



Exploring Saliency as a Strategic Disposition in Kenya

James Kamau Kairu

PhD Candidate, Kenya Methodist University

Thomas Anyanje Senaji

Professor, The East African University

ABSTRACT

Drawing from the socio-cognitive theory and upper echelon theory, we examined the relationship between saliency and competitiveness by surveying 163 managers from leather and textile firms in Kenya. We used three dimensions of saliency: *impact*, *sensitivity* and *interest* and measured competitiveness using both efficiency, such as profit; and effectiveness measures such as innovation. We found a significant relationship between all the dimensions of saliency and competitiveness (Impact: $r = .250$, $p = .001$; Sensitivity: $r = .436$, $p < .001$; Interest: $r = .416$, $p < .001$; Saliency: $r = .427$, $p < .001$). Further, sensitivity significantly influenced the odds for competitiveness at 5% level of significance (sensitivity: $\exp(B) = 2.435$, $Wald = 4.191$, $p = .041$); impact had the least negative and insignificant ($\exp(B) = .693$, $p = .444$) prediction of the odds for competitiveness. These findings suggest that the factors that are considered by managers of organizations as impactful, of interest and which managers perceived as sensitive have implications for competitiveness. It is recommended that managers enhance their cognitive capacity with regard to saliency to be able to perceive and interpret environmental cues and use these to make appropriate strategic decisions to improve their competitiveness.

Key words: Saliency, competitiveness, Kenya

INTRODUCTION

From the resource based view of the firm and the capability paradigm of strategy, superior performance of organizations depends on unique resources and capabilities that an organization has not least being the managers' capabilities. In particular, the cognitions of managers, which has implications for the decisions that managers make, and which affect the organizational strategy hence overall performance are crucial.

Managerial cognition can be comprehended for the socio-cognitive theory Bandura (1988), where the variables of cognition are saliency, regulatory focus, identity domain and internal/external orientation. Further, the strategy of an organization is partially a reflection of the thinking of top managers as predicted by the upper echelon theory (Hambrick & Mason, 1984). This study explored the relationship between saliency and competitiveness of leather and textile firms.

Salience

In this study, salience connoted the state of being important or conspicuous or getting noticed. It is the extent to which managers perceive factors as having *impact* on organization or to which the performance of the organization is *sensitive* or being of *interest* to stakeholders. The salience of an event is a factor which is essential in the discussion of the organization attention, which can be evaluated by the use of both bottom-up and top-down approaches. Where, the salient event has the more likely characteristic that can be noticed by an observer (Hubber & Sutcliffe, 2018). Also, it directly influences the perception of an event, and it forms the basis of the mental model.

Mitsubishi (2012) labeled the phenomena of salience as "objective salient" in one of his vicarious study of biases. While studying nuclear plant operation error, he argued that errors are more salient since they possess a substantial negative impact on the stakeholders. However, Salvato and Rerup (2018) argue that the weak environmental cues may contain opportunities or threat information, which are significant to the organization outcomes. He further concludes by setting recommendations on processes and structures needed by organizations to implement direct attention to the vital weak cues. Additionally, the top-down process to attention can help one understand the salience concept. Organizational structure, shared beliefs and managerial cognition can make events salient in the eye of an individual. For instance, Mitsubishi (2012) argues that an event is contextually salient when it becomes different to individuals compared to what they are used to or as they have encountered them.

An individual makes sense of the surrounding and the unfolding environmental events that are greatly influenced by the contemporary schema and mental models. Weick (2015) describes the process of sense-making as an individual's ability that extracts cues from the environment and compare them with the experience in their mental models. He also considers it as the process of making sense; suggesting that an individual always enacts an affirmation that is held currently in the mental model. In this regard, sense-making of an organization provides a view of attention which describes the components influencing the interpretation of issues by members of the organization (Weick, 2015). Finally, Ocasio and Nigam (2018) argue that sense-making and attention paying in a particular industry's aggressive moves are rooted in past mental models, in which this process creates new mental models directing future attention and further sense-making.

