X THE INFLUENCE OF ORGANIZATIONAL STRUCTURE AND INDUSTRY COMPETITION ON THE RELATIONSHIP BETWEEN CORPORATE STRATEGY AND PERFORMANCE OF COMPANIES LISTED ON THE NAIROBI SECURITIES EXCHANGE

BY

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2017

DECLARATION

I, the undersigned declare that this thesis is my original work and has not been submitted to any other college, institution or university for academic credit.

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DEDICATION

I dedicate this thesis to my beloved wife Esther and my beloved children, Bjorn Ben, Gloria, Yvonne, Brian and Ray Bon for their unwavering support, love, understanding, encouragement and prayers during this academic endeavour. I also dedicate this thesis to my parents, my mothers, Tabitha and Beliah, the entire Ogaga family, and posthumously to my late father Mwalimu Ben Ogaga who introduced me into scholarly life at a very tender age. Dad, I say thank you for the solid foundation you laid for me, and verily I thank the Almighty God for making this dream come true. Amen.

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GOD BLESS

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ABBREVIATIONS AND ACRONYMS

ANOVA:	Analysis of Variance
ASEA:	African Securities Exchanges Association
BP:	Business Policy
BSC:	Balanced Score Card
CEO:	Chief Executive Officer
CMA:	Capital Markets Authority
CP:	Conduct and Performance
CV:	Co-efficient of Variation
CS:	Corporate Strategy
DC:	Dynamic Capabilities
DCT:	Dynamic Capabilities Theory
DY:	Dividend Yield
EPS:	Earnings Per Share
ESPs:	Economic Stimulus Programmes
IAS:	International Accounting Standards
IC:	Industry Competition
IO:	Industrial Organization
JSE:	Johannesburg Securities Exchange
MNC:	Multinational Corporation
NASDAQ:	National Association of Securities Dealers Automated Quotations
NSE:	Nairobi Securities Exchange
OS:	Organizational Structure

OT:	Organization Theory
PMM:	Performance Measurement and Management
PMS:	Performance Measurement Systems
RBV:	Resource Based View
R&D:	Research and Development
ROA:	Return on Assets
ROI:	Return on Investment
ROS:	Return on Sales
SAPs:	Structural Adjustment Programmes
SBSC:	Sustainable Balanced Score Card
SCA:	Sustainable Competitive Advantage
SCP:	Structure Conduct Performance
SME:	Small and Medium Enterprise
SP:	Structure and Performance
SPSS:	Statistical Package for Social Sciences
SWOT:	Strengths Weaknesses Opportunities and Threats
TBL:	Triple Bottom Line
UK:	United Kingdom
USA:	United States of America
VRIN:	Valuable, Rare, Inimitable, Nonsubstitutable

ABSTRACT

Business survival the world over is largely dependent upon their corporate strategies and extant structural configuration. The main purpose of a firm is to achieve sustainable competitive advantage in the industry in which it is operating. Scholars generally concur that strategic content and orientation, by and large, affect firm performance. Researchers and stakeholders have attempted to unravel how their firms can remain competitive by ensuring sustainable superior performance. Despite these efforts, it is still difficult to explain how similar firms operating in the same industry would manifest themselves differently and have variations in their performance. The broad objective of the study was to investigate the influence of organizational structure and industry competition on the relationship between corporate strategy and performance of companies listed on the Nairobi Securities Exchange. Consequently, four specific objectives were formulated with corresponding hypotheses which were statistically tested. The context of the study was publicly quoted companies in Kenya, and relied on both secondary and primary data. Anchored upon industrial organization economic theory, contingency theory and stakeholder theory, the study was an empirical investigation of the impact of industry competition and organizational structure on the strategy-performance relationship of companies listed on the publicly quoted companies. The research population comprised all the sixty three companies listed on the bourse. A descriptive census survey was conducted on the companies with a response rate of seventy three percent. The respondents comprised mainly, top management staff, of the Kenyan listed companies. Statistical tools were applied to evaluate variations in manifestations of the variables and to test the hypotheses respectively. Baron and Kenny model and hierarchical regression used to test for moderating influence of industry competition whereas the mediating role of organizational structure was tested using stepwise regression method. The key finding is that joint effect of the predictor variables was greater than the single effect of corporate strategy on performance. The overall results show that the finding was statistically significant in respect of non financial performance. This supported Industrial economic theory, contingency theory and stakeholder theory. The study makes significant contribution to strategic management theory, policy issues and managerial practice. The findings are intended to assist organizations in formulating and concretizing policies for continuity of organizational success. It offers suggestions and recommendations for policy makers that are poised to improve performance. Consequently, the study also proposes areas for further research.

CHAPTER ONE

INTRODUCTION

1.1 Background

In the wake of myriad challenges and turbulence in the global market environment, the concept of corporate strategy is generally embraced owing to its immense contribution to organizational performance. Researchers have postulated many factors that affect performance of companies globally, key among them strategy, organizational structure and industry competition (Mintzberg, 1998; Lenz, 1981; Namada et al., 2014; Porter, 1985). Strategic management research over the years has confirmed that success in organization is seldom dependent upon one factor, but a combination of several factors such as corporate strategy, organizational structure and industry competition. Scholars and stakeholders have attempted to unravel how firms can remain competitive by ensuring sustainable superior performance (Porter 1996, 1980; Grant 2013; Dawar, 2014). Okeyo (2013) and Leitao & Franco (2008) argue that internal business structure may have some bearing on how organizations utilize resources thereby affecting their performance.

Researchers and practitioners such as Grant, 2013, Teece, 2014 and Jelsky et al (2007) have endeavoured to discover why organizations vary in their performance levels. Aosa (1992) noted that emphasis in strategic management is mainly market driven approaches strategy, which should ideally help companies achieve sustainable competitive edge in the turbulent global market arena. Appropriate organizational structure and processes should fit or match its environment for superior performance (Huselid & Becker, 2011; Chandler, 1962). Organizations thus need to establish the critical factors that influence profitability and ultimately the overall performance of its industry.

In this study, the industrial organizational (IO) economic theory of structure, conduct, performance (SCP) paradigm anchors the concepts of corporate strategy, organizational structure and performance relationship (Mason, 1939; Bain, 1956, 1968; Porter, 1981; Chandler, 1962). The contingency theory anchors the concept of organizational structure and its attendant influence in the relationship (Morton and Hu, 2008; Donaldson, 2001). Furthermore, IO complemented by game theory and resource based view (RBV) together with dynamic capabilities theory (DCT) underpin industry competition concept (Collis and Montgomery, 2005; Newman et al., 2014; Grant, 2013; Teece, 2014; Wenerfelt, 1984). Likewise, the stakeholder theory anchors the concept of Performance (Ferrero, 2014; Donaldson & Preston, 1995; Friedman, 1984).

Companies listed on the Nairobi Securities Exchange (NSE) represent the face of the main sectors of the Kenyan economy. The choice of this study has been motivated by the fact that firms that operate in the same industry and sectors often reflect different performance levels. Performance and long term survival of these organizations is affected by a plethora of factors including, but not limited to, their internal structural configuration and how strategy is aligned with such configuration to create a seamless fit with the business environment (Machuki, 2011; Awino, 2011; Mkalama, 2014; Thompson & Strickland, 2003; Ansoff, 1991). The companies manifest different performance levels due to the fact that they employ different strategy, competences, capabilities and structural orientation in the various industries or sectors within which they operate. This study postulates the view that organizational structure and industry competition have fundamental effect on the relationship between corporate strategy and performance of Kenyan publicly quoted companies.

1.1.1 Corporate Strategy

Different scholars have assigned various definitions to the concept of strategy to advance their perceptions of it. Hax and Majluf (1996) provided a unified definition of strategy that underscores the holistic consideration of internal and external organizational aspects as a means of assuring organizations of sustainable competitive advantage. According to Mintzberg (2003) strategy can be a plan, ploy, position, pattern and a perspective. Strategic management does give positive influences with respect to profitability of large firms (David, 1997). According to Drucker (1954) strategy is an analytical process that is focused on making corporate decisions. He conceptualizes strategy as the process of seeking a better match between a firm's product and technology and its increasingly turbulent environment. Porter (1985) defined the goal of strategy as the search and realization of a favourable competitive position in an industry as well as a firm's positioning and competition.

Ansoff (1987) describes strategy as a systematic approach that enables a firm to position and relate itself to its environment in such a way that will assure its continued success and make it secure from contingent surprises. The definition underscores firm positioning in the environment devoid of surprises and need for enhanced performance; where the surprises are caused by industry competition. This requires well defined and articulate relevant strategic decisions, since decision making is at the heart of the organization environment. However, Porter (1981) argues that decisions are only deemed to be strategic if they engender value addition and impact on firm performance.

Andrews (1971) and Chen (2010) described corporate strategy as the embodiment of major economic and non economic designed to pursue organizational goals for the ultimate benefit of stakeholders. Other scholars including Mintzberg, 2003, Machuki & Aosa, (2011) and Collins & Rukstand, 2013) have described strategy as the pattern of decisions in a company that define the plans and policies for purpose of achieving organizational goals and objectives.

From the foregoing, it is imperative to have a focus on the firm, its industry positioning, the need for implementation and the attendant achievement of strategic objectives. Additionally, the study takes cognizance of the fact that the cardinal objective, purpose and goals of every organization is to achieve superior performance and long term survival in the constantly changing and volatile global business environment. According to Clayton, (2016), corporate strategy defines the markets and the businesses in which an organization chooses to operate. He postulates three critical typologies of corporate strategy as growth, stability and renewal within the business life cycle pattern.

Many scholars including Johnson and Scholes (1999), Waweru (2008) and Aosa (2011) and Pearce and Robinson, (2007) have variously conceptualized strategic management as largely concerned with deciding on the strategy and planning how that strategy will be actualized through strategic analysis, strategic choice and ultimately strategy implementation. These scholars are implicit about competition with respect to choice which is a factor where various options or strategies are competing for implementation and these choices emanate from environmental conditions. On the other hand, the researchers are explicit about the need for implementation. From the foregoing definition, it is explicit that competition is a central factor in strategy.

Certo and Peter (1995) view strategy as a functional process aimed at matching an organization to its environment. Since competition is part of the environment this can be a call for being cognizant of and responsive to competitor moves. It also calls for the need for success in all environmental conditions. The authors further emphasize strategy implementation as an imperative for strategic management and organizational success.

Ansoff (1987) contends that strategy is an elusive and somewhat abstract concept. This concept may be crystallized by a definition of strategic management as a synergy of the various elements and procedures of strategy which culminate in a synthesized competitive strategy implementation aimed at achieving sustainable competitive advantage and superior performance. It is thus explicit that all endeavours in strategic management are geared towards attainment of competitive edge and ultimately superior firm performance and organizational success.

There are mainly three levels of strategy: namely corporate, business and operational levels. This study focuses on the corporate level of an organization which encapsulates the overall purpose and scope the entity, and the value addition thereof (Johnson et al., 2008). Strategic decisions should specify activities and implementation agenda for the purpose of attaining organizational goals by way of scanning, forecasting and assessing the business environment (Ireland, et al., 2013). According to Machuki, (2011) and Bourgeois, (1980), two major schools of thought exist within the strategic management field. They are the rational school and the emergent/adaptive strategy school. Rational strategy-making is regarded as a rational analytical approach to assess environmental conditions, coordinate organizational actions, and set a strategic direction (Ansoff, 1965, 1991; Schendel & Hofer, 1979). Emergent strategies, on the other hand, form through a learning process; usually in response to external forces

(Mintzberg, 1983). Johnson et. al., (2008) conceptualized that the strategy process comprises three main elements which help turn an organization vision into concrete achievable goals and objectives. These are strategic analysis, strategic choice and strategic implementation, which entail setting organization vision, objectives and aligning the strategic actions to the environment (Kotter, 1996; Arasa & K'Obonyo 2012).

Scholars including Porter, (1987), Stoner, (1994) and Machuki (2011) have proved that strategy is critical pooling and allocating resources, based on a firm's internal competencies and the volatility in the environment. Furthermore, the notion of corporate strategy presupposes that corporations should own and control businesses in a range of markets or products (Johnson & Scholes, 2008). However, transaction cost economists argue that diversified corporations should only exist in the event of market failures. If markets worked well there would be no need for business units to be coordinated through managerial structures.

Co-alignment process is heavily employed in both the business policy (BP) and organization theory (OT) literature (Murgor, 2014; Andrews, 1971; Machuki, 2011; Burnes, 2000)). This co-alignment delineates the activities through which organizational leaders establish the socio-economic mission of the organization, define its domain(s) of action and determine how it will navigate or compete with its rivals. Burgeios (1980) argue that domain definition of corporate strategy is enacted at the general environmental level, and that domain navigation strategies are carried out within the organization. This study seeks to expand the boundaries of potential factors that jointly with strategy, impact performance in companies listed on the NSE. The study takes cognizance of the fact that, there is an already established effect of strategy on performance, but argues further that there exists a reciprocal relationship between strategy, organizational structure, industry competition and performance.

1.1.2 Organizational Structure

Organizational structure is considered as the anatomy of the organization, providing a foundation within which the organization functions (Ansoff and McDonnell (1990). It is believed to affect the behavior of organizational members. This belief is based on a simple analogical observation. Buildings have halls, stairways, entries, exits, walls, and roofs. The structure is a major determinant of the activities of the people within it (Hall, 1997). According to Miles & Snow, (1984), the alignment mechanism is strategy, with structure being the firms functional activities. Ghosal (1996) postulates, that the traditional view of organizational structure describes structure as the way an organization is configured as work groups and the reporting, and authority relationship that interlink members of the organization. According to Ansoff and McDonald's (1990) proposition, further supported by Ranson et al., (1990) and Ogollah, (2012), organizational structure and processes should fit or match its environment in order for a company to attain desired performance. A vast majority of scholars including Ghosal (1996), Ansoff and McDonald, (1990) and Busienei, (2013), thus aver that firms with good fit perform better than those without good fit.

Structure is typically described on different aspects: some schools of thought have sought to describe structure as a formal configuration of roles and procedures (Hall, 2013; Mabey etal., 2001). Yet according to Alvesson and Wilmot (2002), structure is the patterned regularities and processes of interaction in an organization for evaluation and control. In tandem with Max Weber's theory of bureaucracies' structure can be defined as a formal dimension of framework, depicted by precise and impersonal, tasks rules and authority relations. Child, (1997) and Hall (2013), as further echoed by Busienei, (2013), underscored the hierarchical dimensions of structure typologically, as complexity, formalization and centralization.

Many scholars including Ghosal et al, (1994), Mabey et al. (2001); Keith et al (2003) and Busenei (2013) describe centralization as a rigid hierarchical structural orientation where power and authority are concentrated at the upper echelon of the organization. Ghosal et al, (1994) describes organizational structure by differentiating between organizations on dimension of centralization or decentralization depending on relationship with corporate head office. Organic model on the other hand, enjoys considerable autonomy and has a high degree of discriminability in some decision making (Barney, 1997; David et al., 2002; Grinyer et al., 1980).Various structures include; machine bureaucracy characterized by centralization, control and formal hierarchy, de-layered, divisional, strategic business units, de-structured forms, team structures (Mabey et al, 2001).

Any organization is a structure within a structure since the collaboration of others such as suppliers, customers, competitors, and government is required if it is to function and survive (Hall et al.1986). According to Chandler (1962), structure has two aspects namely: the lines of authority and communication between the different administrative offices and officers and the information and data that flow through these lines of communication and authority. According to Mabey et al. (2001), an organization can achieve optimal performance, when its structure matches the changes in its environment. Kenyan listed companies thus need to be structured in a way that most effectively handles the contingencies posed by the business environment.

Studies by Geeraets (1984) used specialization to define how tasks are distributed among employees and distinguished specialization and differentiation sometimes referred to departmentalization which entails complexity of organizational structure. Thus, it is expected that members in an organization of this type of structure find it difficult to agree on goals their decision making process tend to be interactive and political which may hinder firm performance.

Formalization refers to an organization structure where there are explicit job descriptions, numerous organizational rules and clearly defined procedures covering work processes (Burns & Stalker 1961). Formalization has significant consequences for organizational members because it specifies how, where, and by whom these tasks are to be performed. Chandler (1962) posits that formalization defines roles succinctly and unequivocally, but conversely, it might impede proactive behavior, creativity and innovation, thereby discouraging pursuit of opportunities which might negatively impact performance

According to Hall (1997) centralization refers to the extent to which the decision making and evaluation of activities is centralized. To a certain extent, centralization is suitable for coordination of decision making and instilling cognitive capacity in an organization (Mintzberg (1997).

Mechanistic structure exhibits authoritative communication patterns, formalized processes and rules and centralized decision making processes. The model may be suitable for large organizations and routine and stable business environments. They are formalized structures to reduce variability and ambiguity. However decision making becomes difficult for very large centralized descriptive organizations (Hall, 2013; Chandler, 1962; Kidombo, 2007; Ogolla, 2012; Busienei, 2013). According to Ansoff and Sullivan (1993) the profitability of a firm is optimized when its strategic behaviour is aligned with its environment. Miller and Friesen (1986) posited that specialization and formalization are essential in decision making as regards assigning roles and regulations.

Additionally, Burns and Stalker’s (1961) typology distinguishes between organic and mechanic organization structures. Miller and Friesen (1982) demonstrate that changes in organizational structure dimensions tend to occur together or follow one another after brief intervals in order to maintain an appropriate balance or configuration of organizational structures. A number of scholars including, Ansoff, (1991); Chandler, (1962); Hall, (2013), have pointed out the importance of organizational structure and its relationship to organization's size, strategy, technology, environment and culture. Mintzberg (1989) has written extensively and significantly on the importance of organizational structure. Miller (1989) explored the importance of configuration of strategy and structure. Burns and Stalker (1961) concluded that if an organization is to achieve maximum performance then its structure must fit with or match the rate of change in its environment.

1.1.3 Industry Competition

Industry competition in the context of this study, involves the Porter's five forces framework (Porter, 1980). The strength of the five forces determines the ultimate profit potential of an industry. After analyzing the five forces, a company is able to state about industry profitability and attractiveness (Johnson et. al., 2008). Aosa (1997) adopted and extended the five forces framework to a modified 8 Forces model which included Government, Logistics and Power Play as determinants of industry competition.

However, Porter's five force framework has been subject to several attacks lately. Some scholars have criticized its theoretical foundations arguing that the SCP approach to IO economics lacks rigor, especially when compared with the logical robustness of Game Theory. For instance, Grant (2013) after noting its empirical weakness, conceptualized complements as an additional Sixth Force in Porter's model. Complements have the opposite effect to substitutes. While substitutes reduce the value of a product, complements increase it. Based on the review and synthesis of empirical and conceptual literature, industry forces affect firm performance. This supports the conceptual linkages articulated in the conceptual model.

Porter (1979) conceptualized strategic positioning of a company in the wake of competition within its industry in order to attain stability and organizational success. The goal of the five forces framework cannot be gainsaid. It went beyond just assessing industry profitability and attractiveness but also to comprehend the underpinnings of competition and the main stimuli of profitability (Porter, 2008; Dalken, 2014).

Porter (1980) postulates that the industry in which competition takes place is critical for good industry analysis, and for developing strategy and setting out business unit boundaries. It must neither be defined too broadly nor too narrowly. According to Grundy (2006), managers set a higher focus on the external environment in comparison to the traditional strength, weakness, opportunity and threat (SWOT) analysis. Hitt et al. (2011) postulate that a new competitive landscape has emerged based on technological revolution, and increased globalization, and that the strategic discontinuities encountered by firms transform competition.

To navigate effectively in the competitive business landscape requires strategic flexibility in order to gain sustainable competitive advantage. This entails prudent strategic leadership, building on dynamic core competences, leveraging and focusing on developing human capital and innovation to capture new markets. McGahan and Porter (1997) posit that resource based view (RBV) argues that firm performance is largely influenced by unique organization processes. Under this view, industry structure is less important than idiosyncratic historical factors (Porter, 1985; Wenerfelt, 1988). The RBV argues that heterogeneous firm resources that are difficult to imitate, are not traded on factor markets and can only be developed over time to drive firm performance (Wenerfelt 1994; Dierick & Cool, 1989; Porter 1996).

