation were mediating variables.
- 4) Subjects were managers, instructors and clients of fitness enterprises in Kenya.

1.9 Limitations of the Study

The limitations considered in this study were as follows:-

- 1) The study focused on the fitness centres in Kenya therefore, results may be applicable to fitness centres in other countries only with caution.
- 2) The instruments were limited to self-report measures. Respondents may have interpreted the items on the instrument in a variety of ways.
- 3) The study findings can be generalized to the fitness enterprises as well as small and medium enterprises in hospitality industry.

1.10 Assumptions of the Study

In this study, the following assumptions were made:-

- (i) Fitness firms have customers as their central focus; hence employ marketing and service quality principles to create and deliver services which provide satisfaction to their customers.

(ii) Market orientation, innovativeness as well as service quality activities and their effect on firm performance could be observed and assessed empirically.

(iii) The respondents (managers, instructors and clients) were knowledgeable about required information, and would respond to the questions truthfully.

1.11 Operational Definition of Terms

Fitness Enterprises- these were the business ventures in Kenya that provided fitness services to their customers as their core business line and from whom managers and clients were sampled.

Firm Innovation- refers to any implementation or adoption of a technologically new product/s, processes or any significant technological changes or improvements to the enterprise, equipment, products/services and processes, changes in organizational and financial and commercial activities. Such items include addition of more and modern treadmill machines, sequenced online pay methods and individualized service bookings, introduction of new services like fitness testing and exercise prescription.

Firm Performance - refers to quantifiable outcomes in form of financial performance (-profits, return on investments), improved sales and investment, market share, retention of clients, new client acquisition and employee retention.

Market Orientation- refers to the extent to which a fitness firm used knowledge about the market, especially about customers, as a basis for decision-making on what to offer, how to offer it to the clients for instance introduction of a new fitness program like aerobics or dance.

Perceived Service Quality – refers to the fitness client' cognitive evaluation of a fitness service across episodes but compared to some explicit or implicit standard, these comprise of quantifiable attributes such of tangibles, reliability, responsiveness, assurance, and empathy.

Service Quality – refers to the attitudes (such as courtesy, honesty, promptness, accuracy of service provision) held by the clients and managers of a given fitness center about the value of a service offered to them.

Demographic Variables- refers to the individual characteristics that define an individual-these are their age,trainings per week, educational level, employment status and gender.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Introduction

This chapter presents the literature reviewed in this study. The section is ordered as follows: - marketing concept– an overview; market orientation- firm performance relationship; innovation; innovation and firm performance; service quality; service quality and firm performance and summary of literature.

2.2 Marketing Concept – An Overview

The marketing mix developed as a method of optimizing profit in enterprises and aims at creating ideas of solving marketing problems and meeting customers needs effectively (Gronroos, 2002). Woolf (2008) and Wise and Baumgartner (1999) observe that customer expectations must be met since they affect the satisfaction levels, which on the other hand significantly influence customer's retention rate. To meet customers' needs, enterprises must exceed the customer's expectations through responsiveness, innovations, assurance, and empathy.

Day (1990) and Jaworski and Kohli (1993), contend that marketing concept is the key to modern business success whose implementation in organisations requires the maintenance of a particular managerial orientation. Kohli and Jaworski (1990) viewed marketing concept as a culture which enterprises must develop over time in order to be beneficial. Similarly, Narver and Slater (1990) defined marketing concept as an organisational culture that most effectively and efficiently creates the necessary behaviours for creation of superior value for customers.

Miller and Layton (2001) asserted that, marketing concept is a philosophy of doing business that recognises customer orientation and coordination of marketing activities in achieving the performance activities in an organisation. Kohli and

Jaworski (1990) and Narver and Slater (1990) defined market orientation as the implementation of the marketing concept. Shapiro (1988) indicated that three characteristics make a company market driven; these include information relating to corporate function, inter-functional and interdivisional strategic and tactical decisions, and the execution of well coordinated decisions. These attributes constitute implementation of the marketing concept that is the market orientation which emphasizes the need for an enterprise to understand its target markets and customers (Shapiro, 1988). Thus, an enterprise should seek to meet the current customer needs and anticipate the future ones. Effective enterprises should also understand their customers so as to create products that give superior value. Development of strategies aimed at meeting customer needs and wants eventually leads to customer orientation and optimal service (Ruekert, 1992; Kohli and Jaworski, 1990).

2.3 Market Orientation

The marketing concept is a central tenet of marketing that holds that company success depends on determining customers' needs and wants and satisfying them more effectively than competitors do (Albert and Lado (2003). In turn, market orientation relates to the operationalisation of the marketing concept and so reflects the extent to which a firm's actions/operations are consistent with the marketing concept (Kohli and Jaworski, 1990). Considered as one of the marketing priorities market orientation has been interpreted differently though with a dominant operative focus and closely aligned to the market intelligence process (Day, 1994; Albert and Lado, 2003).

Desphande and Farley (1998) defined market orientation as the group of activities and cross-functional processes driven from the focus on customers' satisfaction through the continuous evaluation of their needs. Similarly, Kohli and Jaworski

(1990) defined market orientation as the degree of market intelligence generation about present and future customer needs, the dissemination of the information generated through all the departments, and the response to the market based on the intelligence generated. Kohli and Jaworski, (1990) further postulated that market orientation involves organisation of market intelligence about current and future needs of the customer (intelligence generation), dissemination of intelligence within the organisation (intelligence dissemination) and also responsiveness to it (intelligence responsiveness).

Klaus, *et al.*, (2005) contend that a firm characterised as market oriented might have developed an appreciation that understanding present and potential customer needs is fundamental to providing superior customer value. Such a firm, Grinstein (2008), observe must encourage systematic gathering and sharing of information. Such information concerns the present and potential customers and competitors. Integrated organisation-wide priority structure is necessary to respond to changing customer needs and competitor activities in order to exploit opportunities and circumvent threats. Foley and Fahy (2009) posit that market orientation entails a set of tangible actions initiated by a firm and which form the underlying culture upon which it operates. Narver and Slater (1990) conceptualised market orientation as a culture existing within the internal framework of an organisation. This, Grinstein (2008), argues forms the competitive strategy that most efficiently generates the right kinds of behaviour to create enhanced value for the consumer, consequently assuring the firm better long-term results.

Accordingly market orientation is based on orientation towards the customer, orientation towards competitors and inter-functional coordination. Kohli and Jaworski (1990) identified three structural components of market orientation: (a)

generation and analysis of all relevant information about the market; (b) dissemination of this information among the various departments of the organization in order to coordinate and arrange strategic planning; and (c) implementation of strategic initiatives designed to satisfy the market. Ruekert (1992) defines market orientation as the intensity with which companies (a) obtain and use information on customers, (b) develop strategic plans on the basis of that information, and (c) implement these plans, thus responding to customers' wishes and needs. In reviewing this construct, Lambin (1996) has provided a broader definition of market orientation, which he defines as a competitive strategy that involves all functional areas and levels of the organization and embraces the different market participants. These participants or market forces are: (a) the final customer, (b) the intermediate customer (distributor), (c) the competitors, and (d) environmental factors. To create and hold on to a competitive advantage, companies must analyze and act on every one of these market forces with proper coordination between their functions.

2.4 Market Orientation and Firm Performance

Kohli and Jaworski (1990) saw the generation of marketing knowledge (from marketing research), its dissemination, and organisational response to it, as key aspects of an organisation's market orientation, which also moderates firm performance. Narver and Slater (1990) inferred that market orientation had three behavioural components of customer orientation, competitor orientation, and an inter-functional coordination; integrated within is a two decision criteria of long-term focus and profitability. Ellis (2006) from a meta-analysis of various studies illustrates that less than 7 per cent of the variation in firm performance is associated with market orientation. These clearly indicates the likelihood of moderator effects from other sources like the multi-item inventories themselves, objective versus subjective measures of performance, cultural distance across countries, and the level of market

development. There is strong correlation between the market orientation and firm performance as reported by managers (though subjective) in various related studies such as by Foley and Fahy (2009); Homburg and Pflesser (2000). This affirms that market orientation influences both market (non-financial) and financial measures of firm performance. The background of these studies generally is in developed economies and with the moderation of culture and environment as sources of variability then this study is timely in a different setting.

Shoham *et al.* (2006) while assessing the impact of market orientation on the performance of voluntary and non-profit organizations in a meta-analysis found that market orientation contributes to higher organizational performance positively. Similarly, various studies (Pelham and Wilson, 1996; Gainer and Padanyi, 2005; Woodside, 2005) contend that customer orientation (concerned with determining the needs, interests and preferences of visitors, and designing programs, activities and experiences to try to satisfy them), leads to a superior economic performance.

Contrasting findings about market orientation and firm performance have however been advanced, for instance, Voss and Voss (2000) while examining the impact of customer orientation on a variety of subjective and objective economic performance measures in the non-profit professional theatre industry found that customer orientation was negatively associated with financial performance. In the same vein, Wood *et al.* (2000) also, in the hospital set-up, found a low and non-significant correlation between market orientation and performance.

Bathgate *et al.*, (2006) and Caruana *et al.*, (1999) both acknowledge that much market orientation research is being conducted in the western countries. Further it is accepted that the relevance, application/adoption and impacts on business success is

worldwide. The market orientation concept is accepted in literature, however, despite this fact; little research has been conducted in the African context. In as much as market orientation subsumes knowledge about clients' present and future needs, competitors trailing, and a control of environmental factors, market orientation generates market intelligence. It therefore, may be an important source of ideas for design of new products and services. As Grinstein (2008) and Cooper (1994) contends, a quality relationship with customers provides valuable information to new products' development in the service sector. Similarly, Grinstein (2008) and Subramanian (1997) reports a positive significant association between innovation and firm performance within the banking industry, while Deshpandé *et al.*, (1993) noted a positive association between degree of innovation and economic performance from Japanese corporations.

Strategic orientation of the firm leads to partial, superior performance because of the innovations that are brought to market (Hult *et al.*, 2004; Gatignon and Xuereb, 1997). Even though market-oriented firms generally benefit from the firm's resultant (marketing) activities, the capacity and ability to introduce new services and products with the potential to be successful is critical. This is embedded in the concept of innovation wherein lies the importance of market orientation as a determinant of innovation within the fitness services sector. In support, Atuahene-Gima (1996) argues that whereas in services like insurance and banking industries, innovation success is dependent on a firm's market orientation levels, more so on its customer orientation. Focusing on clients wants and needs, and being able to respond to them appropriately then becomes a vital ingredient for innovation success within the fitness service sector.

Other studies supporting the market orientation- performance relationship include

one by Webb *et al.*, (2000) who found market orientation had strong effect on customer satisfaction from a sample of 77 clients in a US corporate bank. Since Webb *et al.*, (2000) studied one company, generalizing their findings to other firms and industry context is difficult. Krepapa *et al.*, (2003) examined different perceptions of market orientation and resultant impact on satisfaction. They suggested that when there was a significant divergence between customer and firms' perceptions of market orientation, then satisfaction tended to be reduced. Han *et al.*, (1998), basing their work on that of Narver and Slater (1990), examined the effect of market orientation on organisational performance using banking industry data and found a substantial positive relationship between these two variables.

Slater and Narver (2000) conducted a study to determine the relationship between market orientation and business profitability. For this purpose data were collected from 53 single-business corporations of small business units of multi-business corporations in three Western cities. Despite the relatively small sample, they conducted a stepwise regression analysis and found market orientation and business profitability positively and significantly related. Pulendran *et al.*, (2000), using the scales of Jaworski and Kohli (1993) checked the moderating effect of market turbulence, competitive intensity, and technological turbulence and identified the relationship between market orientation and profitability arguing that superior profitability can be achieved by undertaking market-oriented activity. In this connection, they suggested further research to determine how market orientation relates to aspects of performance such as self-assessment performance measures, quantitative performance measures, job satisfaction, organizational satisfaction, organizational commitment, role clarity, and self esteem measures. Pelham (2000) conducted another study among 160 small and medium sized manufacturing firms. The study used a market orientation scale adapted from both Narver and Slater

(1990) and Jaworski and Kohli (1993). The findings of the study suggested that total market orientation was significantly correlated with marketing/sales effectiveness, growth/share and profitability.

Appiah-Adu (1997) conducted a market orientation and performance study in the United Kingdom that examined whether the market orientation-performance link established in large firm studies also holds for firms in the small business sector. The possible effects of market growth, competitive industry, and market and technological turbulence on any identified relationship were investigated. Regression analysis was conducted in order to identify the market orientation-performance link. Findings suggested a positive and significant impact of market orientation upon small business performance. There was a significant and positive impact of market orientation on new product success in the study. Appiah-Adu and Sing (1998) conducted another study among manufacturing and service firms in the UK where they identified a customer orientation and performance relationship. They used regression analysis in order to identify the customer orientation's relationships with new product success, sales growth, and return on investment. The study identified a positive and significant relationship between customer orientation and all the three performance measures.

Dawes (2000) conducted a study that examined the association between market orientation and company profitability. In the study two methodological approaches that have generally not been used in previous research were used. Firstly, he used company and environmental control variables in the data analysis in order to better discern their effects on profitability and to clarify any relationship between market orientation and performance. Secondly, he separately analyzed the individual components of market orientation and their relationships with business profitability.

It was found that competitor orientation, as a component of market orientation, had the strongest association with performance. They argued that, while customer orientation is vital, competitor intelligence activities constitute a key factor in ensuring high performance. Further, it was claimed that each component of market orientation should not necessarily be assumed to have equally strong associations with profitability. Thus, the researcher suggested further research in the absence of a significant association between market information sharing and reported performance.

The contention of this study is as set in a developing country, in service sector with unknown overall adoption levels of the concept within the fitness sector. From an applied perspective, the interest lies in assessing increments in fitness firms' economic performance due to within-industry market orientation variability. The research isolates the within-industry variation by adopting a single industry approach, thereby preventing the generalization of the results outside the scope of the industry considered. This shall also ensure minimization of threat to validity and the noise introduced by environmental variables such as market turbulence, market growth rate, buyer and supplier power, and competitive intensity on business performance. Market-related activities constitute some important factors that discriminate between new product success or failure (Montoya-Weiss and Calantone, 1994). Successful firms therefore develop superior products that are attuned to customer wants and needs, and they also have strong marketing knowledge and skills to develop and launch the product (Raaij and Stoelhorst 2008).

As Grinstein (2008) concludes a strong market orientation is critical for firm success while innovation degree, innovation performance, and business performance are all linked together. Raaij and Stoelhorst (2008) as well as Calantone *et al.*, (1994) in

their findings suggest that the degree of innovation of a firm is related to its new product performance. Hence, firms that attempt to bring out more innovations may be more likely to succeed. Similarly, increased levels of innovation are associated to superior performance (Grawe, *et al.*, 2009, Deshpande *et al.*, 1993, Robinson *et al.*, 1992). Arguably, the more market oriented firms are, the higher their innovation degree and the higher their innovation performance and ultimately their economic success. Also, the more market oriented firms are, the higher their customer loyalty and service quality and consequent economic success.

Various studies on market orientation show that it results in several different benefits, for instance: - (a) can be converted into a profit increase as fronted by Slater and Narver (1994), (b) can enhance change in attitudes and culture (Jaworski and Kohli, 1993), (c) can enhance the creation of more customer-orientated sales forces, (d) and can increase the potential for success of new products (Perin and Sampaio, 2001). Additionally the level of a firms' market orientation as articulated by Jaworski and Kohli (1993), creates the foundation for developing competitive advantage hence mediates managerial performance. These conclusions are buttressed by Perin and Sampaio (2001) who studied the extent to which each of the market orientation dimensions (market intelligence generation, dissemination, and responsiveness) influences performance. Using a sample of companies in Brazil their results demonstrated that market orientation dimensions are positively associated with firm performance.

The market orientation field is consistent and theoretically consolidated, and its influence on organisational performance is commonly accepted. However, increasingly it has been argued that whilst market orientation is necessary, it is not sufficient to sustain competitive advantage and optimal performance within a firm

singularly (Baker and Sinkula, 1999; Jaworski *et al.*, 2000; Mavondo *et al.*, 2005). Hence need to investigate the role of moderating factors internal to a firm, particularly, and to this study firm innovation and service quality.

The essence of market orientation is for a firm to be both responsive and proactive (Narver *et al.*, 2004). Conclusively, progressive firms should focus on developing a culture that embraces awareness and learning about customers and competitors (Carr and Lopez, 2007). Indeed the results of Gainer and Padanyi (2005) support the assumption that there is a positive association between market-oriented culture, customer satisfaction and peer reputation. They argue that client-oriented activities result in stronger client-oriented culture, and this in turn increases client satisfaction. Nevertheless, other mediatory dimensions should be considered while examining the market orientation and performance relationship, namely a learning orientation (Verhees and Meulenber, 2004), innovation (Keskin, 2006) or organisational culture (Deshpande, *et al.*, 2004; Carr and Lopez, 2007). While investigating the relation between the market orientation, the learning orientation, and innovation in Brazilian electronic industry using structural equations modelling, Perin and Sampaio (2003), showed a direct, positive and significant influence of both market orientation and learning orientation, on innovative performance. The market orientation presented a direct influence on innovation.

2.5 Innovation

Innovation is thought to provide organizations with a means of creating a sustainable competitive advantage and is considered to be an essential component of economic growth (Brown and Eisenhardt, 1995; Mandel, 2004). In fact, innovation is a key strategic activity undertaken by organizations that provides them with a mechanism for better alignment with market conditions (Schoonhoven *et al.*, 1990). In other

words, innovation is action often undertaken by organizations as a means of handling market dynamism. Innovation is a mechanism by which organizations can draw upon core competencies and transition of these into performance outcomes critical for success (Reed and De Fillippi, 1991; Barney, 1991). While the importance of this innovation is acknowledged, there seems to be a lack of clarity and consistency of results on the drivers and performance implications associated with innovation in academic research (Hoff, 2004; Mandel, 2004). In fact, the most consistent finding within the innovation literature is that the results are inconsistent with regards to innovation (Camison-Zornoza *et al*, 2004; Wolfe, 1994). Indeed, of great interest is the lack of clarity between the link of innovation and performance. For example, the relationship between innovation and performance has been found to be positive for financial performance (Ahuja, 2000; Robinson, 1990; Tsai, 2001) while at the same time several other studies have found the opposite to be true (Boeker, 1997; Greve, 2003; Kotabe, 1990; Mishina, et al., 2004). The aim of this research is to gain an understanding of the relationship between market orientation and innovation and performance.

2.6 Innovation and Firm Performance

Calantone et al., (1994) investigated whether the volume of innovation in a firm determines the level of new product success. Their findings showed that the degree of innovation of a firm is related to its new product performance. Hence, firms seeking to be innovative are more likely to succeed. Though the market orientation construct appears robust across different environmental conditions the link between market orientation and performance in turbulent markets is moderated by additional variables, such as the swiftness of market-oriented actions, strategic flexibility and firm size (Varela and R  o, 2003; Grewal and Tansuhaj, 2001; Pelham and Wilson, 1996; Jaworski and Kohli, 1993). Slater and Narver (1994) did not find a significant relationship between market orientation and performance in turbulent markets.

Homburg and Pflesser, (2000) however found a significant relationship between market orientation and performance in turbulent markets.

Farrell, (2000), Baker and Sinkula, (1999) have linked innovation to market orientation and contend that it influences organizational performance by providing the capacity for learning orientation. Furthermore, Jaworski and Kohli (1993) identified a link between a firm's market orientation and employee attitudes such as Esprit de Corps and organizational commitment. Market orientation phenomenon is culturally robust, as many of these outcomes are replicated, albeit mainly in developed and westernized countries (Lafferty and Hult, 2001; Gray *et al.*, 1998; Greenley, 1995; Shipley *et al.*, 1995).

Firms manifest their market orientation through the success of new innovations. Raaij and Stoelhorst (2008) and Varadarajan and Jayachandran (1999) view market orientation as a prerequisite to the formulation of effective competitive response and innovation. A firm's innovativeness represents the degree to which the firm generates new, timely and creative product/service introductions, using the accumulated knowledge of customers, competitors and technologies (Grawe *et al.*, (2009). Thus, innovations can be seen to be an effective gauge of the capability of a firm to gather intelligence and then respond to that information. This is then demonstrated by launching new products/services that best meet or anticipate customers' needs and wants. In similar context, Serensen, (2009) argues that a market and learning oriented culture promotes the receptivity of new ideas and consequently innovation becomes part of an organisation's culture. Once developed a strong and positive culture contributes to higher retention of employees while at the same time fostering superior firm performance over the long term (Bretz and Judge, 1994, Deal and Kennedy, 1999). Within the fitness and leisure setting, MacIntosh

and Doherty (2005) established that staff perceptions of organizational culture were significantly associated with their satisfaction with the organization and their intent to stay with or leave their job.

Hurley and Hult, (1998), Han et al., (1998) and Atuahene-Gima (1996) showed innovation and market orientations are related. Innovation is a natural outcome of a learning-oriented company, but a firm requires a market-oriented base to build a learning orientation. Though learning orientation provides sustainable competitive advantage, market orientation is an important cultural and behavioral base for a learning orientation which leads naturally to learning interacting with learning orientation (Farrell, 2000; Baker and Sinkula, 1999; Slater and Narver, 1995). Innovativeness in business can be conceptualised as the degree to which a firm creates new products and services using accumulated knowledge from consumers, competitors and technology (Deshpande et al., 1993). In fitness services innovations involve the frequent improvements and changes in certain aspects of the services provided and which help in attracting new markets, creating new expectations, and interests/ experiences for the clients. These include, training and educational programs, advances in the technology used (digital programmed equipment and methods, program and facility design and architecture) (Sawyer and Smith, 1999). Barczak et al. (2006) opined that the development process for new programs/products by organizations must be characterized by relevance to the client needs. Such development constitutes innovations in form of process innovations if they affect the production process of a fitness service in all its design and presentation, including any transformation of inputs (raw material, equipment and manipulations) to end product/service and all the support/ extra activities associated with this process (Woolf, 2008; Lam, et al., 2005). Other innovation components may be administrative such as program design, rules, procedures, reward and

information systems, and communication authority structures that govern the relationships among clients and employees Pennings, 1991).

Indeed, it is reasonable to conceive that innovation mediates the market orientation-performance link as it is presented as one of the core-value creating activities (Slater and Narver, 1994). This in turn that drives the market orientation-performance relationship (Han et al., 1998). Atuahene-Gima (1996) found support for a positive association between market orientation and a firm's innovativeness thereby demonstrating that market orientation conversion into superior performance is dependent in new product development activities. Similarly, Gatignon and Xuereb (1997) observed firms that are market oriented achieved superior organisational performance because they could develop and commercialize new products effectively. While the link between market orientation and innovation is critical, only a limited number of studies have been done and it would be opportune to provide corroborating evidence from Kenyan fitness sector. Based on argument, Han et al. (1998) posited that there is a significantly critical gap existing within the contemporary models of market orientation as none incorporates innovation orientated constructs nor service quality constructs.

As regards the impact of market orientation on innovation, various empirical studies posit that market orientation involves continuous progress and effort in innovation (Lukas and Ferrell, 2000; Matear *et al.*, 2002; Agarwal *et al.*, 2003; Hult *et al.*, 2004; Verhees and Meulenber, 2004; Aldas-Manzano *et al.*, 2005; Kurtinaitiene, 2005; Menguc and Auh, 2006; amongst others). Jaworsky and Kohli (1993) opined that market orientation basically requires doing something new or different as a response to market conditions which in fact is a form of innovative behaviour. Lukas and Ferrell (2000) established that a firm's degree of product innovation proportionally

varies with the firm's involvement in market orientation. This implies that more orientation towards the consumer as well as inter-functional coordination increases introduction of new services and products in the fitness centres. Leskiewicz and Sandvik (2003) in studying the hotel businesses concluded that market orientation positively impacts creation of new products for a market. Likewise Atuahene-Gima *et al.* (2005) while examining effects of responsive and proactive dimensions of market orientation on new product performance found responsive market orientation positively related to new product performance.

The market orientation-performance has been shown to have a positive relationship in a study by Joaquín *et al.*, (2005) who sought to determine the extent that companies operating in the textile sector with similar market orientation were similarly concerned about innovation. This was done using a population of 465 textile companies in Spain. Data were gathered from in-depth personalised interviews with 17 company directors operating within the textile sector. In order to verify the hypotheses, groups with similar market orientation were identified using a combination of two techniques: multidimensional scaling analysis; and cluster analysis. One way analysis of variance was then used to characterise each group. Direct relationship between market orientation and innovation could not be statistically proved however the market orientation-performance relationship in this study supported a positive relationship between these two concepts.