According to Hoffman and Ocasio (2010), salience stimuli interact with current models of mind in shaping the attention of individuals. Also, Sutcliffe and Huber (2018) consider salient as an event that has properties making it get noticed despite the difference level that may existing among individuals. Salience is regarded as the impact of a cue of the environment that attracts a lot of attention than any other. This is an essential element in attention concept. Particular attention suggests that organizations and individuals selectively concentrate on certain stimuli from external environment while not looking at others (Hoffman & Ocasio, 2010). Two processes exist to determine whether the event is salient. First, is the top-down process, where the decision-maker's mental models, channels and organization share beliefs and norms in making stimuli remarkable. The top-down process creates a notion that managers rearrange, alter and construct the physical features and meaning of their existing environment (Weick, 2015).

An environmental cue is salient if it is perceived by individuals in an organization as having an impact on an organization's outcomes, it is of interest and that if it is perceived as sensitive. Such factors can be competition, product quality, and customer service among other factors. These three have important implications for the performance of organizations including their competitiveness, and tend to receive managers' attention. Stated otherwise a salient cue or factor is one that attracts attention compared to other cues or factors in both the external and internal environment. However, from an organizational perspective, and considering a competitive business environment, salient factors are mainly from the external environment. From a strategy standpoint, some of the factors along which saliency is perceived are product quality, customer service, and competition because these are important considerations that have implications for performance of organisations.

Competitiveness

Competitiveness is important in understanding the continued existence of firms after their formation. It represents the minimum conditions for firms to remain in the market without implying any kind of competitive advantage. For as long as limits on opportunities and resources exist, firms in any industry have to compete and engage in actions that can give them an advantage over competitors. Competitive actions can take many forms including marketing campaigns, pricing strategies as well as mergers acquisitions. The common feature about these activities is that all aim at gaining competitive advantage over rival firms. To gain a better position at the expense of another player in an industry, a firm will resort to effective competitive strategies (Ferrier, 2015).

Ocasio (2017) asserts that initiation of competitive action by a competitor has important consequences for other organizations in the same industry, sector or market segment. The response from an organization occurs when decision-makers are aware of the activities in the business competitive environment. He argues that the decision-makers are bound by two processes involved in determining attention focus. The first one is a bottom-up process that deals with stimuli characteristics and the things that make them unique from others. The top-down process is the second one, which claims that values, goals, cognitive orientations and demand tasks influence the direction of attention. Thomas et al., (2014), argued that when industries experiencing competition at a faster pace face a demanding and complex environment, managers in these organizations should develop a quick interpretation of information and use this interpretation to make decisions. They suggest that interpretation may be a complicated process and various previous studies argue empirically and theoretically that when managers are exposed to the same stimuli, there will be a different interpretation from decision-makers of these organizations. For instance, different managers may look at specific competitive action by rivals, with others interpreting it as an opportunity while other may view it as a threat. This is due to contextual factors directing attention, information flow and interpretation (Ocasio, 2017). The more accurate the interpretation of the environment and the use of the information to make decision and take actions, the better will be the performance compared to that of competitors.

Consequently, competitiveness should be measured with respect to a benchmark because it is a relative concept (Pedraza, 2014). Firms must be compared with each other, or nations with each other; in this case producing absolute figures for a country or an industry is of no much use with regard to competitiveness. For example, an increase in competitiveness happens when

a firm lowers its costs relative to those incurred by rival firms in the same industry. In this illustration, it is seen that the firm with lower production costs would be more competitive compared to the one with higher production costs.

In this study, competitiveness connoted both the monetary (e.g., profit) and nonmonetary measure of organizational effectiveness (e.g. innovation leading to new product development) (see e.g. Senaji, 2012). It encompassed actions that firms engage in to give them advantage over competitors including market share, profitability, high customer satisfaction, and pricing.

Satisfactory performance is the foal of nay organisation. Consequently, managers that are charged with the responsibility to guide their respective organisations to acceptable performance have the imperative to accurately sense their operating environment and use this information to formulate and implement appropriate strategies. However, while managers of the textile and leather firms play an important role in the identification and analysis of environmental changes to obtain information which forms input for the formulation of their firm strategy, the effectiveness of their actions is not clear going by the performance of these two industries. In particular, the extent to which the chosen strategies are matched with external environment and internal conditions, and whether the firms achieve competitiveness to enhance organization performance from these strategies remains unclear form an empirical perspective.

This study thus sought to establish the influence of salience – measures by “impact”, “sensitivity” and “interest” - on the competitiveness of textile and leather firms in Kenya purposing to elicit findings expected to provide clarity on cognitive disposition of managers, competitive dynamics and performance. In particular, it was not clear how product quality, customer service, and competition were salient to leather and textile firms managers.