In this view, industry structure is a result of firm choices that a firm can adapt and change industry structure through their RBV than firm performance. Organizational performance is driven more by internal factors than structural elements (Rumelt, 1991; Porter, 1996). RBV is leveraged on the fact that the firms must process resources in order to generate competition dynamics. Only the firms that are capable to exploit valuable rare and inimitable non-sustainable (VRIN) resources can achieve sustainable competitive advantage (Teece, 2014; Peteraf, 1993).

The concept of competition employed in industrial organization (IO) economics is fundamentally unchanged since this model was initially developed by Mason (1939) and Bain (1956, 1968). According to Chandler, (1962) the model in industrial organization economics follows from the structure–conduct–performance (SCP) paradigm. Consequently, performance depends on its conduct in order for a company to execute core activities. Hence the structural characteristics of industries affect the conduct, the strategy of firms, and their performance (Bain, 1959; Galbraith, 2008).

1.1.4 Organizational Performance

Performance is defined by Javier, (2002) as the ability of an object to produce results in dimension determined in relation to a target. Other scholars, including Machuki & Aosa, (2011) have referred to organizational performance as the efficiency and effectiveness in terms of utilization of resources and the accomplishment of organizational goals. From organization perspective, effectiveness is the measure of how successful organizations achieve their missions through their core strategies. According to Combs, Crook & Shook, (2005) organizational performance is an important, if not the most important construct in strategic management research, and remains a recurrent theme thereof. The special focus on performance differentiates strategic management from other fields ((Venkatraman & Ramanujam, 1986; Namada et al., 2014).

The core of strategic management research is to increase understanding about determinants of organizational performance and explain how managers can create superior performance. In the wake of numerous corporate scandals, the need to improve organizational performance has garnered much attention from business practitioners and academics alike (Machuki, Aosa &Letting, 2012; Mkalama, 2014). Organizations seek to emulate the performance successes of others by emulating their organizational forms and practices. Daft (2013) defined performance as the organization‘s ability to attain its goal by using resources in an efficient and effective manner. Nickell, (1997) opines that understanding organizational goals and strategies is important in understanding organizational effectiveness. Determining the appropriate construct of performance or effectiveness involves measures ranging from employee satisfaction to shareholder wealth (Machuki, 2011; Hubbard, 2009).

Performance measurement systems (PMSs), according to Machuki (2011) and Hubbard (2009) are recognized as a crucial element for improving business performance. Financial indicators of performance widely used include: Return on Assets (ROA), Return on Investment (ROI), Return on Sales (ROS), Cash flow, earnings per share (EPS) and market share to measure performance. However reliance on financial measure per se has been roundly criticized (Chakravarthy, 1997). For instance it has been argued that, financial measure is fraught with manipulation, over valuation of assets, creation of distortions due to the nature of depreciation and inventory valuation policies, different methods adopted in consolidation of financial reports, treatment of certain revenue and expenditure items, coupled with lack of standardization in the handling of accounting conventions. Besides, financial reports are difficult to interpret particularly in the case of multi-industry participation by companies. Porter (1980) stated, that many decades ago, the firm was viewed as belonging to the shareholders, hence stake-holder theory. Balanced Score Card (BSC) which was developed by Kaplan & Norton (1992), about three decades ago focuses on both financial and non-financial parameters such as, internal business processes, customer and, learning and growth. Due to an increase in stakeholder awareness greater attention is being paid to the impact of organizations on the environment and on social aspects for purposes of holistic performance measures. Stakeholders include shareholders, employees, customers, government, suppliers, investors and competitors. Thus, measures of performance have further evolved to encompass the Tripple Bottom Line (TBL) (Elkington, 1997) which is a stakeholder-based as a new tool for measuring firm performance. The TBL encompasses the BSC and environmental, social and economic -Sustainable Balanced Scorecard (SBSC). Most strategic management theories advanced by scholars such as Schendel & Hofer (1979), either implicitly or explicitly underscore performance implications, since performance is the time test of any strategy. Organization performance can therefore be viewed as a function of various factors including strategy, firm structure and extant industry competition.

Organizational performance relates to the efficiency and effectiveness of a firm (Machuki & Aosa, 2011; McCann, 2004). Efficiency, on the other hand, may be described as the measure of producing a given output by a firm at the minimum input possible, (Machuki, 2011; Richard and Tomassi, 2001). Stakeholders hold diverse views on organizational performance just as the purposes of a firm existence are as divergent as the stakeholders (Richard and Tomassi, 2009).

Although performance has been measured from different perspectives (such as marketing, operations, finance, and human resource management) and for different purposes, there is little or no informed scientific debate as to which measures are appropriate and how these measures should be combined and used in order to measure organizational performance (Yip et al., 2009). Many scholars such as Barnett, et al. (1994), have posed a fundamental question to interrogate the overriding phenomenon as to why organizations manifest different performance levels even under similar conditions. The question in deed evokes various schools of thoughts from the strategic domain. Their response borders on the idiosyncratic, unique assets owned by respective companies operating in various industries, basing their argument largely on Selznick's (1957) proposition. They further attributed sustained performance variations to capabilities possessed by firms as proposed by Wenerfelt, (1984) and Barney (1986). On the other hand, Caves & Porter (1977) postulated strategic positioning as the underlying factor.

Business firms are compared in terms of profits, sales, market share, profitability, debt to equity ratio, earnings per share (EPS) among other measures (March & Sutton, 1997; Machuki, 2011). The scholars argued that organizational performance can be considered at a disaggregated level, such as in the study of direct cost of producing a particular product using a specific technology or in the case of efficiency in performing a particular task. A further observation by Simerly and Mifgang (2000) was that it was imperative to understand stable relationship over time so that instead of using short time indicators of performance, it is desirable to study how variables of interest will influence performance over a period of time.

It is evident that the indicators used to measure organizational performance are varied and largely dependent on the core business of the organization and the rationale for its existence. Suffice it to say, in all the various measurements of organizational performance that have been used by different scholars, the underlying implication is that organizational performance relate to efficiency and effectiveness of the firm.

Consequently, out of recognition of the inappropriateness of traditional approaches to performance measurement, in a globalized, highly dynamic, market focused and stakeholder driven economy, the contemporary approaches to performance measurement were born (Kaplan & Norton, 1992).

Later on, the Triple Bottom Line (TBL) emerged as a new tool for measuring organizational performance in response to a groundswell of public opinion that firms were responsible for more than just creating economic value (Brown & Fraser, 2006; Schaltegger et al., 2011). Hubbard (2009), further argued that the emergence of the concept of sustainable development reflect a seminal change in global thinking, in terms of performance measurement. Furthermore, other scholars like Yip et al., (2009) and Kinuu, (2014) argue that sustainable performance should include other factors such as environmental and social aspects. Performance in one area subsequently often impacts many other areas, and hence scholars have not reached a consensus on which method of performance measurement is most suitable.

1.1.5 The Linkages of the Key Concepts of the Study

The study sought to establish the linkages that intertwine the four variables. Corporate strategy was expected to have an effect on performance, while organizational structure and industry competition were expected to influence the relationship between corporate strategy and performance. Industry competition is expected to have a strong contingent effect on the relationship between corporate strategy and performance. Organizational structure is expected to be present between the time corporate strategy is operationalized to the time it affects performance (Chandler, 1962; Mintzberg, 1983; Busienei, 2013; Mintzberg et al., 1998).

Scholars have established that strategy has immense effect on firm performance (Porter, 1996; Ansoff, 1991; Grant, 2013). However, explaining why firms in the same industry and markets differ in their performance remains unresolved question within Strategic Management discourse. Differences in firm performance can be attributed to myriad factors, key among them strategy, organizational structure and in competitive business environment. Porter, (1980), Aosa, (2011), Ansoff and McDonnell, (1993), Ogendo, (2014), Mintzberg et al., (1998) among other scholars have established a direct correlation between corporate strategy and firm performance.

Researchers and practitioners, however, argue that strategy per se cannot explain variation in firm performance. According to Chandler (1962), structure follows strategy to ultimately impact performance. Also there is empirical evidence that industry competition has moderating influence on corporate strategy which ultimately affects performance (Porter, 1980; Bain, 1968; Maison, 1939). This stems from the industrial organization (IO) economics theory which stipulates that there must be adequate fit or match between an organization's strategy through appropriate organizational structure and its external environment (Ansoff,1965).

The impact of corporate strategy on organizational performance is influenced by organizational structure and the industry competition. There is a general consensus from theoretical and empirical studies that argue that efficient implementation of strategy largely leads to higher firm performance (Porter, 1996; Aosa, 2011; Ansoff, 1991). In this study although corporate strategy has a significant correlation with firm performance, it is imperative to take cognizance of the moderating effect of industry competition and the mediating role of organizational structure for sustainable competitive advantage and superior performance. Subsequently, it was envisaged that there would be a strong joint effect of the three predictor variables on performance, the outcome variable.

1.1.6 Companies Listed on the Nairobi Securities Exchange

According to NSE Handbook, (2015), the Nairobi Securities Exchange (NSE) was founded in 1954 as a voluntary organization of stockbrokers. Registered as a publicly quoted company under the Companies Act Cap 486, it is now one of the most vibrant markets in Africa. It changed its name to the Nairobi Securities Exchange in July 2011. According to Kumo (2008) the NSE is the fourth largest in Africa in terms of market capitalization. It joined African Securities Exchanges Association (ASEA) in the year 2011 (Mwenda, 2016). It is ranked top in East and Central Africa (Economic Survey, 2014). Total number of NSE shares traded in the bourse increased by 41.2% to 8.3 billion while market capitalization increased by 51% to Kenya shillings 2013 billion in December 2014. NSE 20 share index went up by 19.2% from 4133 points in 2012 to 4927 points 2014 (Economic Survey 2014).

The study focuses on the companies listed on the Nairobi Securities Exchange, the bourse which promotes a culture of thrift, or saving. The fundamental fact that institutions exist where savers can safely invest their money and consequently earn a return, is an incentive to people to consume less and save more (NSE Hand Book, 2015). The stock (securities) market is platform where transactions relating to the exchange of shares of publicly quoted companies, and government bonds among other instruments for money are done (Machuki, 2011; NSE Handbook, 2015). From a global perspective, there are sixteen stock exchanges in the world (although NSE is not amongst them) that have market capitalization of over $ 1 trillion each. They are commonly referred to as the ‘’$ 1 Trillion Club’’ (World Federation of Exchange, 2015).These include, but are not limited to, New York Stock Exchange, National Association of Securities Dealers Automated Quotations (NASDAQ) of US, London Stock Exchange, Japan Exchange Group - Tokyo, Shanghai Stock Exchange of China, and TMX Group-

Toronto, Anddeutsche Borse - Germany. A look back at lessons learned, emerging markets have come a long way since 1990s when shocks could trigger a systematic crisis. It should therefore be noted that the current global market pricing reflect the notion that all emerging markets are equally vulnerable to market head winds (Hasentab, 2016).

According to Youkyung (2016), the IMF has painted an unpleasant picture stating that Britain's decision to leave the European Union will reduce economic growth this year and the coming year, lowering the estimated worldwide growth by 0.1 point lower than its previous forecast from 3.2 to 3.1 per cent. The most adversely affected are commodity prices particularly with regard developing countries like Kenya. However paradoxically, major global stock indexes have hit all-time highs since Brexit (Youkyung, 2016; World Federation of Exchange, 2015; Youkyung, 2016).

Companies listed on the NSE need to formulate and implement strategies together with structures that can match the complex external environment in which they operate in accordance with the rules of the game of the various industries and sectors of the Kenyan economy (NSE, 2015; Kinuu, 2014; Ogendo, 2014). It is therefore incumbent upon the firms to properly scan the environment in order to achieve competitive advantage and organizational success.

The capital markets authority (CMA), a body corporate under the ministry of finance is charged with the responsibility of regulation of the NSE – listed companies. It is therefore expected that the companies comply with the NSE and the CMA regulations for them to continue selling shares in the bourse (CMA hand book, 2015 NSE, 2015; Kinuu, 2014). With the approval by the CMA, Nairobi Securities Exchange (NSE) became the second African

Exchange after Johannesburg Securities Exchange (JSE) Ltd. to be a public, listed company on its Exchange. The Companies Act provides that companies must publish audited financial statements in compliance with International Accounting Standards (IAS) for every accounting period.

These companies are both locally and foreign incorporated to carry out their businesses across the various sectors of the Kenyan economy. They are grouped under three market segments namely: Main investments Market Segments (MIMS), Alternative Investments Market Segments (AIMS) and Fixed Income Securities Markets Segments (FISMS) (Machuki, 2011; NSE, 2015). Most companies operate under MIMS, which covers agriculture, commercial and services, finance and banking, and industrial and allied. Moreover, companies across all the market segments belong to different industries, thereby being subject to implications, standards, rules and regulations set for the respective industries out of developments in both macro and industry specific developments(Machuki, 2011; NSE, 2015)..

Through the listing of the various companies from different sectors, the NSE provides a suitable representation of the Kenyan economy which essentially informed the fundamental basis for its selection as the context of the study. The choice of the listed companies, for the study is further justified by the requirements for criteria used for listing. Also there is availability of objective and reliable economic and financial performance secondary data about the companies owing to their strict conformity to the securities market and other requirements. Consistency in reporting requirements for publicly quoted companies offers the advantage of across firms in the same sector and across different sectors. The minimum requirement for listing that applies across all the companies is that the company must be limited by shares and registered under the Companies Act (Cap 486) as a limited company (Machuki, 2011; NSE, 2015; Leting, 2011).

The companies listed on the NSE represent the face of the Kenyan economy as they cut across ten industries thereby providing industry heterogeneity suitable for cross industry comparison. Notwithstanding the fact that they operate in the same macro environment, there exists variation in financial performance which could be explained by a number of extraneous factors like structural configuration, strategic orientation and regulatory compliance. The study focused on companies listed on Nairobi Securities Exchange because it is representative of almost all business sectors of the Kenyan economy, ranging from agriculture to financial and manufacturing activities (Letting, 2011; Machuki, 2011; Ogendo, 2014 and Kinuu, 2014; Ongore, 2008).

1.2 Research Problem

The debate on why firms in the same industry and markets experience different performance levels remains a fundamental and contentious issue within the Strategic Management parlance (Porter, 1980; Rumelt, et al, 1994; Ansoff, 1965). Scholars have established that strategy has significant impact on structure and firm performance (Chandler, 1962; Ansoff, 1991; Porter, 1996; Aosa, 1992, 2011). Some researchers have further noted the effect of industry competition on performance (Porter, 1996; Rumelt, 1991; Schmalensee, 1978). Other scholars have focused on the relationship between strategy and performance (Ansoff, 1965; Schmidt, 2010; Aosa, 1992; Awino, 2011).

Variations in performance of organizations in the same environment, and with similar resource endowment have been a major concern to many stake holders. According to Hambrick and Brandon, (1988), investigating the influence of various constructs on firm performance remains one of the vastly studied relationships in strategic management. However, research focusing on the linkage between corporate strategy, structure, industry competition and performance remains very scanty, if not nonexistent at all. Stanley and

Gregory (2001) used strategy implementation and performance as independent and dependent variables respectively in their investigation on supply chain alignment of selected U.K. companies. Day (2004) used core capabilities as the independent variable applying market driven strategies as the independent variable. White (2000) focused on industry competitiveness and firm performance. However, these studies did not consider the industry competition and organizational structure as moderating and mediating variables respectively. While these variables have been theorized separately as concepts that impact on organizational performance they have not been studied jointly with corporate strategy (Porter, 1989; Grant, 2013; Busienei, 2013).

This study endeavours to fill the extant conceptual gap by jointly incorporating corporate strategy as independent variable, industry competition as moderating variable, organizational structure as intervening variable and performance as an independent variable. Companies listed on the NSE operate in various industries that traverse almost all sectors of the economy. They conduct business in different environments which manifest diverse complexities, thereby leading to different levels of performance (NSE, Hand Book, 2015; CMA, Hand Book, 2015). Their strategic choices and organizational structural configurations are ostensibly likely to influence these variations in the wake of extant stiff competition both locally and globally across industry. This is why their performance has been a matter of grave concern to stakeholders. According to CMA (2015), some of the NSE listed companies have been underperforming thereby necessitating Government intervention through financial bailouts. Furthermore, the industry heterogeneity that characterizes the publicly quoted companies provides a suitable platform for comparative analysis which informed the choice of the current study (Machuki, 2011; Ongore; 2007; Kinuu, 2014; Ogendo, 2014).

Researchers in different geographical contexts including Europe, the United States of America(USA), South America and Asia have established the effect of strategy and other factors on organizational performance (Day, 2004; Porter, 1996; Rumelt, 1991; Schemensee, 1978; Schmidt, 2010; Johnson and Scholes ,1999). Since these studies were conducted in different jurisdictions with varying manifestations, they may not be fully applicable to the phenomena obtaining in the Kenyan situation.

Many studies in Kenya and sub Saharan Africa have also established a correlation between strategy and performance. Aosa, (2011); Awino, (2007 & 2011); Kidombo, (2007); Ogollah et al.(2009); Bategeka,(2012); Macharia, (2014); Owino (2014); Madara,(2014) and Fubara, (1986) among other scholars, explored the effect of strategy on firm performance in different contexts using various conceptualizations and methodologies resulting in conflicting findings therein, thereby leaving both conceptual and contextual gaps.

The foregoing studies largely applied sample survey in their empirical studies. In an attempt to address the methodological gap, the current study applied descriptive cross sectional census survey on all companies listed on the NSE. Very little is known of any study which has applied the intervening role of organizational structure and the moderating influence of industry competition together on the extant relationship, which was the subject of empirical investigation of this study. The conceptual and contextual gaps have, thus been addressed by including industry competition and organizational structure as moderating and intervening variables respectively, focusing on companies listed on the NSE. Additionally, the study applied descriptive cross section census survey, as opposed to the commonly used sample survey on the Kenyan publicly quoted companies thereby addressing the methodological gap.

Whereas a sizeable number of scholars have done empirical research on companies listed on the NSE, their studies applied different conceptualizations thereby leading to conflicting findings. They focused on other areas investigating the impact of different phenomena on firm performance in different context at different time horizons (Ongore, 2008; Letting, 2011; Ondari, 2015; Machuki et al., 2012; Ogendo, 2014; Kinuu, 2014). There is no empirical study known to the researcher that has explored the moderating effect of industry competition and the intervening role of organizational structure on the relationship between corporate strategy and performance of companies listed on the Nairobi Securities Exchange (NSE).

A review of empirical literature, further revealed scarcity of studies on the joint relationship in sub Saharan Africa and Kenya in particular. Therefore, this study sought to address the extant conceptual, contextual, methodological gaps from literature reviews and past empirical studies. Consequently, the study sought to answer the following question: What is the effect of organizational structure and industry competition on the relationship between corporate strategy and performance of companies listed on the NSE?

1.3 Research Objectives

The broad objective of the study was to assess the influence of organizational structure and industry competition on the relationship between corporate strategy and performance of companies listed on the NSE. The specific objectives were to:

i) Establish the effect of corporate strategy on performance of companies listed on the NSE.

ii) Determine the influence of industry competition on the relationship between corporate strategy and performance of companies listed on the NSE.

iii) Determine the effect of organizational structure on the relationship between corporate strategy and performance of companies listed on the NSE.

iv) Establish the joint effect of corporate strategy, organizational structure and industry competition on performance of companies listed on the NSE.

1.4 Value of the Study

Theoretically the study contributes to the industrial organization economics theory of structure- conduct- performance paradigm; the contingency theory and the stakeholder theory. The study avails literature to the scholars and other researchers studying the aforesaid related theories. Understanding the relationship among the variables studied would enable scholars to increase the stock of theoretical and empirical knowledge especially in the Kenyan and even the global context, thus forming the basis for further research, teaching and application.