Innovativeness has also been presented as an important determinant of service quality and in consequence customer value and firm performance. Panayides, (2006) examined the relationship between market orientation as an antecedent to innovativeness in logistics service quality and firm performance. The study indicated that client relationship leads to higher levels of innovativeness, improvement in the

quality of logistics service and improved performance for the logistics service quality. Further the study indicated that innovativeness is influenced by relationship orientation between two partners in a business-to-business setting. These findings add credence to the relational paradigm, which suggests beneficial performance outcomes of strong innovativeness and relational ties.

2.7 Service Quality

Service quality has been defined in different ways by researchers. Kasper et al. (1999) define service quality as the extent to which the service, the service process and the service organisation can satisfy the expectations of the user. Parasuraman *et al.* (1988) defined service quality as a function of the difference between service expected and customers' perceptions of the actual service delivered. Delivering quality service is an essential strategy for survival and success in today's competitive environment. High service quality provides a competitive edge for an organization that can lead to organizational growth (Barber, 1987; Powers, 1997; Reichheld & Sasser, 1990). Service quality has been assessed using the service quality instrument (which quantifies service perception using dimensions of reliability, responsiveness, assurance, tangibles and empathy) in fitness and leisure centre management (Alexandris *et al.*, 2004; Williams, 1998; Wisniewski, 2001; Parasuraman *et al.*, 1985, 1988). Service quality has thus been identified as a critical success factor for organisations to build their competitive advantage and increase their competitiveness (Parasuraman *et al.*, (1985). Zeithaml and Bitner (2003) defined perceived service quality as a global judgment or attitude relating to the superiority of a service. It is widely accepted today that the measurement of service quality requires the application of multi-dimensional models. However, it has also been proposed that the nature and the number of the specific dimensions included in any model contextually depend on the specific industry (Babakus and Boller, 1992; Teas and DeCarlo, 2004). In the leisure industry, studies could be categorized into those conducted in

the contexts of (a) participatory sports and active recreation and (b) spectator sports.

Few studies have been done in service quality with specificity to the sport and recreation set up (Yong, 2000). Further the concept of sport and recreation service quality is not easily defined or measured (Mackay & Crompton, 1988). Alexandris *et al.*, (2004) observed that service quality models proposed in the sport literature have great variability in regard to the number of items in proposed dimensions. These models have not been validated across different studies and sport services. The vast majority of service quality studies conducted in the sport industry have supported the important role of the staff in customers' evaluations of service quality, and the tangible element of the sport service organizations (Alexandris *et al.*, 2001; Howat *et al.*, 1996, 1999; Papadimitriou & Karteliotis, 2000).

Research in the public and private service sectors demonstrates that perceived service quality contributes to customer satisfaction, repeat visits, positive word-of-mouth, and strategic benefits (Anderson & Zeithaml, 1984; Carman, 1990). Thus, understanding what constitutes quality to visiting publics allows managers to provide products and services that will maximize visitor satisfaction. Parasuraman *et al.* (1988) identified five dimensions of service quality. These dimensions were tangibles, reliability, responsiveness, assurance and empathy. Tangibles were defined as the physical facilities, equipment and appearance of personnel. Reliability was the ability to perform the promised service dependably and accurately. Responsiveness represented the willingness to help customers and provide prompt service. Assurance reflected the knowledge and courtesy of employees and their ability to inspire trust and confidence. Empathy referred to the caring, individualized attention that the firm provides its customers.

Kumar, *et al.*, (2009) observes that an increasingly innovative and aggressive

environment, coupled with deregulation, creates fierce competition among enterprises, hence, it is vital for firms not just to ride on technology as to offer more service channels but also to improve on service quality. Further, Kumar, *et al.*, (2009), notes that provision of high quality of service will result in higher customer satisfaction and enhance customer loyalty. Firms that excel in quality service can have a distinct marketing edge since improved levels of service quality are related to higher revenues, increased cross-sell ratios, higher customer retention and expanded market shares. This is because satisfied customers, lead to customer loyalty and in return translate into higher profit.

In an attempt to define the dimensions of fitness-service attributes, Chelladurai *et al.*, (1987) collected questionnaire data from Canadian fitness-club members. Five dimensions were defined as professional services, consumer services, peripheral services, facilities and equipment, and secondary services. Only facilities and equipment were identified as the most influential dimensions, while secondary services (such as bars and restaurants) had the least influence. In another study on leisure centres in Scotland, Tawse and Keogh (1998) found that the key quality issues for customers included, value for money, health and safety, service guidelines (for the education of customers and instructors), class objectives, and shorter modules. Papadimitriou and Karteroliotis (2000) used exploratory factor analysis and the QUESC instrument (Kim and Kim, 1995) to examine service-quality expectations of customers in private sports and fitness centres. Their study resulted in a four-factor model which includes; instructor quality, facility attraction and operation, program availability, and delivery and other services.

Afthinos *et al.* (2005) also used the QUESC instrument to examine whether different groups of fitness-centre members have different desires with respect to service delivery. Their survey showed that cleanliness was the most important general

consideration, and that professional knowledge, responsibility, and courtesy of employees were the highest-ranked aspects of the core service. Further, they identified several differences in preferences related to gender and age. Differences related to age were also identified by Westerbeek (2000), in a study of Australian sports spectators. Chang and Chelladurai (2003) used confirmatory factor analysis and a survey of American fitness club members to develop a nine-dimensional scale of fitness-service quality of, service climate, management commitment to service quality, programming, personal interaction, task interaction, other clients, service failure, service recovery and perceived service quality. In a survey of Greek sport participants, Alexandris et al. (2002) found that intrapersonal constraints (factors related to individual psychological states and attributes) were related to the propensity to participate, whereas no such relationship existed for interpersonal constraints (resulting from interpersonal interaction) or for structural constraints.

It is apparent that there is no consensus in the literature regarding the dimensions or factors that are of greatest importance. This was also observed by Lam and Ocker (2004) in their review of research in the area. Service quality and satisfaction are distinct but interrelated constructs. First, service quality is more likely to the perspective of managers, because they control the services provided for customers; whereas, customers are more likely to evaluate their satisfaction with services (Iacobucci *et al.*, 1995; Taylor & Baker, 1994). Customers express their satisfaction and fulfilment of their wants and needs through the service judgement (Clow *et al.*, 1997). This occurs during the service encounters where interactions between members of the organization and the customer are performed. The goal of every service encounter is to provide the best service in the best physical environment possible.

In order to achieve superior service, management must create an overall strategy

with a strategic vision that identifies the target market, understands the customer's point of view, understands the abilities of the organization, and provides a strong service delivery system (Metters *et al.*, 2003). Organizations must ensure reliability, responsiveness, assurance, and empathy in order to exceed expectations and when the customer expectations are met, customer knowledge grows and loyalty is created. These expectations create the need for a customer first mentality which is often difficult when employees lack a willingness to fix problems. In service industries, customer satisfaction is influenced by quality of interactions between the customers and personnel involved in the delivery of services (Natalisa *et al.*, 2003), and this is developed through the difference in perceived and actual quality during the service experience. Satisfaction is created by an excellent staff, efficient operations, convenience, competitive costs, and excellent image which often lead to a repeat purchase (Laroche *et al.*, 2004; Jones, 2004).

The goal of each business transaction is to gain customers and retain them through trust and commitment (Anderson & Narus, 1998). Hence the creation of value and trust must be upheld. Marketing strategies which influences the lifetime value of each customer and directly impacts current and future sales must then be attuned to fit the service (Rust *et al.*, 2002; Zeithaml *et al.*, 2001). Service quality as measured in this study uses the (service performance) SERVPERF scale developed by Cronin and Taylor (1992) as an attempt to replace the SERVQUAL (service quality) scale. The new scale contains 22 items that focus on performance and the service quality is determined by the sum of all the performance items, the higher the score the greater the service quality. This is more applicable due to empirical evidence in various industries. Jain and Gupta (2004) tested both scales to determine greater validity and measurement power though subjects at a fast food restaurant in Delhi, India and determined SERVPERF outperformed SERVQUAL in both areas.

Literature on market orientation and service quality in sport and recreation is scanty and distinct in backgrounds. One article on internal marketing in sport by Novatorov, *et al.*, (1998) focused on customer service audits in a recreational centre setting. The idea of the audits was to determine the effectiveness of the marketing efforts employed by recreational centre departments. In the study internal marketing was operationalized as a human resource method and examined the phenomenon through Herzberg's job satisfaction theory. In this theory two factors create motivation within employees: the job context and the job content. Papadimitriou and Kartertoliotis (2000) using the QUESC instrument examined service quality in private Greek fitness centres. There were too many factors and the solutions were not interpretable. Concerns also arose over the internal consistency of the factors identified. During their analysis they reduced the instrument to four factors (instructor quality, facility, programs, and significant others) and mentioned the importance of developing a service-quality construct that characterized both service and cultural elements. Ko (2000) and Ko and Pastore (2004) after examining literature in service quality within sport developed four dimensions of quality: 1) program quality, 2) interaction quality, 3) outcome quality, and 4) physical environment quality. The proposed model was created specifically for recreational sport. In the model 48-questions were generated across the four dimensions and the instrument was titled The Scale of Service Quality for Participant Sport (SSQPS). The items were generated through a review of literature, purified through a panel of experts and a field test, the revised instrument was later pre-tested through a pilot study, and examined through structural equation analysis. The results of the study demonstrated the model was a good fit to the data, and customers determine service quality based on the four dimensions described.

The "Nordic" perspective (Gronroos, 2004) of service quality suggests that service

quality is best identified using overall categorical descriptors (functional quality and technical quality). Functional quality reflects how service is delivered. It also reflects customer perceptions of the service delivery process. Technical quality is the outcome of a service act/ what customer receives in a service encounter (Brady and Cronin, 2001). Brady and Cronin (2001) found empirical evidence suggesting each of the primary dimensions of service quality (interaction, outcome, and environment) has three sub-dimensions that define the basis of service quality perceptions: interaction quality (attitude, behaviour, and expertise), outcome quality (waiting time, tangible elements, and valence of the outcome), and environment quality (ambient conditions, design, and social factors). In addition, they suggest that for each of these sub dimensions to contribute to improved service quality perceptions, the quality received by customers must be perceived to be reliable, responsive, and empathetic. The two dimensions directly under the service provider's control, interaction and outcome, are of particular interest in assessing of the effects of group dynamics on frontline service employee productivity.

2.8 Summary of Reviewed Literature

From the reviewed literature it is observed that researchers note synergies between market orientation and learning orientation (Varela and Río, 2003; Grewal and Tansuhaj, 2001; Pelham and Wilson, 1996; Jaworski and Kohli, 1993). Literature highlights lack of clarity in explaining a market orientation but considers it a key strategic orientation. These studies, however, negate examination of the interaction with mediation variables such as innovativeness and service quality. Market orientation reflects innovation and dynamism through increased information acquisition and dissemination as a stimulus for new ideas, learning and market reaction.

One significant attribute of a service is the simultaneous production and consumption of the service. Researchers, however, differ in their definition of “market”, some restrict their research focus to customer information for example Jaworski and Kohli, (1993) and others expand their focus to additional external market factors like competitors for example Narver and Slater (1990). This underscores the significance and need of empirical inquest of the interface between the service provider and the client, and the interactions between the two parties in reference to service quality and innovation.

There is general support for defining satisfaction in a consumer context as an overall evaluation of the service compared to customers’ expectations (Jones and Suh, 2000; McDougall and Levesque, 2000). However, there is considerable debate in the literature regarding the nature of satisfaction as a construct and its relationship to other constructs, in particular service quality. Most empirical market orientation studies gathered information from manufacturing companies, and only recently have studies considered the service sector (Gray et al., 2003; Kennedy *et al.*, 2002; Harris and Piercy, 1999). The service sector provides an excellent forum to establish whether market orientation is employed and if differences exist between manufacturing and the service sector. The increased importance of service quality also makes it important for a market orientation and innovativeness to be present at all levels of the organization. Thus, this study seeks to extend understanding of market orientation in the service sector.

CHAPTER THREE

MATERIALS AND METHODS

3.1 Introduction

This chapter includes an overview of research methodology, quantitative methods used, the unit of analysis, and an examination of the statistical tools and analysis used.

3.2 Research Design

This study used ex-post facto research design. This was due to the fact that no manipulations of the study variables could have been possible in this research (Kerlinger and Lee, 2000; McMillan and Schumacher, 1989).

3.3 Location of the Study

This study examined fitness industry enterprises incorporated and operating in Kenya in year 2007. It covered fitness centres located in seven (Coast, Eastern, Nairobi, Central, Rift Valley, Western and Nyanza) provinces in Kenya (Appendix 1). North Eastern province was left out since no known fitness centre existed at the time of data collection.

3.4 Target Population

The population for this study is defined as the fitness enterprises/firms which are located in Kenya and are involved in the provision of fitness services for their clients. The study population constituted all enterprises operating as business establishments with fitness service as their core business activity. In order to obtain the fitness enterprises for this study, The Kenya Telephone Directory (14th ed) Nairobi edition, the inland Telephone directory (2005), The Nation's Business Directory (2005) and Nairobi City Council Ward business registers as at December 2005 were used as secondary sources. This yielded a total of 77 enterprises identified

as listed in Appendix 2. Since this was not exhaustive more enterprises were sought from primary sources which were:- the industry practitioners, clients as well as from the enterprise managers and instructors of those centres identified from secondary sources. This was done during data collection process and it yielded 69 more enterprises. The total population for this study therefore comprised of 146 centres.

3.5 Sample Size and Sampling Procedures

The sample in this study consisted of fitness firm's managers and clients. The clients/customers of these fitness enterprises and the managers/instructors (key informants) within these enterprises, and who were willing to respond constituted the study sample. Regarding the adequacy of the sample size, there is very minimal agreement on the least sample size necessary for conducting factor analysis; various authors have suggested different criteria for determining the ratio of subject to variables required for such analysis. Nunnally (1978) suggested that at least 10 subjects per item are necessary. Hair *et al.*, (1995) observed that the number of observations multiplied by five ought to determine the number of subjects necessary to undertake factor analysis. Comrey and Lee (1992) argued that a good sample size should be more than 300, while Pett *et al.*, (2003) suggested that at least 10 to 15 subjects per initial item should be considered. When Parasuraman *et al.* (1988) were refining their 97-item instrument, they used a sample size of 200, which they justified in terms of the sample sizes used by other scale developers in the marketing area.

Therefore, a sample size of 115 with an average of 3.2 observations per item is in the acceptable range. In this study a minimum requirement of five times as many observations as there are variables to be analyzed was used to determine the

adequacy of sample size. The survey was distributed to 146 enterprises across Kenya. This consisted of 191 managers and instructors and 1283 clients/customers.

This study used non-probability sampling method to identify the target enterprises and consequent respondents (Ary *et al.*, 2002). Using a purposive sampling method 77 enterprises were identified from secondary sources. Another 69 enterprises in Kenya (not in secondary sources) were identified through a snowball sampling technique using key informants. Snowballing was used to identify the unknown enterprises and it continued until (a) no other enterprises in a region were obtained and (b) when a level of adequacy was established to permit required statistical analysis. In this study, 5 times as many observations as there were variables to be analyzed was used to determine adequacy of sample size. The key informants were asked to refer the researcher to two of their competitors whom were approached to participate in the study.

Only firms with fitness service provision as their core business activity and were willing to participate voluntarily were included. In order to sample the clients the mall intercept (which is a form of convenience sampling) method was used. This method allowed those who were at the fitness centers at the time of data collection and who were willing to be interviewed to participate. This provided opportunity for face-to-face interviews with clients as they engaged in their various activities. Only clients who were participating in fitness activities on weekly basis were sampled in each centre.

3.6 Study Variables

This research examined the relationship/s between the independent variable (market orientation) and the dependent variables which were service quality, firm innovativeness and firm performance. To determine respondents' socio-demographic

and organizational variables of –age, years of past experience were measured as continuous variables while respondent’s gender, professional qualification, type of employment status, educational level and fitness enterprise type were evaluated as categorical variable.

3.7 Instruments for Data Collection

The survey contained two separate questionnaires, one for key informants (Appendix 4) and the other for the clients as shown in Appendix 5.

(i) Questionnaires for Key Informants

The key informant’s survey contained five sections. The information sought was in the following sections- for information about the key informants’ background, followed by service quality in the enterprise, the enterprises’ market orientation, the enterprises’ innovation, and the last section sought information about the enterprises’ performance. The client’s survey asked about their background information and their perception of the enterprise service quality.

The survey instrument in this study replicated the scales as used in previously validated studies. In all the survey instrument items for this study, a 5-point likert scale was used because the pre-test revealed that respondents could not make fine mental distinctions in regard to whatever was being measured. The specific concept measures are explained in the following sections. The Likert scale measures also allowed the respondents to rate how strongly they agreed or disagreed with carefully constructed statements. By doing this, the respondent was not forced to weigh the importance of one enterprise characteristic over the other, but was allowed to judge their firm based on each particular characteristic.

(a) Measures of Market Orientation

The survey instrument used a measurement scale which was used by Kara *et al.*, (2005) and previously developed by Kohli *et al.*, (1993) to measure market

orientation. The scale consisted of 31 questions of which nine formed the intelligence generation sub scale, eight questions form the intelligence dissemination subscale and the remaining fourteen questions form the responsiveness subscale. The market orientation scale was used for this study because the convergent, discriminant and nomological validity was provided for this scale. In addition results of two single informant samples and reliability alpha coefficient of between 0.89 to 0.96 for market orientation and between 0.71 and 0.82 for intelligence generation, dissemination and responsiveness have been recorded (Kohli *et al.*, 1993). Further, the market orientation scale is well accepted in market orientation literature (Kohli *et al.*, 1993; Pulendran *et al.*, 2000; Cervera *et al.*, 2001).

(b) Measures of Innovativeness

Innovativeness in this research was measured by a 36-item scale; 6 items were on new products /services, 8 items were on changes to programs and service processes, 4 items were on changes in the use of underlying technology base of service offerings, 5 items were on future and strategic orientations, 9 items were on administrative matters and policy and 4 items were on pricing and sales. Respondents were asked to rate their firms performance on a 5-point Likert-type scale (where 1-equals always and 5-never).

(c) Measures of Business Performance

Performance measures can either be subjective or objective, (Ngai & Ellis, 1998). This study used subjective measures of performance. These are also amenable for easier collection of otherwise private data. Consequently business performance was measured by a 26-item scale, 13 items were on customer response (customer retention and customer satisfaction), 7 items were on financial performance (revenue and profitability), 3 items were on business growth and 3 items were on market

share. Respondents were asked to rate their firms performance on a 5-point Likert-type scale (where 1-equals strongly agree and 5-strongly disagree).

(d) Measures of Service Quality

A 22-item instrument on five point Likert scale with anchors of (5) strongly agree and (1) strongly disagree for clients survey and (5) always and (1) never for key informants was used. There were 5 items on reliability, 3 items on responsibility, 4 items on assurance, 4 items on empathy and 6 items on tangibles.

(ii) Questionnaires for the Clients

The clients' survey instrument was designed to measure variables regarding customer service perception (cognitive evaluation) of services offered in fitness enterprises. It comprised of a 22-item instrument on five point Likert scale. There were 5 items on reliability, 3 items on responsibility, 4 items on assurance, 4 items on empathy and 6 items on tangibles. It also consisted of items regarding the demographic details of age, gender, trainings per week, rating of level of enterprises' cleanliness, level of education, employment status and intent to quit /stop using services offered at the current centre.

3.8 Assessment of Validity and Reliability

Content validity in this research was ensured since the majority of scales used in this study were adapted from established scales that had already been subjected to content validity testing. (Panayides, 2004; Parasuraman, *et al.*, 1988; Cronin and Taylor, 1992). These items were made relevant to the Kenya situation through an objective evaluation and pre-test. To ensure population external validity the sample for this study was drawn from only those respondents who actively participated in a fitness centre's activities on regular/weekly basis. Any clients who were visitors were excluded from the survey. This study should be able to generalize to all fitness centres in Kenya since the target population and focus was all fitness centres countrywide.

To determine reliability a pre-test was conducted using a convenience sample of 7 fitness enterprises. This involved 12 key informants and 42 clients. A Cronbach's alpha was computed and established at 0.72 for key informants and 0.79 for clients. The respondents were also asked about clarity and relevance of questions to their business. Comprehension of the survey items by the respondents was also evaluated. In the main study reliability analysis for each subscale with the selected items was conducted for 191 cases for key informants and 1283 cases for clients using SPSS. For each subscale, the internal consistency (Cronbach alpha) was computed and means and standard deviations were analyzed and reported as in table 3.8.

Table 3.8 Reliability of Study Instruments

Scale /subscale	No. of variables	Alpha	Mean	SD
Market orientation	31	0.73	2.67	11.69
Service quality	managers	0.87	4.32	11.15
	clients	0.93	3.89	2.34
Innovativeness	36	0.91	2.51	20.02
Business performance	26	0.60	3.1061	7.81

3.9 Data Collection Procedure

A permit to conduct the research was sought from the government of Kenya before data collection. Questionnaires were delivered to each identified fitness centre and administered to the respondents as they engaged in their programmed activities. Completed questionnaires were collected from them. In total 340 key informants' and 1700 clients' questionnaires were distributed. This was done using trained research assistants.

3.10 Ethical Considerations

Research ethics in this study bordered on the research participants/subjects, the researchers' profession and the research sponsors. Responsibility to the participants included voluntary participation, informed consent prior to participation as in appendix 3. To ensure the participants were not prejudiced plain language statements

were used to describe the aims of this research and its procedures. Each survey was accompanied by a covering letter explaining the purpose and scope of the research. Anonymity and confidentiality of respondent's responses was observed. The responsibility to the profession included accuracy in analysis, presentation and reporting of study findings. Kenyatta University graduate school guidelines as well as the government of Kenya research regulations and guidelines were adhered to.

3.11 Data Analysis and Presentation

Each response in each of the 1474 usable surveys was separately coded and entered into SPSS (statistical package for the social sciences). This was done with individual case number identification as an aid in correcting coding errors. Raw data from the survey were coded and entered into a data file. The coded data bases were analyzed using SPSS version 11.5 software. The data analysis of the questionnaire responses proceeded through a series of steps to answer the research questions. Data preparation included coding the responses according to the various options on the questionnaire, entering the data into SPSS for Windows version 11.5 and checking of the data by a thorough review of all data entries. Also random checks of specific questionnaires was to done to gauge the accuracy of data entry.

(a) Missing Data

The primary procedure used in this study to deal with missing data was mean substitution. Mean substitution is a widely used method for replacing missing data, whereby missing values for a variable are replaced with the mean value based on all valid responses (Hair, *et al*, 1998). Pallant (2005) indicated that cases of missing data imputed with mean substitution could then be retained for all analysis. Using SPSS output, cases that had serious shortcomings of missing data were eliminated from further analysis, a final raw data set for client's (N= 1283) and managers (n = 191) as respondents was obtained. This was examined for patterns of missing data within the

likert scale items; there were (few cases) of missing data scattered throughout the instrument. Since these cases were randomly distributed and the data set was not large, missing data were imputed using mean substitution method. The missing values analysis was conducted in SPSS. Twelve cases involving managers and 33 involving clients were eliminated from the total sample as a result of this process. This over all substitution rates was at 13.83% affecting 26 key informants' questionnaires and 3.78% affecting 48 client questionnaires. Seventy six (76) of the 25 applicable variables in the questionnaire had missing data. The number of cases missing data for variables (1) through (56) ranged between (1) and (9), for a mean of 3.67 per variables.

(b) Analysis of Data

Descriptive statistics (mean score, standard deviation) were used to organize and summarize the data. This information included the managers' gender, age, education level, professional qualifications, employment status and past experience as well as information about the client's age, gender, and education level and employment type. To determine normality and suitability of the data for principal components analysis the skewness and kurtosis were determined.

To understand the relationships between various variables and to test the null hypotheses, inferential statistical tests were conducted. In order to ascertain whether the measures retained construct validity an exploratory factor analysis was conducted. This used principal components analysis (PCA) and varimax rotation technique to examine the underlying dimensions of market orientation, service quality, firm innovation and firm performance. The parsimonious list of variables was obtained from the ratings of managers' and clients' importance and perception of various attributes. The number of factors was identified by alpha extraction and varimax rotation to maximize the generalizability of the factors (Malhotra, 1996). In

determining the factors, the decision rules employed in this research were: (i) minimum eigenvalue of 1, (ii) Kaiser-Meyer-Olkin measure of sampling adequacy greater than 0.5, (iii) minimum factor loading of 0.5 for each indicator variable, (iv) Cattell's scree test and simplicity of factor structure, and (v) exclusion of single item factor structure. To measure the internal consistency of the items, a reliability test was conducted on all factors.