THEORY AND HYPOTHESIS

This study was underpinned by the Upper Echelon theory (UET) (Hambrick & Mason, 1984), that hypothesizes that the outcomes of organizations are predicted partially by the characteristics of the managers at the top position of an organization and the Social Cognitive Theory (SCT) (Bandura, 1986), which explains psychosocial operational processes in terms triadic reciprocal causation In this theory, behavior, cognitive and casual structure, and other factors of individual together with environmental events function as interacting factors that influence each other in a bi-directional manner. The term “triadic reciprocal causation” is used in this theory to refer to the mutual influence between three variables, namely environment, behavior, and person (mainly cognitive factors as memory or anticipation) (Bandura, 1986). Reciprocal Determinism is at the core of this theory and refers to the dynamic and reciprocal interaction between the person (individual with a set of learned experiences), environment (external social context), and behavior (responses to stimuli to achieve goals). For example, behaviour has consequences to which a person psychologically responds.

The UET attributes decisions by decision makers (managers) to behavioral factors rather that objectives and clear economic optimization. This theory plays an important role during decision making by the Top Management Team (TMT). The theory posits that the strategy of an organization is a reflection TMT thoughts. It underpins TMT decisions including how they allocate attention and deal with competitive dynamics. This theory may suffer some limitations

because the current thinking in studies of organizations is the empowerment of middle level managers to make decisions and act quickly. This is the case because it is at this level of management where critical actions are to be taken. It would therefore appear that the notion of “behavior of an organization being the reflection of TMT” may not be entirely sufficient because the lower level managers play a crucial role in the overall outlook/ performance of the organization.

On the other hand, the SCT posits that the cognitive and behavioral aspects influence managerial decision making. The theory is important because it creates a link between an individual’s cognitive structure and the decisions they make regarding strategy formulation and implementation.

In general, both UET and SCT underpin managerial cognition. In particular, managerial cognition is at the core of managers’ disposition with regard to saliency, regulatory focus, identity domain and external/internal orientation which in turn affect their strategic posture and performance. Specifically, saliency is about whether an event is perceived to be impactful, sensitive and of interest. The predictions of the SCT notwithstanding, it is important to consider the fact that cognitions are subject to individual biases which may impair the accuracy of these cognitions and the decisions that arise from them. It is also true that managers may differ in their cognitive complexities and therefore the heterogeneity in their decisions; and organisations outcomes as reflected in competitiveness and performance.

Mental models have a vital role in the performance and how managers place various actions, and they determine the saliency (Ocasio & Hoffman, 2001). Also, the variable of response speed, and likelihood influences the relationship nature between the dependent variable and cognitive predictors. Sutcliffe and Huber (2018), discussed the strong point of situation in their saliency concept. They claimed that harsh conditions have a meaning in transparent form and in the same way, it leads people to interpret the event. Alternatively, Bornadi and Keim (2014), argues that weak situations are often vague and results in dissimilar uniformity regarding specific behavior. Where in the case, individual perceive, notice, and interpret incidents in their cognitive orientation and mental model. Operationally, saliency “generally denotes the importance an actor attaches to an issue” (Warntjen, 2012, p. 2). Further, the attention that an issue/event receives from key constituents “interest” in the context of saliency. The basis of the attached importance can be “its (estimated) policy impact, the political sensitivity of an issue or the attention it receives from core constituencies” (p.2), and has two components, namely “actor-specific and an issue-specific”. These two components may determine the decisions about business action or responsiveness to environmental cues – whether quick or slow, and whether at the top level, middle level or operational level of management. In this regard, saliency is a cognitive process where managers at all levels need to perceive the issue at hand as “*having great or little impact*”, “*being sensitive or not*” or “*being of high interest or low interest to stakeholders*”.

Based on the reviewed literature on saliency and competitiveness, we hypothesized the relationship between these two variables as follows:

H₀₁: Perception of environmental cue’s (product quality, customer service, competition) as impactful has no relationship with competitiveness of leather and textile firms in Kenya

H₀₂: Perception of environmental cue's (product quality, customer service, competition) sensitivity has no relationship with competitiveness of leather and textile firms in Kenya

H₀₃: Perception of environmental cue (product quality, customer service, competition) as being of interest has no relationship with competitiveness of leather and textile firms in Kenya

In this regard we posited that salience is related with competitiveness and set out to test the null hypotheses.