Organizations may use this study to set their policies and practices on corporate strategy, industry competition, organizational structure and performance. It also improves extant knowledge of Strategic Management practices used by organizations in various sectors of the Kenyan economy. It is imperative for crafting relevant and effective policies and management practices for planners in designing more effective strategies or interventions to improve performance in the ever volatile business environment. It will also benefit managers and stakeholders, including the public sector in terms of managerial practice as they may use the findings of the research to track performance against their set strategic and operational goals. Moreover, it would assist in timely implementation of their strategies in pursuit of gaining sustainable competitive advantage and ultimately enhancing firm performance.

Methodologically, the study may guide future research on the reliable method to apply in conducting research on corporate strategy, industry competition, organizational structure and performance. In this study the semi-structural questionnaire was valid and reliable for the conducted research. The drop and pick method was used to get the questionnaire to and from the respondents. Finally, census survey of the population was found to be effective, in terms of gathering reliable data.

1.5 Structure of the Thesis

This thesis is presented in six broad chapters. Chapter one provides the introduction of the study by outlining the main themes of the investigation. It covers the conceptual and contextual background against which the study is based. The concepts of the thesis are the building blocks which mirror the study variables are: corporate strategy, organizational structure, industry competition and performance. The context of the study was companies listed on the Nairobi Securities Exchange (NSE).

Chapter two presents a review of both empirical and theoretical literature of the study. It begins with an overview of the under pinning theories of the study, followed by pair wise discussion and linkages between key variables. It presents an overview of corporate strategy and its linkage to other key variables including organizational structure, industry competition and organizational performance. The chapter also presents selected empirical studies to highlight the knowledge gaps, and sets out the conceptual framework and the relevant hypotheses of the study.

Chapter three discusses the research methodology used to accomplish the study objectives. It highlights the philosophical orientation in social research stance, research design, population of the study and data collection method. It also presents operationalization and measurement of the study variables as well as the data analysis techniques and models that address the research.

Chapter four presents the data analysis, based on both descriptive and inferential statistics. Statistical assumptions are stated and tested by way of diagnostic tests. The chapter presents the descriptive data analysis using Cronbach alpha, frequency tables, standard deviations, coefficients of reliability and correlations coefficients. The demographics about the respondents and the relevant companies are also presented. The individual measurement items are also described. The data was analyzed using both descriptive and inferential statistics culminating in testing of the hypotheses.

Chapter five focuses on the discussion of the results and the findings thereof with a bearing on the role of organizational structure and industry competition on the relationship between corporate strategy and performance of companies listed on the NSE in tandem with objectives. The results of the tests of all hypotheses are discussed by comparing the extant literature and the findings and conclusions explained for further clarity. It discusses the various tests conducted together with the hypotheses of the study. The results of the hypotheses are discussed while comparing the relevant literature with the findings thereby incorporating the key study variables namely, corporate strategy as the independent variable, organizational structure as the intervening variable, industry competition as the moderating variable and firm performance the dependent variable.

Chapter six presents the summary and conclusions of the study as well as implications, recommendations and limitations. The central theme of this research was to investigate the effect of organizational structure and industry competition on the relationship between corporate strategy and companies listed on the Nairobi Securities Exchange. This chapter summarizes the research problem and discusses the broader implications of the findings for theory building, managerial practice and policy formulation and further research. The structure of the chapter is guided by the research objectives and hypotheses.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter consists of theoretical literature on the underpinning theories of the study. It highlights various empirical studies on corporate strategy, organizational structure, industry competition and organizational performance. It discusses various schools of thoughts conveyed in the empirical studies on corporate strategy, industry competition and performance and delves into the discussion on the linkages of the key study variables. This is followed by a discussion of the research gaps from the literature review, culminating in the construction of the conceptual framework. Consequently, it relates the concepts of the study to the conceptual model and the hypotheses thereof.

2.2 Theoretical Foundation

The study is anchored on three main theories that underpin the linkage between organizational structure, industry competition, corporate strategy and firm performance. The first major theory is industrial organization (IO) economic theory (Mason, 1939; Bain 1956, 1968) supported by resource based view (RBV) (Wenerfelt et al.; 1984), dynamic capabilities theory (DCT) (Penrose 1959; Teece et al., 2007) and game theory (Grant, 2013). The second theory is the contingency theory (Lawrence and Lorsch, 1967), which is complemented by the theory of congruence (Upadhayay, et al., 2013). Thirdly, the study is also based on stakeholder theory which is supported by other complementary theories including agency theory and open system theory (Friedman, 1970; Ferrero et al., 2014).

2.2.1 Industrial Organization Economics Theory

The model of industrial organization (IO) economics was developed by Mason (1939) and Bain (1956, 1968). Structure Conduct performance (SCP) paradigm of the industrial organization (IO) theory is tailored to enhance the application to practical problems of organizational structure design, efficiency and productivity (Mason, 1939, Bain, 1956 1968; Chandler, 1962; Porter, 1981). It follows from structure conduct paradigm (SCP) which stipulates that the conduct of a firm is influenced by the structure which follows strategy to consequently impact on its performance (Chandler, 1962). The theory stipulates that organizations achieve high performance when there is a fit between organizational strategy and the environment and that the structure of an industry has an influence on the strategy and decision making mechanism of an organization (Porter, 1980, 1981; Parnell, 2013; Machuki, 2011). According to this theory, there is a causal link between the structure of a market in which an organization operates, the organization conduct, that is the strategic decisions and choices adopted by organizations and in turn the organization's performance.

The role of corporate strategy in the (SCP) is critical due to the fact that management must interpret the environment, which ultimately influences how to allocate resources to confront emergent phenomena (Ansoff, 1991; Machuki, 2011; Thomas & Rwamaswamy, 1996; Mkalama, 2014). This enables them to determine the strategies that organizations must adopt to remain relevant. In situations where organizations operate in stable environment, they tend to adopt comprehensive strategies which require profound analysis (Fredrickson, J.W. & Mitchel, T.R., 1984; Mintzberg, et al., 1998). However in unstable environment, organizations have the proclivity of adopting less comprehensive strategies. In order to create this fit with the environment, generic strategies come into play. Parnell (2013) posits that the development of corporate strategy can be traced to IO economics theory. His proposition further lends credence to Chandler (1962) that implementation of the SCP paradigm often leads to profitability.

According to Porter (1981), the traditional Bain (1956, 1968) and Mason (1939) paradigm of IO economic theory, IO offered strategic management a systematic model for assessing industry competition, yet the model was seldom used in the business policy (BP) field. Development of IO theory has narrowed the gap between the two fields to the extent that IO should be of central concern to policy and management scholars.

Since dynamic capability involves building and orchestrating resources to perform a changing kaleidoscope of tasks and activities, an understanding of the role of resources is thus imperative for a proper understanding of the dynamic capabilities framework for specific industries. Resources are potentially productive tangible and intangible assets and people, semi permanently attached to a firm (Penrose 1959; Richardson, 1972; Ombaka, 2014). At any point management must choose which market opportunities the firm will pursue with the resources at their disposal.

Whole firm will succeed sustainably in a particular market, when strong and robust dynamic capabilities allow a firm to ride successive waves of change across lines of business by renewing and leveraging the crucial services of their valuable and difficult to replicate resources (Teece, 2014). Strong dynamic capabilities must be integrated with good strategy to effectuate superior performance. Thus the joint presence of strong dynamic capabilities, VRIN resources, and a good strategy is necessary and sufficient for long run enterprise financial success and subsequent sustainable competitive advantage (SCA) in a particular industry.

Game theory, as a complementary theory, was conceptualized together with Bain (1968) and Mason's (1957) SCP paradigm has potentially rich framework for reexamining industry competition (Lussier, 2013; Grant, 2013; Karami & Tajvidi, 2016). It took its place in the IO economics theory as part of oligopoly theory (Bain, 1968, and Mason 1957; Schelling, 1960; Von Neumann and Morgenstern, 1953; Bracker, 1980; Porter, 1981). Game theory may also be applied in understanding industry competition dynamics at two levels: rationality, whereby competitors behave rationally in trying to outperform each other. On the other front, competitors may be in an interdependent relationship with each other. So one competitor's move is likely to galvanize response from another, and the outcome of choices made by one competitor is dependent upon the choices made by another. Game theory is thus concerned with the interrelationships between the competitive moves of a set of competitors (Johnson et al., 2008; Lussier, 2013; Grant, 2013; Karami & Tajvidi, 2016).

Following from the aforesaid assumptions relating to competitive dynamics, competitors will behave rationally in trying to win in the highly competitive business environment. Conversely arising from these assumptions, there are two principles guiding the development of successful competitive strategies: get in mind of the competitors- strategists need to put themselves in the position of competitors. Secondly think forward and reason backwards. Decide strategy on the basis of the outcomes of possible strategic moves of competitors. To varying degrees all competitors do co-operate (Lussier, 2013; Grant, 2013; Karami & Tajvidi, 2016). The decision on whether or not to cooperate is the theme of the most famous of game theory: the prisoner's dilemma. Subsequently, a dominant strategy is one that outperforms other strategies whatever rivals choose.

Game theory offers insight that allows an organization to model competition as a process of interactive decision making by rivals (Grant, 2013). According to Von Newman and Morgenstern (1947), it permits the framing of strategic decisions by providing a structure and concepts that allow us to describe a competitive situation in terms of, identity of players, specification of each player's options, specification of pay off from every contribution of options, and the sequencing of decisions using game trees that may lead to rational approach to decision making. Secondly, it predicts the outcome of competitive situations and identifies optional strategic choices. Game theory offers insight into competition, bargaining and the design of winning strategies. Resource Based View (RBV) was postulated by Wenerfelt et al. (1984). From the very early times scholars such as Penrose (1959) and Chandler (1962) argued that it was not sufficient to own and possess resources. They pointed out that services rendered by resources were as equally important as resources themselves. Organizations can possess similar amounts of resources but variations in performance would surface from resource mobilization and utilization. An organization's resources must therefore be both inimitable and not easily substitutable to enable a firm to optimally utilize her core competencies and unique capabilities with a view to gaining sustainable competitive advantage (Prahalad & Hamel, 1990; Ombaka, 2014).

According to Barney (1991), the RBV of the firm is a popular theoretical foundation for many seeking to explain the sources of sustainable competitive advantage for organizations. Scholars have further advanced the theory that resources influence performance especially if organizations acquire valuable, rare, inimitable and no substitutable (VRIN) ones (Teece et al, 1997; Grant et al, 2013; Collis & Montgomery, 2016).

Barney (1991) proposed inimitability as another attribute that a resource should possess in order to be a source of sustainable competitive advantage (SCA). Barney (1991) argued that resources could only be a source of SCA if firms that do not possess these resources cannot obtain them. If an organization is to achieve SCA, it is important therefore, that competing organizations cannot imitate or duplicate these resources (Barney, 1991; Ombaka, 2014).

This advantage could be sustainable if competitors are not able to duplicate this strategic asset perfectly (Barney (1991) argued that there must be no strategically equivalent valuable resources that are themselves neither rare nor inimitable. If competitors are able to offer a substitute product, then a firm's profits are reduced. According to Barney (1991), if resources possessed the above attributes, they were deemed to offer SCA (Barney, 1991). This is illustrated in Figure 2.1 below in Barney’s (1991) conceptual model.

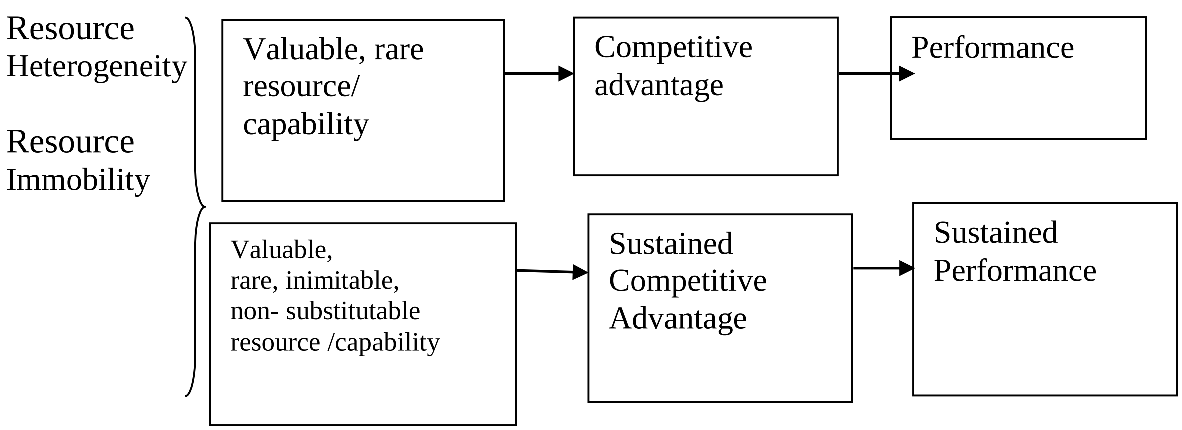


Figure 2.1: Resource Based View Model

Source: Adapted from Barney (1991)

Three key concepts underpin RBV together with DCT as a strategic capability (Johnson et al.2008). First, organizations are heterogeneous, and hence have different capabilities. Secondly, it can be difficult for one organization to obtain or copy the capabilities of another. Barney (1991) presented a recapitulation of (RBV) as possessing valuable and rare resources leads to competitive advantage. If these resources are inimitable and non-substitutable, the firms gain sustainable competitive advantage (SCA).

A firm's SCA will lead to superior performance. Grant (2013) conceptualizes that on their own; few resources are productive and require a team of resources to perform some tasks. He argues further that resources should be strategic to enable firms to achieve sustainable competitive advantage (SCA). Thirdly, if an organization is to achieve competitive advantage, it will do so on the basis of capabilities that its rivals do not have or have difficulty in obtaining. Core competences are the skills and capabilities by which resources are deployed through an organizations activities and processes to achieve competitive advantage in a way that others cannot imitate or obtain (Awino, 2007; Hamel and Prahalad, 1994; Ombaka, 2014). The core competencies of an organization may be difficult to imitate because they are complex owing to two main reasons: internal linkages and external interconnectedness. This may be attributed to the organization's ability to link activities and processes that together, deliver customer value. Firms can make it difficult for others to imitate or obtain their bases of competitive advantage by developing activities together with the customer, upon which the customer is dependent on them. This phenomenon is sometimes referred to as co-specialization. Porter (1991) challenges the RBV that is circular: noting that firms are successful because they have unique resources. Hence they should sufficiently nurture these resources to be successful.

Even though it provides managers with a decision making mechanism, the theory has been criticized for failing to consider the impact of dynamic business environment in which many firms operate (Owino, 2014; Lengnick-Hall & Wolf, 1999). Apart from that, the theory falls short of explaining how resources are developed and deployed to achieve competitive advantage (Priem & Butler, 2001). On the basis of this critique, proponents of resource based view developed dynamic capabilities theory.

Closely linked to RBV is dynamic capabilities theory (DCT) which can also be applied by a company as a tool for achieving competitive advantage and long term success (Teece et. al., 1990; Peteraf, 1993; Thompson et. al, 2014). According to Peteraf (1993), dynamic capabilities (DC) may be referred to as a firm's ability to build and reconfigure internal and external competencies to address rapidly changing environments. DC proponents suggest that capabilities are the drivers behind resource creation, evolution, and mobilization for vibrant and robust organizational performance.

In turn, this helps explain how some organizations are able to achieve superior performance than others. They have capabilities that permit them to produce at lower cost or generate superior products or services at standard cost in relation to other firms with inferior capabilities. These concepts underscore the fact that the competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities (Ombaka, 2014; Peteraf, 2013). RBV and DCT relate to organizational reconfiguration of how the firm puts its capabilities into action and govern learning and change processes strategically. Dynamic capabilities framework analyses the sources and methods of wealth creation and capture by firms operating in environments of rapid technological change (Peteraf, 2013; Grant et al, 2013; Collis & Montgomery, 2016).

Successfully building strong dynamic capabilities thus allows firms to challenge competitors that are enamored with the resources they currently posses, that ignore or are ignorant of changing customer needs, that cherish status quo, and particularly prioritize efficiency over innovation. Dynamic capabilities must be used in aid of a good strategy to be effective. Strategic capabilities and business environment co-evolve. A strategy that is consistent, coherent and accommodating of innovation is critical to help achieve competitive advantage (Teece, 2014; Peteraf, 1993).

A firm with strong dynamic capabilities is able to flesh out the details around strategic intent and to implement strategic actions quickly and effectively. Whereas in more stable conditions competitive advantage might be achieved by building capabilities that may be durable over time, in more dynamic conditions competitive advantage requires the building of capacity to change, innovate and learn in order to build dynamic capabilities.

Teece, (2014) underscores the fact that wealth creation in regimes of rapid technological change depends, in large measure, on honing internal technological organizational and managerial processes of the firm. The strategic choices adopted by organizations are influenced by the environment in which the organization operates (Porter, 1981; Mkalama, 2014; Madara, 2014). Therefore, IO economic theory fundamentally guided the conceptualization of the influence of industry competition on the extant linkage between corporate strategy and firm performance in this research.

2.2.2 Contingency Theory

Contingency theory is based on the original works of Burns and Stalker (1961) and was later amplified by Lawrence and Lorsch, (1967), who emphasized the need to examine the role of contingencies or situations on organizations and their behaviour. The theory argues that organizations have to be integrated and differentiated to an extent of optimality, contingent upon the level of environmental uncertainty (Lawrence & Lorsch, 1967; Okeyo, 2013; Liu et al.2003). The essence of contingency theory is that best practices depend on the contingencies of the situation and thus helps analyze situations and determine what variables influence the strategic decisions. Contingency theory posits that organizational effectiveness is achieved by matching organizational structure to contingencies (Morton & Hu, 2008; Ongeti, 2014; Achcaoucaou et al., 2009).

The theory further presupposes that under different circumstances, different solutions may prove most effective. This can be considered one of the primary insights of the theory, because instead of prescribing universally applicable organization management practices, the theory asserts that different circumstances require different organizational structures and strategies (Fiedler et al, 1996; Okeyo, 2013; Dess et al., 1997). Successful implementation of corporate strategy is largely determined by the fit between the organizational structure and the strategy. Structural contingency theory of an organization argues that the performance of an organization is dependent upon the fit between organizational structure and contingencies (Lawrence and Lorsch, 1967; Burns and Stalker 1961; Morton & Hu, 2008)

According to Donaldson (2001), a number of potential contingencies have been identified such as technology, innovation environmental changes, size and diversification. He posits that three components are embedded in the core paradigm of structural contingency theory namely: association between contingency has effect on organizational structure; secondly contingency impacts the organizational structure; and thirdly the fit amongst the variables and contingency impacts on the level of effectiveness.

Nightgale and Toulouse (1977) conceptualized the theory of congruence underpinned by integrating five concepts namely environment, managerial values, structures, processes and organization reaction. This proposition was supported by Upadhayay, et al., (2013), who argued that in the open system framework, these concepts are mutually interdependent and must be congruent for the organization to be effective. According to Hatton & Raymond, (1994), organizational culture and value is essential for strategic orientation and structure to thereby leading to a company's desired performance.

The contingency theory underscores the role of strategic alignment which enhances the fit between an organization strategic priorities and its environment, which in turn leads to support organizational performance (Morton & Hu, 2008; Okeyo, 2013; Hambrick & Brandon, (1988). The underlying construct of strategic fit is fundamental as it leads to a higher level of organizational consensus associated with improved coordination and cooperation in the strategy and ultimately with organizational performance (Walter et al., 2013; Bamberger, 1983; O'Farrell & Hitchins, 1988; Ling et al (2007). It is imperative to note that effectiveness in contingency theory has a wide range of meaning that includes, but is not limited to, efficiency, profitability worker satisfaction and ultimately culminating better firm performance (Dess et al., 1997; Kets de Vries & Miller, 1984). This study holds the proposition that organizations largely depend on the fit between organizational structure and contingencies. Hence, good structural co-alignment matched with prudent strategic choice and successful implementation usually leads to superior performance. In the current study, the use of contingency theory is an endeavour to explain how corporate strategy and structure as independent and mediating variables, respectively, fits the organization into the external environment for better firm performance.