Multiple regression analysis was used to analyze the relationship between one dependent variable and several independent variables and to confirm how well the set of variables from the PCA were able to predict the overall outcome. The Pearson's product moment correlation was used to explore the relationships between the constructs of market orientation, service quality, firm innovativeness and performance of fitness enterprises in Kenya. A linear regression model was performed, using a statistical procedure suggested by Baron and Kenny (1986) to determine if there was any mediation effects by innovation and service quality between the market orientation-firm performance relationship.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

Results and discussion of the survey data on the fitness enterprises are presented in this chapter. The order of presentation includes demographic characteristics of the respondents followed by testing of research hypotheses.

4.2 Sample Sizes and Response Rates

Fitness centres examined in this study were spread across the entire country, however majority (85) of the fitness centers are located in Nairobi province. This is as shown in table 4.2

Table 4.2 Distribution of the Fitness Enterprises in Kenya as of 2007

Province	Town/trading center	Fitness enterprises		Instructors		Clients	
		Number	Total	Number	Total	Number	Total
Central	Kiambu	4	6 (4.1%)	8	10 (5.2%)	54	67 (5.2%)
	Ruiru	2		2		13	
Coast	Mombasa	13	19 (13.1%)	15	23 (11.9%)	113	156 (12.2%)
	Malindi	6		8		43	
Eastern	Machakos	3	4 (2.7%)	4	5 (2.6%)	37	48 (3.7%)
	Maua-meru	1		1		11	
Nairobi	Nairobi	85	85 (58.7%)	107	107 (55.6%)	764	764 (59.6%)
Nyanza	Kisumu	4	5 (3.4%)	6	8 (4.2%)	39	53 (4.1%)
	Kisii	1		2		14	
Rift valley	Eldoret	9	24 (16.5%)	13	33 (17.2%)	48	172 (13.4%)
	Nanyuki	2		2		33	
	Nakuru	4		7		29	
	Kiserian	1		3		14	
	Kitengela	3		2		13	
	Rongai	2		1		21	
	Naivasha	3		5		14	
Western	Webuye	1	3 (2.1%)	2	5 (2.6%)	10	23 (1.8%)
	Kakamega	1		2		10	
	Bungoma	1		1		3	
Total		146 (100%)		191 (100%)		1283 (100%)	

Source: Research Study Data, 2007

Nairobi had 85 centers thereby constituting 58.74% of the sample. The concentration of instructors in Nairobi was 107 accounting for 55.6%. This may be attributed to the high population density and cosmopolitan nature of the province as well as the lifestyle of the residents who were 764 and constituted a majority of the clients (59.6%). Mombasa town had 13 centres with 15 instructors. The overall distribution trend shows that fitness centres throughout the country were concentrated around town/county councils and urban centers.

Key informant surveys received were 200 representing 58.62% of the responses while clients surveyed returned were 1316 (77.71% response). Each returned questionnaire was reviewed for completeness and, of the 200 key informant surveys, 9 (4.5%) and 33 (2.57%) clients questionnaires out of the 1283 were considered unusable due to large amounts of missing data. The final questionnaires used for analysis were, managers 191(95.5%) and clients 1283(97.43%).The managers constituted 176 males (92.15%) and 15 (7.85%) females while the client's were 188 (98.4%) Kenyan nationals and 3 (1.6%) were from other nationalities. The mean age was 30.9 years, with a range of 19-76 years.

4.3 Demographic Data

This section presents demographic details of the study respondents, first for managers and second for clients.

4.3.1 Fitness Programmes Offered by the Fitness Enterprises

The kind of sport or fitness activities offered in the Kenyan fitness centres was established. This would also indicate the most preferred investment options by entrepreneurs as a function of the demand of the clients. The various fitness and sports activities that were offered by various enterprises are as shown in Table 4.3.1.

Table 4.3.1 Programmes offered at the fitness enterprises

		Fitness Activity	Frequency	Valid %	Total %	
1	Aerobics	Aerobics	149	24.0	(173) 27.5%	
		Tae boo	5	0.4		
		Salsa/dancing	18	2.9		
		Slimming	1	0.2		
2	Resistance-training programs combined with power and strength development	Strength oriented activities	Weight training	58	9.3	(279) 42.7%
			Resistance training	3	0.5	
			Strength training	9	1.4	
			Body building/weight lifting	133	21.4	
			Power lifting	3	0.5	
			Cardio respiratory endurance/ Circuit training	27	2.2	
		Endurance oriented activities	Endurance training	6	1.0	
			Flexibility	7	1.1	
			Body toning	21	3.4	
			Body sculpture	8	1.3	
		Treadmill	4	0.6		
3	Therapeutic activities	Physiotherapy	2	0.3	(38) 6.1%	
		Rehabilitation	3	0.5		
		Holistic	1	0.2		
		Massage	17	2.7		
		Nutrition & health consulting	7	1.1		
		Body composition	2	0.3		
		Yoga	6	1.0		
4	Martial arts activities	Martial arts	29	4.7	(62) 10%	
		Tae-kwon-do	16	2.6		
		Kick boxing	17	2.7		
5	Spa based wellness activities	Jacuzzi	2	0.3	(30) 4.9%	
		Spa	1	0.2		
		Steam	14	2.3		
		Sauna	13	2.1		
6	Individual sports activities	Bowling	2	0.3	(25) 4%	
		Swimming pool	22	3.5		
		Kids play	1	0.2		
7	Team sports activities	Squash	3	0.5	(12) 2.3%	
		Football	4	0.6		
		Lawn tennis	1	0.2		
		Table tennis	2	0.3		
		Hockey	1	0.2		
		Racket sports	1	0.2		
8	Beauty	Salon & tailoring	2	0.3	(2) 0.3%	
Total %					97.5**	

**Rounding off error

From Table 4.3.1, above the most popular (grouped) activities offered in the fitness centres comprised of resistance-training programs combined with power and strength

development activities 279 (42.7%), aerobics 173 (27.5%), therapeutic activities 38 (6.1%), martial arts activities 62 (10%), spa based wellness activities 30 (4.9%), individual sports activities 25 (4%), team sports activities 12 (2.3%) and beauty 2 (0.3%).

4.3.2 Classification of the Employees by Employment Status

The fitness enterprise managers/ instructors had varied employment modes which varied from full time jobs, temporary to permanent as illustrated in Table 4.3.2

Table 4.3.2 Employment types of respondent managers/ instructors

Employment status	Frequency	Percent	Valid Percent	Cumulative Percent
Part time	22	11.52	12.87	12.87
Full time	52	27.23	30.41	43.27
Temporary/ contract	26	13.61	15.20	58.48
Owner manger	38	19.90	22.22	80.70
Permanent	16	8.38	9.36	90.06
Self employed	17	8.90	9.94	100.00
Total	171	89.53	100.00	
Missing	20	10.47		
Total	191	100		

The respondents' most prevalent type of employment was full time jobs accounting for 52 (27.23%). The least common mode of employment was permanent with only 16 (8.38%) respondents. Worth noting is the fact that 38 (19.9%) enterprises were run by the owners.

4.3.3 Classification of the Enterprise Type by Legal Status and Gender

This study examined business ownership among fitness centres across gender. The fitness enterprises as business units had legal structures that established them. These forms included sole proprietorships, partnerships and companies as shown in table 4.3.3.

Table 4.3.3 Classification of the Enterprise Type by Legal Status and Gender

Type of the enterprise	Gender of the manager				Total	%
	Male	%	Female	%		
Sole proprietorship	78	46.4	12	7.1	90	53.6
Limited company	44	26.2	2	1.2	46	27.4
Partnership	31	18.5	0	0.0	31	18.5
Others (Specify)	1	0.6	0	0.0	1	0.6
Total	154	91.7	14	8.3	168	100.0

From Table 4.3.3 it is evident that most Kenyan fitness entrepreneurs engaged most exclusively in sole proprietorship service businesses and least in partnerships. Sole proprietorships accounted for 90 (53.6%) of all enterprises sampled in this study; limited companies were 46 (27.4%) while partnerships represented 31 firms (18.5%). This may be due to the fact that fitness enterprises are ideally high order services that require some professional skills/apprenticeship or/ and college education. Business ownership greatly determines the strategies used in its consequent management. The business owners have determined their market niche and the needs of their customers (Light and Bonacich, 1988). Therefore, they structure and invest their resources in the businesses depending on the entry and exit barriers as well as on their co-ethnics; this may determine the success of an enterprise (Stevenson and St-Onge, 2005).

Further it can be seen that male managers were 78 (46.4%) within the sole proprietorship category while women were 12 (7.1%). There was no representation of females in the partnership category of ownership. This shows that women are least involved in fitness based businesses and their potential and importance are a largely untapped pool of entrepreneurial talent. This is still the case in most western economies (Stevenson and St-Onge, 2005).

4.3.4 Distribution of Managers by Gender and Age

Respondents were asked to indicate their actual age in order to profile the clients. This was intended to show the type of respondents involved in the study (whether youthful, middle aged or elderly) and consequently determine the dominant age group for each gender. This was based on the knowledge that managerial attitudes vary with the age of managers because in general as the age of respondents increases, subjects become more conservative in their ethical attitudes (Serwinek, 1992). This information is summarized in table 4.3.4(a).

Table 4.3.4 (a) Distribution of Health Club Managers by Age and Gender

Age of the manager	Gender of the manager				Total	
	Male	%	Female	%	Total	%
10-19	1	0.58	0	0.00	1	0.58
20-29	65.00	37.79	7.00	4.07	72.00	41.86
30-39	81.00	47.09	6.00	3.49	87.00	50.58
40-49	10.00	5.81	0.00	0.00	10.00	5.81
50-59	1.00	0.58	0.00	0.00	1.00	0.58
70-79	1.00	0.58	0.00	0.00	1.00	0.58
Total	159.00	92.44	13.00	7.56	172.00	100.00

From this Table it can be observed that male managers aged between 30-39 years were the majority (81) accounting for 47.09% followed by those aged 20-29 years who were (65) representing 37.79%. Female managers aged between 20-29 years were more (7) accounting for 4.07% followed by those aged 30-39 years who were 6, thus representing 3.49%. There were 19 missing responses on the age item thus only 172 responses were used to compute the frequencies. Further observations on the sample were deduced from the means and standard deviations as shown in Table 4.3.4(b) and explained below.

Table 4.3.4(b) Means of Health Club Managers by Age and Gender

Gender	Mean Age	N	Percent	Std. deviation	Minimum	Maximum
Male	31.08	159	92.15	6.43	19.0	76.0
Female	29.42	13	7.85	4.99	22.0	38.0
Total	30.95	172	100	6.33	19.0	76.0

Description of the sample on the age as a variable revealed a mean age of 30.95 years (SD=6.33 years). The range was 57 years with the minimum being 19 years and the maximum 76 years. Regarding gender, out of a sample of 191 managers/instructors, the majority of the respondents (n = 159; 92.44%) indicated their gender as male. Thirteen subjects (7.56%) reported their gender as female. The mean age for the males was 31.08 years (SD=6.43 years; N=159). For this category the minimum age was recorded as 19 years and the highest as 76 years. The mean age for the females was 29.42 years (SD=4.99 years; N=13). For this category the minimum age was recorded as 22 years and the highest as 38 years. There were approximately twelve times as many male managers (92%) as there were female managers (7.8%). This ratio is in line with the findings of other researchers from other industries (Watson, 2003). This shows that the fitness industry in Kenya is male dominated.

4.3.5 Distribution of the Managers' Education Levels by Gender

The educational background of managers is considered an important determinant in explaining their attitude and actions within an enterprise and towards social responsibility/ ethics. Managers with higher educational qualifications tend to have liberal attitudes which may result in pushing their organisation/s towards greater performance and social orientation (Hage, 1980). Of interest in this study was the educational attainment of the managers of fitness enterprises. This is relevant to establish the education level and status. The implication of education is that managers with a higher educational qualification may hold values that are more strongly associated with own business success. Table 4.3.5 presents the distribution of respondents by highest level of educational qualifications.

Table 4.3.5 Distribution of the Managers' Education Levels by Gender

Education level of the manager	Gender of the manager				Total	
	Male	%	Female	%	count	%
Secondary	25.0	15.8	2.0	15.4	27.0	15.8
Vocational school	5.0	3.2	0.0	0.0	5.0	2.9
Diploma certificate	92.0	58.2	9.0	69.2	101.0	59.1
University degree	34.0	21.5	2.0	15.4	36.0	21.1
Other (indicate)	2.0	1.3	0.0	0.0	2.0	1.2
Total	158.0	100.0	13.0	100.0	171.0	100

There were 20 missing responses concerning the manager's educational level thus data from only 171 responses were used for analysis. The table shows that the Diploma certificate holders made up the majority of fitness enterprise managers, since they constituted 59.1%. University degree holders accounted for 21.1%, a trend that indicates that formal education is a key requirement in this industry. This notion can be augmented by the fact that managing a fitness organization requires placing a considerable emphasis on servicing the client member, hence need to have standards of practice and professional service. In recognition of this need, Huset-McGuire *et al.*, (2003) expanded the conceptualization of professional services to include all service/s that require special knowledge and comprehensive training of the individuals responsible for delivering the service. This is the case with fitness services. Professional services within fitness centres make up a large component of client service and include elements such as fitness testing and screening, training and instruction, client feedback, counselling and social support and personal training and programming. This observation indicates that education is a key requirement in this industry and buttresses similar observations by Hazlewood, (1989) and Mahinda, (1993) who also argue that this sector has become attractive for employment.

4.3.6 Managers' Educational Levels and Their Professional Qualifications

The focus here was the educational levels of the managers of fitness enterprises in order to establish if the educational level determined one's professional qualifications. The implications of this being that one could have acquired professional knowledge without formal education. Table 4.3.6 summarises the distribution of managers by their levels of formal education attained and their professional qualifications in regard to fitness training.

Table 4.3.6 Distribution of the Managers' Educational Levels and their Professional Qualifications

Education level of the manager	Professional qualifications				Total	
	Fitness certificate	%	Fitness diploma	%	Total	%
Primary	1	1.4	0	0	1	0.7
Secondary	15	20.3	3	4.3	18	12.6
Vocational school	2	2.7	2	2.9	4	2.8
Diploma certificate	50	67.7	44	63.8	94	65.7
University degree	6	8.1	18	26.1	24	16.8
Other (indicate)	0	0	2	1.4	2	1.4
Total	74	51.7	69	48.3	143	100

The table shows that the fitness certificate holders made up the majority of fitness enterprise managers/ instructors, since they were 74 (51.7%; N=143). The diploma certificate fitness holders were only 69 (48.3%; N=143) managers. University degree holders (n=24) accounted for only 16.8%, while those who had a diploma education level were the majority; n=94 (65.7%). There were 43 (22.5%) respondents who never gave a response about their professional qualifications. This casts a serious doubt about the effectiveness of management and instruction at the sampled centres. Arguably cognition is necessary for improving productivity and giving the centre manager an edge in harnessing and achieving firm growth (Cooper and Gascon, 1992). Further to this a number of fundamental managerial skills are required to implement elements within management competency requirements of planning, organizing and control. These are managerial skills that are primary to success of fitness enterprises (Sawyer and Smith, 1999).

4.3.7 Managers Educational Level and Their Employment Status

To determine if a manager's education level influenced the employment status respondents were differentiated into six groups by their education levels- primary, secondary, vocational school, diploma, certificate and university degree and others. The results are presented in Table 4.3.7(a). Diploma holders and university graduates tended to be on full time employment accounting for a cumulative total of (80.39%) with a total of 41 respondents. Table 4.3.7(a) illustrates the distribution of respondents' educational level attainment by respondent employment status.

Table 4.3.7 (a) Managers Educational Level and their Employment Status

Managers' Education level	Employment status						Total
	Part time	Full time	Temporary	Owner manager	Permanent	Self employed	
Primary	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (0.67%)	0 (0%)	1 (0.61%)
Secondary	4 (18.18%)	9 (17.65%)	5 (20%)	4 (11.43%)	2 (13.33%)	3 (17.65%)	27 (16.36%)
Vocational school	0 (0%)	1 (1.96%)	1 (4.00%)	1 (2.86%)	0 (0.0%)	2 (11.76%)	5 (3.03%)
Diploma certificate	16 (72.73%)	31 (60.78%)	12 (48%)	25 (71.43%)	6 (40%)	4 (23.53%)	94 (56.97%)
University degree	2 (9.09%)	10 (19.61%)	7 (28%)	5 (14.29%)	5 (33.33%)	7 (41.18%)	36 (21.82%)
Other	0 (0%)	0 (0%)	0 (0%)	0 (0%)	1 (6.67%)	1 (5.88%)	2 (1.21%)
Total	22 (13.3%)	51 (30.9%)	25 (15.2%)	35 (21.2%)	15 (9.1%)	17 (10.3%)	165 (100%)

From Table 4.3.7 respondents who had a higher level of education attainment appear more likely to be permanent employees. One of the most critical structural drivers of innovation capability is education and professionalism. This information was summarized by Vincent, *et al* (2004) based on a meta-analysis of 27 antecedents and three performance outcomes of organizational innovation in 83 studies between 1980 and 2003. Educational attainment thus, is a critical process that supports efficient delivery of fitness services hence the need for well trained managers and instructors. Therefore, the objective of this study was to find out if the differences in the level of education attainment between the respondents of different employment status were significant. Table 4.3.7(b) illustrates the relationship of respondents' educational level and their employment status.

Table 4.3.7 (b) Respondents' Level of Education Attainment by Employment Status

Employment status	N	Mean	Std. Deviation	Minimum	Maximum	Std. Error
Primary	1	5.00	.	5	5	.
Secondary	27	3.00	1.57	1	6	0.30
Vocational school	5	4.20	1.79	2	6	0.80
Diploma certificate	94	2.85	1.38	1	6	0.14
University degree	36	3.61	1.63	1	6	0.27
Other (indicate)	2	5.50	0.71	5	6	0.50
Total	165	3.13	1.53	1	6	0.12

Anova

Source	Sum of Squares	Df	Mean Square	F	Significance (p)
Between Groups	1.447	5	0.289	0.285	0.921
Within Groups	161.619	159	1.016		
Total	163.067	164			

$$F(5,159) = 0.285, p < 0.05$$

Levene's test of homogeneity of variances was not significant at the 0.05 level. The differences in education attainment between the respondents across various employment status were not significant, ($F, 5,159 = 0.285, p < 0.05$). Respondents who had post- secondary education tended to prefer permanent employment.

4.3.8 Distribution of Managers Professional Qualifications and Their Marketing Qualifications

One of the main tasks of a sport manager is to plan and evaluate programmes of sport for people of all ages, be they normal, accelerated, or special populations. This requires education and training (Zeigler, 2007) and thus facilitates understanding of the qualifications of Kenyan fitness centres managers. The respondents' professional qualifications and marketing skills were analyzed and the results are shown in Table 4.3.8.

Table 4.3.8 Distribution of Managers Education Level of the Manager and their Marketing Qualifications

Education level of the manager	Marketing qualifications				Total	
	Yes	%	No	%	count	%
Primary	0	0	1	1.4	1	0.56
Secondary	10	9.34	20	28.16	30	16.85
Vocational school	3	2.80	2	2.81	5	2.80
Diploma certificate	64	59.81	39	54.92	103	57.86
University degree	28	26.16	9	12.67	37	20.78
Other (indicate)	2	1.86	0	0	2	1.12
Total	107	60.11	71	39.88	178	100

About 60% (n=64) of the respondents who had diploma certificate and had some training in marketing while 55 % (n=39) had no training in marketing. In total 107 (60.11%) respondents indicated that they had some form of training in marketing while 71 (39.88%) had no training in marketing. Respondents who had high education levels relatively had some form of marketing background. These results suggest that the managers' education levels and marketing qualifications varied considerably.

4.3.9 Clients Analysis

One of the objectives of the study was to describe and profile fitness clients based on the following socio-demographic characteristics:- **a)** Gender, **b)** Age, **c)** Educational level, **d)** Employment status.

4.3.10 Distribution of Clients' Nationality and Gender

There were 1195 (93.1%) Kenyan citizens while 88 (6.9%) were from other countries. Of these Kenyan men accounted for 93.3% and women were 92.8%. Table 4.3.10 presents this information.

Table 4.3.10 Distribution of Clients Nationality and Gender

Nationality of the client	Gender of the client				Total	
	Male	%	Female	%	Count	%
Kenyan	744	93.35	451	92.80	1195	93.14
Others (Foreigners)	53.00	6.65	35.00	7.20	88.00	6.86
Total	797.00	62.12	486.00	37.88	1283.00	100.00

4.3.11 Distribution of Clients' Age by Gender

Across different socio-cultural settings it has to be acknowledged that differentiation of phenomena and judgement, with respect to gender must occur. In particular, the social valuation of sport activity varies between men and women, especially concerning ethnic and religious variables (Humphreys and Ruseski, 2006). Table 4.3.11 outlines the distribution of the clients by age and gender.

Table 4.3.11 Distribution of Clients by Age and Gender

Age group	Gender of the client				Total	
	Male		Female	%	Count	%
11-20	122	15.3	63	12.9	14.4	185
21-30	107	13.4	57	11.7	12.8	164
31-40	103	12.9	66	13.5	13.2	169
41-50	108	13.5	75	15.4	14.3	183
51-60	130	16.3	86	17.6	16.8	216
61-70	120	15.0	72	14.8	15.0	192
Over 70	107	13.4	67	13.8	13.6	174
Total	797	62.1	486	37.9	100.0	1283

Mean age > males= 28.6 years ($SD= 7.80$); females 28.89 years ($SD = 7.69$) years

Out of a sample of 1283 clients, males comprised 797 (62.1%) compared to 486 females who accounted for 37.9%. The age of respondents ranged from 13-78 years. The mean age for males was 28.6 years ($SD= 7.80$) years; while the females had a mean age of 28.89 years ($SD = 7.69$ years). This outcome suggests that participation in the fitness activities is dominated by males. Regarding age Table 4.3.11 summarizes information on the distribution of clients by age and gender. It is evident from Table 4.3.11 that males dominated the industry. This can be attributed to the fact that more males tend to engage in sport and recreation than females do due to

cultural perceptions of sports and physical activity as well as disproportionate family responsibilities between males and females (Russell, 2001). It is interesting to note that females above the age of 40 were more active than those below 40 years. Similarly males who were most active were aged 51-60 years.

4.3.12 Fitness Clients Distribution by Training Held per Week and Gender

The number of times that a client participated in fitness activities varied across gender. This is as shown on Table 4.3.12.

Table 4.3.12 Distribution of Fitness Clients by Number of Trainings Per Week and Gender

Training per week	Gender				Total	
	Male		Female			
	No	%	No	%	No	%
1-2	124	9.66	87	6.78	211	16.45
3-4	412	32.11	257	20.03	669	52.14
5-6	240	18.71	119	9.28	359	27.98
Over 7	21	1.64	23	1.79	44	3.43
Total	797	62.12	486	37.88	1283	100.00

From the Table, 52.1% of the clients ($n=669$) trained between 3 and 4 times a week, while 27.9%, ($n=359$) trained between 5 and 6 times a week. A higher number of both males (32.1%) and females (20.03%) also trained between 3 and 4 times a week.

4.3.13 Distribution of Clients' Age and Training Held per Week

Varied individual level (micro-level) factors like motivation, availability and socio-economic orientations may determine ones' participation in sport. On the macro-level the availability of sport infrastructure, may influence sport participation to a large extent (Gratton, *et al.*, 2005). With regard to the clients age and number of training times per week, Table 4.3.13 shows that those in age group between 51 and 60 years trained the highest (4) number of times per week with a total percentage of 16.84%.

Table 4.3.13 Fitness Clients' Age Group and Trainings per Week

Age	Training per week (grouped times)								Total	
	1-2	%	3-4	%	5-6	%	Over	%	Total	%
11-20	50	3.90	87	6.78	45	3.51	3	0.23	185	14.42
21-30	29.00	2.26	95.00	7.40	32.00	2.49	8.00	0.62	164.00	12.78
31-40	23.00	1.79	90.00	7.01	52.00	4.05	4.00	0.31	169.00	13.17
41-50	17.00	1.33	103.00	8.03	58.00	4.52	5.00	0.39	183.00	14.26
51-60	28.00	2.18	113.00	8.81	70.00	5.46	5.00	0.39	216.00	16.84
61-70	28.00	2.18	97.00	7.56	58.00	4.52	9.00	0.70	192.00	14.96
Over 70	36.00	2.81	84.00	6.55	44.00	3.43	10.00	0.78	174.00	13.56
Total	211.0	16.4	669.0	52.1	359.0	27.9	44.00	3.43	1283.0	100.0

It is interesting to note that this group also had the majority of clients consuming fitness services ($n=669$) accounting for 52.1%. Those who were under forty years trained the least number of times with a total cumulative percent of 40.3 % ($n=518$).

4.3.14 Distribution of Fitness Client's perceived Level of Cleanliness by Gender

It was necessary to establish how clients perceived the level of fitness cleanliness centres across gender. Table 4.3.13 illustrates these results.