METHODOLOGY

Study context

Textile and leather firms in Kenya are encountering competition from imported new products and secondhand products (*mitumba*) imported from developed and other developing countries such as china and India. Manufacturing is one of Kenya's development plans in the "Big Four Agenda" which aims to create employment for millions of unemployed Kenyans through local manufacturing of products for local use and export, creation of job opportunities, and less utility of foreign exchange to import the items hence its preservation and improvement of the country's balance of payment.

Efficient textile and leather industry, as observed from the performance of the firms, plays an important role in the economic development of a country like Kenya. The industry continues to experience changes brought about by a changing global and local environment including technological changes that impact production. In particular the salience of product quality, customer service, and competition to textile and firm managers had received little empirical examination in a Kenyan context and elsewhere. Hence, this and the fact that Kenya is focusing on this sector to create employment and improve the livelihoods presents a context to this study.

Design

A descriptive research design that enabled the generalization of the findings to a larger population of textile and leather manufacturing firms maximizing the reliability of the evidence collected. Data was collected from the textile and leather manufacturing firms listed by Kenya Association of Manufacturers. Self-administered structured questionnaires were used to collect data from managers in all the 104 textile and leather manufacturing firms. The sampling frame for this study was top level managers from all the 104 firms (textile and apparels: $N_1 = 85$; leather and footwear: $N_2 = 19$) in Kenya. These firms are distributed throughout Kenya. Since the unit of analysis was the firm, one respondent per firm with the right information regarding the operations of the firm would have sufficed, however since the study was about cognitions which vary across individuals, at least three responses from managers were targeted from each firm.

Data Coding and Model Estimation

Data was processed using the SPSS (Statistical data processing for Social Sciences) Version 24 and correlation and binary logistic regression analysis used generate results. The binary logistic regression was used since the dependent variable elicited ordinal level responses. The dependent variable was thus binary coded according to the following rule:

$$y^* = \begin{cases} 1, & \text{if } y = TRUE \text{ (} y \geq 3.4 \text{)} \\ 0, & \text{otherwise (} y < 3.4 \text{)} \end{cases}$$

Where y^* is a binary variable which takes value of “1” for an aggregate mean equal to or more than 3.4 ($y \geq 3.4$) and “0” for a value of y less than 3.4 ($y < 3.4$) on a scale of 1 to 5 where, 1 = *Almost never true*, 2 = *Usually Not True*, 3 = *Occasionally True*, 4 = *Usually True*, and 5 = *Almost always true*.

Upon coding of the data for “*competitiveness*” obtained from a five point Likert scale to binary, according to the specified rule, the logistic regression of competitiveness on saliency (impact, interest and sensitivity), which was used to predict the odds for competitiveness (see Model 1), thus:

Model 1: Direct effect of saliency on competitiveness

$$\text{Logit } Y, L = \ln\left(\frac{p}{1-p}\right) = z; \text{ where } z = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

In this model, X_i and β_i ($i = 1, 2, 3$) are respectively the i^{th} predictor variables (impact, sensitivity and interest), and the associated coefficients of regression β_i ; Y is firm competitiveness while β_0 and ε are the constant and random error term, respectively.

RESULTS AND DISCUSSION

It was hypothesized that *saliency has no significant influence on the competitiveness of textile and leather firms* and the results of the investigation are presented next starting with descriptive then inferential results.

Status of saliency and competitiveness

Data on saliency which comprised impact, sensitivity and interest; and competitiveness was analyzed and descriptive statistics obtained are displayed on Table 1. The variables that were assessed to determine whether they were perceived to be impactful, of interest and sensitive were competition, customer service and product quality.