2.2.3 Stakeholder Theory

The stakeholder theory was originally proposed by Friedman, (1970) and it states that the sole responsibility of business is to increase profits. According to Freeman (1984), stakeholders are groups or individuals who benefit from or who are harmed by, and whose rights are violated or respected by organizational actions. They are therefore groups of people or individuals who are crucial for the success of organizations and they can affect or are affected by the actions of organizations. The theory is based on the premise that management is hired as the agent of the shareholders to run the organization for shareholders" benefit (Donaldson & Preston, 1995; Freeman, et al. 2014). According to this theory, among the various players associated with a business, shareholders have unrivalled primacy, and hence, organizations should be managed so as to maximize their value alone (Ferrero et al., 2014).

Critics of the shareholder theory point out that Friedman (1970) economic writings assume an economy in which businesses operate under the protection of limited liability, which allows corporations to privatize their gains while externalizing their losses (Saint & Tripathi, 2006; Kinuu, 2014; Ferrero et al., 2014).The stake-holder theory is today seen as the historic way of doing business with companies realizing that there are disadvantages to concentrating solely on the interests of shareholders. The stakeholder theory has been advanced and justified in the management literature by scholars like Donaldson & Preston, (1995) on the basis of its descriptive accuracy, instrumental power, and normative validity. Hill & Jones, (2007) conceptualized that the three dimensions to stakeholder theory albeit quite different, are mutually supportive.

Stakeholder theory describes the organization as a constellation of cooperative and competitive interests possessing intrinsic value. It establishes a framework for examining the connections, if any, between the practice of stakeholder management and the achievement of various corporate performance goals (Hill & Jones, 2007; Donaldson & Preston, 1995; Shum & Yam, (2011). Organizations have developed different performance measurement tools, and in recent years, many firms have adopted the use of BSC owing to the fact that it incorporates both financial and non-financial targets (Kaplan& Norton 1992; Hubbard, 2009). Performance contracts of a good number of NSE listed companies have consequently embraced BSC because of its perceived objectivity. The Balanced Score Card (BSC) is based on stakeholder theory and has given rise to the way organizations, managers or agents report back firm performance to equity holders or owners on how well their resources have been utilized for the benefit of the owners and the wider stake holders including the government and society at large (Freeman and McVea, 2014; Hill and Jones; 2007; Mkalama, 2014).

The stakeholder theory, thus, offers an alternative purpose of the firm by suggesting that the purpose of the firm is to serve broader societal interests beyond economic value creation for shareholders alone (Ferrero et al., 2014). Other supporting theories in this respect include agency theory, open systems theory, transactional cost theory, motivational theory and organization theories (Hill and Jones, 2007; Luthan, etal.1969; Williamson, 1979; Donaldson and Preston, 1995). The BSC is based on the stakeholder theory, and from the foregoing, in this study organizational performance takes cognizance of stakeholders' myriad interests as stipulated in the theory (Ferrero et al., 2014; Luthans et al., 2008). Despite some of its weaknesses, stakeholder theory, if well complemented with other relevant theories such as open systems theory, agency theory, and motivational theory can help firms achieve desired performance and consequently serve various stake holders' interest.

2.3 Corporate Strategy and Performance

The primary goal of strategy is to guide the organization in setting out its objectives, priorities, and refocuses itself towards realizing the same with a view to achieving superior performance. Empirical studies point out that a range of potential benefits to intrinsic values accrues to both the company and external stakeholders from the use of strategy. It is very useful to organizations during turbulent times (Ansoff et al., 1991; Aosa, 1997). The strategic management process is fundamental in turning an organization's vision or mission into concrete achievable goals and objectives.

Handerson (1979) posits that the aim of strategy is to provide organizations with direction through a meticulously developed plan and a series of related opportunities which the organization follows. Advantages of formulating, developing and implementing strategy are manifold as it enables an organization to make the best use of its resources and opportunities in achieving its attendant objectives namely: It involves the whole organization and provides focus and review for managers and employees at all levels of the organization (Mintzberg, 1998; Kidombo, 2007). It focuses on the relationship between the organization and its environment. It includes the management and leadership of both internal and external stakeholders. It covers the full range of activities the organization undertakes including products, services, competition, market and environmental changes (Ansoff, 1991; Machuki, 2011; Ombaka, 2014). It is central to the creation of competitive advantage through added value and reduced costs. Moreover, it helps organizations focus on how they may create sustainable competitive advantage as a maximum objective or survive as a minimum in declining market situation (Porter, 1980; 1995; Mintzberg, 2003; Awino, 2011; Schmidt, 2010).

Subsequently, companies seek to beat their competitors on cost leadership seek to add more value through differentiation for the same cost than competitors are able to do. However the added value has to be perceived as such in the eyes of the paying customers or a particular market niche. The strategic approach was revived by Porter (1987) who did admit that strategy had fallen out of fashion in the 1970s but needed rediscovery and recasting to meet today's environmental demands (Aosa, 2011).

This proposition is anchored on the organization, strategy, performance and environment (SOEP) dependent paradigm, which postulates that organizations must formulate appropriate strategies which align them to the external environment to enable them to attain superior performance (Ansoff, 1991; Machuki & Aosa, 2011; Ombaka, 2014). Firms venture into business to prosper and the level of prosperity or success is measured in terms of business performance (Waweru, 2008; Porter, 1985). Strategy is therefore, likely to give positive influence with respect to profitability and performance of the large firms.

From the premise of industry analysis, generic strategies may be referred to as the core ideas about how a firm can best compete in the business market arena (Porter, 1980, 1985, 1988; Waweru, 2008; Brunk, & Blumelhuber, 2011). Generic strategies framework comprises three major strategies that can be applied by companies in the ever competitive volatile business environment, namely: cost leadership, differentiation and focus.

Miles and Snow's (1978) generic strategy typology, as further expounded Machuki (2011) identified four strategic types: prospectors, defenders, analyzers and reactors. According to Porter's (1980) framework, a business can pursue performance by, either establishing a cost leadership position, or differentiating its products and services from those of its rivals. Either of these approaches may be accompanied by focusing efforts in a given market niche. The generic strategies model has two dimensions: strategic target (or competitive scope) and strategic advantage- commonly referred to as competitive advantage. Strategic target indicates how widely the product is intended to compete, either throughout the industry which implies broad target –industry wide, or within a particular market niche, implying focus or narrow target. The second dimension, the strategic advantage indicates the basis on which the product is intended to compete, either by uniqueness as perceived by customers or low unit cost production. Hence the focus strategy has two variants namely cost focus and differentiation focus as shown in Figure 2.2.

Competitive scope	Broad target	1. Cost leadership	2. Differentiation
	Narrow target	3. A cashflow focus	3. Differentiation focus

Figure 2.2: Three Generic Strategies
Source: From Porter (1985:12). Competitive Strategy: Creating and Sustaining Superior Performance

Porter (1980) postulates that cost leadership is achieved through a consistent emphasis on efficient production of goods and services or low cost production. The strategy is ideal for firms with high volume production facilities in terms of high technology and efficient machinery and a relatively high market shares in their industries.

This may involve cost cutting posturing mode, ensuring economies of scales and leveraging on experience, innovation and learning and growth through skills training. The firm can also take advantage of proprietary technology, and preferential access to raw material (Porter, 1980, 1985; Grant, 2013). The authors concur that at equivalent or lower prices than rivals a cost leader's low cost position translates into higher returns than competitors. They further advanced the proposition that it is more useful to think of cost base strategies, the benefits of which can be used to achieve competitive advantage.

Differentiation strategy involves differentiating oneself from competitors, by offering something unique and of value to customers to permit the firm to charge premium prices. This behoves firms to work to develop unique brand images, features, distribution channels, superior customer service and after sale service among other phenomena (Porter, 1985; Madara, 2014; Grant, 2013). It is a viable strategy for earning above average returns in industries where customers perceive that premium prices are appreciated as commensurate.

The differentiator has in mind that the average cost in the industry when costing the premium prices charged will lead to above average profitability (Porter, 1980, 1995; Pearce et al., 2007). Firms attempt to develop specialized or improve product as part of establishing competitive advantage based on differentiation (Weiss, A. & Brinbaum, M., 1989). Focus strategy means targeting and concentrating on a narrow segment of the market in order to gain advantages of market over the more broadly set competitors (Porter, 1980; Madara, 2014; Waweru, 2008).

Cost leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction from experience, tight cost of overhead control, avoidance of marginal customer accounts, and cost minimization in areas like research and development (R & D), after sale service, sales force, and advertising among others. According to Porter, (1987), and further emphasized by Macharia, (2014), low cost relative to competitors becomes the theme running through the strategy, albeit, quality, service delivery and other areas cannot be ignored. Its costs positions gives the firm a defence against rivalry from competitors, because its lower costs mean that it can still earn returns after its competitors have competed away their profits through rivalry. Low cost provides a defense against powerful supplies by providing more flexibility to cope with input cost increases. The factors that lead to a low cost position usually also provide substantial entry barriers in terms of scales economies, or cost advantages (Bategeka, 2012; Busienei, 2013; Ongore, 2008; Parnell, 2013).

Finally, Porter (1990) and Grant (2013), both concur that low cost position usually places the firm in a favorable position vis a vis substitutes relative to its competitors in the industry. This position protects the firm against the five competitive forces because bargaining can only continue to erode profits until those of the next most efficient competitors are eliminated, and because the less efficient competitors will suffer first in the face of competitive pressure.

Differentiation of the product or service offering of the firm is creating something that is perceived industry wide as being unique (Johnson et al., 2008; Parnell, 2013; Waweru, 2008). According to Porter (1980), differentiation provides insulation against competitive rivalry owing to brand loyalty by customers and subsequent lower sensitivity to price. The resulting customer loyalty is the need for a competitor to overcome uniqueness that provides entry barriers. Differentiation yields higher margins with which to deal with supplier power and it clearly mitigates buyer power, since buyers lack comparable alternatives and are thereby fewer prices sensitive. Parnell, (2013), postulates that the firm that has differentiated itself to achieve customer loyalty should be better positioned vis a vis substitutes than its competitors (Parnell, 2013). Achieving differentiation may sometimes preclude gaining a high market share. It often requires a perception of exclusivity, which is incompatible with high market share. More commonly, however, achieving differentiation will imply a trade off with cost position, if the activities required in creating it are inherently costly such as extensive research product design, high quality materials for intensive customer support (Porter, 1980; Owino, 2014; Parnell, 2013).

According to Porter (1985), and further amplified by Mintzberg et al., (1998) and Madara (2014), focus strategy implies focusing on a particular buyer group, segment of the product line, or geographic market. The strategy is based on the fact that the firm is, thus able to serve its narrow strategic target niche market more effectively and efficiently. Subsequently, the firm achieves either differentiation or lower costs in serving the market niche. Collins and Rukstand (2013) underscored the importance of having a clear succinct and concise strategy statement that everyone in the company can repeat and use as their compass. They posit that organizations that are able to do this typically end up as industry stars.

Such strategic statement must be built upon clear objectives, a defined scope and distinct advantage in the competitive landscape to set the stage for strong superior performance. Additionally, the creative part of developing strategy that leads to superior performance involves finding the sweet spot that aligns the firm's capabilities with customer needs in a way that competitors cannot match, given the changing external context factor such as technology, industry, demographics and regulation (Ansoff & McDonnel, 1990; Ogendo, 2014).

Lengnick-Hall & Wolf (1999) describe strategic alliance as a cooperative relationship whereby two or more organizations share resources and activities in pursuit of their common business goals and objectives with a view to gaining competitive advantage. An example is where one partner provides manufacturing capabilities while the other provides marketing expertise. In others, similar firms combine capabilities to counter the threats of a much larger or new type of competitor (Owino, 2014; Lengnick-Hall & Wolf, 1999). Strategic alliances are contractual partnerships between firms to contribute skills and expertise to each other through synergies which ultimately lead to better performance. Companies create strategic alliances in order to draw benefits from sharing resources, core competences and capabilities while sharing operational costs, for the fundamental objective of gaining competitive advantage (Hamel & Prahalad, 1990).

According to Mintzberg et al., (1998), some of these motives for strategic alliance include: The need for critical mass, which alliances can achieve by forming partnerships with either competitors or providers of complementary products. This may often lead to cost reduction and improved customer offering. Another form of strategic alliance is co-specialization, which involves allowing each partner to concentrate on activities that best match its capabilities: for example, to enter new geographical markets where an organization needs local knowledge and expertise, marketing and customer support (Mintzberg et al., 1998; Machuki & K'Obonyo; 2011; Johnson et al., 2008).

Scholars including Johnson, et al., (2008), strategic alliance can take the form of learning from partners and developing competences that may be more widely exploited elsewhere. Organizations may also enter alliance as a means of experimentation, since it allows them to break out of a sole reliance on the exploitation of their own resources and capabilities. Indeed they may use alliances as a basis for developing strategic options different from those being developed in house (Johnson, et al., 2008; Owino, 2014; Lengnick-Hall & Wolf, 1999). According to Doz & Hamel (1998), many of the skills, resources and core competences essential to a company's prosperity lie outside the firm's boundaries, and outside management's direct control.

Strategic alliance is characterized by two main aspects: on the basis of axes, that is cover activities both close to customers whereby joint sales efforts are conducted usually far away from the end customer leading to joint development. Additionally, an alliance can be more or less endogamic and it can be based on contracts of varying magnitude. Other types of strategic alliances include joint ventures, consortia and networks (Johnson, et al., 2008). Strategic decisions adopted by organizations are critical for their performance. Companies should thus adopt strategies which will enable them to match environmental turbulence. Consequently, companies with corporate strategies which embrace innovation are likely to achieve sustainable competitive advantage and superior performance.

2.4 Corporate Strategy, Organizational Structure and Performance

The traditional view of organizational structure describe structure as the way an organization is configured into work groups relationship that link them seamlessly, together (Ghosal,1996; Busienei,2013).Organizational structure and processes should fit/match its environment in order to achieve to achieve its desired performance. There is empirical evidence that firms with good structural organization fit perform better than those without good fit (Ansoff & McDonnel, 1990, Ghosal, 1996, Powell, 2014).

Many empirical studies have advanced the findings that higher degree of formalization leads to lower performance and that centralized decision making may only work better in stable public sector conditions (Burns & Stalker, 1961; Miller et al., 1986; Hall, 2013). They further concluded that decentralized decision making in organic oriented organizations work better in private owned firms. Organic structure on the other hand manifests more flexibility, informality, fewer written processes and rules, and is better suited for more dynamic conditions and innovation. Decision making is distributed at all levels of the organization. The framework is likely to improve job satisfaction and particularly the performance of individuals who have a high propensity for dominance, achievement or autonomy (Daft, 2013; Busienei, 2013; Hall 2013).

In the case of matrix structure, it is essential to empower middle managers to make decisions or they will have to escalate constantly ,which is likely to cause delays, cost and customer dissatisfaction. The organization may not be able to define clear roles and processes as top management, due to bureaucratic red tape, have to manage constant ambiguity, tradeoffs, dilemmas and changes in priorities (Manser et al.2012).

However there are various assumptions to these conceptualizations. First, enormity in size leads to formalization, bureaucracy and more mechanistic mode, and also that this style is suited to a stable environment. Secondly, in a more dynamic environment, centralized and mechanistic structure may be unable to change and make timely and relevant decisions. It is imperative to note that even large organizations today need to be dynamic and centralized. Strategic decision making is almost impossible in an organization with hundreds or thousands of people in different cultures, time zones and business units. Therefore even in a relatively stable and standardized environment, it is essential to decentralize decision making for quality in order to inspire customer loyalty and spur business success and hedge the firm against any contingencies (Porter, et al.1980; Ansoff & McDonnell, 1990).

Organizations differentiate to handle a broader array of contingencies, encompass the requisite skills and resources necessary for adaptation and innovation, and include the diversity of personnel necessary for continued creativity and innovation (Miller, 1987; Lawrence & Lorsch, 1967). According to Prahalad & Hamel, (1990), successful competitors build their strategies not around products, but around deep knowledge of a few highly developed core skills (Prahalad & Hamel, 1990). There appears to be a consensus that organizational integration across functional and disciplinary specialties drives superior firm capabilities, which ultimately leads to better performance.

Consequently, it can be postulated that an elaborate fit between organizational structure and corporate strategy enables an organization to effectively confront environmental contingencies for the ultimate superior firm performance.

2.6 Corporate Strategy, Industry Competition and Performance

The overriding theme of industry analysis and strategic choice, industry competition is fundamentally underpinned by Porter's 5 force framework, value chain analysis and generic strategies of differentiation, cost leadership and customer focus (Porters, 1981). Barnet et al. (1994) argue that competitive forces spawn distinctive competences, and that strategic choices are made by managers within the underlying industry competition context. Despite the fact that strategy is crafted to counter the influence of competition on corporate performance, more often, strategic decisions are made based on hunch without scientific knowledge about the magnitude of competitive influence on performance outcomes.

Although the influence of strategy on corporate performance is not in doubt, the implementation of corporate strategy is fraught by multiple dilemmas particularly in volatile markets characterized by dynamic competition. Furthermore, the success of corporate strategy is tested by its versatility to manage emerging threats and accomplish planned performance outcome. Although previous studies (Rumelt, 1995; Porter, 1996; Owino, 2014) have reported significant findings pertaining to the influence of industry competition on performance, the results are inconsistent both in the direction and magnitude of the influence of industry competition on organizational performance. Besides, contradictory findings are commonplace in empirical literature pertaining to the effects of corporate strategy on performance. Furthermore, limited attempt have been made to test the moderating influence of industry competition on the relationship between corporate strategy and performance. Thus, the central focus of our study is to determine the influence of industry competition on the relationship between corporate strategy and performance.

Particular strategies and structures commonly go together, and are often found in certain types of environments (Miller, 1991). According to Burns & Stalker (1961), strategies of differentiation through innovation would not be easy to implement within a bureaucratic or mechanistic structure.

Galbraith (2008) explored whether firm resources or industry structures were better indicators explaining variations in performance. Resources especially intangible assets such as company reputation, copyrights, and human resources were found to be more important determinants than industry structure in explaining performance variation (Miller and Toulouse 1986; Miller, 1996).

The underlying competitive advantage is provided by distinctive firm-level resources such as innovative marketing and distribution methods, advanced process technologies, logistics capabilities, appropriate organizational structures, and administrative procedures which competitors cannot reproduce (Porter,1981). These resources are accumulated over a period of time with a deliberate strategic focus. They are the product of a history of strategic choices and resource commitments made by the firm (Dierickx & Cool, 1989). It may be inferred that systematic differences exist between firms as a result of strategic resource choices, that is, decisions to invest in building resource bundles which are often difficult and costly to imitate which in turn affect performance level of companies in ever competitive business environment. Yet according to Porter, (1980), every firm competing in an industry crafts competitive strategy whether explicit or implicit. Barnet et al. (1994) argue that competitive forces spawn distinctive competences, but managers attempt to manage these forces by seeking positional advantage.

Strategic choices are made by managers within the underlying industry competition context. Despite the fact that strategy is crafted to counter the influence of competition on corporate performance, more often, strategic decisions are made based on hunch without scientific knowledge about the magnitude of competitive influence on performance outcomes. Although the influence of strategy on corporate performance is not in doubt, the implementation of corporate strategy is fraught by multiple dilemmas particularly in volatile markets characterized by dynamic competition. Furthermore, the success of corporate strategy is tested by its versatility to manage emerging threats and accomplish planned performance outcome. Previous studies (Rumelt, 1995; Porter, 1996; Owino, 2014) have reported significant findings pertaining to the influence of industry competition on performance. The results are inconsistent both in the direction and magnitude of the influence of industry competition on organizational performance. Besides, contradictory findings are commonplace in empirical literature pertaining to the effects of corporate strategy on performance. It is thus clear from the foregoing that although corporate strategy has independent effect on performance, this relationship is essentially moderated by industry competition.