Table 4.3.14 Distribution of Fitness Client's Level of Cleanliness by Gender

Level of cleanliness	Gender of the client				Total	
	Male		Female			
	No	%	No	%	No	%
Very clean	355	27.67	231	18.00	586	45.67
Partially clean	408	31.80	228	17.77	636	49.57
Not clean	31	2.42	21	1.64	52	4.05
Untidy	3	0.23	6	0.47	9	0.70
Total	797	62.12	486	37.88	1283	100.00

The distribution of fitness clients' perceived level of cleanliness by gender indicates that 355 males (27.67%) rated their centres as being very clean while only 231 female clients (18%) did. A higher percentage rated the centres as partially clean i.e. 408 men (31.8%) and 228 women (17.7%). The perceived cleanliness of a fitness center may have a positive influence on participation in sport (Seefeldt, *et al.*, 2002; Chad, *et al.*, 2005). Yanni *et al.*, (2005) also posit that cleanliness was considered by clients to be the most important aspect of service for Greek fitness centers.

4.3.15 Distribution of Fitness Clients Overall Satisfaction with the Fitness's Services by Age Group

Customer satisfaction may be related to the success and efficiency of an organisation (Bruhn 2003). Client feelings about fitness services is as presented in Table 4.3.14.

Table 4.3.15 Distribution of Fitness Clients Overall Satisfaction with Fitness Services by Age Group

Age group	Overall I am satisfied with the fitness's services										Total	
	Strongly		Disagree		Uncertain		Agree		Strongly agree			
	No	%	No	%	No	%	No	%	No	%	No	%
11-20	1	0.08	4	0.31	25	1.95	87	6.78	68	5.30	185	14.42
21-30	0	0.00	10	0.78	24	1.87	82	6.39	48	3.74	164	12.78
31-40	2	0.16	9	0.70	18	1.40	74	5.77	66	5.14	169	13.17
41-50	2	0.16	9	0.70	23	1.79	86	6.70	63	4.91	183	14.26
51-60	4	0.31	14	1.09	24	1.87	110	8.57	64	4.99	216	16.84
61-70	1	0.08	15	1.17	20	1.56	81	6.31	75	5.85	192	14.96
Over 70	3	0.23	8	0.62	19	1.48	83	6.47	61	4.75	174	13.56
Total	13	1.01	69	5.38	153	11.93	603	47.00	445	34.68	1283	100.00

Those who indicated that they were overall satisfied with the fitness services were in the upper response bracket with those agreeing making up 47% (603 clients) and those strongly agreeing 34.68% (445 clients). This ultimately indicates that 82% ($n=1048$) of the clients liked services that were offered to them. Those aged between 51-60 years seemed most satisfied with the services. Table 4.3.14 illustrates these results and shows that a large proportion of the clients were satisfied with services offered.

4.3.16 Distribution of Fitness Clients Overall Satisfaction with Fitness's Services and Gender

In regard to gender and overall satisfaction with the fitness services more male clients (396; 30.87%) indicated that they agreed with the services while those who strongly liked the services were 270 (21.04%). A similar trend was observed among the female clients with 207 (16.13%) with agreement that services offered were good while 175 (13.64%) strongly liked the services, as illustrated in Table 4.3.15(a).

Table 4.3.16 (a) Distribution of Fitness Clients' Overall Satisfaction With the Fitness Services and Gender

Overall I am satisfied with fitness services	Gender of the client				Total	
	Male		Female			
	No	%	No	%	No	%
Strongly disagree	8	0.62	5	0.39	13	1.01
Disagree	33	2.57	36	2.81	69	5.38
Uncertain	90	7.01	63	4.91	153	11.93
Agree	396	30.87	207	16.13	603	47.00
Strongly agree	270	21.04	175	13.64	445	34.68
Total	797	62.12	486	37.88	1283	100.00

Table 4.3.15(b) shows that the means for the two groups of respondents have a small range (0.06). The highest was scored by male clients and the lower one by female clients.

Table 4.3.16 (b) Descriptives for Fitness Clients Overall Satisfaction with the Fitness's Services and Gender

Gender	N	Mean	Std. Deviation	Minimum	Maximum	Std. Error
Male	797	4.1129	.83413	1.00	5.00	.02955
Female	486	4.0514	.93689	1.00	5.00	.04250
Total	1283	4.0896	.87463	1.00	5.00	Std. Error

4.3.17 Distribution of Fitness Clients by their Highest Educational Level Gender

With respect to education, 497 (38.74%) clients indicated that they had a university degree and were the majority. They were followed by those who had a diploma who comprised of 468 (36.48%). Vocational school certificate holders were only 46 (3.59%), while those with high school or primary education was 184 (14.34%) and 16 (1.25%) respectively. Table 4.3.16 shows the distribution of fitness clients by highest education level of the client and gender.

Table 4.3.17 Distribution of Clients by Highest Education Level and Gender

Highest education level of the client	Gender of the client				Total	
	Male		Female			
	No	%	No	%	No	%
Primary	9	0.70	7	0.55	16	1.25
Secondary	135	10.52	49	3.82	184	14.34
Vocational school	24	1.87	22	1.71	46	3.59
Diploma certificate	266	20.73	202	15.74	468	36.48
University degree	318	24.79	179	13.95	497	38.74
Other (indicate)	45	3.51	27	2.10	72	5.61
Total	797	62.12	486	37.88	1283	100.00

In regard to gender, female clients who had a diploma qualification were the majority accounting (202; 15.74%) among the females' grouping while men who had a university degree 318 (24.79%) were the majority.

4.3.18 Distribution of Fitness Clients Overall Satisfaction Rating by Their Highest Education Level

Table 4.3.17 shows the distribution of overall satisfaction rating by highest education level of clients. Clients' who had a university degree were the majority (497; 38.74%) and recorded a high rating (with those who agreed being 233 (18.16%) and strongly agree rating, 175 (13.64%), respectively for overall satisfaction with the fitness services. They were followed by those who had a diploma.

Table 4.3.18 Distribution of Overall Satisfaction Rating by Clients' Highest Education Level

Highest Education Level of the Client	Overall I am satisfied with the fitness's services										Total	
	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree			
	No	%	No	%	No	%	No	%	No	%	No	%
Primary	0	0	1	0.08	1	0.08	7	0.55	7	0.55	16	1.25
Secondary	2	0.16	7	0.55	25	1.95	85	6.63	65	5.07	184	14.34
Vocational school	0	0.00	3	0.23	6	0.47	25	1.95	12	0.94	46	3.59
Diploma/certificate	7	0.55	21	1.64	57	4.44	226	17.61	157	12.24	468	36.48
University degree	4	0.31	33	2.57	52	4.05	233	18.16	175	13.64	497	38.74
Other (indicate)	0	0.00	4	0.31	12	0.94	27	2.10	29	2.26	72	5.61
Total	13	1.01	69	5.38	153	11.93	603	47.00	445	34.68	1283	100

4.3.19 Fitness Clients' Likelihood to Leave the Firm by Gender

Clients' intent to leave an organization is usually due to the perception of the service elements and corporate values that they experience. If positively perceived they are less likely to leave the organization. According to Helms and Mayo, (2008) as well as Cohen's (1992) criteria, clients' intent to leave the organization is strongly associated with the corporate value of integrity, service elements of front desk and programmes. This study sought to find out the likelihood of fitness clients' to leave their current centres and Table 4.3.18 shows this distribution by gender.

Table 4.3.19 Fitness Clients Likelihood to Leave the Firm by Gender

Likelihood to leave the firm	Gender of the client				Total	
	Male		Female			
	No	%	No	%	No	%
Yes	182	14.19	109	8.50	291	22.68
No	615	47.93	377	29.38	992	77.32
Total	797	62.12	486	37.88	1283	100.00

Majority of male clients 47.93% ($n=615$) were not likely to leave their firms within the next six months, while 29.38% ($n=377$) of the female clients indicated they were also willing to stay on. A total of only 291 clients (22.68%) indicated that they would leave their fitness centres in the next six months.

4.3.20 Distribution of Fitness Clients by Their Type of Employment and Gender

Table 4.3.19 shows the distribution of fitness clients' by type of employment of the client and their gender.

Table 4.3.20 Distribution of Fitness Clients by Type of Employment of the Client and Gender

Type of employment	Gender of the client				Total	
	Male		Female			
	No	%	No	%	No	%
Civil servant	108	8.42	65	5.07	173	13.48
Casual labourer	79	6.16	38	2.96	117	9.12
Company employee	235	18.32	163	12.70	398	31.02
Self employed	249	19.41	138	10.76	387	30.16
Other (specify)	126	9.82	82	6.39	208	16.21
Total	797	62.12	486	37.88	1283	100.00

Majority of male clients (19.41%; $n=249$) were self employed, while the self employed female clients constituted 10.76% ($n=138$). Clients who were employees of companies were the highest participants among the female clients (12.70%; $n=163$) while among the males those who were self employed comprised the highest number (19.41%; $n=249$).

4.3.21 Clients' Overall Level of Satisfaction with the Fitness Services Offered

Clients were asked to indicate about their overall level of satisfaction with the fitness services offered. The results were summarized in Table 4.3.20.

Table 4.3.21 Client's Overall Level of Satisfaction with the Fitness Services

Overall I am satisfied with the fitness's services	Frequency	Percentage (%)
Strongly disagree/ or very dissatisfied	13	1.0
Disagree/ or dissatisfied	69	5.4
Uncertain	153	11.9
Agree/ or satisfied	603	47.0
Strongly agree/ or extremely satisfied	445	34.7
Total	1283	99.9

From the research findings 603 (47.0%) respondents indicated that they were satisfied while 445 (34.7%) were extremely satisfied with the various fitness services offered. A total of 153 (11.9%) respondents were uncertain in their opinion, and 69 (5.4%) respondents were dissatisfied. 13 (1.0%) respondents were very dissatisfied with the fitness services offered in the fitness centres.

The mean value of clients' overall perceived level of satisfaction was 4.089, which tended toward the high end of the scale, as illustrated in the Figure 4.3.20. This suggests that the fitness enterprises provided the clients with a satisfactory services and experiences.



Figure 4.3.21 Clients overall perceived level of satisfaction

Client satisfaction is of paramount importance for fitness service providers, not only because it is a quality indicator but also because of increased competition in the profession (Yellen *et al.*, 2002). Fitness services by their very nature are intangible and require client participation and involvement in the production process. Consequently continuous quality improvement programmes facilitate client satisfaction and enable fitness service providers to succeed in an increasingly competitive environment (Torres and Guo, 2004). Achieving high levels of client satisfaction can lead to loyalty and generate client and business referrals that enhance long-term enterprise performance and success (Yucelt, 1994). This ordinarily involves intimate interactions and extensive communications between the client and the service provider/ instructor (Winsted, 2000).

4.4 Further Examination of the Data

The descriptive statistics provided useful insights to the data, but additional insights could be gained by the application of inferential statistical procedures. Prior to undertaking the inferential analysis it was necessary to further explore the data to determine its suitability for the additional statistical procedures. This section provides the outcomes of the missing data analysis and the tests for normality.

4.4.1 Test for Normality

The data showed skewness that was not particularly noteworthy, and the histograms showed an observable normal curve for the variables. The kurtosis measures for most of the variables were positive which indicated the data were peaked and a few variables had negative kurtosis scores which indicated that the distribution was flat. It should be noted that the negative kurtosis scores were quite small and of little consequence. Pallant (2005) suggested the use of the Kolomgorov-Smirnov test of normality in SPSS. This test assessed the normality of the distribution of the scores. A non-significant result (Sig. Value $p > .05$) indicated normality. All of the variables were explored using this test and were found to have insignificant results that indicated they did not violate the assumption of normality. A normally distributed sample was necessary for the statistical procedures designed to test some of the hypotheses, especially the relationship between the variables.

4.4.2 Inferential Statistical Analysis and Hypothesis Testing

This section reports on the process used to determine and analyse the quantitative data obtained from the survey in relation to the research objectives and hypotheses. An initial exploration of the constructs was done using Principal component analysis and their outcomes (parsimonious list of variables) formed the basis for testing relationships among the independent variables, mediating and dependent variables as per the hypothesis stated. Subsequent analysis of the variables through correlation and regression analysis followed. Simple correlation indicated association between two variables while multiple regression analysis explored relationships and effects between independent and dependent variables. Finally, linear regression analysis explored mediation effects of innovation and service quality between market orientation and firm performance.

4.5 Clients' Service Quality Constructs

(a) Exploratory factor analysis

The Kaiser-Meyer-Olkin (KMO= 0.947) measure of sampling adequacy and Bartlett's test of Sphericity (Chi Square 12777.91, df=231, $p>0.000$), were employed to test whether the data were acceptable for factor analysis and the model was found appropriate. Principal components factor analysis with varimax rotation was used to discover patterns among the service quality items measured in the survey. Items under the loading value of 0.50 were deleted from further factor analysis (Hair et al., 1992). After removing problematic items (3 variables in all), the remaining 19 service quality items were used for further data analysis. The number of factors extracted was determined by evaluating the scree plot (Figure 4.5) and the eigenvalues. In all cases, the numbers of factors retained were those with eigenvalues greater than one (Hair *et al.*, 1992). Inspection of the scree plot revealed a clear break after the first component, which accounted for 40.95 %. These factors and the items loading on them are reported in Table 4.5. All service quality items extracted by factor analysis were examined using Cronbach's coefficient alpha to test inter-item reliability. Alpha coefficients ranging from 0.78 to 0.83 were obtained in all cases. The principal components analysis identified four different factors in the Kenyan fitness centers clients' sample and the total variance explained by the solution was 58.22 % (Table 4.5). The underlying factors associated with the clients' sample in order of variance explained were – empathy, responsiveness, tangibles and reliability. Figure 4.5 shows the result of the analysis of the scree test.

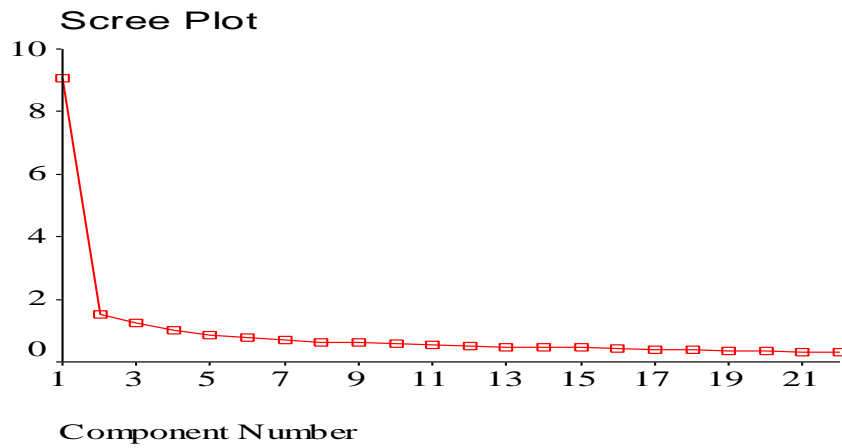


Figure 4.5 Clients service quality constructs scree plot

The oblique rotation procedure allows factors to be correlated and was used in this study because of its psychological context where respondents' attitudes, satisfaction, or feelings were being analyzed and the constructs were likely to be correlated (Garson, 2005; Pett *et al.*, 2003).

(b) Factor interpretation

Component 1 had five variables and was called empathy. In particular, the constructs of personal attention, needs, interests and responses were rated as very good (loading greater than 0.55) or excellent (loading greater than 0.61). Component two incorporated five variables that were generally related around a theme of responsibility and sensitivity towards clients. The application of this component was part of the key values that underpinned the relationships between the employees' behavior towards the clients. Willingness to help had a rotated coefficient of 0.712 that demonstrated the strength of the connection to this component. Component 2 was called responsiveness and assurance and was used for subsequent analysis to better understand the nature of the relationship. Four constructs with a moderate loading ranging between 0.602 to 0.773 rotated coefficients formed the third factor with a theme of environment and appearance and was called tangibles. The values that underlie clients feeling about the physical facilities, equipment and training materials comprised this component. The fourth factor had four constructs with a rotated coefficient loading ranging from 0.665 to 0.775. This variable revolved

around the theme of consistency, correctness and fulfillment of promises and was called reliability.

Table 4.5 Rotated Component Matrix for client evaluation of service quality constructs in Kenyan fitness centres

Parameter	Component				Communalities	Cronbach Alpha Scores
	1	2	3	4		
1 The firm's employees give personal attention	0.777	0.164	0.097	0.154	0.663	0.8316
2 The firm gives me individualized attention	0.763	0.158	0.139	0.213	0.672	
3 Employees understand my specific needs	0.616	0.169	0.311	0.178	0.536	
4 The firm has my best interests at heart	0.591	0.238	0.261	0.256	0.540	
5 Employees answer questions with knowledge	0.555	0.361	0.289	0.175	0.553	
Employees are consistently courteous with me	0.478	0.439	0.218	0.167	0.496	
1 Employees are always willing to help me	0.269	0.712	0.069	0.257	0.651	0.7951
2 Employees in the firm give me prompt service	0.282	0.640	0.128	0.321	0.608	
3 The firm has convenient business hours	-0.042	0.607	0.467	0.025	0.589	
4 Employees are never too busy to respond to my requests	0.345	0.532	0.026	0.313	0.501	
5 Employee's behaviour instils confidence	0.442	0.510	0.204	0.221	0.546	
I feel safe in my transactions with the firm	0.391	0.475	0.232	0.236	0.488	
Tangibles						
1 The physical facilities are visually appealing	0.220	0.024	0.773	0.205	0.688	0.8218
2 The firm has modern-looking equipment	0.170	-0.016	0.746	0.257	0.652	
3 Training materials are visually appealing	0.154	0.351	0.654	0.123	0.590	
4 The firm's employees appear neat	0.316	0.294	0.602	0.087	0.557	
5 Overall I am satisfied with the services	0.240	0.465	0.543	0.177	0.601	
1 Promises of doing something at a specified time are kept	0.082	0.077	0.245	0.775	0.674	0.7865
2 Sincere interest is shown in solving problems	0.206	0.213	0.187	0.689	0.598	
3 Services are provided when/ as promised	0.206	0.275	0.105	0.683	0.596	
4 Service are performed right the first time	0.229	0.172	0.133	0.665	0.542	
I am informed about when certain services will be performed	0.283	0.390	0.112	0.472	0.467	
Eigen Values	9.009	1.506	1.266	1.027		
% Variance	40.949	6.847	5.757	4.667		
Cummulative variance	40.949	47.796	53.553	58.220		

N of Cases = 1283.0

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization: Kaiser-Meyer-Olkin Measure of Sampling Adequacy= .947, Bartlett's Test of Sphericity: $X^2 = 12777.91$, $p = 0.000$, $df = 231$: Rotation converged in 8 iterations

The four components of empathy, responsiveness and assurance, tangibles and reliability captured four key ideas from the principal component analysis. The

exploratory factor analysis was unable to replicate the five-factor structure postulated by Parasuraman *et al.*, (1988, 1991). This corresponds to numerous earlier studies, which arrived at different factor solutions and thereby expressed justified doubts about the five-factor structure (Cronin and Taylor, 1992; Buttle, 1996). This indicates that within Kenyan fitness centers clients perception of service quality can be explained on the basis of the four factors. Further analysis of the data utilizing these four factors involved correlation and regressions analyses which were done to provide additional insights to the nature of the relationships.

4.5.1 Relationship between Demographic Variables of Individual Clients and Overall Service Quality Perception of Fitness Enterprises in Kenya

The following hypothesis was formulated to capture the theorized relationship between the demographic factors and service quality: HO₁ There is no significant relationship between demographic variables of individual clients {(i) gender, (ii) age,(iii) training per week, (iv) education level and (v) employment status}, and the overall perception of service quality provided by fitness enterprises in Kenya.

Table 4.5.1 Correlations matrix of demographic variables for individual Clients and the overall service quality perception of fitness enterprises in Kenya.

		Gender of the client	Age of the client	Trainings per week	Highest education level	Employment status
Overall service quality	Pearson Correlation	.010	.005	.146(**)	.022	.083(**)
	Sig. (2-tailed)	.730	.860	.000	.435	.003
	N	1283				

** Correlation is significant at the 0.01 level (2-tailed).

Correlation is significant at the 0.05 level (2-tailed).

Table 4.5.1 presents the correlation coefficients of the relationship between demographic variables of clients and the overall perception of service quality. Two sub-hypotheses tested were accepted though they correlations that were very low but significant; these were trainings per week at ($r= 0.146$, $p =0.000$ at $p<0.01$) and employment status with ($r= 0.083$, $p =0.003$ at $p<0.01$). Three sub-hypotheses tested were rejected due to very low insignificant correlations. These were gender of client

and overall service quality ($r= 0.010$, $p =0.730$), the age of client and overall service quality ($r= 0.005$, $p =0.860$) and the highest educational level of client and overall service quality ($r= 0.022$, $p =0.435$). This finding highlights the important contribution made by client's trainings per week and employment status in contributing towards overall perception of service quality of fitness experience, thus contributing to high level of overall client satisfaction.

4.5.2 Relationships between the Overall Satisfaction of Clients and Selected Service Quality Attributes

In order to explore the relationships between overall client satisfaction and selected quality attributes a correlation analysis and multiple regression analyses were performed. The four factors explaining client service quality in Kenyan fitness centers derived from factor analysis were used as the independent variables. The correlation coefficient (Pearson's r) measured the strength of the relationship between the overall satisfaction of the respondents and four factors of quality attributes (empathy, responsiveness, tangibles and reliability). The hypothesis tested (H_{02}) stated that there is no significant relationship between selected attributes of service quality attributes and the overall satisfaction of clients within fitness enterprises in Kenya. The correlation between overall satisfaction and these four factors was positive and was significant at 0.01 level (2-tailed). All the variables had a moderate correlation between them. The correlation coefficient of 0.554 was found between overall satisfaction and Empathy (Factor 1) at ($p=0.00$); the correlation between overall satisfaction and Responsiveness and assurance (Factor 2) was 0.671 ($p=0.00$). The correlation between overall satisfaction and Tangibles (Factor 3) was 0.560 ($p=0.00$), while the relationship between overall satisfaction and Reliability (Factor 4) yielded a coefficient of 0.558 ($p=0.00$). Table 4.5.2 (a) illustrates these results.

Table 4.5.2 (a) Correlation between Client's Overall Satisfaction with Fitness Services and Selected Attributes of Service Quality (N=1283)

		Factor 1	Factor 2	Factor 3	Factor 4
		Empathy	Responsiveness and assurance	Tangibles	Reliability
Overall I am satisfied with the fitness's services	Pearson Correlation	.554(**)	.671(**)	.560(**)	.558(**)
	Sig.(2-tailed)	.000	.000	.000	.000
	N		1283		

**Correlation is significant at the 0.01 level (2-tailed)

It was found that the factor changes in "overall satisfaction" was positively correlated with the following factors "Empathy, Responsiveness, Tangibles and Reliability". This suggests that, according to the respondents, as the fitness firm's service quality became less predictable/ efficient, they became less satisfied with services offered. Therefore, the study indicated that the correlation between overall satisfaction and Responsiveness/ assurance and Tangibles was higher than that between overall satisfaction and Empathy or Reliability. These results did not reveal support for hypothesis H0₂ that there is no significant relationship between selected attribute of service quality and the overall satisfaction of clients, which was consequently rejected. Rather there seems to be a moderate correlation between overall satisfaction and the selected attributes of service quality.

In order to determine the nature of relationships and yield further support for hypothesis H0₂ that, service quality would not have any significant influence on the overall satisfaction of clients a multiple regression analysis was conducted. The multiple regression procedure was employed because it provided the most accurate interpretation of the independent variables. The four independent variables were expressed in terms of the standardized factor scores (beta coefficients). The significant factors that remained in the regression equation were shown in order of importance based on the beta coefficients. The dependent variable, i.e. clients' overall level of satisfaction, was measured on a 5-point Likert-type scale and was

used as a surrogate indicator of clients' evaluation of perception of service quality in the sampled fitness centres.

The equation for clients' overall level of satisfaction was expressed in the following equation:

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4,$$

Where,

Y_s = clients' overall level of satisfaction with service quality

β_0 = constant (coefficient of intercept)

X_1 = Empathy

X_2 = Responsiveness and assurance

X_3 = Tangibles

X_4 = Scores on the attitude towards the Reliability

B_1, \dots, B_4 = regression coefficient of Factor 1 to Factor 4.

Table 4.5.2(b) shows the results of the regression analysis. To predict the goodness-of-fit of the regression model, the multiple correlation coefficient (R), coefficient of determination (R^2), and F ratio were examined. First, the R of independent variables (four factors, X_1 to X_4) on the dependent variable (clients' overall level of satisfaction) was 0.675, which showed that the clients had positive and high overall satisfaction levels with the four dimensions. Second, the R^2 of 0.455, suggests that more than 45% of the variation of client' overall satisfaction was explained by the four factors. Last, the F ratio, which explained whether the results of the regression model could have occurred by chance, had a value of; $F_{4, 1278} = 266.733$ ($p=0.000$) and was considered significant.