Table 1. Status of salience of leather and textile firms Descriptive Statistics

| | N | M | SD | Skewness Stat | SE | Kurtosis Stat | SE |
|---|------------|-------------|-------------|------------------|--------------|------------------|--------------|
| Competition has an impact on our organization | 163 | 3.87 | 0.87 | -0.64 | 0.190 | 0.186 | 0.378 |
| Customer service has an impact on our business | 163 | 4.33 | 0.82 | -1.287 | 0.190 | 1.751 | 0.378 |
| Product quality has an impact our business | 163 | 4.47 | 0.79 | -1.67 | 0.190 | 2.942 | 0.378 |
| Impact | 163 | 4.22 | 0.62 | -1.239 | 0.190 | 2.580 | 0.378 |
| Our organization is sensitive to competition | 163 | 3.93 | 0.86 | -0.631 | 0.190 | 0.230 | 0.378 |
| Our organization is sensitive to customer service | 163 | 4.29 | 0.84 | -1.338 | 0.190 | 2.125 | 0.378 |
| Our organization is sensitive to product quality | 163 | 4.40 | 0.88 | -1.87 | 0.190 | 4.071 | 0.378 |
| Sensitivity | 163 | 4.20 | 0.70 | -1.492 | 0.190 | 3.577 | 0.378 |
| Competition is of interest to our stakeholders | 160 | 3.92 | 0.80 | -0.241 | 0.192 | -0.589 | 0.381 |
| Customer service is of interest to stakeholders | 161 | 4.30 | 0.77 | -0.901 | 0.191 | 0.285 | 0.380 |
| Product quality is of interest to stakeholders | 161 | 4.40 | 0.80 | -1.362 | 0.191 | 1.844 | 0.380 |
| Interest | 160 | 4.21 | 0.63 | -0.562 | 0.192 | -0.362 | 0.381 |
| Salience | 163 | 4.26 | 0.65 | -0.588 | 0.190 | 0.555 | 0.378 |

The result (Table 1) suggests that managerial cognition of managers with regard to salience was satisfactory ($M = 4.26$, $SD = 0.65$). This implies that the managers were capable of sensing their environment, perceiving the various cues and distinguished them as impactful, sensitive and of interest to their organizations. From the result, the most salient factor was product quality (*impact: $M = 4.40$, sensitivity: $M = 4.20$; interest: $M = 4.21$*) followed by customer service (*impact: $M = 4.33$; sensitivity: $M = 4.29$; interest: $M = 4.30$*), and lastly, competition (*impact: $M = 3.87$; sensitivity: $M = 3.93$; interest: $M = 3.92$*).

Competitiveness

Competitiveness as measured by efficiency and effectiveness measures and the result is shown on Table 2.

Table 2. Competitiveness of textile and leather firms

| Descriptive Statistics | N | M | SD | Skewness | Kurtosis | | |
|--|------------|-------------|-------------|---------------|--------------|--------------|--------------|
| | Stat | Stat | Stat | Stat | SE | Stat | SE |
| Increased our market share | 159 | 3.97 | 0.87 | -0.587 | 0.192 | 0.042 | 0.383 |
| Increased profitability | 159 | 4.06 | 0.91 | -0.644 | 0.192 | 0.218 | 0.383 |
| Increased the number of branches/Sister firms in the same geographical area | 158 | 2.93 | 1.43 | -0.142 | 0.193 | 1.369 | 0.384 |
| We have maintained a price slightly lower than our competitors | 161 | 3.37 | 1.03 | -0.193 | 0.191 | 0.601 | 0.380 |
| Expanded into new geographical markets | 160 | 3.49 | 1.25 | -0.633 | 0.192 | 0.488 | 0.381 |
| Significantly reduced the cost of our operations (cos) | 156 | 3.63 | 1.05 | -0.498 | 0.194 | 0.325 | 0.386 |
| Improved our customer satisfaction levels (cr) | 162 | 4.28 | 0.85 | -1.181 | 0.191 | 1.21 | 0.379 |
| Made improvements on existing products (ino) | 159 | 4.20 | 0.88 | -1.203 | 0.192 | 1.564 | 0.383 |
| Commercialized new products (ino) | 159 | 3.94 | 1.00 | -0.939 | 0.192 | 0.891 | 0.383 |
| Our quality is better than that of our competitors (qual) | 158 | 4.44 | 0.69 | -0.945 | 0.193 | 0.139 | 0.384 |
| We have implemented system that have increased our knowledge about the market requirements (kno) | 161 | 3.89 | 0.96 | -0.732 | 0.191 | 0.465 | 0.380 |
| We have expanded our community services (sr) | 155 | 3.67 | 1.18 | -0.682 | 0.195 | -0.26 | 0.387 |
| We have forged beneficial strategic alliances (sa) | 157 | 3.67 | 1.21 | -0.715 | 0.194 | 0.319 | 0.385 |
| Our production techniques have been enhanced (prod) | 156 | 4.10 | 0.97 | -0.862 | 0.194 | 0.047 | 0.386 |
| Efficiency of our operations have been improved through implementation of information and communication technologies (ict) | 159 | 4.24 | 0.88 | -0.937 | 0.192 | 0.003 | 0.383 |
| Competitiveness | 163 | 3.88 | 0.72 | -0.031 | 0.190 | 0.569 | 0.378 |
| Valid N (listwise) | 138 | | | | | | |