2.7 Corporate Strategy, Industry Competition, Organizational Structure and Performance

Research upon industrial organization reveals that both general structural features of a particular market and the relative competitive position of an organization affect performance. Lenz, (1980) postulated that the degree of competitiveness of the market structure refers to the degree to which individual firms have power over that market- power to influence the price or other terms on which their product is sold. This was supported by many other scholars including White (2000), Kotter (1996), Ogot, (2014) and Ignatius, (2015).

According to Robinson and Pearce, (2005) and further advanced by Aosa, (1997), industry analysis is an orderly process that attempts to capture the structural factors that define the long-term profitability prospects of an industry, and to identify, and characterize the behavior of the most significant competitor. It is the basis of strategizing by gathering and analyzing information about an industry (Johnson et al., 2008 Kandie, 2009; Aosa, 1997).

Firms which are able to achieve a fit between their strategy and structure can create a significant competitive advantage, while firms that do not have a fit are left vulnerable to external changes and internal inefficiencies (Miles & Snow, 1984; Busienei, 2013). According to Ansoff and McDonald (1990), structure and systems are complementary anatomy and physiology of the firm for the purpose of organizational performance. With regard to organizational structure, Chandler (1962) in his classic study showed how changes in strategy-namely product-market diversification, required subsequent alterations in structure-particularly divisionalization. According to Donaldson (2001) matrix structures offer huge competitive advantage and thus better performance, precisely because they are hard to sustain. SCP approach, according to Chandler (1962), holds that there is an important relationship between structure, conduct, and performance. Under the new paradigm a match between internal resources and capability (Teece et al., 1995; Barney, 1991) and environmental factors (Porter, 1980; 1996) is essential for sustained superior performance. Machuki (2011) established that firm-level institution strategies affect organizational performance. His findings also indicate that a very strong positive relationship exists between firm-level institutions and various indicators of corporate performance. Empirical findings by Porter (1980; 1996) have proved that enterprises fail at execution stage because they go straight to structural reorganization and neglect the most powerful drivers of effectiveness, decision rights and information flow.

Pearce and Robinson, (2005), postulate that brilliant strategy may put an organization on the competitive map. But only solid execution sustains it there. Unfortunately most companies struggle with implementation. That is because they overly dwell on structural changes for example, reorganization, to execute their strategy (Ignatius, 2015; Barney1991; Porter, 1996). McGrath (2013) argues that firms must embrace a new vision by fighting short terminism, basing goals on science and pursuing radical innovation. For example companies that understand how climate change and resource scarcity affect their full value chain from raw materials to product recycling will be better positioned to maintain or grow market share. Then if a firm is fortunate, it begins a period of exploitation, in which it captures profits and share and forces competitors to react (McGrath 2013; Porter, 1985, 2008).

McGrath (2013) conceptualizes the big shifts in the global economy. The big shift in the world economy today comprises the digital revolution, lowered barriers to entry, globalization combine to make it nearly impossible for companies to maintain truly lasting competitive advantage (McGrath 2013; 2014). She argues that companies need to constantly launch strategic initiatives so that they can exploit transient advantages before they disappear. The imperative now is to perpetually innovate; creating portfolio of advantages that can be built quickly and abandoned just as fast.

Ryall (2013) contends that strategy is moving beyond Porters (1979) five forces framework. In fact he suggests that an even more enduring model could evolve from a relatively obscure Porter's (1996) academic paper that created the basis for predictive mathematical modeling of strategic decisions. Also, according to Zenger (2013) the aim of corporate strategy is not really to gain competitive advantage per se, but also to develop an approach for continually creating value. He conceptualizes that a firm should craft a vision that can propel it to superior performance by purposefully developing synergies among various product offerings.

Zenger (2013) describes corporate strategy as a process of exploring and discovering and targeting attractive markets in pursuit of low cost, and then crafting positions that deliver sustained competitive advantage in them. This proposition support conceptualizations by other scholars amongst them Porter, 2008; Johnson, et al.; Peteaf, (1993) and Teece, (2014).

In order to gain competitive edge, it is incumbent upon a firm to exercise strategic flexibility through prudent strategic leadership by effectively leveraging on new technologies, building core competences, exploiting global markets and strategic alliance or cooperative strategies, implementing new organizational structures, learning and innovative cultures. Thus, the new competitive business landscape requires building on core competences and strategic leadership for survival, superior performance and sustained market leadership (Hitt et al., (2015).

Porter (1986) argued that efforts to grow blur uniqueness, create compromises, reduce fit, and ultimately undermine competitive advantage. In fact, the growth imperative is hazardous to strategy. The logic of this perspective not only provide little guidance about how to sustain value creation but also discourages growth that might in any way move a company away from its current strategic position. Ryall, (2013), posits that value creation in all realms from product development to strategy implementation, involves recombining a large number of existing elements.

Zenger (2013) further conceptualized the three strategic sights which he argues gives managers enhanced vision to use as a tool to select, acquire and organize complementary bundles of assets, activities, and resources. These are foresight, insight and cross-sight. He describes foresight as an effective corporate theory that articulates beliefs and expectations regarding an industry evolution, predicts future. Customer tastes or consumer demand foresees the development of relevant technologies and forecasts the competitive actions of rivals (Porter; 1985; Mintzberg et al., 1998; Owino, 2014). According to Pearce & Robinson (2005), an effective corporate theory is company specific, reflecting deep understanding of the organization's existing assets and activities. It identifies those that are rare, distinctive and valuable, which create unique product and service offerings. (Zenger, 2013; Hitt et al., 2015; Pearce & Robinson, 2005).

This study proposes that for firms to achieve competitive advantage they must use resources optimally and satisfy the interest of all stakeholders Thus a proposition emerges that there should be a contingent relationship that links corporate strategy with organizational structure and the volatile competitive business environment to achieve sustainable superior performance.

2.8 Summary of Knowledge Gaps

Table 2.1 presents a number of previous studies and knowledge gaps. It contains conceptual gaps where studies have considered either of the conceptual variables or linkages in isolation or combination with other variables that are not part of the study. This study has revealed contextual gaps that have been done in other jurisdictions. It also highlights methodological gaps where different research methods were used.

Table 2.1: Summary of Knowledge Gaps continued ….

Table 2.1: Summary of Knowledge Gaps

Researcher	Focus of the Study	Methodology	Findings	Gaps	How current study addresses the gaps
Porter (1981)	Industry structure and firm performance of American companies	Longitudinal 1979- 1980	Groups which are protected by higher barriers and insulated from the process of competitive rivalry within the industry enjoy superior performance	The focus was on industry structure. Context was American companies	This study focuses on industry competition and organizational structure, and the contextualization was Kenyan listed companies
Day (1997)	The capabilities of market driven organizations	Baseline survey	There is effect of core capabilities on performance of large organizations	The study considered two variables: capabilities and performance. It did not address joint variables including industry competition and structure.	This study is a census survey and included organizational structure and industry competition
White (2000)	Industry competitiveness and firm performance	Survey on selected companies ANOVA used to analyse data.	A regional industry's competitiveness and a firm's capabilities increase the likelihood of independent development; however, greater numbers of rivals and suppliers lead to more frequent joint development	It did not include structure as a variable.	The current study focuses on joint influence of structure and industry competition on the strategy -performance relationship
Awino (2007)	The effect of selected strategy variables on firms. A study of supply chain management in large private manufacturing companies in Kenya	Cross sectional sample survey, using multiple Regression for data analysis	The independent effect of capabilities, core competences, strategy implementation on corporate performances is weak	The study was confined to large manufacturing companies in Kenya	Current study is a census survey on all NSE listed companies in Kenya.
Schmidt (2010)	Relationship between strategic planning and corporate performance of Swedish	Sample survey	There is a positive relationship between strategy and organization performance	This study was done in Sweden and included two variables only	Current study was conducted on Kenyan publicly quoted companies and included structure, organizational

Table 2.1: Summary of Knowledge Gaps continued ….

Researcher	Focus of the Study	Methodology	Findings	Gaps	How current study addresses the gaps
	manufacturing companies				structure and industry competition
Kidombo (2007)	Human Resources strategic orientations, organizational commitment and firm performance in large manufacturing firms in Kenya	Sample survey using correlation of variable indicators e.g. Age, Firm size etc.	The influence of strategy on firm performance was confined to a limited portion of the sample.	The study considered human resources attributes as independent variable and ownership as moderating variables.	The current study takes cognizance of the joint effect of the effect, structure and industry Competition.
Ongore (2008)	Effect of ownership structure and bond effectiveness on corporate performance of listed companies	Cross sectional survey using one firm year.	There is insignificant influence of ownership structure and board effectiveness on performance.	It was confined to ownership structure and board effectiveness with little focus on other variables.	This study has included organizational structure and industry competition
Aosa (2011)	Strategic management within Kenya firms	Cross sectional survey	Large and medium companies have started embracing strategic management	The study did not incorporate organizational structure.	The current study is a census survey and has investigated the joint effect of three variables on performance
Machuki and Aosa (2011)	The influence of external environment on the performance of publicly quoted companies in Kenya	Cross sectional survey, Regression analysis is used to analyze d data	There is a relationship between external environment and firm performance	The intervening role of organizational structure was not incorporated in the study.	This study has incorporated the intervening role of organizational structure
Bategeka (2012)	The effect of selected firm factors on export performance on SMEs in Uganda	Sample survey	There was insignificant influence of firm factors on performance	The study did not include structure and industry competition	The current study is a census survey on NSE listed companies and has included organization structure and industry competition
Busienei (2013)	Business strategy, organizational structure, human resource strategic orientation on performance of manufacturing firms in Kenya	Cross sectional sample survey	Application of effective HR strategy is key to performance	Emphasis was laid on human factors without considering industry competition which is a key variable in this study	The current study is a census survey on NSE listed companies and has included organization structure and industry competition

Table 2.1: Summary of Knowledge Gaps continued ….

Researcher	Focus of the Study	Methodology	Findings	Gaps	How current study addresses the gaps
Macharia (2014)	Competitive strategy, organizational competencies co alignment, microenvironment and performance of private colleges in Nairobi	Cross sectional sample survey on selected colleges	Performance depended on competitive strategies restricted to sample of private colleges	The findings were tentative and not distinctive, and recommended longitudinal study.	The current study is cross sectional census survey on NSE listed companies
Madara (2014)	Generic Competitive Business Strategies and Performance of Micro and Small Enterprises in Nairobi.	Cross sectional survey	Competitive business strategy had a positive effect on performance of MSEs	The findings relied on two variables only	Current study was incorporated joint effect of predictor variables on performance of companies listed on the NSE

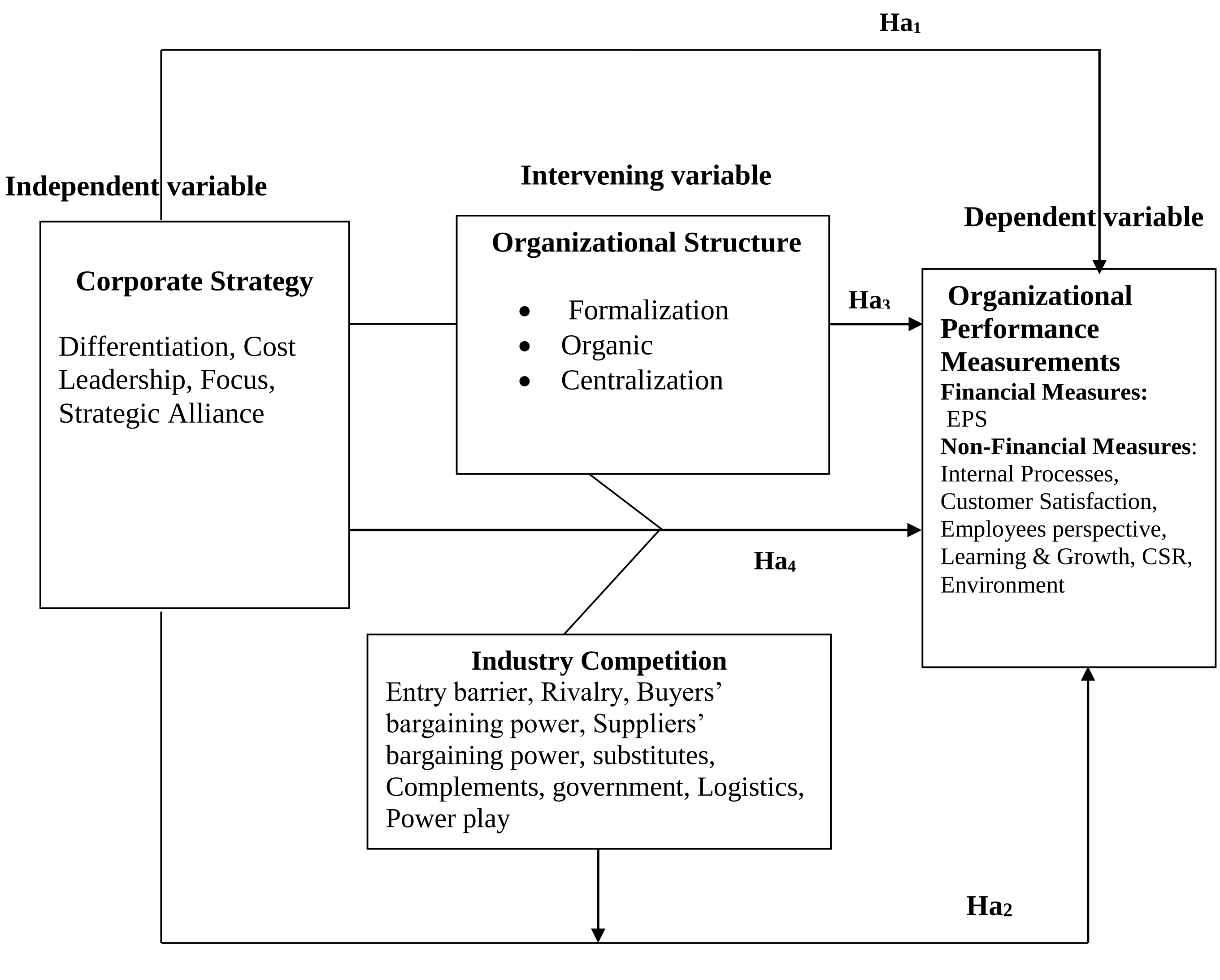
Source: Researcher 2015

Most of the studies in the foregoing are conceptual in nature. Strategy has evolved overtime, and hence the above table is far from exhaustive. There are myriad studies that have been conducted thereon. In the Kenyan context, Aosa (2011); and Awino (2011), in their investigations managed to link strategy to performance. This study therefore, endeavoured to meticulously fill the extant knowledge gaps that have been highlighted herein.

2.9 Conceptual Framework

The conceptual model represented in Figure 2.1 articulates the linkages between the key variables being interrogated. The operationalization of the independent, intervening, moderating and dependent variables was based on the review of literature and the gaps identified. The framework suggests the existence of a direct relationship between corporate strategy which is the independent variable and firm performance which is the dependent variable as articulated in the review of extant empirical and conceptual literature. The framework further highlights the correlation effect of corporate strategy on organizational structure, and the moderating effect of industry competition and the intervening role of organizational structure on the relationship between strategy and firm performance. It ultimately reflects the concomitant joint effect of the predictor variables on the predictor or the criterion (dependent) variable.

Industry competition is thus posed to have a contingent moderating effect on the relationship between strategy and firm performance whereas organizational structure is to have mediating effect. Consequently, the framework envisaged to investigate the strong joint effect of corporate strategy, industry competition and organizational structure compared to the single effect of corporate strategy on firm performance, the dependent or content variable.



Moderating Variable

Figure 2.3: Conceptual Model

Source: Researcher, 2015

2.10 Hypotheses of the Study

The conceptual linkages of the variables for the study are shown in Figure 2.3 above. The model was thus found to be appropriate as a snap shot for testing the following hypotheses:

Ha_1: Corporate strategy has significant effect on performance of companies listed on the Nairobi Securities Exchange (NSE).

Ha_2: Industry competition has significant moderating influence on the relationship between corporate strategy and performance of companies listed on the NSE.

Ha_3: Organizational structure has significant mediating effect on the relationship between corporate strategy and performance of companies listed on the NSE.

Ha_4: The joint effect of the predictor variables is statistically different from the individual effect of corporate strategy on organizational performance of companies listed on the NSE.

2.11 Chapter Summary

The Chapter presented a review of both empirical and theoretical literature of the study, focusing on the field of corporate strategy, organizational structure, industry competition and firm performance. The review was important to help the study appreciate what previous studies on the study variables existed. The chapter accorded a detailed description the theories that guided the study and which formed the underpinnings of the study. The main theories anchoring the study are IO economic theory supported by RBT, and game theory, contingency theory which is complemented by theory of congruence, and finally, stake holder theory supported by agency theory.

The chapter further highlighted the review of the pair wise and conceptual relationship between the study variables, followed by a summary of the previous studies and knowledge gaps arising there from as presented in Table 2.1. Consequently a conceptual framework reflecting the relationship amongst the study variables was schematized along the arguments in the literature, culminating in statement of the hypotheses of the study. These were tested and presented in chapter four, and the results arising there from discussed in chapter five of the thesis. The next chapter presents the research methodology of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research philosophy, research design, population of the study, data collection, operationalization of research variables, reliability test, validity test, data analysis and chapter summary. It discusses the philosophical foundation that underpins the epistemological orientation of the study. It also provides an overview of the data collection methods that were used for the thesis together with the operationalization of the research variables, concluding with the modes that were applied in analyzing the data**.**

3.2 Research Philosophy

Research philosophy refers to the foundation of knowledge upon which assumptions and predispositions of the study are based (Saunders et al, 2009). Scientific research has been guided by two main paradigms namely positivism (also known as interpretivism), and phenomenology also known as pragmatism, which are primarily positioned as quantitative and qualitative approaches, respectively (Saunders et al., 2015; Cooper & Schindler, 2011; Creswell, 2012). Positivism paradigm of epistemology, also known as an acceptable knowledge of applying the methods of natural sciences, was used by the researcher (Saunder et al, 2015). The deductive approach, whereby theories were used to generate hypotheses was applied. These hypotheses were then tested to allow the explanation of laws assessed in the literature and were revised according to the findings of the study. Ontology is about the world and nature of reality in the universe (Creswell, 2012; Saunders, et al., 2015). The objectivism of ontology was applied whereby the organization was viewed as a reality that was external to the individual who initiated it. This enabled the researcher to determine the viability of hypotheses relating to the variables anchored on theoretical propositions. The limitations of positivism involved the conclusion following the reasons given and generalization of known facts. This was overcome by the explanation, interpretation, defending, challenging and exploring the meaning of the study.

Positivist philosophy holds that knowledge is based on facts and abstractions. It is based on the assumption that the observer is independent of what is being observed, and measurement should be through objective criterion rather than being inferred subjectively (Mugenda & Mugenda, 2003). On the other hand, phenomenological philosophy concerns the researchers' subjective perceptions and relies on experience and avoids generalizations based on existing theory (Bryman & Bell, 2003).

This study was guided by a positivist paradigm approach because it sought to test various theories based on real facts, neutrality and objectivity of the research. Positivism assumes that social reality is made up of objective factors that can be precisely measured and statistics used to test causal theories relating thereto (Byman, 2004; Neuman, 2007). It holds a deterministic philosophy which pre-supposes that causes determine effects or outcomes (Creswell, 2012). Positivism is largely based on empiricism, that is, all factual knowledge is based on positive information, gained from observable experiences and only analytic statements are allowed to be true through reason alone. Under positivism research begins with theory, and then data is collected for purpose of subsequent analysis. The philosophy assumes that there is no absolute truth; research is the process of making claims and then refining or abandoning some of them for other claims (Owino, 2014; Creswell, 2012). Positivist paradigm therefore seeks empirical regularities which are correlations between variables. On the other hand phenomenological Philosophy concerns the researcher's subjective perception and relies on experience, and avoids generalization based on existing theory (Bryman & Bell, 2003; Saunders, et al., 2015). Phenomenological research focuses on the immediate experience of the observer, where the researcher draws meanings by interpreting experiences that are observed during his or her involvement in the phenomena (Blau, 1964; Owino, 2014; Creswell, 2012). The current study sought to determine correlation among these variables, and the strength and validity of this correlation, if it does exist.