The regression model achieved a satisfactory level of goodness-of-fit in predicting the variance of clients' overall satisfaction in relation to the four factors, as measured by the above –mentioned R, R^2 , and F ratio. In other words, at least one of the four factors was important in contributing to clients' overall level of satisfaction with the fitness services provided.

Table 4.5.2 (b) Regression Results of Clients' Overall Satisfaction Level Based on the Dimensions of Service Quality.

	R	R²	Adjusted R²	SE	
Variables	0.675	0.455	0.453	0.64670	
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>p</i>
Regression	446.210	4	111.553	266.733	.000
Residual	534.482	1278	.418		
Total	980.692	1282			
<i>Independent variables</i>	B	SE	Beta	t	p
(Constant)	.272	.120		2.265	.024
Factor 3	.372	.031	.317	12.027	.000
Factor 2	.319	.039	.248	8.130	.000
Factor 1	.207	.036	.171	5.709	.000
Factor 4	.082	.032	.069	2.577	.010

Note: * $p < 0.05$ (Analysis (N=1283))

In the regression analysis, the beta coefficients could be used to explain the relative importance of the four dimensions (independent variables) in contributing to the variance in clients' overall satisfaction (dependent variable). As far as the relative importance of the four service quality dimensions is concerned, Factor 3 (Tangibles, $B_3=0.317$, $p=0.000$) carried the heaviest weight for clients' overall satisfaction with service quality, followed by Factor 2 (Responsiveness/assurance, $B_2=0.248$, $p=0.000$), Factor 1 (Empathy, $B_1=0.171$, $p=0.000$), and Factor 4 (Reliability, $B_4=0.069$, $p=0.010$). The results showed that a one-unit increase in satisfaction with the Tangibles service factor would lead to a 0.317 unit increase in clients' overall level of satisfaction with the fitness service quality, other variables being held constant. Thus, the results of multiple regression analysis reject hypothesis 3 that, service quality does not have any significant influence on the overall satisfaction of clients. So, there is some effect which is significant hence, the overall satisfaction level of clients with services in the fitness centres depends a lot on four key areas of tangibles, responsiveness/assurance, empathy and reliability.

Other studies have been done to examine the impact of service quality dimensions on the overall satisfaction of the customers with respect to the service experience. In one such study, Mayuri, *et al.*, (2008) used multiple regression analyses to consider dimensions of patient-perceived total quality service in healthcare as the predictors of satisfaction with healthcare received by the patients. They established seven distinct dimensions of patient-perceived service quality which had positive and significant relationships among the dimensions and patient satisfaction. In concurrence the current study established four dimensions of fitness client's service quality that predicted overall satisfaction. Another study by Alomaim *et al.*, (2003) stated that customer satisfaction was the ultimate reason for adopting total quality management systems. In a research on the tangible aspects of service delivery, the study by Andaleeb (2001) found that tangibles played a crucial role in patient satisfaction. Das *et al.*, (2000) found that quality practices were positively correlated with customer satisfaction. Donabedian (1988) noted that patient satisfaction ought to be as important to assessments of quality as the design and management of healthcare systems. The SERVQUAL model by Parasuraman *et al.* (1985) emphasized the tangibles dimension as a critical indicator of customer satisfaction.

4.10 Relationship between Demographic Variables of Individual Firm Managers and the Constructs of Market Orientation, Innovation, Service Quality and Firm Performance of Fitness Enterprises in Kenya.

In order to explore the relationships between demographic variables and the dependent constructs of managers the following hypothesis was formulated and tested: - $H_{01(ii)}$ There is no significant relationship between demographic variables of individual firm managers of {(i) gender, (ii) age, (iii) education level, (iv) professional qualifications, (v) employment status and (vi) past experience}, and the dependent constructs of (a) market orientation, (b) innovation, (c) service quality and (d) firm performance of fitness enterprises in Kenya. Table 4.10 presents the

correlation coefficients of the relationship between the overall firm's service quality and various demographic variables.

Table 4.10 Correlation matrix of selected demographic variables of firm managers and overall service quality, market orientation, firm innovation and overall firm performance variables

Composite variable		Gender of the manager	Age of the manager	Professional qualification	Education level	Employment status	Enterprise type	Marketing qualification
Overall service quality	Corr. Coeff.	-.105	.093	.250(**)	.162(*)	.019	.158(*)	-.017
	Sig. (2-tailed)	.162	.217	.002	.030	.803	.035	.815
Overall market orientation	Corr. Coeff.	-.024	.018	-.056	.011	.172(*)	.118	.154(*)
	Sig. (2-tailed)	.754	.815	.497	.883	.025	.118	.035
Overall innovation	Corr. Coeff.	.032	-.094	-.101	-.278(**)	-.014	-.154(*)	.240(**)
	Sig. (2-tailed)	.671	.212	.224	.000	.852	.041	.001
Overall performance	Corr. Coeff.	-.067	.009	.076	-.110	-.020	.070	.047
	Sig. (2-tailed)	.369	.901	.359	.143	.794	.356	.524
N		180	179	148	180	171	177	187

* Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Three variables had significant relationship with the composite variable of service quality, these were- Professional qualifications at $r= 0.250$, ($p =0.002$; $p<0.01$) educational level with $r= 0.162$, ($p =0.030$; $p<0.05$). This implies that the higher a manager's educational achievement and training the more likely they are to ensure quality service provision. The classification/type of the enterprise $r= 0.158$, ($p =0.035$; $p<0.05$) also determined the level of service quality in a centre. The relationship between market orientation and various demographic variables showed that employment status was significant with $r= 0.172$, ($p =0.025$; $p<0.05$) while marketing qualifications of a manager showed $r= 0.154$, ($p =. 035$; $p<0.05$). This suggests that the nature of ones mode of employment and their training in marketing influenced their tendency to be market oriented. The relationship between the overall innovation and demographic variables showed that education level was significant with $r= -0.278$, ($p =0.000$; $p<0.01$); the enterprise type at $r= -0.154$, ($p =. 041$; $p<0.05$) while marketing qualifications of an individual manager showed a

significant relationship at $r = 0.240$, ($p = .001$; $p < 0.01$). This depicts that the educational qualification of a manager, the enterprise type and their training in marketing influenced their tendency to be more innovative. The relationship between overall performance and all these demographic variables showed no significant relations.

It follows therefore, that, hypothesis $H_{0(i)}$ which suggested there is no significant relationship between demographic variables of individual firm managers of {(i) gender, (ii) age, (iii) education level, (iv) professional qualifications, (v) employment status and (vi) past experience}, and the dependent constructs of (a) market orientation, (b) innovation, (c) service quality and (d) firm performance of fitness enterprises in Kenya; was rejected in as far as (a) market orientation, (b) innovation, (c) service quality are concerned while for (d) firm performance it was accepted.

4.6 Managers' Service Quality Constructs

(a) Exploratory factor analysis

The Kaiser-Meyer-Olkin (KMO= 0.884) measure of sampling adequacy and Bartlett's test of Sphericity (Chi Square 1672, $df=231$, $p > 0.000$), were used to test if the data were suitable for factor analysis. The model was found appropriate. Principal components factor analysis with varimax rotation was used to define patterns among the managers' service quality items examined in the survey. Items under the loading value of 0.50 were deleted from further factor analysis (Hair *et al.*, 1992). After removing problematic items (6 variables in all), only 16 service quality items remained and were used for further analysis. The number of factors extracted as determined by evaluating the scree plot analysis is outlined in Figure 4.6.

All factors retained had eigenvalues greater than one (Hair *et al.*, 1992). The inspection of the scree plot revealed a clear break after the first component, which accounted for 32.25%. These factors and the items loading on them are reported in

Table 4.6. All service quality items extracted by factor analysis were examined using Cronbach's coefficient alpha to test inter-item reliability. Alpha coefficients ranging from 0.69 to 0.88 were obtained.

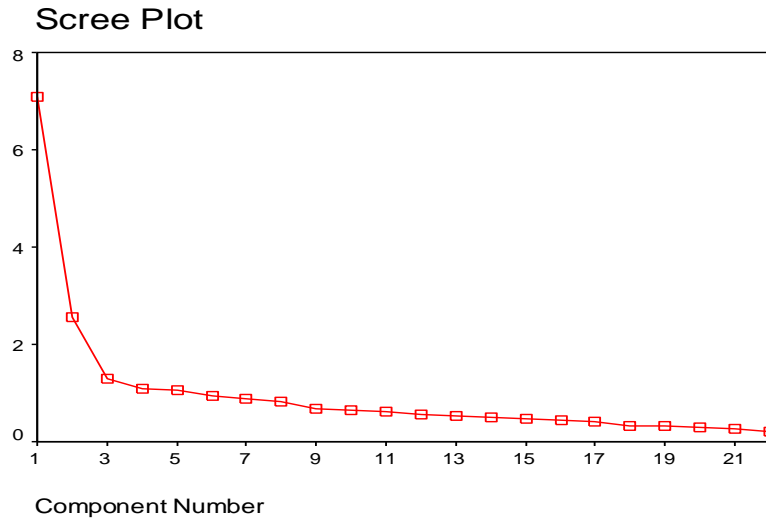


Figure 4.6 Managers service quality constructs scree plot

The principal components analysis identified three different factors in the fitness centres managers' sample and the total variance explained by the solution was 49.8 percent as in Table 4.6. The underlying factors associated with the managers' sample in order of variance explained were – empathy, service information and reliability.

(b) Factor interpretation

Component 1 had six variables and was called empathy. In particular, the constructs of service atmosphere, employee honesty, customer attention and prompt service as well as confidentiality were rated as excellent (loading greater than 0.6). Factor two also had six constructs, of a moderate loading (above 0.5). These constructs were orientated to the theme of provision of information to clients. Application of this component is part of the key values underlying the relationships between the employees' interaction with the clients. Employee politeness had a coefficient of 0.754 that outlined the importance of treating clients with due regard.

Table 4.6 Rotated Component Matrix for Manager Evaluation of Service Quality Constructs in Kenyan Fitness Centres

Attributes	Factor Component Loading			Communality
	1	2	3	
The development of customer confidence in the service is stressed	0.859	0.117	0.097	0.650
A nice atmosphere for service is stressed	0.816	0.162	0.101	0.443
Employee honesty is stressed	0.795	0.076	-0.137	0.689
Individual customer attention is stressed	0.756	0.153	0.020	0.625
Prompt service from staff is stressed	0.721	0.048	0.143	0.516
The confidentiality of the service is stressed	0.669	0.025	0.213	0.605
Employees should be polite and friendly to customers	0.027	0.754	-0.058	0.487
Customers should be informed about what alternate services are available	0.084	0.681	0.132	0.457
Staff should ensure that customers understand the service provided	0.172	0.676	0.401	0.493
Consistent service performance is important	0.277	0.630	0.187	0.532
Staff should use language which the customer can understand	-0.059	0.573	0.293	0.564
It is important to keep the customer's best interest at heart	0.213	0.570	0.088	0.524
It is important to have up to date equipment so as to provide good service	-0.039	0.061	0.732	0.680
It is important to have convenient operating hours for staff	0.050	0.329	0.634	0.443
It is important to honor promises to customers	0.287	0.321	0.581	0.766
Customers should feel free to discuss their needs	0.358	0.354	0.514	0.601
Eigenvalues	7.095	2.567	1.288	
Variance (%)	32.250	11.668	5.857	
Cumulative variance (%)	32.250	43.918	49.775	
Cronbach Alpha Scores	0.882	0.787	0.678	
Number of items (total = 16)	6	6	4	

N of Cases = 191

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization: Kaiser-Meyer-Olkin Measure of Sampling Adequacy= 0.884, Bartlett's Test of Sphericity: $X^2 = 1671.665$, $p = 0.000$, $df = 231$: Rotation converged in 7 iterations

Component 2 was called service information and was used for subsequent analysis to better understand the nature of the relationship. Four constructs loaded moderately and ranged from 0.51 to 0.73 formed the third factor. The theme was on providing services to customers as promised. These values underlie clients' feelings about the honoring of intents; this component 3 was called reliability. Further analysis of the data utilizing these 3 factors provided additional insights into the nature of the relationships.

4.6.1 Relationship between a Firm's Service Quality and Performance of Fitness Enterprises in Kenya.

To explore the relationship between a firm's service quality and performance hypothesis (H₀₃) that there is no significant relationship between a firm's service quality and performance of fitness enterprises in Kenya was tested. The correlation between firms' overall service quality and performance was positive but was not significant, it was also very low at the 0.05 level (2-tailed). The correlation analysis between overall firms' service quality and performance was 0.101 (p=0.163). These results provided support for hypothesis H₀₃ that there is no significant relationship between a firm's service quality and performance of fitness enterprises in Kenya, which was consequently accepted.

To explore this interaction further the second hypothesis (H₀₃) that there is no significant relationship between selected firm's service quality attributes and the overall fitness enterprise performance was tested. Pearson product moment correlation analysis was performed on the individual factors followed by regression analysis. The correlation between overall performance and the three factors explaining service quality was positive. All the variables had a very low correlation between them. The correlation analysis showed that only empathy (Factor 1) had a significant relationship (0.153; p=0.034). The correlation between overall performance and service information (factor 2) was 0.140 (p=0.053) and reliability (Factor 3) was 0.057 (p=0.434). Table 4.6.1(a) illustrates these results.

Table 4.6.1(a) Correlation between Overall Performance of Fitness Enterprise and Selected Attributes of Service Quality

		Factor 1	Factor 2	Factor 3
Overall performance	Pearson Correlation	.153(*)	.140	.057
	<u>P</u>	.034	.053	.434
	<u>N</u>	191		

(N=191)

*Correlation is significant at the 0.05 level (2-tailed).

It was found that the factor changes in overall performance were variously correlated with the three service quality factors as in Table 4.6.1(a) above. This suggests that, as the fitness firm's service quality varied the overall performance also changed. These results revealed partial significance (since only one service quality attribute out of five had a significant relationship with the overall performance). Consequently there was slight support for hypothesis (H0₃) that there is no significant relationship between selected firm's service quality attributes and the overall fitness enterprise performance, the hypothesis was therefore rejected. To further examine the outcome of hypothesis H0₃ and determine the relationship existing between service quality and overall fitness enterprise performance a regression analysis was performed. To determine factors influencing firms' overall levels of performance (the three orthogonal factors) were used in a multiple regression analysis. The dependent variable, firms' overall level of performance, was measured as a conceptual variable on a 5-point Likert-type scale while the independent variable, service quality expressed as factors was used as a the surrogate indicator of fitness centres overall performance.

The equation for firms' overall level of performance as a function of service quality was expressed in the following equation:

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3$$

Where,

Y_s = firms' overall level of performance

β_0 = constant (coefficient of intercept)

X_1 = Empathy

X_2 = Service Information

X_3 = Reliability

B_1, \dots, B_3 = regression coefficient of Factor 1 to Factor 3.

Table 4.6.1(b) shows the results of regression analysis results of overall firm performance on components of service quality. The multiple regression coefficients (R), of independent variables (three factors, X_1 to X_3) on the dependent variable (overall firm performance) is 0.185, which showed that the overall firm performance

was positive but low. The coefficient of determination (R^2), is 0.034, suggesting that only about 3 % of the variation of overall firm performance was explained by the five factors. The F ratio, which explained whether the results of the regression model could have occurred by chance, had a value of; $F_{3, 187} = 2.200$ ($p = 0.090$) and was not considered significant at $p < 0.05$. This regression model did not have a satisfactory goodness-of-fit that could predict variance of overall firm performance in relation to the five factors, as outlined by the preceding statistics (R , R^2 , and F ratio). None of the five factors were found to be significant ($p < 0.05$) determinants of fitness firm performance. These were factor 1 (Empathy $\beta = 0.129$, $p = 0.110$); factor 2 (Service Information $\beta = 0.132$, $p = 0.155$) and factor 3 (Reliability $\beta = -0.073$, $p = 0.426$). Thus, all components of service quality did not seem to affect overall fitness centre performance. Hypothesis H_{03} that service quality does not have any significant effect on the overall fitness enterprise performance was therefore supported. Consequently H_{03} was accepted.

Elsewhere varied factor structure has been advanced, for instance, Arasli *et al.*, (2005) found three dimensions, namely, tangibles, empathy/responsiveness and reliability. The assurance dimension was eliminated. Zhou (2004) also reported a three-factor pattern comprising tangibility, empathy/ responsiveness, and reliability/assurance. A possible explanation is that the dimensions of empathy, responsiveness and assurance as they are currently measured by the service quality instrument items lack adequate discriminant validity, leading respondents to consider them as conceptually similar (Smith, 1999).

The results indicate that there is no effect on the fitness firm overall performance by the service quality factors. These results imply that the service quality perceptions scale used could have been sensitive to cultural variation. There is evidence to

suggest that cultural dimensions have a significant effect on consumers' evaluations of service encounters.

Table 4.6.1(b) Regression Results of Firms' Overall Performance Level Based on the Service Quality Dimensions Analysis

	R	R²	Adjusted R²	SE	
Variables	0.185	0.034	0.019	0.310	
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>p</i>
Regression	0.636	3	0.212	2.200	0.090
Residual	18.013	187	0.096		
Total	18.649	190			
<i>Independent variables</i>	β	<i>SE</i>	<i>Beta</i>	<i>t</i>	<i>p</i>
(Constant)	2.646	.223		11.871	.000
Factor 2	.086	.061	.132	1.427	.155
Factor 1	.048	.030	.129	1.606	.110
Factor 3	-.035	.044	-.073	-.797	.426

Note: * $p < 0.05$; (N=191)

Mattila (1999) found that Asian leisure consumers had higher service expectations and desired greater levels of personal attention due to larger power distance. Consequently they gave poorer ratings of brief routine service encounters as exemplified by the check-out service at a hotel compared to Western consumers who had lower expectations of personalized service delivery. Catering for the needs of the membership base/ clients is of the utmost concern to management strategy in the fitness industry. In order to compete, survive and prosper in the fitness industry, the service environment needs to operate at a high level. Cavnar *et al.* (2004), in their study on the quality of recreation facilities, noted such things as the cleanliness of the restroom, the equipment and amenities, and maintenance and safety issues as being important to the customer's assessment of the facility. These elements are also important across the fitness industry, whether the facility operates in the private or public sector, is a women's-only club, or mixed gender club. Today, most fitness clubs focus on cleanliness, have similar workout equipment and facilities that are alike in both concept and design, are staffed with educated personnel, and even offer

comparable programming (i.e., step-classes, spin-classes and mind-body classes). Arguably, these elements of the service environment have become a standard of excellence to achieve competitive success.

4.7 Fitness Enterprises Managers' Market Orientation Constructs

(a) Exploratory factor analysis

The Kaiser-Meyer-Olkin (KMO= 0.859) measure of sampling adequacy and Bartlett's test of Sphericity (Chi Square 2194.36, df=465, $p>0.000$), employed showed the data were acceptable and the model appropriate. 7 variables under the loading value of 0.50 were deleted from further factor analysis, the remaining 24 market orientation items were subjected to further factor analysis. In all cases, the numbers of factors retained were those with eigenvalues greater than one (Hair *et al.*, 1992). The inspection of the scree plot revealed a clear break after the first component, which accounted for 27.63 %. Figure 4.7 shows the result of the analysis of the scree test.

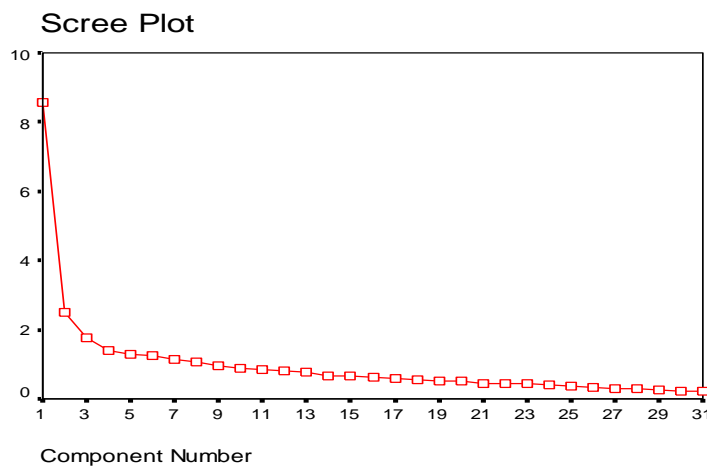


Figure 4.7 Firms' Market Orientation Constructs Scree Plot

These factors and the items loading on them are reported in Table 4.7. All service quality items extracted by factor analysis were examined using Cronbach's coefficient alpha to test inter-item reliability. Alpha coefficients ranging from 0.524 to 0.824 were obtained in all cases. The principal components analysis identified eight different factors from the sample and the total variance explained by the

solution was 57.73 percent (Table 4.7). The underlying factors associated with the managers' sample in order of variance explained were – customer orientation, service development, customer satisfaction, information flow, competitor orientation, market planning and responsiveness to customers.

(b) Factor interpretation

Component one incorporated seven variables that related to customers well being. These included aspects of customers' needs analysis, forecasting future market needs, programme developments and quality provision of services and service information. Consequently, component 1 was called customer orientation. Factor two had three constructs, of a moderate loading (above 0.5). This addressed the theme of developing and retaining customers, and was called service development. Component 3 was called customer satisfaction, and it involved evaluation of internal service quality for optimal client service. Four constructs loaded moderately on this factor and ranged from 0.51 to 0.73. Component 4 was called information gathering/research, because it involved search for industry and market aimed at meeting customers needs fully and also information to improve customer service. This component had four constructs. Component 5 was on the theme of reaction to competition and was called competitor orientation. This component had two constructs that loaded strongly at 0.74 and 0.822, respectively. Component 6 was called market planning, because it involved aspects of preparing to serve markets based on logical and documented analysis of the, markets and customers. This factor had two items that loaded at 0.642 and 0.765, respectively. The seventh factor had two constructs with a loading of 0.627 and 0.774. It incorporated the variables about client preferences based on the theme of programming. Component 7 was called responsiveness to customers. Further analysis of the data utilizing these four factors provided additional insights into the nature of the relationships.

Table 4.7 Rotated Component Matrix for Market Orientation Constructs in Kenyan Fitness Centers

Parameter	Component							Communalities
	1	2	3	4	5	6	7	
Employees spend time discussing customers needs/ interests	0.752	0.048	0.028	0.004	0.271	-0.021	0.008	0.642
We meet with all employees and instructors regularly to discuss future fitness market trends	0.679	-0.104	0.201	0.186	0.068	0.181	-0.080	0.619
In our firm, the principles of market segmentation guide any new program developments	0.607	-0.415	0.114	0.089	-0.013	0.108	0.133	0.594
When something important happens to our customers the firm knows about it within a short period (like sickness, accident, marriage)	0.556	-0.157	0.307	-0.251	0.189	0.113	-0.236	0.629
Employees get together to plan for responses to changes occurring in the business environment	0.543	-0.314	0.430	0.119	0.089	0.086	0.019	0.647
To assess the quality of our programs we conduct process control evaluations	0.536	-0.212	0.151	0.218	0.245	0.098	-0.043	0.493
The firm periodically circulates information/ documents (like newsletters) that provide information on our customers, our services and fitness related information)	0.513	-0.138	0.382	0.228	0.105	-0.115	0.086	0.605
Customer complaints are not considered seriously	-0.079	0.706	-0.148	-0.111	-0.012	-0.049	0.065	0.568
Due to varied reasons we ignore changes in customers' service needs	-0.176	0.691	-0.019	-0.138	-0.143	0.193	0.059	0.595
Even if we develop a good marketing plan we might not be able to implement it in a timely manner	-0.172	0.527	0.143	-0.354	-0.253	0.301	0.302	0.706
Employees /instructors interact freely and directly with customers to learn how to serve their needs better	0.098	0.003	0.718	0.114	0.060	-0.084	0.053	0.575
Data on client satisfaction is circulated to all employees regularly	0.387	-0.043	0.551	-0.043	0.193	-0.029	-0.268	0.567
We periodically review the possible effects of changes in our business environment, such as regulations and technology on customers	0.361	-0.211	0.529	0.199	0.021	0.031	-0.086	0.527
When we find out that customers are unhappy with our quality of service we take corrective action immediately	0.171	-0.449	0.517	0.015	0.219	0.078	-0.023	0.553
There is minimal communication between the manager/owner and employees concerning market developments	0.045	0.255	-0.046	-0.684	0.010	-0.028	0.134	0.644
When the firm manager/owner finds out something important about competitors, it is slow to inform/ alert employees	-0.066	0.367	-0.144	-0.605	-0.028	0.293	0.094	0.625
We collect industry information informally (Like over lunch, with industry friends and experts)	0.315	0.113	0.004	0.526	0.484	0.055	-0.115	0.639
We conduct a lot of market research within the firm	0.369	-0.085	0.235	0.503	0.190	0.085	-0.229	0.553
We are quick to respond to significant changes in our competitors' pricing methods and structures	0.158	-0.029	0.118	0.136	0.822	0.069	-0.067	0.757
If a competitor were to launch an intense campaign targeting at our customers, we would launch a response immediately	0.200	-0.160	0.154	0.016	0.741	0.076	0.002	0.645
The service lines we market depend more on internal preferences than real market needs	0.092	0.291	0.035	-0.060	0.034	0.765	-0.023	0.685
Our business plans are guided more by technological advances than market research	0.185	-0.203	-0.131	0.004	0.241	0.642	-0.123	0.589
We slowly detect changes in client program preferences	0.125	0.048	-0.015	-0.133	0.078	-0.263	0.774	0.710
It takes us long to decide how to respond to our competitors' price changes	-0.223	0.189	-0.044	-0.172	-0.239	0.312	0.627	0.691
Eigen Values	8.565	2.497	1.757	1.410	1.299	1.235	1.132	
% Variance	27.63	8.05	5.66	4.55	4.18	3.98	3.65	
Cummulative variance	27.63	35.69	41.35	45.90	50.09	54.07	57.73	
Cronbach Alpha Scores	0.8249	0.6886	0.6973	0.5888	0.7435	0.5242	0.3803	

N of Cases = 191

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization: Kaiser-Meyer-Olkin Measure of Sampling Adequacy= 0.859, Bartlett's Test of Sphericity: $X^2= 2194.36$, $p = 0.000$, $df=465$.Rotation converged in 14 iterations.