Overall the competitiveness of the leather and textile firms was moderate at $M = 3.88$, $SD = 0.72$. The firms were effective with regard to *customer relations* which was reported as: “Improved our customer satisfaction levels” ($M = 4.28$, $SD = 0.85$), *innovation*, which is “made improvements on existing products” ($M = 4.20$, $SD = 0.88$), and *quality*, namely “Our quality is better than that of our competitor” ($M = 4.44$, $SD = 0.69$).

Further, the firms had achieved some levels of efficiency that was implied by the results. In particular, there was “Increased our market share” ($M = 3.97$, $SD = 0.87$), “Increased profitability” ($M = 4.06$, $SD = 0.91$), and “Efficiency of our operations have been improved through implementation of information and communication technologies” ($M = 4.24$, $SD = 0.88$).

Relationship between impact, sensitivity interest and competitiveness

The relationship between salience (impact, sensitivity and interest) and competitiveness is presented on Table 3.

Table 3. Relationship between salience and competitiveness
Correlations

| | 1 | 2 | 3 | 4 | 5 |
|--------------------|--------|--------|--------|--------|---|
| 1. Impact | | | | | |
| 2. Sensitivity | .736** | | | | |
| 3. Interest | .557** | .630** | | | |
| 4. Salience | .783** | .848** | .746** | | |
| 5. Competitiveness | .250** | .436** | .416** | .427** | |

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

From the result (Table 3), the strongest linear relationship was between competitiveness and “sensitivity” ($r = .436$), followed by competitiveness and “interest” ($r = .416$) and the weakest relationship was between competitiveness and “impact” ($r = .250$) all the correlations were significant at $p < .05$.

Cross-tabulations and Chi-square test

Further the cross-tabulation of competitiveness and salience variables (impact, sensitivity and interest) was done and the result is shown on Table 4.

Table 4. Cross-tabulation: Competitiveness BY impact, sensitivity, interest

| Count | | Competitiveness_bin | | Total |
|-----------------|---|---------------------|------------|------------|
| | | 0 | 1 | |
| Impact_bin | 0 | 10 | 24 | 34 |
| | 1 | 35 | 94 | 129 |
| Total | | 45 | 118 | 163 |
| Sensitivity_bin | 0 | 16 | 16 | 32 |
| | 1 | 29 | 102 | 131 |
| Total | | 45 | 118 | 163 |
| Interest_bin | 0 | 18 | 22 | 40 |
| | 1 | 27 | 96 | 123 |
| Total | | 45 | 118 | 163 |

The cross tabulation was followed by chi-square tests, and the result is presented in Table 5.

Table 5. Chi-square tests

| Variable | Statistic | Value | df | Asymp. Sig. (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|-------------|------------------------------------|--------------------|----|-----------------------|----------------------|----------------------|
| Impact | Pearson Chi-Square | .070 ^a | 1 | 0.791 | | |
| | Continuity Correction ^b | 0.002 | 1 | 0.961 | | |
| | Likelihood Ratio | 0.069 | 1 | 0.792 | | |
| | Fisher's Exact Test | | | | 0.83 | 0.473 |
| | Linear-by-Linear Association | 0.07 | 1 | 0.792 | | |
| Sensitivity | Pearson Chi-Square | 9.990 ^a | 1 | 0.002 | | |
| | Continuity Correction ^b | 8.644 | 1 | 0.003 | | |
| | Likelihood Ratio | 9.216 | 1 | 0.002 | | |
| | Fisher's Exact Test | | | | 0.003 | 0.002 |
| | Linear-by-Linear Association | 9.929 | 1 | 0.002 | | |
| Interest | Pearson Chi-Square | 8.023 ^a | 1 | 0.005 | | |
| | Continuity Correction ^b | 6.911 | 1 | 0.009 | | |
| | Likelihood Ratio | 7.563 | 1 | 0.006 | | |
| | Fisher's Exact Test | | | | 0.008 | 0.005 |
| | Linear-by-Linear Association | 7.974 | 1 | 0.005 | | |
| Saliency | Pearson Chi-Square | 3.656 ^a | 1 | 0.056 | | |
| | Continuity Correction ^b | 2.539 | 1 | 0.111 | | |
| | Likelihood Ratio | 3.419 | 1 | 0.064 | | |
| | Fisher's Exact Test | | | | 0.106 | 0.059 |
| | Linear-by-Linear Association | 3.633 | 1 | 0.057 | | |