3.3 Research Design

The research design is the blue print that guides the various stages of the study, mainly as regards collection , measurement and analysis of data (Cooper and Schindler, 2008; Bryman and Bell,2007). The study adopted descriptive cross sectional census survey of all companies listed on the NSE. A research design should provide confidence to the scientific community that the findings delivered from, following the data capture, the reality and possess high levels of reliability and validity (Kerlinger, 2007). According to Mugenda and Mugenda (2008), cross sectional surveys are adopted in studies whose overall objective is to establish whether or not significant associations amongst variables exist at some point. Cross sectional studies may target either the entire population or a sample, from which data collection is conducted to help answer the research questions. The study was a cross sectional research conducted in the natural environment without interference or manipulation or control of the variables. It relied on data gathered from a population sample of organizational units in companies listed on the Nairobi Securities Exchange (NSE), through predetermined questionnaire.

Subsequently it was envisaged that the researcher would be able to draw an expression of the interrelationships between variables. Descriptive cross sectional survey was preferred for this study because it was appropriate for collecting data from a cross section of firms mainly to determine the linkages between study variables at a point in time. Other scholars have previously used the design successfully, and came up with credible and plausible conclusions (Munyoki, 2007; Zikmund et al., 2010; Machuki, 2011).

3.4 Population of the Study

The target population of the study comprised all the companies listed on the Nairobi securities Exchange (NSE) as at June 2015. The entire number of companies listed at the bourse as at the time of this study was 63 according to NSE Handbook (2015). The companies belong to ten (10) different sectors of the Kenyan economy. The list of the companies listed on the NSE is attached as Appendix VI.

The various sectors are classified under three market segments as follows: main investments market segments (MIMS), Alternative Investments Market Segments (AIMS), and Fixed Income Securities Markets Segments (FISMS). A census survey was conducted on this population. This involved the collection of data from 46 out of the 63 companies listed on the Nairobi Securities Exchange. The NSE listed companies were selected as the most ideal for the study owing to their being a fair reflection of the Kenyan economy in the context of the critical role the companies play.

3.5 Data Collection

The research used primary and secondary data collection methods on all the listed companies in the Nairobi Securities Exchange. Primary data covered the indicators of corporate strategy, organizational structure, industry competition and the unpublished data relating to performance. Secondary data relate to financial performance taken as an average of five (5) years' performance (2010-2014).The data comprised one financial indicator earnings per share (EPS), as it has been successfully used by other scholars such as Kinuu (2014), Ondari (2015), Machuki (2011) and Ogendo (2014). Qualitative data on non-financial performance included internals processes, customer satisfaction, employee perspective, learning and growth, corporate social responsibility (CSR) and environmental factors. This is found to be suitable, as this study is aimed at establishing the configurations occurring amongst variables and their relationships at a time.

The approach provided an opportunity to develop a broad based understanding of the joint and interactive effect of the configuration of variables on performance. Secondary data relating to financial performance was extracted from the NSE hand book (2014) and KAM annual reports, covering a period of five (5) years from 2010 to 2014. The two reports were integrated to reinforce each other (Saunders, 2009).

Primary data was gathered using structured questionnaire covering a period of five (5) years commencing with the year 2010.The questionnaire was administered to respondents by the researcher and his assistants or by mail to respondents. The unit of analysis was the firm or the listed company. The respondents were mainly top managers including CEOs. One respondent amongst them was selected to participate in the survey, and the purpose of the research articulately explained to them. This is in keeping with Wilson and Lilien (1992) who postulated that sing le informers in the top echelon are most appropriate and reliable in non-new task decisions. The structured questionnaire was enriched with research instruments from other scholars (Kinuu, 2014; Neuman, 2007; Machuki, 2011; Dauda et al.2010; Munyoki, 2007). The enrichment is in line with the insight given by Cooper and Schindler (2011) and Bryman (2012), to enhance the concomitant validity of the study.

3.6 Operationalization of Research Variables

Operationalization facilitates reduction of abstract notions of construct into observable behavior or characteristics so that they can be measured (Sekaran, 2012). Corporate strategy was operationalized using generic strategies according namely cost leadership, differentiation and focus together with strategic alliance (Porters,1981; Aosa, 2011; Johnson et al.).

Organizational structure was operationalized by using the dimensions of the main organizational structure types, namely formalization, centralization and organic (Daft, 2013; Hall, 2013; Busienei, 2013). Industry competition was operationalized in accordance with Porters' five forces framework namely threat of entry, buyers' bargaining power, suppliers' bargaining power, rivalry within the industry and threat of substitute products, together with the constructs of government, logistics and power play as well as complement (Porter, 1980; Aosa, 1997; Grant 2013).

Finally, performance, the dependent variable, was operationalized using both financial and non-financial indicators in accordance with balanced score card (Kaplan & Norton, 1992; NSE, 2015). Earnings per share was the only financial indicator used in the study, whereas the non-financial indicators comprised, internal processes, customer perspective, employees perspective, learning and growth, environmental perspective and corporate social responsibility (CSR). Different variables were measured by different approaches. Table 3.1 outlines the variables, indicators, sources, measuring scale and questionnaire section. The operationalization involves corporate strategy as an independent variable, organizational structure as a mediating variable; and industry competition as a mediating variable and performance as a dependent variable.

Table 3.1: Operationalization of the Study Variables

Variable	**Indicators**	**Source**	**Measurement scale**	**Questionnaire Section**
Corporate Strategy **(Independent)**	Cost Leadership, Differentiation, Focus, strategic alliance	Aosa (2011) Porter(1981) Johnson et al.,(2008)	5-Point Likert type scale	**Section B**
Organizational structure **(Intervening)**	Formalized, Organic, Centralized	Daft (2013) Hall (2013) Busienei (2013)	5-Point Likert type scale	**Section C**
Industry competition (**Moderating)**	Threat of entry, Buyers bargaining power, Suppliers Rivalry, Threat of Substitutes, Logistics, Power play, Government, Complements	Porter(1980) Aosa(1997) Grant (2013)	5-Point Likert type scale	**Section D**
Performance (**Dependent)**	**Financial**: (EPS), **Non-financial:** Internal processes, Customer perspective, Employees, Learning and Growth, Environmental perspective, Corporate social responsibility	NSE (2015) Hubbard (2009) Kaplan&Norton(1992)	Ratio Scale 5-PointLikert type scale	**Section E**

Source: Current Author (2015)

Independent variable for the study is strategy, whereas the dependent variable is performance. Data was measured using the measurement scales shown above.

3.7 Reliability Test

Reliability refers to the measure of degree to which an instrument yields consistent measurement across time and across items in the instrument (Sekaran, 2010).The research took cognizance of test of equivalence (consistency of the results by different investigators or similar tests at the same time) and internal consistency (the measurement of the concept is consistent in all parts of the test).

The scores of the same events in the listed companies were compared to test for the equivalence of measurements. The reliability of measures were assessed using the Cronbach alpha (α) test in the statistical package for social sciences (SPSS) programme to assess the internal consistency or average correlation of items within the test. Alpha equals to1.0 when all items measure only the true score and there is no error component. The recommended value for the individual constructs is generally benchmarked on the standard level of 0.7 and above. Reliability level of 0.7 and below is deemed to be weak (Cooper & Schindler, 2011). This study however, adopted 0.5 as the lowest limit. This is in tandem with Nunally's (1978) conceptualization.

Reliability and validity tests are major indicators of the quality of the data collection instrument. According to Zikmund et al., (2010), a measure is reliable when different attempts of measuring something converge on the same result. Reliability is therefore an indicator of an instrument's internal consistency. The Cronbach's alpha coefficient (α) is the most commonly applied estimate of a multiple-item scale's reliability. The Cronbach's alpha coefficient ranges from zero, meaning no consistency, to one meaning complete consistency.

Different scholars use different cutoff points of the Cronbach's alpha coefficient. Davis (1964) recommends a minimum of Cronbach coefficient of 0.5 for predictive research where the population is between 25 and 50, Kaplan and Saccuzo (1982) postulate that basic research and applied research should apply Cronbach coefficient of 0.7 and 0.8 respectively. Murphy and Davidshofer (1988) contend that a Cronbach alpha below 0.6 is unacceptable. Nunally (1978) on his part recommended that the minimum acceptable reliability coefficient should be between 0.5 and 0.7.

The study considered the perspectives of equivalence reliability and internal consistency (Cooper and Schindler, 2011). Equivalence reliability ascertained the variations of answers at one point in time among the companies listed on the Nairobi Securities Exchange. The scores of the same events in the companies listed on the Nairobi Securities Exchange were compared to test for the equivalence of measurements from both the primary and the secondary data collected. For the purpose of this study, Cronbach alpha coefficient of 0.6 was adopted to enhance reliability. Table 4.10 shows the reliability statistics for the study variables.

Table 3.2: Results of Cronbach Alpha of the Study variables

Variables	**No. of Items**	**Cronbach's Alpha Reliability**	**Comments**
Corporate Strategy	4	.765	Reliable
Organizational Structure	3	.628	Reliable
Industry Competition	9	.872	Reliable
Performance	6	.763	Reliable

Industry competition had the highest reliability coefficient of 0.872 followed by corporate strategy with a coefficient of 0.765.Construct alphas of constructs in the study were considered to indicate a sufficient level of construct validity and reliability. The study constructs were highly correlated to each other.

3.8 Validity Test

Validity in research is concerned with measuring what is intended for measurement. It arises due to the fact that measurements in social science are indirect. It is the extent to which the indicators devised to measure a concept really measures that concept (Bryman, 2012). According to Nachmias and Nachmias, (2009), content validity is a technique used for making inferences through systematic and objective identification of specified characteristics of messages and using the same to relate trends.

Validity is therefore, the accuracy of a measure or the extent to which a score fruitfully represents a concept (Zikmund et al., 2010). There are four conventional ways of establishing validity namely, content validity, face validity, criterion validity and construct validity. The study considered the perspectives of equivalence reliability and internal consistency (Cooper and Schindler, 2011). Equivalence reliability ascertained the variations of answers at one point in time among the companies listed on the Nairobi Securities Exchange. The scores of the same events in the companies listed on the Nairobi Securities Exchange were compared to test for the equivalence of measurements from both the primary and the secondary data collected. A pilot study enables one to obtain assessment of the validity of the data that will be collected (Saunders, et al., 2015).

The researcher conducted a pilot test on the questionnaire in five companies listed on the NSE chosen randomly. This enabled the researcher to assess validity of instrument including clarity, relevance, interpretation of questions and time spent and improves where necessary. The researcher also used doctoral supervisors at the school of business who are experienced researchers to examine and review the instrument for content validity. Any ambiguous, double edged, unclear questions were identified and rectified. If the research instrument used for measurement contains a representative sample of the subject matter, then the validity is good. The validity of measures in this study has been assessed through content validity criterion – related validity and constructs validity.

3.9 Data Analysis

According to researchers, including Cooper and Schindler, (2011), data analysis refers to the process of editing and reducing voluminous data to manageable size, developing summaries, looking for patterns and applying statistical techniques. Data was analyzed using descriptive and inferential statistics. Descriptive statistics including mean, standard deviation and co efficient of variation (CV) were used to evaluate variations in manifestations of variables in the organizations. Inferential statistics were used to evaluate the hypotheses presented in the study. Based on the conceptual model of the study, corporate strategy was conceptualized as the independent variable; organizational structure was conceptualized as the intervening variable whereas industry competition was the moderating variable. The analysis commenced by editing the data collected to correct any errors of commission or omission. The variables were then coded for better efficiency of results.

The study applied regression analysis model owing to multiplicity of the variables. According to Waller, (2008), multiple regression analysis takes into account the relationship between the dependent variable and more than one independent variable Pearson correlation coefficient was used to determine the relationship between corporate strategy and organizational structure, and also to establish the intervening role of organizational structure on the relationship between corporate strategy and firm performance. Hierarchical regression was used to determine how much the extra variable adds to the prediction of the dependent variable over and above the contribution of previously included independent variables. Baron and Kenny (1986) model was employed to test the moderating and intervening roles (West & Aiken, 2003).

To establish the relationship between firm performance and corporate strategy the following equation was modeled:

$$Y = \alpha_{01} + \alpha_{11}x_1 + \alpha_{12}x_2 + \alpha_{13}x_3 + \alpha_{14}x_4 + \varepsilon$$

Where Y = Firm performance

X_1, X_2, X_3, X_4 = Differentiation, Cost leadership, focus, and strategic alliance

The hierarchical is of the form:

$$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \ldots \alpha n X_n + \mathcal{E}$$

Where Y = Dependent variable

αn = Regression coefficient induced on Y by each X

$\mathcal{E}$ = error term/ random variation due to other unmeasured variables

Hypothesis testing was conducted to measure the level of significance between the given variables. Details of analysis and interpretation are presented in Table 3.3.

Table 3.3: Objectives, Hypothesis and Data Analysis Model

	Research objective	Hypotheses	Regression analysis model	Interpretation
1	To establish the effect of corporate strategy on organizational performance	H1: Corporate strategy has significant effect on organizational performance	**Performance = F (Corporate Strategy)** Y1 = α_0 +α_1X + ϵ_0; Where, Y= Organizational Performance; X=Corporate Strategy; α_1= coefficient estimate of the effect of X on Y; α_0 = coefficient estimate of the intercept; ϵ_0= error term.	R^2 assessed how much change in performance was due to corporate strategy F-test assessed overall robustness significance of the simple regression model t-test determined the significance of corporate strategy
2	To establish the moderating effect of industry competition on the relationship on the relationship between strategy and organizational performance	H2: Industry competition has significant moderating influence on the relationships between strategy and organizational performance	**Performance = F (Corporate Strategy + Industry Competition + (Corporate Strategy*Industry Competition))** M2 = α_0 +α_1X + α_2Z + α_3(X*Z); Where, M=Performance; X=Corporate Strategy; Z = Industry Competition; α_1, α_2, α_3 = coefficient estimate of the effect of X, Z and XZ on Y, respectively; α_0= coefficient estimate of the intercept.	R^2 assessed how much change in organizational performance was due to industry competition F-test assessed overall robustness and significance of the regression model t-test determined significance of industry competition
3	To establish the intervening effect of structure in the relationship between corporate strategy and organizational performance	H3: Organizational structure has significant intervening effect on the relationship between strategy and organizational performance	Hierarchical Regression analysis, Path analysis used to test and determine the intervening effect. M1= α_0 +αX + ϵ_0 - (1); Y1 = α_1 + αX + ϵ_1 - (2); Y2= α_2 +αX+bM1+ϵ_2 - 3). Where, M=Organizational Structure; Y= Performance; X=Corporate Strategy; a, c and b= coefficient estimate of the effect of X and M on Y; α_0, α_1, α2= coefficient estimate of the intercept; ϵ_0, ϵ_1, ϵ_2 = the regression error term.	R^2 assessed how much change in performance was due to organizational structure F- test assessed overall robustness and significance of the regression model t-test to determine significance for organizational structure
4	To ascertain the joint effect of corporate strategy, organizational structure and industry competition on organizational performance	H4: The joint effect of strategy, organizational structure and industry competition is greater than individual effect of strategy on organizational performance	**Performance = F(Corporate Strategy + Organizational Structure + Industry Competition)** Y3= α_0 + α_1X + α_2M + α_3Z + ϵ_0: Y= Performance; X=Corporate Strategy; M= Organizational Structure; Z=Industry Competition; α_1, α_2, α_3 = coefficient estimate of the effect of X, M and Z on Y respectively; α_0= coefficient estimate of the intercept; ϵ_0= the regression error term.	R^2 assessed how much change in organizational performance was due to the joint relationship between the predictor variables F- test assessed overall robustness and significance of the regression model t-test determine significance of individual variables

Source: Current Author

The simple regression analysis was used to test H_1, while multiple regression analyses were used to test hypotheses H_2, H_3 and H_4 respectively. Correlation analysis was used to check on the overall strength of the established regression model and the individual significance of the predictor variables. The study used measures of central tendency namely the mean score, and standard deviation. Inferential statistics used comprised regression and Pearson's correlation, goodness of fit, analysis of variance (ANOVA), P= Value and regression equation.

3.10 Diagnostic Tests

In scientific research, diagnostic tests are usually carried out to empirically determine the quantitative effect of study design shortcomings of estimates of diagnostic accuracy (Lijmer et al., 1999). In this study, a number of diagnostic tests were done before data analysis was conducted to authenticate the veracity of the research findings. The tests included normality, multicollinearity and homogeneity tests. The effects of study characteristics were ultimately examined with regression models by way of summary models, ANOVA and coefficients.

3.11 Chapter Summary

The chapter discussed the research methodology used in the study. It specifically presented the research philosophy, the research design, population of the study, data collection method, reliability and validity tests and data analysis. An explanation was given that this was a cross sectional survey design because data was across the NSE listed companies at one point at a time. It also contains operationalization of the study variable table 3.1 as well as data analysis model Table 3.3.

The data analysis evaluated the methods used in the computation of the mediating and moderating variables in this study. Literature supporting the operationalization was also presented. Subsequently data analysis techniques were discussed and objectives, hypothesis, and analytical models summarized in Table 3.3.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The chapter deals with the data analysis and findings of the study on the influence of organizational structure and industry competition on the relationship between corporate strategy and the performance of companies listed on the Nairobi Securities Exchange (NSE). It is divided into the background of the study, diagnostic tests, the presentation of findings, the tests of hypotheses, interpretation of results and results of regression analysis. Descriptive statistics is used to present the preliminary findings, while the inferential statistics are used in the tests of hypotheses.

4.2 Response Rate

Data analyzed in this chapter was obtained from 46 companies out of the targeted 63 companies listed on the NSE. Although there were 63 companies listed at the bourse, one company known as Umeme was cross listed in both Uganda and Kenya. Additionally, there were no published secondary data in the NSE for 2 companies, one of which, Kuruwitu was listed in March, 2015. The response rate was 73 percent which is adequate as it compares fundamentally well with other studies conducted on the same context (Machuki, 2011; Ogendo, 2014; Kinuu, 2014). Baruch (1999) in his study to explore what could be a reasonable response rate in academic research observed that the average response rate was 55.6 percent. According to Awino (2011), a response rate of 65 percent is acceptable for such studies. Likert type scale was predominantly used in measuring the various variables during data collection.

Table 4.1: Response by Investment Market Segment

Sector	**Total Number**	**Response Frequency**	**Percentage**
Agricultural	7	5	71
Automobile and Accessories	4	4	100
Banking	11	7	64
Commercial and Services	9	6	67
Construction and Allied	5	4	80
Energy and Petroleum	5	3	60
Insurance	6	5	83
Investment	4	3	75
Manufacturing and Allied	9	7	78
Telecommunication and Technology	1	0	0
Growth Enterprise	2	0	0
TOTAL	**63**	**46**	**73**

Source: Research Data, (2015)

4.2.1 Companies' Age

The length of time an organization has been in existence, depicting the age thereof, has been used in many studies as a measure of organizational maturity and is generally viewed as a crucial factor in influencing managerial practices within the organizations (Hambrick and Mason, 1984; Kinuu, 2014: Ogendo, 2014). For instance, the year of incorporation would help determine how long the company has been in existence, since the study focused on the companies' activities for a period of five years commencing from the year 2010. Table 4.2 presents the age of organizations.

Table 4.2: Years of Incorporation of Companies

Age (Years)	Frequency	Percentage
100 and above	6	13
70 - 99	7	15
40 - 69	20	44
10 – 39	12	26
Less than 10	1	2
Total	**46**	**100**

Source: Resource Data, 2015

Table 4.2 shows that majority of the organizations had been in existence for more than forty years. Specifically, 13 percent of the organizations were more than a century old, whereas 43 percent were between forty and sixty nine years old. Only one organization was less than ten years old. Therefore, the organizations presented a strong research design for an empirical study.