4.7.1 Relationship between a Firm's Market Orientation and Performance of Fitness Enterprises in Kenya

In order to establish the relationship between a fitness firm's market orientation and performance hypothesis H_{04} was formulated and tested. It stated that, there is no significant relationship between a firm's market orientation and performance of fitness enterprises in Kenya. The correlation between firms' market orientation and performance was positive and was significant but low at the 0.01 level (2-tailed). The correlation analysis between overall firms' market orientation and performance was 0.226 ($p=0.002$). These results did not support hypothesis H_{04} that there is no significant relationship between a firm's market orientation and performance of fitness enterprises in Kenya which was consequently rejected. Rather there seems to be a low correlation between overall firm's market orientation and performance of fitness enterprises in Kenya. The correlation between overall performance and the seven factors explaining market orientation was positive, except for factor 2 at -0.020 ($p=0.783$), significant at the 0.01 level (2-tailed). All the variables had a very low correlation between them. The correlation analysis showed that only two factors had a significant relationship. These were between overall performance and customer orientation (Factor 1) was $r= 0.213$ ($p=0.003$); and between overall performance and market planning (Factor 6) was $r= 0.266$ ($p=0.000$). The correlation between overall performance and customer satisfaction (Factor 3) was $r= 0.059$ ($p=0.418$); between overall performance and Information flow (Factor 4) was $r= 0.085$ ($p=0.242$), and the correlation between overall performance and competitor orientation (Factor 5) was $r= 0.118$ ($p=0.105$), while the correlation between overall performance and responsiveness to customers (Factor 7) was $r= 0.105$ ($p=0.150$). Table 4.7.1(a) illustrates these results.

It was found that the factor changes in overall performance were correlated with the eight market orientation factors as in table 4.7.1(a).

Table 4.7.1(a) Correlation between Overall Fitness Enterprise Performance and Selected Attributes of Market Orientation

		Factor						
		1	2	3	4	5	6	7
Overall performance	Corr. Coeff.	.213(**)	-.020	.059	.085	.118	.266(**)	.105
	P	.003	.783	.418	.242	.105	.000	.150
	N	191						

(N=191) **Correlation is significant at the 0.01 level (2-tailed)

This suggests that, as the fitness firm's market orientation varied the overall performance also changed. This study demonstrates that for firms' engaged in fitness services a market orientation has a positive relationship with overall firm performance. This finding supports those of Farrell and Oczkowski (2002) and Vijande et al. (2005) who found that market orientation contributed to a firm's performance.

The study indicated that the correlation between overall performance and market planning was higher than that between overall performance and customer orientation. These results did not reveal clearly the interaction between variables (since only two market orientation attributes out of seven had a significant relationship with the overall performance). Consequently, hypothesis (H₀₄) there is no significant relationship between a firm's market orientation and performance of fitness enterprises in Kenya was examined to determine what influence existed using a regression analysis. The factors that influenced firms' overall levels of performance (the seven orthogonal factors) were used as independent variables in the multiple regression analysis.

The dependent variable, firms' overall level of performance, was measured as a conceptual variable on a 5-point Likert-type scale while the independent variable, market orientation expressed as factors was used as a the surrogate indicator of fitness centres overall performance.

The equation for firms' overall level of performance as a function of market orientation was expressed in the following equation:

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7$$

Where, Y_s = firms' overall level of performance

β_0 = constant (coefficient of intercept)

X_1 = Customer orientation

X_2 = Service development

X_3 = Customer satisfaction

X_4 = Information flow

X_5 = competitor orientation

X_6 = Market planning

X_7 = Responsiveness to customers

B_1, \dots, B_8 = regression coefficient of Factor 1 to Factor 7.

Table 4.7.1(b) shows regression results of overall firm performance on components of market orientation. The multiple correlation coefficient (R), of independent variables (eight factors, X_1 to X_7) on the dependent variable (overall firm performance) is 0.351, which showed that the overall firm performance was positive and moderate. The coefficient of determination (R^2), is 0.124, suggesting that only about 12% of the variation of overall firm performance was explained by the eight factors. The F ratio, which explained whether the results of the regression model could have occurred by chance, had a value of; $F_{7, 183} = 3.684$ ($p=0.001$) and was considered significant. This regression model had a satisfactory goodness-of-fit that could predict variance of overall firm performance in relation to the eight factors, as outlined by the foregoing statistics (R, R^2 , and F ratio). Three of the eight factors were found to be significant determinants of fitness firm performance, these were factors 6 (market planning $\beta=0.076$, $p<0.05$); Factor 1 (customer orientation $\beta=0.092$, $p<0.05$); and factor 7 (responsiveness to customers $\beta=0.047$, $p<0.05$).

Thus, although not all components of market orientation seem relevant to overall fitness centre performance, the H_{04} that market orientation has no significant effect

on the overall fitness enterprise performance was not supported. Consequently, H_{04} was rejected; rather when the degree of market orientation increases the fitness firm's overall performance tends to increase. The specific part of market orientation that seems critical in this context of fitness firms is market planning ($\beta=0.232$, $p=0.002$) and customer orientation ($\beta=0.231$, $p=0.026$). These results imply that one-unit increase in market planning factor would lead to a 0.232 unit increase in firms' overall performance while for the customer orientation factor, 0.231 unit increase would be expected when all other variables are held constant.

The planning and design of activities phase includes utilizing market research information and data in product development, marketing plans of existing products, divisional marketing strategy, building relationships with supply chain members, or when entering a new market. Responsiveness borders on the implementation of a firm's reaction strategy towards competitive moves, customer complaints, changes in technology, and regulation. This finding concurs with Kohli & Jaworski's, (1990) proposition regarding market responsiveness which includes both planning and design as well as implementation activities. Similar studies have argued that marketing planning (and more generally business planning) is considered as a technology, a set of techniques and activities, that assists an organization in achieving an appropriate alignment of external environment and internal capabilities in order to achieve a desired outcome. Marketing planning as a behavioural phenomenon consists of the adoption of marketing planning technology that provides for decision making in a more comprehensive, rational and objective manner, which ultimately leads to appropriate resource allocations and improved organizational performance (Sue, *et al.*, 2003; Jain, 2000; Cravens, 2000; McDonald, 1999).

Table 4.7.1 (b) Regression Results of Firms' Overall Performance Level Based on Analysis of the Market Orientation Dimensions

	R	R²	Adjusted R²	SE	
Variable	0.351	0.124	0.090	0.299	
	<i>Sum of Squares</i>	<i>Df</i>	<i>Mean Square</i>	<i>F</i>	<i>p</i>
Regression	2.304	7	0.329	3.684	0.001
Residual	16.346	183	0.089		
Total	18.649	190			
<i>Independent variables</i>	β	SE	Beta	t	p
(Constant)	2.647	0.176		15.070	0.000
Factor 6	.076	.024	.232	3.134	.002
Factor 1	.088	.042	.223	2.131	.034
Factor 7	.047	.024	.149	1.989	.048
Factor 5	.007	.026	.021	.257	.798
Factor 4	-.004	.040	-.007	-.097	.923
Factor 2	-.013	.031	-.036	-.408	.684
Factor 3	-.041	.040	-.095	-1.014	.312

Note: * $p < 0.05$; (N=191)

Findings in the fitness industry support other research results which presuppose that, market-orientation is a cognitive, behavioral, and cultural aspect of a firm's marketing concept that puts the customer at the centre of the organization and its development (Deshpande and Webster, 1989). In regard to information flow this study's findings support those of Grace & O'Cass' (2005) that firm product related information transmittal to clients make explicit promises to customers about the attributes of the service the organization will deliver. Consequently, this should be up scaled in forms such as advertisements, publicity material, personal selling and contracts. Further, they posited that realistic and representative experiences should be communicated so that consumers know what to expect and thus have their expectations fulfilled during experience. This point is reinforced by Coye (2004) who observed that promotions have the dual role of creating the desire to purchase but also realistic expectations of what will be received. Rosen *et al.* (2003) have also noted that if the marketing function promises too much, expectations are likely to exceed perceptions of the service delivered. Thus, market communications impact on

the formation of expectations by establishing how services can be accessed, what will be experienced and at what level of quality (Coye, 2004).

4.8 Fitness Enterprises Managers Innovativeness Constructs

(a) Exploratory factor analysis

The Kaiser-Meyer-Olkin (KMO= 0.871) measure of sampling adequacy and Bartlett's test of Sphericity (Chi Square 34477.395, df=630, $p>0.000$) showed the data were acceptable for factor analysis and the model was appropriate. Items under the loading value of 0.50 were deleted from further factor analysis. 10 variables were removed and only 26 managers' innovativeness items were left for further analysis. The scree plot showed the number of factors to be extracted as in Figure 4.8.

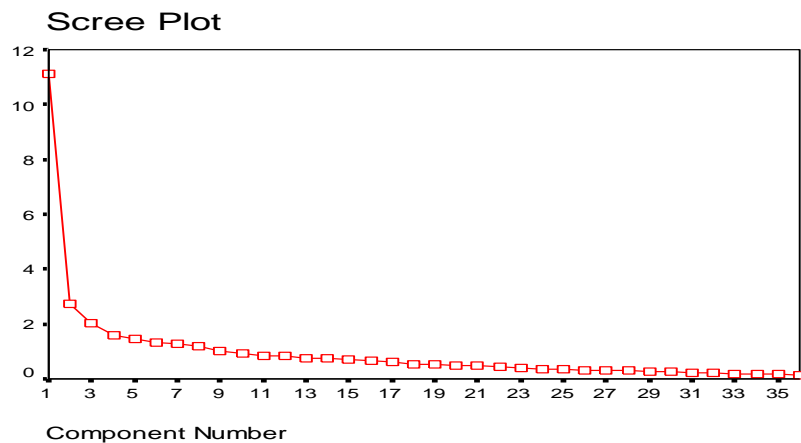


Figure 4.8 Managers Innovativeness Constructs Scree Plot

The inspection of the scree plot revealed a clear break after the first component, which accounted for 30.8 %. These factors and the items loading on them are reported in Table 4.8. All managers' innovativeness items extracted by factor analysis were examined using Cronbach's coefficient alpha to test inter-item reliability. Alpha coefficients obtained had a range of 0.54 to 0.85 in all cases. The principal components analysis identified eight different factors in the sample and the total variance explained by the solution was 63.1% (Table 4.8). The underlying factors associated with the managers' sample in order of variance explained were- strategic innovation, programme innovation and development, administrative

innovation, service innovation, organizational innovation, process, pricing and sales innovativeness.

Table 4.8 Rotated Component Matrix for Manager Evaluation of Firm's Innovativeness Constructs in Kenyan Fitness Centres

Parameter	Component								Communalities
	1	2	3	4	5	6	7	8	
My firm creates links with other firms in the industry	0.722	0.254	0.089	0.016	0.000	0.056	0.084	0.106	0.646
My firm creates new organizational structures for the management of employees	0.712	0.130	0.020	0.384	0.190	0.065	0.144	0.079	0.745
Employees are sponsored / allowed time off to take higher educational or professional courses	0.707	0.039	0.260	0.152	0.090	-0.010	0.025	0.003	0.624
My firm introduces new procedures for management of equipment/ programs	0.671	0.148	0.030	0.414	0.140	0.092	0.179	0.085	0.726
We introduce new equipment in our centre	0.636	0.336	0.207	0.150	0.037	-0.055	0.163	0.022	0.632
We avoid late entry in some services	0.005	0.748	0.118	0.230	0.158	-0.064	0.029	0.088	0.672
Our equipment is modern (bought in the last two years)	0.276	0.730	0.283	0.135	0.094	-0.067	0.069	0.115	0.747
Our products/services are the newest in the market	0.318	0.730	-0.033	0.168	0.147	-0.066	-0.025	0.005	0.690
We have the most current technology	0.212	0.722	0.113	0.110	0.157	-0.038	0.030	0.128	0.722
Instructors participate in bringing change to the firm	0.151	0.148	0.736	0.130	0.206	-0.033	0.054	0.010	0.652
Instructors participate in decision making	0.088	0.071	0.687	0.346	0.157	0.033	0.154	0.112	0.707
Instructors are aware of changes to be undertaken in the firm	0.030	-0.010	0.575	0.138	0.450	0.048	0.058	-0.177	0.594
My firm extends services to new clients previously not served by us	0.180	0.227	0.104	0.763	-0.066	-0.087	0.090	0.158	0.725
My firm converts existing programs into new forms/ formats	0.206	0.252	0.171	0.681	0.151	0.103	0.087	-0.049	0.727
My firm incorporates new methods into existing programs	0.382	0.041	0.279	0.593	0.158	0.082	0.012	0.067	0.621
My firm creates wholly new programs/ services for its clients	0.226	0.223	0.196	0.549	0.436	0.047	0.031	-0.128	0.656
Employees pay attention to procedures to get things done	0.257	0.069	0.107	0.154	0.731	-0.034	-0.019	0.160	0.677
Rules and procedures set must be followed strictly	0.006	0.138	0.150	0.023	0.679	-0.025	0.035	0.234	0.568
Employees are allowed to vary their service delivery procedures	0.078	0.279	0.015	-0.038	0.628	-0.030	0.231	-0.218	0.583
Competitors force us to change our services /products	-0.066	-0.003	-0.110	-0.084	0.080	0.847	0.089	-0.010	0.756
Competitors force us to change work methods /service delivery styles	-0.096	-0.079	0.104	0.131	-0.116	0.800	0.207	-0.073	0.747
Competitors often force us to change/ purchase our Machines/ equipment	0.216	-0.111	0.050	0.026	-0.091	0.787	-0.025	-0.045	0.693
Our pricing strategies change	0.076	0.107	0.091	0.151	0.085	0.006	0.760	0.013	0.635
The firm seeks to copy styles/ programs/equipment used by competitors	0.193	-0.082	-0.032	-0.020	-0.020	0.190	0.731	-0.066	0.631
Our sales have dropped/ stagnated in the last six months	0.039	-0.082	-0.104	-0.087	-0.012	0.153	-0.018	-0.726	0.577
Our sales have increased in the last six months	0.320	0.129	0.012	0.017	0.318	0.052	-0.042	0.645	0.652
Eigen Values	11.1	2.7	2.0	1.6	1.4	1.3	1.3	1.2	
% Variance	30.8	7.6	5.7	4.4	4.0	3.7	3.6	3.3	
% Cumulative variance	30.8	38.5	44.2	48.6	52.6	56.2	59.8	63.1	
Cronbach Alpha Scores	0.8528	0.8391	0.7693	0.8053	0.6346	0.7781	0.5415	-	

N of Cases = 191

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization: Kaiser-Meyer-Olkin Measure of Sampling Adequacy=. 0.871, Bartlett's Test of Sphericity: $X^2 = 3477.395$, $p = 0.000$, $DF=630$: Rotation converged in 8 iterations

(b) Factor interpretation

Component one incorporated 5 variables that related to creation of new ways of work and service delivery. These included aspects of introducing new equipment, programs, and employee in servicing. Consequently, component 1 was called strategic innovation because its orientation was futuristic. The strategic innovation subscale is interesting in its own right; one possibility is that strategic manager's skills are indeed highly context dependent. That is, although aspects of strategic management skills are generally expected of managers in business life, especially at a supplementary level, there still remains a special need for these skills.

Factor two had four constructs, of a moderately high loading (above 0.72). This factor addressed the theme of service provision to customers and service inputs, and was called program innovation and development. Component 3 was called administrative innovation, and it involved decision making and day to day operations of internal service provision for optimal client service. Four constructs loaded moderately on this factor and ranged from 0.57 to 0.73. Component 4 was called service/product innovation. This involved creation of new programs and methods in the centers with a view of satisfying emergent customer needs. This component had four constructs loading at 0.55 to 0.76. Component 5 was on the theme of effectiveness and global firm performance and was called organizational innovation. This component had three constructs that loaded strongly at 0.63 to 0.73. Component 6 was called process; it involved aspects of introducing new work processes and embracing of change to serve the clients competitively. This factor had three items that loaded at 0.78 to 0.85. The seventh factor had two constructs with a loading of 0.73 and 0.76. It incorporated the variables about pricing services to meet varied client preferences. Component 7 was called pricing innovativeness. The eighth factor had two construct with a loading of 0.64 and 0.72 and it involved performance and

execution of sales. It was as called sales innovation. Further analysis of the data utilizing these four factors provided additional insights to the nature of the relationships.

4.8.1 Relationship between a Firm's Innovation and Performance of Fitness Enterprises in Kenya.

To determine the relationship between a fitness firm's innovation levels and their performance the following hypothesis was tested. There is no significant relationship between a firm's innovation and performance of fitness enterprises in Kenya (H_{05}). The correlation between firms' overall innovation and performance was positive at 0.218 ($p=0.002$) and was significant but low at the 0.01 level (2-tailed). This disconfirmed support for H_{05} , which was consequently rejected.

The correlation between overall performance and the eight factors explaining fitness firms' innovation was positive and significant at the 0.05 level (2-tailed). All the variables had a very low correlation between them. Table 4.8.1(a) illustrates these results.

Table 4.8.1(a) Correlation between Overall Fitness Enterprise Performance and Selected Attributes of Firm Innovation (N=191)

		Factor							
Overall		1	2	3	4	5	6	7	8
performance	Corr.Coeff.	.259(**)	.135	.041	.185(*)	.069	.185(*)	.101	.180(*)
	Sig. (2-tailed)	.000	.062	.576	.011	.340	.011	.166	.013
	N	191							

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

performance of fitness enterprises in Kenya) which consequently was re

From the correlation analysis four factors had a significant relationship; these were between overall performance and strategies innovation (Factor 1) which was 0.259 ($p=0.000$; $p<0.01$, 2-tailed). Service and process (Factor 4 and 5) were 0.185 ($p=0.011$ $p<0.05$, 2-tailed), while sales innovation was 0.180 ($p=0.013$ $p<0.05$, 2-tailed).

It emerged therefore, that the factor changes in overall performance were positively correlated with the nine firm innovation factors as in Table 4.8.1(a). This indicates that, as the fitness firm's innovation varied the overall performance similarly changed. The results however fail to explain the effect of each factor on performance. To explore this uncertainty hypothesis H_{05} stating that a firm's innovation does not have any significant relationship on the overall fitness enterprise performance was tested using multiple regression analysis. The dependent variable, firms' overall level of performance, was measured as a conceptual variable on a 5-point Likert-type scale while the independent variable, firm innovation expressed as factors was used as a the surrogate indicator of fitness centres overall performance. The equation for firms' overall level of performance as a function of firm innovation was expressed in the following equation:

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7 + B_8X_8$$

Where,

Y_s = firms' overall level of performance β_0 = constant (coefficient of intercept)

X_1 = Strategies X_2 = Program

X_3 = Administrative X_4 = Service

X_5 = Organization X_6 = Process

X_7 = Pricing X_8 = Sales

B_1, \dots, B_8 = regression coefficient of Factor 1 to Factor 8.

Table 4.8.1(b) shows the summary of results of the regression analysis of overall firm performance on components of firm innovation. The multiple correlation

coefficient (R), of independent variables (eight factors, X_1 to X_8) on the dependent variable (overall firm performance) is 0.334, which indicates a moderate and positive overall firm performance. The coefficient of determination (R^2) is 0.112, implying only about 11% observed variation in overall firm performance can be explained by the nine factors. The F ratio, explained whether the results of the regression model could have occurred by chance, had a value of; $F_{8, 182} = 2.858$ ($p=0.005$), which was considered significant. The regression model provided a goodness-of-fit that could predict variance of overall firm performance in relation to the nine factors, as evidenced by the preceding statistical notations of- R , R^2 , and F ratio. Two out of the eight factors were significant predictors of fitness firm performance, these were factor 1 (strategies based innovation $\beta=0.065$, $p<0.05$) and factor 6 (process modification and improvement; $\beta=0.053$, $p<0.05$).

Though not all components of firm innovation were relevant to overall fitness centre performance, (H_{05}) that, a firm's overall innovativeness does not have any significant effect on the overall fitness enterprise performance was not supported. Consequently, H_{05} was rejected since the results point out that if the degree of firm innovation increases then the firm's performance also does. In particular and within fitness firms strategies innovation ($\beta=0.199$, $p=0.041$); process improvement ($\beta=0.163$, $p=0.029$); sales innovativeness ($\beta=0.114$, $p=0.124$) and service design and operations innovativeness ($\beta=0.051$, $p=0.610$) are the most critical innovation elements leading to improved performances.

The finding that there is a significant relationship between selected firm's innovation attributes and the overall fitness enterprise performance is supported by other research findings. Styles used in managing operations and programs reinforce the

importance attached to corporate values consequently implying the staff attitude and behaviour, and ultimately company performance.

Table 4.8.1(b) Regression Results of Firms' Overall Performance Level Based on the Innovation Dimensions

Variables	R	R²	Adjusted R²	SE	
	0.334	0.112	0.073	0.302	
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>p</i>
Regression	2.081	8	.260	2.858	.005
Residual	16.568	182	.091		
Total	18.649	190			
<i>Independent variables</i>	<i>β</i>	<i>SE</i>	<i>Beta</i>	<i>t</i>	<i>p</i>
(Constant)	2.555	.166		15.350	.000
Factor 1	.065	.032	.199	2.057	.041
Factor 6	.053	.024	.163	2.199	.029
Factor 8	.060	.039	.114	1.543	.124
Factor 4	.018	.035	.051	.512	.610
Factor 2	.009	.026	.031	.348	.728
Factor 7	-.002	.025	-.007	-.096	.923
Factor 5	-.012	.033	-.031	-.375	.708
Factor 3	-.021	.046	-.037	-.451	.653

Analysis (N=191)

Note: * $p < 0.05$

This premise has been supported by other researchers in a variety of settings (e.g. Keyton, 2005; MacIntosh and Doherty, 2005; Scott *et al.*, 2003; Smith and Shilbury, 2004). Strategic innovation and process improvement which constitute organizational culture and an outcome of innovativeness foster superior performance over the long term. Within the fitness and leisure setting, MacIntosh and Doherty (2005) found that staff perceptions of organizational culture significantly impact on their performance and satisfaction thereby influencing efficiency. Strong and positive organizational culture ultimately contributes to organizational effectiveness (Deal and Kennedy, 1999). Chelladurai and Chang, (2000), observe that this organizational culture may be particularly perceptible in service organizations, such as fitness clubs, where there is high customer-employee interface.

Sales innovativeness and service design are critical innovation elements leading to improved performances which make consumers develop a sense of what is valued through visible artefacts and symbols such as the corporate logo, mission statement, and staff dress, as well as staff behaviour as an indicator of how processes and procedures are executed. Huset-McGuire *et al.*, (2003), supports this premise and points out that programme services dimension, consists of various fitness intensity levels, the convenience of the exercise sessions, and the availability of rewards or incentives.

Robinson, (2006) and Smith and Shilbury, (2004) support this finding by their argument that, the elements of an organization's culture that are observable to the naked eye including artifacts and symbols such as staff dress or uniforms, grooming standards, posters and/or paintings around the club, company logo and/or visible mission statement, among others constitute values manifestation in an enterprise and can be modified to promote their corporate image. Other researchers (Robledo, 2001; Rust *et al.*, 2000; Tse, 2001), have also noted the role of price innovation and indicated that is used by firms to communicate key attributes of services to clients. They have observed that such innovations influence clients' expectations as they may suggest the level of service quality to be delivered.