a 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.04.

b Computed only for a 2x2 table

According to the results (Table 5), there was a significant association between *sensitivity* and competitiveness (Chi-Square = 9.990, df = 1, p = 0.002 < 0.05), and between *interest* and competitiveness (Chi-Square = 8.023, df = 1, p = 0.005 < 0.05). However, the association between *impact* and competitiveness was not significant (Chi-Square = .070, df = 1, p = 0.791 > 0.05). This result suggests that the perception of *impact* for competition, customer service and quality of products had no association with competitiveness of leather and textile firms. Further saliency – the composite of “impact”, “interest” and “sensitivity” had a significant association with competitiveness at p = 0.056 (p < .01). Overall, saliency is associated with competitiveness because both sensitivity and interest are significantly associated with competitiveness of texture and leather firms.

Influence of saliency on competitiveness

Logistic regression was used to examine the influence of saliency on competitiveness and the result is presented on Table 6.

Table 6. Influence of salience on competitiveness

| Variables in the Equation | | B | S.E. | Wald | df | Sig. | Exp(B) |
|---------------------------|-------------|--------|-------|-------|----|-------|--------|
| Step 1a | Impact | -0.367 | 0.479 | 0.586 | 1 | 0.444 | 0.693 |
| | Sensitivity | 0.890 | 0.435 | 4.191 | 1 | 0.041 | 2.435 |
| | Interest | 0.731 | 0.391 | 3.489 | 1 | 0.062 | 2.078 |
| | Constant | -4.158 | 1.457 | 8.146 | 1 | 0.004 | 0.016 |

a Variable(s) entered on step 1: Impact, Sensitivity, Interest.

What was perceived as being of impact, reduced the odds for competitiveness by about 70% (exp (B) = .693, $p = .444 > .05$) though this was not significant ($p > .05$) at 5% level of significance. Both “sensitivity” to and “interest” in product quality, customer service and competition increased the odds for competitiveness by at least two times (*sensitivity*: exp (B) = 2.435, Wald = 4.191, $p = .041$; *interest*: exp (B) = 2.078, Wald = 3.489, $p = .062 > .05 < .1$). The perception of competition, customer service and product quality as having *impact* had no significant influence on the odds for competitiveness of leather and textile firms while their perception (competition, product quality and customer service) of *sensitivity* had the greatest influence on the odds for competitiveness. The perception of these factors (competition, customer service and product quality) as being of interest had significant influence on competitiveness at $p < .1$ ($p = .062$). Specifically, perception of sensitivity of competition, customer service and product quality as being sensitive had the greatest influence on competitiveness followed by the perception of the factors being of interest.

CONCLUSION AND IMPLICATIONS

Salience predicts the odds for competitiveness. Salience, comprising perception of impact, sensitivity and interest are significantly related with competitiveness of firms (*impact*: $r = .250$, $p < .05$; *sensitivity*: $r = .436$, $p < .05$; *interest*: $r = .416$, $p < .05$; *salience*: $r = .427$, $p < .05$).

In particular, “sensitivity” (+) has the greatest influence followed by “interest” (+) and lastly “impact” (-). The influence of impact is negative. These findings suggest that the factors that are considered by managers of organisations as impactful, of interest and sensitive to business have implications for competitiveness. It is recommended that managers enhance their capacity to perceive and interpret environmental cues and use this to make decisions for the business.

The findings of this study suggest that salience influences the odds for competitiveness of leather and textile firms. It is concluded that managers need to enhance their cognition of sensitivity of competitive factors, namely competition, and customer service and product quality, and the interest of these factors to stakeholders, and use these cognitions to guide their strategic and operational decisions.

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