4.2.2 Respondent Profile

The work experience of the respondents was determined by the number of years they worked in their current specified organization. The work experience was measured in the range of 1 to 5, 6 to 10; 11 to 15 and; 16 and above years. The number of the respondents' work experience within each company was grouped according to the range of the years worked in the companies of this study.

Table 4.3: Number of Years Respondents Worked in the firm in Years

Years of Company's	Experience	Frequency
1 to 5	15	41.7
6 to 10	11	30.6
11 to 15	3	8.3
Over 15	7	19.4
Total	**46**	**100.0**

Source: Resource Data, 2015

Table 4.3 illustrates the years that the respondents had worked in their respective organizations. The years of experience determine the extent that the respondent was knowledgeable about the business and the organization and his or her flexibility to respond to issues. The range of 1 to 5 years has the highest rate of 41.7 %, followed by the range of 6 to 10 years of 30.6%, which illustrates that this study was guided by the senior managers who had worked for their organizations between 1 to 10 years and were flexible to respond to issues on corporate strategy, organizational structure, industry competition and organizational performance. Table 4.4 presents data on company size in terms of number of employees.

Table 4.4: Company Size

No. of Employees	**Percentage**
Less than 100 employees	4.9
Between 100 and Less than 500 employees	59.8
Between 500 and 1000 employees	26.3
More than 1000 employees	9.0
Total	**100.0**

Source: Research Data, 2015

The population of the study was made up of organizations of varying sizes as shown in Table 4.4. Slightly less than 10 percent of the organizations had more than one thousand employees while about 5 percent were on the other extreme end of less than one hundred employees. The study also found out that 60 percent of the organizations had between one hundred and five hundred employees whilst 26 percent had less than one thousand employees but greater than five hundred. This implies that NSE listed companies have large number of workers and hence their immense contribution to the Kenyan economy in terms of employment creation and payment of tax revenue to the government from emoluments or employment income.

4.3 Statistical Assumptions

Statistical tests rely upon certain assumptions about the variables used in the analysis. Osborne and Waters (2014), opine that when these assumptions are not met the results may not be valid, and therefore, this may result in a type I or type II error, or over or under-estimation of significance or effect size(s). It is therefore important to pretest for these assumptions for validity of their results. Osborne, Christensen, and Gunter (2001) observed that few articles report having tested assumptions of the statistical tests they rely on for drawing their conclusions.

According to Osborne and Waters (2014), not pretesting for these assumptions has led to a situation where there is rich literature in social science, but questions in to the validity of many of these results, conclusions, and assertions still exist. Moreover, they postulate that, testing for assumptions is beneficial as it ensures that an analysis meets the associated assumptions and helps avoid type I and II errors (Osborne and Waters, 2014; Owino, 2014). Prior to data analysis, assumptions for linear regression were checked together with multicollinearity, normality and heteroscedasticity.

4.3.1 Test of Normality

Parametric statistics by definition assume that the data under test is normally distributed, hence the use of the measure of central tendency (Zikmund, 2010). A number of statistical procedures including correlation, regression, t-test and f-tests are based on the assumption that the data follows a normal distribution (Ghasemi & Zahediasl, 2012). There are several ways of testing normality such as Shapiro-Wilk, Kolmogorov-Smirnov, Lilliefors and Anderson Darling.

According to Razali and Wah (2011) Shapiro-Wilk is the most powerful normality test. This study adopted it. The findings of the tests are presented in Table 4.5. The test was used in testing the data in this study. Shapiro-Wilk test of less than 0.05 implies that there is significant deviation of data from a normal distribution. The study's data set was subjected to a normality test and the results are shown in Table 4.5.

Table 4.5: Tests of Normality

Variables	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Corporate Strategy	.108	46	.200*	.953	46	.062
Organization Structure	.105	46	.200*	.968	46	.236
Industry Competition	.074	46	.200*	.987	46	.871

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Source: Research Data, 2015

Results in Table 4.5 show that the Shapiro-Wilk results had p values greater than 0.05, therefore the assumption of normality was not violated. The data was normally distributed. A graphical representation of observed values against expected normal values of the study variables were plotted on a Q-Q plot of performance as shown on Figure 4.1. The observed values were found to coalesce along the line of good fit, which implies that the data were normally distributed.

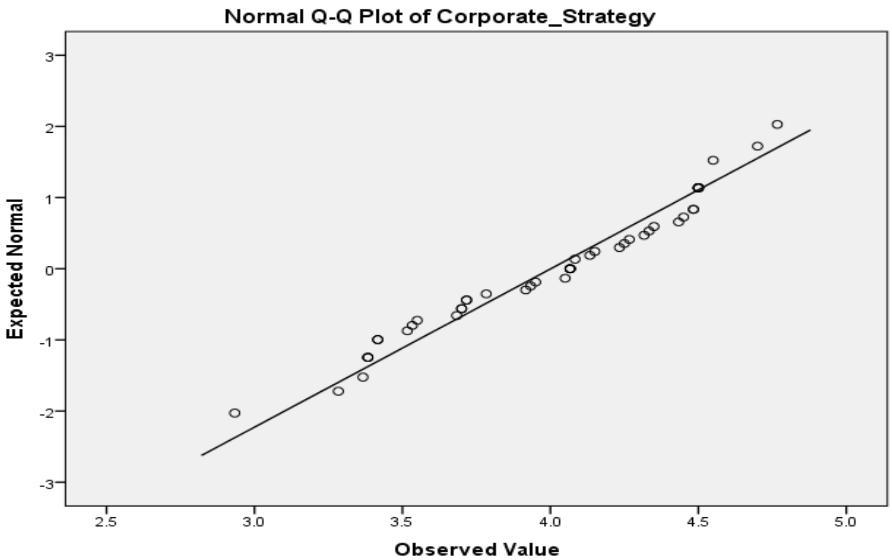


Figure 4.1: Normal Q-Q Plot of Organizational Performance

Source: Research Data, 2015

A graphical representation of observed values against expected normal values of the study variable were plotted on a Q-Q plot of an organizational structure the mediating variable as shown in figure 4.2. The observed values were found to coalesce along the line of good fit which implied that the data were normally distributed.

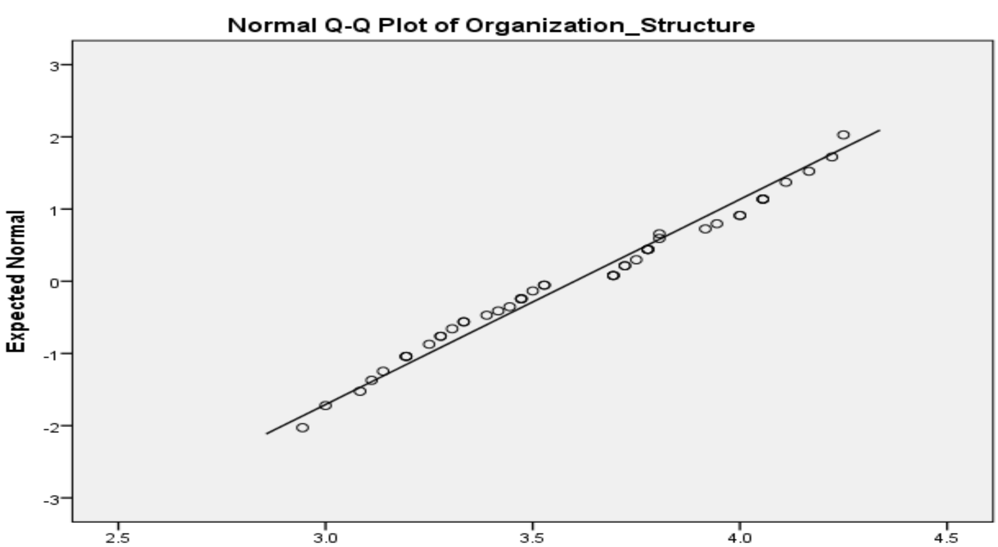


Figure 4.2: Normal Q-Q Plot of Organizational Structure

Source: Research Data, 2015

A graphical representation of observed values against expected normal values of the study variable (the moderating variable) were plotted on a Q-Q plot of industry competition as shown on Figure 4.3. The observed values were found to coalesce along the line of good fit, thus implying that the data were normally distributed.

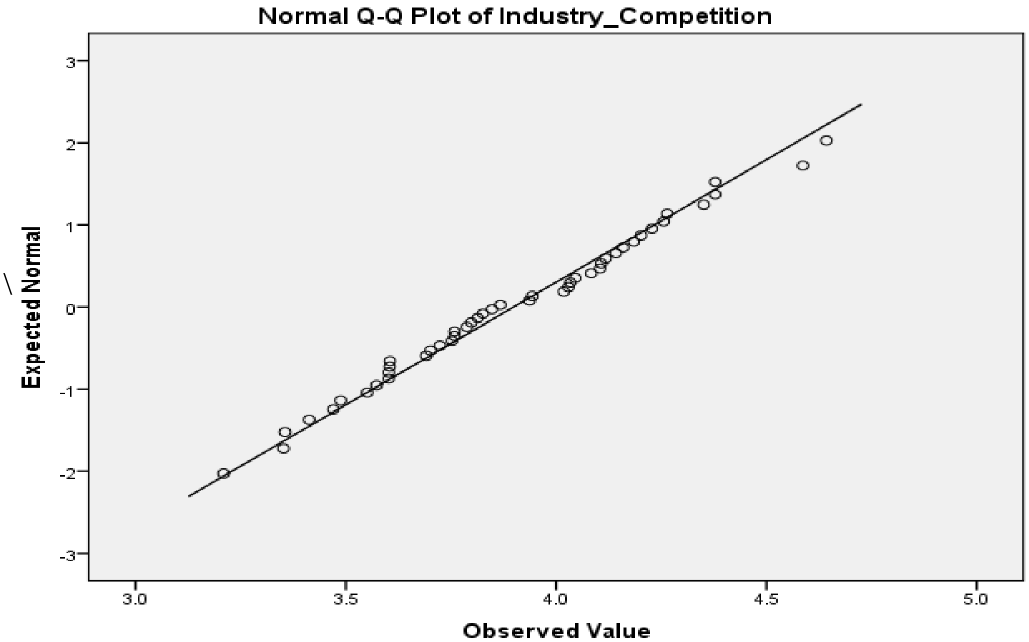


Figure 4.3: Normal Q-Q Plot of Industry Competition
Source: Research Data, 2015

4.3.2 Homogeneity Test

Homoscedasticity is a situation in which the variance of the dependent variable does not vary across the data (Ghasemi & Zahediasl, 2012) while heteroscedasticity implies that the variance of the dependent variable varies across the data (Kinuu, 2014; Ghasemi et al., 2012). In order to test for homogeneity, this study applied the Levene test in accordance with Newbert, (2008) whereby if the Levene value is greater than 0.05, then the variability is considered to be the same. The variables of the study were subjected to a Levene test and the results from the test are shown in Table 4.15 above. Subsequently the Levene F ratio for corporate strategy, organizational structure and industry competition were 1.696, 1.881 and

1.238 respectively. All the Levene tests were greater than 0.05, hence not significant as the assumption homogeneity of variances was not violated; which means there was no risk of incest among the study variables. Homogeneity test was carried out using the Levene test to check for equality of variances. The results are shown in Table 4.6.

Table 4.6: Homogeneity Test

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
Corporate Strategy	1.696	3	41	.183
Organization Structure	1.881	3	41	.148
Industry Competition	1.238	3	41	.308

Source: Research Data, 2015

Levene value test for homogeneity is benchmarked on the limit of 5.0 (Gasemi & Zahediasi, 2012; Kinuu, 2014). Since the Levene statistic was less than 5.0 then the research data was found to conform to assumptions of homogeneity of variances.

Table 4.7: Levene Test

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Corporate Strategy	Between Groups	3.738	4	.934	7.135	.000
	Within Groups	5.369	41	.131		
	Total	9.107	45			
Organization Structure	Between Groups	.398	4	.100	.789	.539
	Within Groups	5.178	41	.126		
	Total	5.576	45			
Industry Competition	Between Groups	1.835	4	.459	5.853	.001
	Within Groups	3.214	41	.078		
	Total	5.049	45			

Source: Research Data, 2015

Table 4.7 illustrates that the t-test for equality of means was not significant at 95 percent confidence level. Since all Levene test were greater than 0.05 the assumption of homogeneity of variances was not violated. The research data was subjected to four tests namely reliability and validity, normality, multicollinearity and homogeneity. Since the research data did not violate any of the tests, inferences about the population were made.

4.3.3 Multicollinearity Test

Multicollinearity is the undesirable situation where the correlation among the independent variable are strong. It increases the standard errors of the coefficients using collinearity statistics to get tolerance and variance inflation factor (VIF). In order to test for multicollinearity, VIF was computed using statistical packages for social science (SPSS). Multicollinearity increases the standard errors of the coefficients and thus makes some variables statistically not significant while they should otherwise be significant (Osborne and Waters, 2014). Tolerance is the amount of variance in independent variable that is not explained by the other independent variable.

VIF measures how much variance the regression coefficient is inflated by multicollinearity, thus misleadingly inflates the standard errors. The minimum cutoff value for tolerance is typically 0.10. When there is no problem with multicollinearity tolerance, value should not be less than 0.10 while VIF value should not be more than 10 (Newbert, 2008; King et al., 1994). If no two variables are correlated, then all the VIFs will be 1. If VIF for one of the variable is ≥5, then there is collinearity associated with that variable. The results of the tests of multicollinearity between corporate strategy, organizational structure and industry competition are presented in Table 4.8.

Table 4.8: Multicollinearity Test

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
	Corporate Strategy	.908	1.495
	Organizational Structure	.785	2.107
	Industry Competition	.836	2.412
a. Dependent Variable: Organizational Performance			
a. Lilliefors Significance Correction			

Source: Research Data, 2015

As a rule of thumb, if any of the VIF are greater than 5 then there is a probability of a problem with Multicollinearity which is harmful to the study (Newbert,2008).The results show that all the VIF values were below 5, meaning that the collinearity was not harmful. If no two variables are correlated, then all the VIFs will be equal to one (Hansen, 2013). Also, if VIF for one of the variables is equal to or greater than five, then there exists multicollinearity. Since all the VIFs are less than 5, then the assumption of nonexistence of multicollinearity was not violated. VIF is the reciprocal of tolerance. Hence if tolerance of one of the variables is equal to or less than 0.2, then there exists collinearity. Again since all the tolerant results were greater than 0.2, then the assumption of nonexistence of multicollinearity was not violated.

4.4 Preliminary Findings

The preliminary findings cover the data analysis on corporate strategy, organizational structure, industry competition and organizational performance. Descriptive statistics are used to analyze the data. The results are explained after each conceptual analysis. The preliminary findings of the study included descriptive statistics of the variables, measures of central tendency, dispersion and one sample t-test, co efficient of variation and correlation analysis. One sample t-test was used at ninety five percent, 95% (0.95) confidence level to test the level of significance ($p < 0.05$). The test generated t-values and mean scores. The t-value explains the statistical significant differences with regard to the manifestation of variables across the study. The mean score illustrates the ranking of the dimensions and indicators of the variables. The coefficient of variation gauges variability.

To capture data on the operational indicators of corporate strategy, descriptive statements derived from literature were presented to respondents on a 5- point Likert type scale. The number 3 was used as a test value since it is the midpoint of the 5 point Likert type scale. They were presented to respondents and were requested to indicate the extent to which the statements applied in their organizations. The descriptive analysis of corporate strategy, organizational structure, industry competition and performance is thus presented.

4.4.1 Corporate Strategy

Corporate strategy is the independent variable in this empirical investigation. The study operationalized corporate strategy using four constructs as key indicators namely cost leadership, differentiation, and focus together with strategic alliance. These indicators were measured using nineteen items developed using structured questionnaire as presented in Table 4.9. A five point Likert-type scale was used to measure the variables.

Corporate strategy in the study is manifested by generic strategies namely cost leadership, differentiation and focus (Porter, 1980) as well as strategic alliance construct. Before testing this relationship, the study sought to establish the manifestations of the various strategic relationships (using one sample t-tests) as shown in Table 4.9. The strategic responses are essentially the strategic choices firms make given environmental developments as well as organizational capability situations. For each of these strategic constructs, respondents were presented with descriptive statements on a 5 point likert type scale and were required to indicate the extent to which their firms manifest the same. The results for each strategic indicator are presented in the subsequent subsections.

Table 4.9: Corporate Strategy

Statements	N	Mean	SD	t-value	CV (%)	P-value
Our company has had the lowest cost of operation in the industry	46	3.48	1.070	22.056	31	.000
Our company has had a well-defined scope of operations	46	4.33	.668	43.892	15	.000
Our company produces highly standardized products using high technology	46	4.17	.677	41.831	16	.000
Our organization adopts tight control systems and overhead minimization as a way of attaining cost leadership.	46	4.13	.980	28.586	24	.000
Our firm analyzes systems and operation processes to identify where costs can be avoided by eliminating non-value adding activities	46	3.96	.988	27.165	25	.000
Our company leverages on technology in its processes to produce unique quality products with features which are preferred by our customers as compared to our competitors	46	4.22	1.009	28.345	24	.000
The company's products are customized to meet customers, needs	46	3.85	.988	26.412	26	.000
Our company pursues diversification strategy to produce an array of product mix with a view to spreading the risk	46	4.33	.560	52.401	13	.000
The company constantly seeks to introduce new quality brands or new products in the market	46	4.15	.729	38.614	18	.000
The firm produces products/services that are focused to a particular niche of customers.	46	4.17	.973	29.092	23	.000
Our firm's value chain is tailored for products which are intended for specific market segments.	46	4.11	.737	37.800	18	.000
Our organization utilizes its resources and core competencies including innovation optimally with a view to producing differentiated quality products and services	46	4.04	1.010	27.150	25	.000
The company lays emphasis on organizational culture that encourages innovation in pursuit of differentiating our products and services.	46	4.41	.686	43.656	16	.000
Our company's products are differentiated from competitors products through distinct features	46	2.83	.769	24.926	27	.000
The company puts emphasis on investments characterized by consumer marketing that will provide future competitive edge	46	3.20	1.128	19.218	35	.000
The company is dedicated to the learning curve even as it pursues economies of scales in its production processes.	46	4.13	.749	37.422	18	.000
The firm has allowed other firms to use its trade mark.	46	4.04	1.053	26.040	26	.000
The company has entered into trade agreements with companies conducting similar business for mutual benefits	46	4.52	.691	44.391	15	.000

Source: Research Data, 2015

The results in Table 4.9 show moderately high ranking with respect to corporate strategy (Mean scores above 3.0 for all, save for one, of the corporate strategy descriptions). Notably, all statements had high *t* values yielding to statistically significant (*p* values of less 0.05).The statement 'The company has entered into trade agreements with companies conducting similar business for mutual benefits.' had the highest mean score of 4.52, implying that companies listed on the Nairobi Securities Exchange had to a very large extent established strategic alliances. The statement 'Our company's products are differentiated from competitors products through distinct features 'had the lowest mean score of 2.83, implying that there could be similar features between products sold by organizations in the same industry.

The statement 'The company puts emphasis on investments characterized by consumer marketing that will provide future competitive edge' had the highest coefficient of variation (CV) of 35 percent, suggesting that there was a relatively high level of disagreement among the respondents regarding customer focus. On the contrary, the statement 'Our Company pursues diversification strategy to produce an array of product mix with a view to spreading the risk' had the lowest CV of 13 percent, showing that there was a relatively high level agreement regarding diversification. This could likely imply that most companies listed on the NSE applied diversification as a corporate to a large extent.

Generally, corporate strategy is significant in these companies ($p < 0.05$). Diversity strategy has the highest t-value of 52.401; while marketing has the lowest t-value of 19.218. Correlation analysis was done on corporate strategy items in order to establish the bi-variate relationship among the 4 items. The results of the correlation analysis are as shown in Table 4.10.