4.9 Fitness Enterprises Managers' Performance Constructs

(a) Exploratory factor analysis

The Kaiser-Meyer-Olkin (KMO= 0.862) measure of sampling adequacy and Bartlett's test of Sphericity (Chi Square 2616.305, df=325, $p>0.000$), computed to test data and the model was found appropriate. After removing problematic items (3 variables in all), the remaining 23 managers' performance items were subjected to further factor analysis. The factors extracted as determined by an evaluation of the scree plot and the eigenvalues is shown in Figure 4.9.

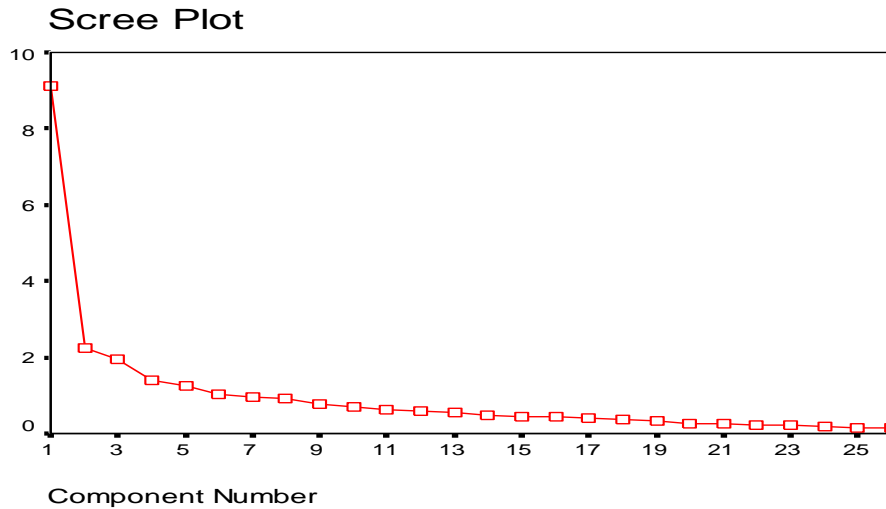


Figure 4.9 Managers' Performance Constructs Scree Plot

Inspection of the scree plot revealed a clear break after the first component, which accounted for 35.0 %. These factors and the items loading on them are reported in Table 4.9. All managers' firm performance items extracted by factor analysis were examined using Cronbach's coefficient alpha to test inter-item reliability. Alpha coefficients ranging from 0.71 to 0.88 were obtained in all cases. The principal components analysis identified six different factors in the sample and the total variance explained by the solution was 65.2% (Table 4.9). The underlying factors associated with the clients' sample in order of variance explained were – financial performance, information flow, market share, market development, employee satisfaction and business growth.

(b) Factor interpretation

Component one incorporated six that related to the firms profitability and sales. Consequently, component 1 was called financial performance. Factor two had five constructs, of a moderate loading between 0.54 and 0.78. This factor addressed the theme of customer data management and availability of such data to improve and evaluate performance of the firm.

Table 4.9 Rotated Component Matrix for Manager Evaluation of Firm Performance Constructs in Kenyan Fitness Centres

Parameters	Component						Communities
	1	2	3	4	5	6	
The revenue/sales performance of this firm is low	0.852	-0.157	0.149	-0.230	-0.003	0.059	0.830
The level of customer retention in this firm is low	0.754	-0.228	0.209	-0.015	-0.057	0.012	0.667
The growth of the business market share of this firm is low	0.750	-0.159	0.154	-0.245	-0.081	0.242	0.737
The level of customer acquisition in this firm is low	0.716	-0.081	0.106	-0.078	-0.179	0.290	0.653
The level of customer satisfaction in this firm is low	0.625	-0.213	0.502	-0.004	-0.065	0.021	0.694
This firm's profitability is lower than anticipated	0.541	0.010	0.201	-0.263	-0.259	0.413	0.640
We collect information on what customers want and expect in terms of program prices	-0.135	0.786	0.200	0.078	-0.044	-0.158	0.709
We collect information on what customers want and expect in terms of service quality	-0.127	0.751	-0.207	0.275	0.013	-0.044	0.701
We keep accurate data on customer and complaints	-0.197	0.635	-0.250	-0.056	0.236	-0.158	0.588
During the past three years, customer loyalty has increased	-0.081	0.579	-0.377	0.343	0.148	0.232	0.677
We keep accurate data on customer/ client progress in fitness programs	-0.309	0.544	-0.276	0.082	0.190	-0.050	0.513
We have a shrinking market share	0.240	0.048	0.676	-0.258	-0.247	0.188	0.679
Our sales volume has declined gradually in the past three years	0.207	-0.072	0.661	-0.153	0.050	0.108	0.523
Our clients keep moving to other fitness centers	0.392	-0.172	0.630	-0.047	-0.145	0.068	0.608
During the past three years, our new products/ services have been less attractive than those of competitors	0.045	-0.221	0.614	0.081	0.244	0.138	0.513
During the past three years, our market share has increased	-0.213	0.132	-0.078	0.830	0.092	-0.075	0.772
Over the past three years, our financial performance has exceeded our competitors	-0.060	0.156	0.115	0.650	0.085	-0.402	0.633
During the past three years, customer satisfaction has increased	-0.191	0.157	-0.381	0.587	0.119	-0.063	0.569
I am satisfied with my salary	-0.150	0.039	-0.016	0.028	0.856	-0.003	0.757
I have a secure job	-0.100	0.147	-0.002	0.329	0.668	-0.357	0.713
I receive continuous on job training	-0.138	0.459	-0.001	0.170	0.610	0.034	0.633
The level of return on this fitness enterprise investment was poor in the last three years	0.258	-0.003	0.245	-0.055	-0.038	0.817	0.799
The growth of the business sales in the last year was low	0.235	-0.182	0.164	-0.298	-0.063	0.684	0.676
Eigen values	9.1	2.2	20.0	1.4	1.3	1.0	
% Variance	35.0	8.6	7.5	5.3	4.9	3.9	
Cumulative variance	35.0	43.6	51.2	56.5	61.3	65.2	
Cronbach Alpha Scores	0.8827	0.7960	0.7184	0.7099	0.7335	0.7691	

N of Cases = 191

Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization: Kaiser-Meyer-Olkin Measure of Sampling Adequacy= 0.862, Bartlett's Test of Sphericity: $X^2 = 2616.305$, $p = 0.000$, $df = 325$: Rotation converged in 7 iterations

This factor was called information flow/management. Component 3 was called market share, and it involved evaluation of the target market and sales volumes. Four constructs loaded moderately on this factor ranging from 0.61 to 0.67.

Component 4 was called market development, because it involved target customer sustenance and competition management. This component had three constructs. Component 5 was on the theme of employee facilitation and motivation in order to perform excellently in customer service. This factor was called employee satisfaction. This component had three constructs that loaded strongly at 0.61, 0.69 and 0.86, respectively. Component 6 was called business growth both sales and investment increments. This factor had two items that loaded at 0.68 and 0.82, respectively. Further analysis of the data utilizing these four factors provided additional insights into the nature of the relationships.

4.11 Relationship between a Firm's market orientation and Innovation of Fitness Enterprises in Kenya.

To determine the relationship between a fitness firm's market orientation levels and their innovation the following hypothesis was tested: There is no significant relationship between a firm's market orientation and innovation of fitness enterprises in Kenya (H_{06}). The correlation between firms' overall market orientation and innovation was positive at 0.313 ($p=0.000$) and was significant at the 0.01 level (2-tailed). This showed that, there is a significant relationship between a firm's market orientation and innovation. Table 4.11(a) illustrates these results.

Table 4.11(a) Correlation between Overall Fitness Enterprise Market orientation and Firm Innovation

	Overall	Service Quality	Market orientation	Innovation	Performance
Overall market orientation	Pearson corr.		1	.313(**)	.226(**)
	Sig. (2-tailed)			.000	.002

** Correlation is significant at the 0.01 level (2-tailed). N=191

performance of fitness enterprises in Kenya) which consequently was rejected.

In order to determine the effects of market orientation on firm innovation, hypothesis (H₀₆ that, there is no significant relationship between a firm's market orientation and innovation of fitness enterprises in Kenya) was tested using multiple regression analysis. This was necessary since the correlation between overall market orientation and innovation was positive and significant but failed to explain the effect of individual market orientation factors on innovation. The dependent variable, firms' overall level of innovation, was measured as a conceptual variable on a 5-point Likert-type scale while the independent variable, firm market orientation expressed as distinct factors and used as the surrogate indicator of fitness centres overall market orientation. The equation for firms' overall level of innovation as a function of firm market orientation was expressed in the following equation:-

$$Y_{fi} = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7$$

Where, Y_{fi} = firms' overall level of innovation

β_0 = constant (coefficient of intercept)

X_1 = Customer orientation

X_2 = Service development

X_3 = Customer satisfaction

X_4 = Information flow

X_5 = competitor orientation

X_6 = Market planning

X_7 = Responsiveness to customers

B_1, \dots, B_7 = regression coefficient of

Factor 1 to Factor 7.

Table 4.11(b) shows the summary of regression analysis of overall firm innovation on components of firm market orientation. The multiple correlation coefficient (R), of independent variables (eight factors, X_1 to X_7) on the dependent variable (overall firm innovation is 0.736, which indicates a strong and positive effect of market orientation on overall firm innovation. The coefficient of determination (R^2) is 0.542, implying only about 54% observed variation in overall firm performance can be explained by the eight market orientation factors. The F ratio was $F_{7, 183} = 30.980$ ($p=0.000$), which was considered significant. The regression model provided a

goodness-of-fit that could predict variance of overall firm performance in relation to the eight factors, as shown by the statistical notations of- R , R^2 , and F ratio.

Table 4.11(b) Regression Results of Firms' Overall Innovation Level Based on the Market Orientation Dimensions

Variables	R	R²	Adjusted R²	SE	
	0.736	0.542	0.525	0.353	
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>p</i>
Regression	26.988	7	3.855	30.980	.000
Residual	22.774	183	.124		
Total	49.762	190			
<i>Independent variables</i>	β	SE	Beta	t	p
(Constant)	1.647	0.202		7.945	0.000
Factor 1	0.240	0.048	0.370	4.959	0.000
Factor 3	0.141	0.048	0.202	2.970	0.003
Factor 5	0.073	0.030	0.140	2.406	0.017
Factor 4	0.098	0.047	0.115	2.067	0.040
Factor 6	0.034	0.029	0.064	1.188	0.236
Factor 7	0.033	0.028	0.064	1.179	0.240
Factor 2	-0.124	0.037	-0.214	-3.393	0.001

Analysis (N=191) Note: * $p < 0.05$

Five out of the seven market orientation factors were significant predictors of fitness firm service quality, these were factor 1 (customer orientation $\beta=0.240$, $p<0.000$); factor 3 (customer satisfaction $\beta=0.141$, $p<0.003$); factor 5 (competitor orientation ($\beta=0.073$, $p<0.017$); factor 4 (information flow $\beta=0.098$, $p<0.040$) and factor 2 (service development $\beta=-0.124$, $p<0.001$). Though not all components of firm market orientation were relevant to overall fitness centre innovation, hypothesis (H_{0_6}) that, there is no significant effect between a firm's market orientation and innovation of fitness enterprises was not supported. Consequently, H_{0_6} was rejected since the results point out that if the degree of firm market orientation increases then the firm's overall innovation does also increase. Within fitness firms customer orientation ($\beta=0.240$, $p<0.000$) and customer satisfaction ($\beta=0.141$, $p<0.003$) are the most critical market orientation elements leading to improved innovation.

This findings which showed association between market orientation and innovation support previous findings (for instance Baker and Sinkula, 1999; Hurley and Hult, 1998; Atuahene-Gima, 1996). Lukas and Ferrell (2000) also established that a firm's degree of product innovation varies proportionally with the firm's involvement in market orientation. Thus, consumer orientation and interfunctional coordination increase the introduction and integration of new products. Leskiewicz and Sandvik (2003), in a study involving for the hotel sector concluded that market orientation contributes intensely and positively towards creation of new products for the market. Finally, Atuahene-Gima *et al.* (2005) while examining market orientation on new product program performance found that market orientation positively related to new product programme performance.

4.12 Relationship between a Firm's Market Orientation and Service Quality of Fitness Enterprises in Kenya.

To determine the relationship between a fitness firm's market orientation levels and their service quality hypothesis H₀₇ was tested. This hypothesis stated that there is no significant relationship between a firm's market orientation and service quality of fitness enterprises in Kenya. The correlation between firms' overall market orientation and service quality was negative at -0.094 (p=0.196) and was not significant at the 0.01 level (2-tailed). Table 4.12(a) illustrates these results. This shows that there was no significant relationship between a firm's market orientation and service quality.

Table 4.12(a) Correlation between Overall Fitness Enterprise Market Orientation and Firm Service Quality (N=191)

	Overall	Service quality	Market orientation	Innovation	Performance
Overall service quality	Pearson corr.	1	-.094	-.375(**)	.101
	Sig. (2-tailed)	.	.196	.000	.163

** Correlation is significant at the 0.01 level (2-tailed). N=191

performance of fitness enterprises in Kenya) which consequently was rejected.

In order to test the hypothesis H0₇, multiple regression analysis was performed. This was necessary since the correlation between overall market orientation and service quality was negative and not significant therefore failed to explain the effect of individual market orientation factors on service quality. The dependent variable, firms' overall level of service quality, was measured as a conceptual variable on a 5-point Likert-type scale while the independent variable, firm market orientation expressed as factors and used as the surrogate indicator of fitness centres overall market orientation. The equation for firms' overall level of service quality as a function of firm market orientation was expressed in the following equation:-

$$Y_{sq} = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6 + B_7X_7$$

Where, Y_{sq} = firms' overall level of service quality

β_0 = constant (coefficient of intercept)

X_1 = Customer orientation

X_2 = Service development

X_3 = Customer satisfaction

X_4 = Information flow

X_5 = competitor orientation

X_6 = Market planning

X_7 = Responsiveness to customers

B_1, \dots, B_7 = regression coefficient of Factor 1 to Factor 7.

Table 4.12 (b) shows the summary of regression analysis of overall firm service quality on components of firm market orientation. The multiple correlation coefficient (R), of independent variables (eight factors, X_1 to X_7) on the dependent variable (overall firm service quality) is 0.419, which indicates a moderate positive overall effect of market orientation on firm service quality. The coefficient of determination (R^2) is 0.176, implying only about 17% observed variation in overall firm service quality can be

explained by the eight market orientation factors. The F ratio with a value of; $F_{7, 183} = 5.568$ ($p=0.000$), was considered significant. The regression model provided a goodness-of-fit that could predict variance of overall firm service quality in relation to the market orientation factors, as indicated by notations of- R , R^2 , and F ratio.

Table 4.12(b) Regression Results of Firms' Overall Service Quality Level Based on the Market Orientation Dimensions

Variable	R	R ²	Adjusted R ²	SE	
	0.419	0.176	0.144	0.453	
	<i>Sum of Squares</i>	<i>df</i>	<i>Mean Square</i>	<i>F</i>	<i>p</i>
Regression	7.988	7	1.141	5.568	.000
Residual	37.505	183	.205		
Total	45.493	190			
<i>Independent variables</i>	<i>β</i>	<i>SE</i>	<i>Beta</i>	<i>t</i>	<i>p</i>
(Constant)	4.218	0.266		15.852	0.000
Factor 2	0.067	0.047	0.121	1.433	0.154
Factor 7	0.028	0.036	0.058	0.795	0.428
Factor 4	0.004	0.061	0.011	0.066	0.947
Factor 6	0.001	0.037	0.003	0.037	0.971
Factor 5	-0.017	0.039	-0.034	-0.435	0.664
Factor 3	-0.061	0.061	-0.091	-1.004	0.317
Factor 1	-0.154	0.062	-0.248	-2.475	0.014

Analysis (N=191) Note: * $p < 0.05$

Only one out of the eight factors was a significant predictor of fitness firm service quality, this was factor 1 (customer orientation $\beta = -0.154$, $p < 0.014$). Hypothesis (H_{07}) that, there is no significant relationship between a firm's market orientation and service quality of fitness enterprises in Kenya was supported, and consequently accepted. The results indicate that whether the degree of firm market orientation increases or decreases the firm's service quality remains unchanged. The only factor within market orientation that affects service quality significantly is the degree of customer orientation of a firm. This study found that the market orientation has no positive effect on service quality. This result failed to provide evidence to support the hypothesis that the better market orientation yields better service quality. The findings of this study contrast other

research findings, for instance Chang, *et al.*, (1999) who found that market orientation positively effected service quality. It also did not align with studies done by Forker et al. (1996), Golhar and Deshpande (1999), as well as Kroll *et al.*, (1999). This indicates that market based assets failed to create value for the fitness enterprises through inculcating positive service quality perceptions about the services. In particular the role of customer orientation, customer satisfaction and competitor orientation failed to translate into positive value in regarding service quality.

4.13 Mediation Effects of Service Quality and Firm Innovation on the Relationship between Overall Market Orientation and Firm Performance

One of the study's objectives was to establish if service quality and firm innovation moderated the relationship between market orientation and firm performance within Kenyan fitness enterprises. To determine this effect the following hypotheses was tested:-

H_{0_8} Service quality and firm innovation do not moderate the relationship between market orientation and firm performance within Kenyan fitness enterprises; for ease of analysis this hypothesis was broken into parts (i) and (ii).

(a) Service Quality Moderation between Market Orientation and Firm Performance

Hypothesis $H_{0_{8(i)}}$ thus, involved evaluation of the mediation effect that service quality does not moderate the market orientation – firm performance relationship. Using Baron and Kenny (1986) approach several regression analyses were conducted. First step, firm performance as the dependent variable was regressed on the independent variable, market orientation. The results (Table 4.13) showed that market orientation ($\beta=0.226$, $p<0.002$) had a significant effect on firm's performance. Secondly, the mediator (service quality) was regressed on the independent variable, market orientation. It was

found that the market orientation ($\beta=-0.094$, $p<0.196$) had no significant effect on service quality. Thirdly, the dependent variable; firm performance was regressed with the mediator (service quality), and the results showed that service quality also had no significant effect on firm performance ($\beta=0.101$, $p<0.163$). Finally, the firm performance was regressed with both market orientation and service quality. It was found that only market orientation ($\beta=0.237$, $p<0.001$) had a significant effect on firm performance. Service quality ($\beta=0.124$, $p<0.082$) had no significant effect on firm performance. The relationship between market orientation and firm performance was not significant after the direct effect of service quality on firm performance was controlled. Market orientation had a significant effect on firm performance, however it has increased from $\beta=0.226$ to $\beta=0.237$. Thus, this model is not consistent with mediation. Consequently the hypothesis that service quality does not moderate the relationship between market orientation and firm performance within Kenyan fitness enterprises was accepted.

This study found that market orientation has an insignificant and negative effect on quality. This result provided evidence to support the hypothesis that market orientation does not affect service quality of fitness enterprises in Kenya. This is in contrast with other findings that argue that better market orientation gives better service quality (e.g. Chang, *et al.*, 1999). Also, this study revealed that service quality does not mediate the effect of market orientation on firm performance; again contrasting other findings elsewhere (Chang and Chen, 1998).

(b) Firm Innovation Moderation between Market Orientation and Firm Performance

To determine this interaction, Hypothesis $H_{8(ii)}$ (firm innovation does not moderate the relationship between market orientation and firm performance) was tested. This was done using several linear regression analyses through Baron and Kenny (1986) approach. First step involved regressing firm performance (as a dependent variable) on market orientation (as the independent variable) and the result (table 4.13) showed that market orientation ($\beta=0.226$, $p<0.002$) significantly affected firm performance. Secondly, (firm innovation) as the mediator was regressed on (market orientation) as the independent variable which revealed that market orientation ($\beta=0.313$, $p<0.000$) had a significant effect on firm innovation. Thirdly, firm performance (as the dependent variable) was regressed with the mediator (firm innovation) and the results show that firm innovation had a significant effect on firm performance ($\beta=0.219$, $p<0.002$). Finally, firm performance was regressed with both market orientation ($\beta=0.174$, $p<0.019$) and firm innovation ($\beta=0.164$, $p<0.027$) had a significant effect on firm performance. The relationship between market orientation and firm performance was significant after the direct effect of firm innovation on firm performance was controlled. Market orientation still has a significant effect on firm performance although it reduced from $\beta=0.226$ to $\beta=0.174$. Thus, this model is consistent with partial mediation and consequently the hypothesis that firm innovation does not moderate the relationship between market orientation and firm performance within Kenyan fitness enterprises was rejected. The results are shown in Table 4.13.

Table 4.13 The Moderating Effect of Service Quality and Firm Innovation on the Relationship between Market Orientation and Firm Performance

Model variables		R ²	Std. β	t	p
Market orientation→firm performance		0.051	0.226	3.185	0.002
Market orientation→service quality		0.009	-0.094	-1.297	0.196
Service quality→firm performance		0.010	0.101	1.402	0.163
Market orientation*service quality→ firm performance	Market orientation	0.066	0.237	3.352	0.001
	Service quality		0.124	1.748	0.082
Market orientation→firm innovation		0.098	0.313	4.537	0.000
Firm innovation→firm performance		0.048	0.219	3.081	0.002
Market orientation*service quality→ firm performance	Market orientation	0.075	0.174	2.359	0.019
	Firm innovation		0.164	2.222	0.027

This study supports the work of Daniel *et al.*,(2008), who also found that innovation acts as a mediator between both market orientation and organizational learning (i.e. the independent variables), and performance (i.e. the dependent variable). They found that variations in levels of both, market orientation effects on/ and performance significantly traced to the presumed mediator, i.e. innovation. These findings further provide support for the relationship between innovation and performance. Hult *et al.*, (2004) also noted that a key factor in the success of firms is the extent of their innovation capability also referred to as innovativeness and defined as cultural readiness and appreciation for innovation. This result is consistent with previous research (Roberts, 1999; and Schulz and Jobe, 2001) and consequently providing evidence of the importance of innovation as a source of competitive advantage within Kenyan fitness firms. The findings from this study support the argument of Woodside (2005) that business performance is indirectly influenced by innovativeness, in this case through the improvement in the market orientation of the fitness enterprises services.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusions and recommendations for policy and further research.

5.2 Summary of the Findings

The main purpose of this study was to examine the relationship, interaction and utilization of market orientation, service quality and firm innovation in fitness enterprises in Kenya. Based on the study's objectives and hypotheses the findings of this study were as follows:-

- (i) Most of the fitness centres are located in the urban centres, with the highest concentration in Nairobi 85 (58.74%) and Mombasa 19 (13.1%).
- (ii) The majority (81%) of fitness managers were males aged between 30-39 years.
- (iii) The overall mean age for managers of fitness enterprises was 30.95 years.
- (iv) Aerobics and body building activities were the most popular activities in the Kenyan fitness centres (24% and 21.4% respectively).
- (v) The most prevalent mode of employment was full time jobs (27.23%) while the least common was permanent employment (8.38%).
- (vi) Entrepreneurs preferred most establishing sole proprietorship businesses (53.6%) and least preferred partnerships (18.5%).
- (vii) Majority of the fitness managers had either a diploma (59.1%) or university degree (21.1%).

- (viii) With regard to professional training the most prevalent level was fitness certificates (51.7%) followed by diploma certificates (48.3%).
- (ix) The mean age of the clients was 30.9 years and the range was between 19-76 years.
- (x) Majority of the clients were males (62.1%) and had a mean age of 28.6, however the highest rate (16.3%) of participation was among those aged between 51-60 years.
- (xi) The highest frequency of training for fitness clients was 3-4 times in a week and more males were involved in the training and those aged between 51-60 years trained the most number of times (4) per week
- (xii) The fitness enterprises were largely considered clean by the clients, though more males reported they were partially clean while an equal number of female clients reported that the centre were very and partially clean.
- (xiii) Kenyan fitness enterprises clients were satisfied/ liked with the services offered to them and were not ready to leave their firms; the most satisfied group being ages 51-60 years.
- (xiv) Majority of male clients were self employed (19.41%), while the females were mostly (12.7%) employed in the corporate sector.
- (xv) Overall service quality perception correlated positively depending on the number of trainings a client had per week and also the status of employment one was in.
- (xvi) Service quality contributed at least 45% to the overall client satisfaction with Kenyan fitness services.
- (xvii) The tangibles dimension of service quality was most critical with clients' evaluation of satisfaction with the fitness services offered.

- (xviii) The manager's demographic variables of (a) professional qualifications, educational level and type of the enterprise had significant relationship with service quality; (b) employment status and marketing qualifications of a manager related significantly with market orientation while (c) education level, the enterprise type and marketing qualifications of an individual manager had significant relationship with overall innovation.
- (xix) Only 3.4% of the overall fitness enterprise performance in Kenya was as a result of service quality.
- (xx) Market orientation contributed 12.4% towards the overall fitness firms' performance in Kenya.
- (xxi) Firm innovation correlated significantly with the overall performance and in particular innovation elements of: - strategies service and process and sales innovation were the most critical.
- (xxii) Firm innovation impacted positively towards the overall firm performance by contributing 11.2% of a firms overall performance. In particular strategic innovation was most significant.
- (xxiii) In Kenya fitness firms service quality did not have any significant relationship with market orientation; however, 17.6% of observed variation in service quality performance can be traced to execution of market orientation practices.
- (xxiv) Service quality did not moderate the relationship between market orientation and firm performance within Kenyan fitness enterprises.
- (xxv) Firms' innovation moderated the relationship between market orientation and fitness firm performance in Kenya.

5.3 Conclusions and Study Implications

- (i) The number of training sessions held per week and the employment status of clients are critical in making a positive judgement about overall service quality. Consequently fitness managers should develop convenient training times for clients as well as program such training times to fit different clientele in respect to the nature of work they do.
- (ii) Fitness enterprise managers have to put more emphasis on aspect of tangibles within the centres followed by being more responsiveness/assurance in order to develop client loyalty and encouraged repeat and new purchases. This affirms that client satisfaction depends on the service quality perceived and this aspect should be scaled up to target catchment groups tied with appropriate pricing regimens.
- (iii) Fitness managers should have some minimal educational levels and also appropriate professional training to effectively perform various tasks within the fitness enterprise so as to deliver customer satisfaction and ultimately optimal firm performance.
- (iv) Managers within the fitness enterprises in Kenya have to enhance the market orientation practices within their firms and in particular aspects of market planning, customer orientation and customer responsiveness in order to maximize performance of their enterprises. Great effort must be harnessed towards development of information flow structures and service/program development in order to ensure they positively lead towards overall firm performance.
- (v) The fitness firms managers have to be innovative in order to remain competitive, in particular as regards strategic innovations aimed at attracting

and retaining customers, process improvements, sales innovations aimed at packaging services for varied segments as well as in service design.

- (vi) Despite the fact that market orientation accounted for 17.6% variation in service quality, it was not significant. However, there were some elements of market orientation that fitness managers should up scale are: - service development, being more responsive to clients needs and providing information appropriately and timely as well as optimizing their market planning in order to perform efficiently. They also must minimize the negative effects by market orientation on service quality occasioned by failure to be customer and competitor oriented as well as derivation of customer satisfaction indicators as a function of market orientation. This requires a synthesis of the market orientation elements in perspective of the service quality elements and matching them to specific market segments.
- (vii) Market orientation plays a pivotal role in determining the success of fitness firm performance in Kenya. However, this relationship is mediated by firm innovation which plays an important role in contributing towards the overall fitness firm performance. Therefore, fitness enterprise managers should ensure market orientation utilization enhances better firm performance through inculcation and optimization of any opportunity capable of innovation.

5.4 Recommendations for Fitness and Recreation Enterprise Practitioners.

- (i) Fitness managers should adopt managerial principles that make their enterprises more market oriented by developing systems of gathering market information and transforming it into performance outcomes aimed at

enhancing customer orientation, service development, customer satisfaction, information flow and market planning in order to enhance firm performance.

- (ii) Emphasis should also be placed on the tangible element of service quality, in particular on the visual appearance of the facility, cleanliness, and upgrading of equipment and provision of written materials for use by clients. This can expand and develop loyalty amongst specific segments.
- (iii) With regard to service quality more effort and strategy is required in relation to service design, programme development- especially secondary services like physical fitness testing and and communication with clients.
- (iv) Formation of a society/association encompassing all practitioners in the industry to act as an internal regulatory body to ensure that the industry has set standards of practice and operations. Such a body would serve the interests of its members and would be used to bargain for better terms with the government. This could be in developing the policy, legal, and regulatory frameworks that are essential to the development of innovative fitness institutions and instruments. Other areas would be on licensing/ accreditation, and also in developing a market-oriented strategy for improving fitness enterprises access to financing while focusing on reducing the risks and transactions costs associated with this segment of the market.
- (v) Education is key to optimal management as well as a key in the process of developing and integrating managerial practices of market orientation, service quality and innovation. Therefore, fitness managers must upgrade their skills in order to make their firms more productive.

5.5 Recommendations for Policy Implementation

- (i) There is a justification for government intervention, in the form of citizen/client protection through regulation and licensing of fitness enterprise services. This would require development of minimal operational standards to act as guidelines for practitioners so as not to put at risk the participants. This would also attract more entrepreneurial enterprises and unprofessional practitioners would be deterred.
- (ii) In particular the ministry of trade through the Kenya bureau of standards should develop standards for use by fitness enterprise. The ministry of trade in liaison with that of education should also set benchmarks on educational levels required for one to practice in this industry and enforce the same through the licensing departments at the municipal and national levels.
- (iii) The ministry of public health should also set requirements for registration and licensing of instructors. For one to be a licensed fitness instructor the ministry should ensure that they understand both the theory and practical elements of running general fitness gymnasia and also medical spas that provide the prescription for health and wellness (medical spas for truly medical purposes – namely preventative health treatments and regimens, nutrition and fitness, and health and wellness education). Such action would significantly minimize risk to the clients.
- (iv) Registration and licensing of instructors can be done by ministry of public health in order to enhance delivery of service and weed out unqualified individuals and centres from this industry.
- (v) The university and in particular the department of recreation management and sports science should develop a centre for small business development

services that would include a wide variety of non-financial services such as labour and management training; extension, consultancy, and counselling; marketing and information services; technology development and diffusion; and mechanisms to improve small recreation and sports based business linkages. This can be done through staff/student/ brand subcontracting and franchising. These services could form an important part of the market support structure that can help build the competitiveness of the small fitness centres countrywide.

- (vi) The university, (in particular Kenyatta University) through the recreation department should also establish a model fitness enterprise through which it can popularize aspects of market orientation, service quality and innovation activities. This can also encourage student inventions, organize training exhibitions to display the standards to the industry and attract enterprises, especially the small businesses, to familiarize and also choose the technology and methods.
- (vii) The university can also develop training modules/ courses aimed at training students in the area of recreation/fitness enterprise management and entrepreneurship.
- (viii) Recommendation for tax exemption levied on the purchase of equipment by the ministry of finance for Health–fitness clubs should be explored. This would ultimately make it affordable to acquire modern and safe equipment that would facilitate service delivery. Further, since wellness programmes can reduce absenteeism due to illness as well as lower health insurance costs and also promote the health of the citizenry, and then it would be justifiable to give tax relief.

5.6 Recommendations for Further Research

Emanating from this study, the following research is suggested:

1. Evaluation of the training needs in fitness industry in Kenya is necessary.
2. Assessment of service quality in Kenyan fitness centres with regard to role of culture, in order to determine if culture moderates service quality. Further the role of culture in application of the service quality scale in Kenya is concerned.
3. Determination of client and managers education level influence on their satisfaction with fitness services offered.
4. Expansion of the instruments standard biographical data to include elements of ethnicity/ race, language, income and level in the organization hierarchy.
5. Use of exploratory factor analysis to model the structure of correlations among the measured variables and obtain a conceptual understanding of the set of measured variables in this study especially service quality.
6. To evaluate measurements of market orientation, innovation and service quality using in clustered country regions to determine if location matters. It would also be worthwhile to perform additional analyses during different time periods and economic environments. These ideas would help with continued tests of generalizability and could allow for a comparison of the results.

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APPENDIX 1

Map of Kenya Showing the Administrative Boundaries of the Country



Source <http://www.mapsofworld.com/kenya/kenya-political-map.html>

APPENDIX 2**Fitness Enterprises Identified from Secondary Sources in Kenya.**

1. Abadeen Gym
2. Accra Hotel Gym
3. The Arena Health and Fitness Centre
4. Benrose Gym
5. Body by Design
6. Body Solid Gym
7. Body Wise Fitness Centre
8. Body Heaven Ltd
9. Body Basics Studio
10. Brixton Properties Ltd
11. Busy Bodies
12. Cool Shade Health Club
13. Cranes Gym Centre
14. Creative Beauty and Fitness Centre
15. Courtyard Fitness Studio
16. Deem Fitness Services
17. Deens Fitness Centre
18. Elmar Fitness Centre
19. Embu- Mini Inn
20. Essa Fitness Centre
21. Firm Body
22. Fit and Fun Health Club
23. Fitness-One
24. Fitness 2000
25. Flex Fitness Place
26. Gym and Tone it Fitness Studio Ltd
27. Hotel Intercontinental Fitness Centre
28. Hurlingham Fitness Centre
29. Image Health and Fitness Ltd
30. Kacee Investment
31. Kayole Gym
32. Kerosia Fitness Centre
33. Loresho Health Club
34. Merika Health Club
35. Muscle and Motion
36. Muscle Tune Gym
37. Master Fit
38. Natural Therapy
39. Nautilus Health Fitness Centre Ltd
40. New Gym
41. New Stanley
42. Nice and Easy Beauty Par lour Ltd
43. Norfolk Gym
44. Nyeri Gym and Fitness Centre
45. Old Mutual Fitness Centre
46. Ongata Rongai Gym
47. Palm Tree Fitness Centre
48. Power Flex Gym
49. Pine Breeze Fitness Centre
50. Racing Sport Gym Ltd
51. Railways gym
52. Ratna Fitness Studio
53. Royale Healthy Fitness
54. Sadili Oval
55. Sarit Centre Fitness Centre
56. Six Eighty
57. Shape and Slender
58. Shapers at Slenderu Ltd
59. Shape-up Fitness Centre
60. Stage Mat Fitness Centre
61. Surf online and Body Institute
62. Steel Gym
63. Safari Park
64. Soul and Body
65. Tangies Health Club
66. Texas Gym
67. Too Craft
68. Topos Massage
69. The Hilton
70. The Shape Place
71. The Grand Regency
72. The Panari Centre
73. The Power Gym
74. Thika Health and Fitness Centre Ltd
75. Trimm Fitness and Health Club
76. Thika Road Fitness Centre
77. Visions Place

Source:-

1. The Kenya Telephone Directory (13th Ed.) Nairobi Edition
2. The Inland Telephone Directory(2005)
3. The Nation Business Directory (2005)
4. Nairobi City Council Ward Business Registers (2005)

APPENDIX 3**Letter of Introduction and Consent to Fitness Enterprises**

D.N.Muigai

C/o Kenyatta University

Exercise, Recreation and Sports Science Dept.

P.O. Box 43844-00100, Nairobi

Dear Sir/ Madam,

I am a Doctorate Degree student at Kenyatta University, conducting research on market orientation and service quality management in Kenyan fitness enterprises. Your firm has been selected to be part of the study sample. To this end I wish to request for your consent to use your enterprise as a center for this study.

It would be greatly appreciated if you could complete fully the attached questionnaire. Your input is very valuable. Information gathered from your responses will be kept confidential and used for academic research purposes only. Even though the questionnaire will take no more than thirty minutes to complete, the potential impact of your response will last much longer. The research outcomes may be made available to you upon written request.

Kindly assist me in getting your clients/ customers to also fill the second questionnaire. Your responses shall help in accomplishing the objectives of this study and shall be kept confidential. Your assistance shall be greatly appreciated. By accepting to participate and to help in this study, we take that you have given permission to be interviewed and to allow us to interview clients within your fitness enterprise.

Thank you in advance for your co-operation.

Yours sincerely,

D.N. Muigai.

APPENDIX 4

Questionnaire for Key Informants (Enterprise Managers/ Instructors/ Owners)

SECTION A

(This section seeks some background information about you. It is important to obtain this information as it will have a bearing on the results of the survey. This information will be used for comparative purpose only. Please indicate your answer by filing in your most appropriate answer).

1. Fitness enterprise name _____
 Location _____

2. Personal details of respondent-(a) Gender _____ (b) Nationality _____
 (c) Age _____

(d) What are your professional qualifications?
 Fitness certificate _____ Fitness diploma _____ other (please specify)

Highest education level <i>(Tick appropriately)</i>		Type of employment /status <i>(Tick appropriately)</i>	
Primary		Part time	
Secondary		Full time	
Vocational school		Temporary/contract	
Diploma/certificate		Owner manager	
University degree		Permanent	
Other (indicate)		Self employed	

6. Which fitness programs are offered in your centre? Please indicate

7. How can you classify your enterprise?
 Sole proprietorship _____ Partnership _____ Limited company _____ other (specify)

8. Do you have any formal marketing qualifications or training? Yes _____
 No _____

9. Which enterprises are your major competitors?
 1. _____
 2. _____

SECTION B

The following statements represent “ideal” behaviors/practices of fitness enterprises managers. Please indicate the extent to which you execute/ perform these behaviors in your enterprises by circling/crossing the response you most agree with for instance..... 1
2 (⇒) 4 5 to indicate “sometimes”

		Never	Rarely	Sometimes	Often	Always
1	Staff should ensure that customers understand the service provided	1	2	3	4	5
2	Staff should use language which the customer can understand	1	2	3	4	5
3	Customers should not be informed beforehand how much the service will cost	1	2	3	4	5
4	It is important to honor promises to customers	1	2	3	4	5
5	Customers should be informed about what alternate services are available	1	2	3	4	5
6	It is important to have convenient operating hours for staff	1	2	3	4	5
7	Employees should be polite and friendly to customers	1	2	3	4	5
8	It is important to have up to date equipment so as to provide good service	1	2	3	4	5
9	It is important to keep the customer’s best interest at heart	1	2	3	4	5
10	The training and preparation of the employees is important	1	2	3	4	5
11	Dependable service performance is important	1	2	3	4	5
12	Consistent service performance is important	1	2	3	4	5
13	Prompt service from staff is stressed	1	2	3	4	5
14	Convenient service locations are important	1	2	3	4	5
15	The appearance of employees is important	1	2	3	4	5
16	Employee honesty is stressed	1	2	3	4	5
17	A reputation for good service is emphasized	1	2	3	4	5
18	The development of customer confidence in the service is stressed	1	2	3	4	5
19	Individual customer attention is stressed	1	2	3	4	5
20	A nice atmosphere for service is stressed	1	2	3	4	5
21	Customers should feel free to discuss their needs	1	2	3	4	5
22	The confidentiality of the service is stressed	1	2	3	4	5

**SECTION C: Please circle the response that best describes how your firm performs
each of the following activities**

Part One		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
1	Customers and employees hold meeting yearly to find out the programs /services they will need in the future	1	2	3	4	5
2	Employees /instructors interact freely and directly with customers to learn how to serve their needs better	1	2	3	4	5
3	We conduct a lot of market research within the firm	1	2	3	4	5
4	We slowly detect changes in client program preferences	1	2	3	4	5
5	To assess the quality of our programs we conduct process control evaluations	1	2	3	4	5
6	We collect industry information informally (Like over lunch, with industry friends and experts)	1	2	3	4	5
7	We conduct market research on our competitors independently through external firms/ individuals	1	2	3	4	5
8	We do not always detect shifts/ new trends in fitness industry (like competition, technology)	1	2	3	4	5
9	We periodically review the possible effects of changes in our business environment, such as regulations and technology on customers	1	2	3	4	5

Part Two		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
10	A lot of informal talk in the firm concerns politics and life not the competitors tactics and strategies	1	2	3	4	5
11	We meet with all employees and instructors regularly to discuss future fitness market trends	1	2	3	4	5
12	Employees spend time prior to a day's schedule discussing customers needs/interests	1	2	3	4	5
13	The firm periodically circulates information/ documents (like newsletters) that provide information on our customers, our services and fitness related information)	1	2	3	4	5
14	When something important happens to our customers the firm knows about it within a short period (like sickness, accident, marriage)	1	2	3	4	5
15	Data on client satisfaction is circulated to all employees regularly	1	2	3	4	5
16	There is minimal communication between the manager/owner and employees concerning market developments	1	2	3	4	5
17	When the firm manager/owner finds out something important about competitors, it is slow to inform/ alert employees	1	2	3	4	5

Please circle the response that best describes how your firm performs each of the following activities

Part Three		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
18	It takes us long to decide how to respond to our competitors' price changes	1	2	3	4	5
19	In our firm, the principles of market segmentation guide any new program developments	1	2	3	4	5
20	Due to varied reasons we ignore changes in customers' service needs	1	2	3	4	5
21	We periodically review our service offerings to ensure they meet customers wants	1	2	3	4	5
22	Our business plans are guided more by technological advances than market research	1	2	3	4	5
23	Employees get together to plan for responses to changes occurring in the business environment	1	2	3	4	5
24	The service lines we market depend more on internal preferences than real market needs	1	2	3	4	5
25	If a competitor were to launch an intense campaign targeting at our customers, we would launch a response immediately	1	2	3	4	5
26	The different services of the firm are well coordinated	1	2	3	4	5
27	Customer complaints are not considered seriously	1	2	3	4	5
28	Even if we develop a good marketing plan we might not be able to implement it in a timely manner	1	2	3	4	5
29	We are quick to respond to significant changes in our competitors' pricing methods and structures	1	2	3	4	5
30	When we find out that customers are unhappy with our quality of service we take corrective action immediately	1	2	3	4	5
31	When we find that customers would like us to modify or change a program/service routine the sections involved make concerted efforts to do so	1	2	3	4	5

SECTION D

Please circle the response that best describes how your firm performs each of the following activities

		Always	Often	Occasionally	Rarely	Never
1	Competitors force us to change our services /products	1	2	3	4	5
2	Competitors often force us to change/ purchase our Machines/ equipment	1	2	3	4	5
3	Competitors force us to change work methods /service delivery styles	1	2	3	4	5
4	Instructors participate in decision making	1	2	3	4	5
5	Instructors participate in bringing change to the firm	1	2	3	4	5
6	Instructors are aware of changes to be undertaken in the firm	1	2	3	4	5
7	Change decision are made by the managers alone	1	2	3	4	5
8	Rules and procedures set must be followed strictly	1	2	3	4	5
9	Employees are allowed to vary their service delivery procedures	1	2	3	4	5
10	Employee creativity is encouraged	1	2	3	4	5
11	The firm provides resources for changes like addition/ new requirements like benches	1	2	3	4	5
12	Employees suggestions are supported	1	2	3	4	5
13	Some funds are set aside for modifications in equipment, design and layout	1	2	3	4	5
14	Employees are sponsored / allowed time off to take higher educational or professional courses	1	2	3	4	5
15	We introduce new equipment in our center	1	2	3	4	5
16	We introduce new services in our center	1	2	3	4	5
17	Our products/services are the newest in the market	1	2	3	4	5
18	Our equipment is modern (bought in the last two years)	1	2	3	4	5
19	We avoid late entry in some services	1	2	3	4	5
20	We have the most current technology	1	2	3	4	5
21	We have changed our operational procedures in the last one year	1	2	3	4	5
22	My firm emphasizes growth through developing new ideas/ programs	1	2	3	4	5
23	Employees pay attention to procedures to get things done	1	2	3	4	5
24	My firm emphasizes outcomes and achievement very much	1	2	3	4	5
25	My firm creates wholly new programs/ services for its clients	1	2	3	4	5
26	My firm converts existing programs into new forms/ formats	1	2	3	4	5
27	My firm extends services to new clients previously not served by us	1	2	3	4	5

28	My firm incorporates new methods into existing programs	1	2	3	4	5
29	My firm creates new organizational structures for the management of employees	1	2	3	4	5
30	My firm introduces new procedures for management of equipment/ programs	1	2	3	4	5
31	My firm creates links with other firms in the industry	1	2	3	4	5
32	The firm seeks to copy styles/ programs/equipment used by competitors	1	2	3	4	5
33	Our pricing strategies change	1	2	3	4	5
34	We advertise our programs	1	2	3	4	5
35	Our sales have increased in the last six months	1	2	3	4	5
36	Our sales have dropped/ stagnated in the last six months	1	2	3	4	5

SECTION E:

Please rate the firm's performance on the following attributes by ticking the appropriate response

Particular item	Strongly agree	Agree	Uncertain	Disagree	Strongly Disagree
The level of customer satisfaction in this firm is low	1	2	3	4	5
The level of customer retention in this firm is low	1	2	3	4	5
The level of customer acquisition in this firm is low	1	2	3	4	5
The revenue/sales performance of this firm is low	1	2	3	4	5
The growth of the business market share of this firm is low	1	2	3	4	5
The growth of the business sales in the last year was low	1	2	3	4	5
The level of return on this fitness enterprise investment was poor in the last three years	1	2	3	4	5
This firm's profitability is lower than anticipated	1	2	3	4	5
This firm's return on assets/ investment is low	1	2	3	4	5

SECTION F

Please indicate what kind of results you think/ perceive your fitness enterprise has for the moment by ticking the appropriate response

		Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
1	During the past three years, our market share has increased	1	2	3	4	5
2	During the past three years, customer satisfaction has increased	1	2	3	4	5
3	Over the past three years, our financial performance has exceeded our competitors	1	2	3	4	5
4	During the past three years, customer complaints have decreased	1	2	3	4	5
5	During the past three years, our new products/ services have been less attractive than those of competitors	1	2	3	4	5
6	During the past three years, customer loyalty has increased	1	2	3	4	5
7	Our sales volume has declined gradually in the past three years	1	2	3	4	5
8	We have a shrinking market share	1	2	3	4	5
9	Our clients keep moving to other fitness centers	1	2	3	4	5
10	We have not achieved our set profit margins in the last three years	1	2	3	4	5
11	We collect information on what customers want and expect in terms of service quality	1	2	3	4	5
12	We collect information on what customers want and expect in terms of program prices	1	2	3	4	5
13	We keep accurate data on customer and complaints	1	2	3	4	5
14	We keep accurate data on customer/ client progress in fitness programs	1	2	3	4	5
15	I am satisfied with my salary	1	2	3	4	5
16	I receive continuous on job training	1	2	3	4	5
17	I have a secure job	1	2	3	4	5

THANK YOU FOR YOUR TIME AND EFFORT ON THIS SURVEY.

APPENDIX 5
QUESTIONNAIRE FOR CLIENTS

Dear client

This survey is academic and aims at establishing the extent of service quality in fitness centers. We kindly request you to consent and to fill this questionnaire. Your input is very valuable and information gathered from your responses remains confidential and shall be for research purposes only.

Please indicate your answer by filing in your most appropriate and correct answer

1. Personal details of the respondent-(a) Gender _____ (b) Nationality: _____
_____ (c) Age _____
2. How many times per week you train?

3. Rate the firm's level of cleanliness? Very clean _____ Partially clean _____ Not clean _____ untidy _____
4. I am likely to look for a new fitness center in the next six months.
Yes _____ No _____

Highest education level <i>(Tick appropriately)</i>		Type of employment <i>(Tick appropriately)</i>	
Primary		Government (civil servant)	
Secondary		Casual laborer	
Vocational school		Company employee	
Diploma/certificate		Self employed	
University degree		Other (specify)	
Other (indicate)			

How do you feel about this center as a client? Circle the number which you most agree with in each statement for instance.....1,2, 3, (4), 5 indicating "agree"

		Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
1	When the firm promises to do something by a certain time it does so	1	2	3	4	5
2	When I have a problem, the firm shows sincere interest in solving it	1	2	3	4	5
3	The firm performs the service right the first time	1	2	3	4	5
4	The firm provides its services at the time it promises to do so	1	2	3	4	5
5	I am informed about when certain services will be performed	1	2	3	4	5

		Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
6	Employees in the firm give me prompt service	1	2	3	4	5
7	Employees in the firm are always willing to help me	1	2	3	4	5
8	Employees in the firm are never too busy to respond to my requests	1	2	3	4	5
9	The behavior of employees in the firm instills confidence in me	1	2	3	4	5
10	I feel safe in my transactions with the firm	1	2	3	4	5
11	Employees in the firm are consistently courteous with me	1	2	3	4	5
12	Employees answer my questions with a lot of knowledge	1	2	3	4	5
13	The firm gives me individualized attention	1	2	3	4	5
14	The firm has employees who give me personal attention	1	2	3	4	5
15	The firm has my best interests at heart	1	2	3	4	5
16	Employees of the firm understand my specific needs	1	2	3	4	5
17	The firm has modern-looking equipment	1	2	3	4	5
18	The firm's physical facilities are visually appealing	1	2	3	4	5
19	The firm's employees appear neat	1	2	3	4	5
20	Materials associated with the training (such as music, instructions) are visually appealing at the firm	1	2	3	4	5
21	I am satisfied with the hours the fitness centre operates/ opens	1	2	3	4	5
22	Overall I am satisfied with the fitness's services	1	2	3	4	5

THANK YOU FOR YOUR TIME AND EFFORT ON THIS SURVEY