Table 4.10: Correlation Matrix of Operational Indicators of Corporate Strategy

Correlations					
Items		Cost Leadership	Differentiation	Focus	Strategic alliances
Cost Leadership	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	46			
Differentiation	Pearson Correlation	.476**	1		
	Sig. (2-tailed)	.001			
	N	46			
Focus	Pearson Correlation	.353*	.755**	1	
	Sig. (2-tailed)	.016	.000		
	N	46	46	46	
Strategic alliances	Pearson Correlation	.254	.326*	.526**	1
	Sig. (2-tailed)	.088	.027	.000	
	N	46	46	46	46
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

Source: Research Data, 2015

The results in Table 4.10 show that all of the corporate strategy operational indicators had positive correlations. Differentiation and focus had the highest positive relationship (R = 0.755) with focus followed by focus and strategic alliances (R= 0.526). Both relationships were statistically significant (*p* value of 0.000 was less than 0.05). Cost leadership had the lowest positive correlation with strategic alliances (R=-0.254) although the relationship was not statistically significant.

4.4.2 Organizational Structure

Organizational structure was operationalized along three indicators namely; formalization, centralization and organic. To capture data on these operational indicators, descriptive statements derived from literature were presented to respondents on a 5- point likert type scale. They were presented to respondents and were requested to indicate the extent to which the statements applied in their organizations. The results of the one sample t-test are presented in Table 4.11

Table 4.11: Organizational Structure

Statements	N	Mean	SD	CV (%)	t-value	p-value
The work roles in the organization are highly structured	46	3.07	.952	31	21.832	.000
All the activities of employees are governed by rules and procedures	46	4.33	.659	15	63.939	.000
The organization has standardized behavior through formal training and related mechanisms	46	4.13	.718	17	39.001	.000
The organization takes into consideration the needs of their employees	46	4.07	.998	25	27.632	.000
There exists group leadership and teamwork	46	4.41	.686	16	43.656	.000
The organization takes into consideration the ideas of employees	46	2.89	.737	26	26.600	.000
Decision making is centralized	46	3.17	1.102	35	19.541	.000
There are few written procedures and rules	46	2.83	.769	27	24.926	.000
Decision making is distributed across all levels of the organizations	46	3.20	1.128	35	19.218	.000
Decision making takes place at the upper levels of the organization	46	4.13	.749	18	37.422	.000
Power and authority are centralized at the hands of top management	46	4.04	1.053	26	26.040	.000
There are authoritative communication channels	46	4.52	.691	15	44.391	.000
Information from lower levels flows up to the decision-maker where it is analyzed and synthesized to gain a broader perspective in order to aid in decision-making	46	3.07	.952	31	21.832	.000
Information flows down to provide directions to the lower levels of the hierarchy where lower levels are expected to implement the decisions with little or no modifications.	46	3.28	1.167	36	19.071	.000

Source: Research Data, 2015

The results in Table 4.11 show moderately high ranking with respect to organizational structure (Mean scores above 3.0 for most of the organizational structure descriptions). Notably, all statements had high *t*-values yielding to statistically significant (*p* values of less 0.05) .The statement on communication channels had the highest mean score of 4.52, implying that companies listed on the Nairobi Securities Exchange had to a very large centralized organizational structures. The statement 'There are few written procedures and rules' had the lowest mean score of 2.83, implying that respondents almost disagreed to this statement. It is likely that the opposite is true, meaning there exists many rules and regulations.

Notably, the statement 'All the activities of employees are governed by rules and procedures' had the lowest coefficient of variation (CV) of 15 percent, suggesting that there was a relatively high level of agreement among the respondents that they were governed by rules and procedures to a large extent. On the contrary, the statement 'Information flows down to provide directions to the lower levels of the hierarchy where lower levels are expected to implement the decisions with little or no modifications.' had the highest CV of 36 percent, showing that there was a relatively high level of disagreement regarding this statement. This could likely imply that most companies listed on the NSE allowed flow of information from top to bottom and vice versa.

Generally, organizational structure is significant in these companies ($p < 0.05$). Rules and procedures have the highest t-values ($t=63.939$); while information flow has the lowest t-value ($t=19.071$).

Similarly, correlation analysis was done on organizational structure items in order to establish the bivariate relationship among the 3 items. The results of the correlation analysis are as shown in Table 4.12.

Table 4.12: Correlation matrix on indicators of Organizational Structure

Items		Formalization	Centralization	Organic
Formalization	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	46		
Centralization	Pearson Correlation	.053	1	
	Sig. (2-tailed)	.726		
	N	46	46	
Organic	Pearson Correlation	.731**	.242	1
	Sig. (2-tailed)	.000	.105	
	N	46	46	46
**. Correlation is significant at the 0.01 level (2-tailed).				

Source: Resource Data, 2015

The results show that all of the organizational structure operational indicators had positive correlations. Formalization had the highest positive relationship (R = 0.731) with organic. Notably, this was the only statistically significant relationship (calculated *p*-value of 0.000 was less than 0.05). Similarly, formalization had the lowest positive correlation with centralization (R=-0.053) although the relationship was not statistically significant (*p* value of 0.726 was greater than 0.05).

4.4.3 Industry Competition

Industry competition was operationalized along ten indicators namely; Entry barrier, Rivalry, Buyers 'bargaining power, Suppliers' bargaining power, Pricing, substitutes, Complements, government, Logistics, Power play. To capture data on these operational indicators, respondents were asked to indicate on a 5- point likert scale to what extent various aspects of the indicators applied in their organizations. The results of the one sample *t*-test are presented in Table 4.13.

Table 4.13: Industry Competition

Statements	N	Mean	SD	t-value	CV (%)	p-value
Industry Competition	46	4.13	.718	39.001	17	.000
Threat of new entrants	46	4.07	.998	27.632	25	.000
Imposition of barriers by players in the industry	46	4.41	.686	43.656	16	.000
Government regulation of entry	46	3.20	1.128	19.218	35	.000
Contrived deterrence	46	4.08	.477	57.990	12	.000
Favorable access to raw material	46	3.88	.468	56.278	12	.000
Cost advantages	46	3.84	.349	74.561	9	.000
Customer switching costs	46	3.48	1.070	22.056	31	.000
Innovative technologies	46	4.33	.668	43.892	15	.000
High initial capital investments	46	4.17	.677	41.831	16	.000
Exit barriers in the industry	46	4.13	.980	28.586	24	.000
Proprietary technology	46	3.96	.988	27.165	25	.000
Proprietary products advantage	46	4.22	1.009	28.345	24	.000
Favourable geographical locations	46	3.85	.988	26.412	26	.000
Rivalry among competitors in the industry	46	4.22	1.009	28.345	24	.000
Large number of competing firms	46	3.85	.988	26.412	26	.000
Industry growth	46	3.52	.310	76.941	9	.000
Diversity of competitors	46	3.84	.349	74.561	9	.000
Brand identity	46	3.48	1.070	22.056	31	.000
Frequent price cutting/price wars e.g. discounts	46	4.33	.668	43.892	15	.000
Lack of product differentiation	46	4.17	.677	41.831	16	.000
Intense advertising	46	4.13	.980	28.586	24	.000
Productive capacity added in large increment	46	3.96	.988	27.165	25	.000
Bargaining power of customers	46	4.22	1.009	28.345	24	.000
Buyer concentration	46	3.85	.988	26.412	26	.000
Small number of buyers	46	4.33	.560	52.401	13	.000
Price sensitivity	46	4.15	.729	38.614	18	.000
Bargaining leverage	46	4.17	.973	29.092	23	.000
Buyer propensity to substitute	46	4.11	.737	37.800	18	.000
Buyer propensity to purchase	46	4.04	1.010	27.150	25	.000
Impact of quality performance	46	4.41	.686	43.656	16	.000
Undifferentiated and standard products	46	2.83	.769	24.926	27	.000

Table 4.13: Industry Competition continued…

Statements	N	Mean	SD	t-value	CV (%)	p-value
Products sold to buyers are a significant percentage of buyers' final costs	46	3.20	1.128	19.218	35	.000
Buyer's threat of backward vertical integration	46	4.13	.749	37.422	18	.000
Bargaining power of suppliers	46	4.04	1.053	26.040	26	.000
Industry dominated by small number of firms	46	4.52	.691	44.391	15	.000
Sale of unique highly differentiated products	46	3.07	.952	21.832	31	.000
Supplier not threatened by substitutes	46	3.28	1.167	19.071	36	.000
Differentiation of inputs	46	4.13	.718	39.001	17	.000
Presence of substitute inputs	46	4.07	.998	27.632	25	.000
Supplier concentration	46	4.41	.686	43.656	16	.000
Threat of forward vertical integration	46	2.89	.737	26.600	25	.000
Switching costs	46	3.17	1.102	19.541	35	.000
Threat of substitute products	46	2.83	.769	24.926	27	.000
Non branded generic products	46	3.20	1.128	19.218	34	.000
Buyer concentration	46	4.13	.749	37.422	18	.000
Relative price performance	46	4.04	1.053	26.040	26	.000
Complementary products	46	4.52	.691	44.391	15	.000
Government regulations	46	3.07	.952	21.832	31	.000
Government taxes	46	3.28	1.167	19.071	36	.000
Government subsidies	46	4.13	.718	39.001	17	.000
Value chain and Logistical factors	46	4.07	.998	27.632	25	.000
Competition for inputs	46	4.41	.686	43.656	16	.000
Power play within the organization and the Industry	46	3.20	1.128	19.218	35	.000
Technological changes in the market	46	4.08	.477	57.990	11	.000
Strategic alliances as a means of marshalling resources	46	3.88	.468	56.278	12	.000
Relation with financial institutions	46	3.52	.310	76.941	8	.000

Source: Research Data, 2015

The results in Table 4.13 show moderately high ranking with respect to industry competition (Mean scores above 3.0 was recorded for most of the industry competition descriptions). Notably, all statements had high *t*-values yielding to statistically significant (*p* values of less 0.05) .The aspect ‘Industry dominated by small number of firms’ had the highest mean score of 4.52, competition for companies listed on the NSE was affected by the small number of firms to a large extent . The second highest mean score of 4.41 was scored for ‘Competition for inputs’. The statements ‘Undifferentiated and standard products’ and ‘Threat of substitute products’ had the lowest mean score of 2.83, implying that respondents almost disagreed to this statement.

‘Relation with financial institutions’ had the lowest coefficient of variation (CV) of 8 percent, suggesting that there was a relatively high level of agreement among the respondents that relationships with financial institutions to a large extent matter in the industry competition. Conversely, the statement ‘Supplier not threatened by substitutes.’ had the highest CV of 36 percent, showing that there was a relatively high level of disagreement regarding this statement.

Correlation analysis was done on the industry competition items in order to establish the bivariate relationship among the 9 items. The results of the correlation analysis are as shown in Table 4.14. “Complement” had the highest positive correlation with “Logistics” at 0.910 followed by “Buyer Bargaining Power and Supplier Bargaining Power’’ at 0.867. Both relationships were statistically significant with p-value o.ooo was less than 0.05.

Table 4.14: Correlation Matrix of Operational indicators industry competition

Correlations

		Threat of Entry	Buyer Bargaining Power	Supplier Bargaining Power	Industry Rivalry	Threat of Substitutes	Logistics	Power Play	Government Intervention	Compliment
Threat of Entry	Pearson Correlation	1								
	Sig. (2-tailed)									
	N	46								
Buyer Bargaining Power	Pearson Correlation	.520**	1							
	Sig. (2-tailed)	.000								
	N	46	46							
Supplier Bargaining Power	Pearson Correlation	.625**	.867**	1						
	Sig. (2-tailed)	.000	.000							
	N	46	46	46						
Industry Rivalry	Pearson Correlation	.627**	.635**	.440**	1					
	Sig. (2-tailed)	.000	.000	.002						
	N	46	46	46	46					
Threat of Substitutes	Pearson Correlation	.732**	.266	.464**	.372*	1				
	Sig. (2-tailed)	.000	.074	.001	.011					
	N	46	46	46	46	46				
Logistics	Pearson Correlation	.797**	.551**	.574**	.661**	.691**	1			
	Sig. (2-tailed)	.000	.000	.000	.000	.000				
	N	46	46	46	46	46	46			
Power Play	Pearson Correlation	.082	-.063	.212	-.237	.507**	-.026	1		
	Sig. (2-tailed)	.588	.678	.158	.114	.000	.866			
	N	46	46	46	46	46	46	46		
Government Intervention	Pearson Correlation	.838**	.350*	.334*	.494**	.554**	.699**	-.125	1	
	Sig. (2-tailed)	.000	.017	.024	.000	.000	.000	.408		
	N	46	46	46	46	46	46	46	46	
Compliment	Pearson Correlation	.846**	.738**	.769**	.783**	.737**	.910**	.106	.629**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.482	.000	
	N	46	46	46	46	46	46	46	46	46

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

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

Source: Resource Data, 2015

4.4.4 Organizational Performance

Research in strategic management has gradually shifted to measuring organizational performance beyond the traditional financial indicators. This study operationalized performance broadly in financial and non-financial measures. The financial measure was operationalized using earnings per share (EPS) where secondary data was used owing to availability of secondary data in the published financial reports. This financial indicator was found suitable as it has been successfully used by other scholars such as Kinuu (2014), Machuki (2011) Ogendo (2014) and Ondari (2015). The other indicators of the sustainable balanced score card (Kaplan & Norton, 1992; Elkington, 1997) were used to operationalize the non-financial measures. These included; Internal Processes, Customer Satisfaction, Learning and Growth, Corporate Social responsibility (CSR) and Environment. To establish the level of performance in these indicators by the organization, descriptive statements were presented to the respondents on a 5-point Likert type scale. They were required to indicate the extent to which these statements apply to the organizations. Table 4.15 presents the results of one-sample *t*-test statistics carried out.

Table 4.15: Non-Financial Organizational Performance

Statements	N	Mean	SD	T	CV(%)	Sig. (2-tailed)
Operational efficiency has improved over the last five years	46	3.84	.349	74.561	9	.000
Internal business processes have improved over the last five years	46	3.48	1.070	22.056	30	.000
Company's core competencies are identified and measured	46	4.33	.668	43.892	15	.000
Automation of business processes has generally been achieved	46	4.17	s.677	41.831	16	.000
Our company has achieved good returns by improving its asset utilization.	46	4.13	.980	28.586	24	.000
The company entered new markets in the last five years	46	3.98	1.000	26.988	25	.000
The company's market share has increased in the past five years	46	4.22	1.009	28.345	24	.000

Table 4.15: Non-Financial Organizational Performance continued …

Statements	N	Mean	SD	T	CV(%)	Sig. (2-tailed)
The company delivers products to its customers in time	46	3.85	.988	26.412	26	.000
Exceptional services are provided to customers	46	4.33	.560	52.401	13	.000
Our processes support speedy responses to all customers' queries and this has enabled as to retain our customers.	46	4.17	.739	38.281	18	.000
Product quality has improved in the last five years	46	4.17	.973	29.092	23	.000
The company has embraced a corporate culture towards its customers	46	4.11	.737	37.800	18	.000
Generally customers rate the quality of our products and services highly relative to our competitors'	46	4.04	1.010	27.150	25	.000
Diversity and inclusivity is a major consideration in our employment policy	46	4.43	.688	43.714	16	.000
Employees are generally motivated to meet company goals	46	2.83	.769	24.926	27	.000
Safety measures have been put in place and work environment is conducive	46	3.28	1.109	20.079	34	.000
Work climate is conducive to support organizational strategy	46	4.13	.749	37.422	18	.000
We conduct annual research to monitor our employee satisfaction and morale	46	4.07	1.063	25.949	26	.000
Our company puts emphasis on employees education and training as a way of enhancing performance.	46	4.52	.691	44.391	15	.000
Relative to our competitors our core business priority is innovation.	46	3.07	.952	21.832	31	.000
Research and development (R&D) plays an important role in product development and assessment.	46	3.28	1.167	19.071	36	.000
Environmental awareness and improvement have increased over the last five years and thus represent strategic core issues of the company's objectives.	46	4.22	.758	37.757	18	.000
Our organization conducts annual environmental audits.	46	4.09	1.007	27.520	25	.000
We invest in community programmes in which our experience can provide a lasting impact.	46	4.46	.657	46.019	15	.000
Our organization always publishes annual performance sustainability report.	46	2.93	.800	24.879	27	.000

Source: Resource Data, 2015

The results in Table 4.15 show moderately high ranking with respect to various non financial performance indicators (Mean scores above 3.0 was recorded for most performance statement description). The results also recorded statistically significant responses across the corporations on the level of non financial performance (relatively high t-values, $p<0.05$). The statement ‘Our company puts emphasis on employees education and training as a way of enhancing performance’ had the highest mean score of 4.52, implying that companies listed on the NSE performed well regarding learning to a very large extent. The statements ‘Employees are generally motivated to meet company goals’ had the lowest mean score of 2.83, implying that respondents almost disagreed to this statement.

The lowest coefficient of variation (CV) of 9 was recorded for the statement ‘Operational efficiency has improved over the last five years’, suggesting that there was a relatively high level of agreement among the respondents on this matter. Conversely, the statement ‘Research and development (R&D) played an important role in product development and assessment’ had the highest CV of 36 percent, showing that there was a relatively high level of disagreement regarding this statement. It is likely that some organizations performed well in research and development while others did not. The results further indicate that the companies achieved non- financial performance across the board.

Correlation analysis was done on performance items in order to establish the bivariate relationship among the 6 of them. The results of the correlation analysis are as shown in Table 4.16.

Table 4.16: Correlation Matrix of Operational Indicators of Non Financial Organizational Performance

Correlations							
		Internal Processes	Customer Perspective	Employee Perspective	Learning and Growth	Environmental Perspective	CSR
Internal Processes	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	46					
Customer Perspective	Pearson Correlation	.379**	1				
	Sig. (2-tailed)	.009					
	N	46	46				
Employee Perspective	Pearson Correlation	.160	.514**	1			
	Sig. (2-tailed)	.289	.000				
	N	46	46	46			
Learning and Growth	Pearson Correlation	.358*	.320*	.421**	1		
	Sig. (2-tailed)	.014	.030	.004			
	N	46	46	46	46		
Environmental Perspective	Pearson Correlation	.409**	.165	.368*	.422**	1	
	Sig. (2-tailed)	.005	.274	.012	.004		
	N	46	46	46	46	46	
CSR	Pearson Correlation	.315*	.590**	.444**	.318*	.261	1
	Sig. (2-tailed)	.033	.000	.002	.031	.080	
	N	46	46	46	46	46	46
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

Source: Research Data, 2015

Results in Table 4.16 reveal that all the performance items were found to positively correlate to each other. Customer perspective was found to have the highest positive relationship with corporate social responsibility (CSR). The Pearson correlation (R = 0.590) implied that the more corporate social responsibility was achieved, the higher the level of customer satisfaction.

This relationship was statistically significant (*p*-value of 0.000 was less than 0.05). The lowest correlation(R=0160) was recorded between internal business process and employee perspective, although this relationship was not statistically significant with p-value of 0.009>0.005. This implied that internal business processes did not impact significantly on employee satisfaction of most NSE listed companies.

4.5 Results of Tests of Hypotheses

The broad objective of the study was to establish the influence of organizational structure and industry competition on the relationship between corporate strategy and performance of companies listed on the NSE. To achieve this objective, four specific objectives and four corresponding hypotheses were set and formulated respectively. Subsequently, to achieve the set objectives and to test the hypotheses, the study used various inferential statistical tools. Both simple and multiple regression analyses were used to establish the influence of predictor variables on the dependent variable. To test for moderating effect, the study used hierarchical regression and interaction term whereas Baron and Kenny (1996) model was used to test for the mediating effect (Aiken & West, 1991).

Regression analyses yielded various values pertaining to the tests carried in the study. These included R, R^2 ,F ratio, t-values and p-values. The R-value reflects the strength of the relationship between the study variables, while R^2 depicts the extent to variations in the indicators are explained. The F- values indicate the statistical significance of the overall model, while the t-values represent the significance of the individual variables. Beta (B) values show the positive or negative effect of the independent variable on the dependent variable. Consequently p-value represents the significance level. The study tested the confidence level at 95 percent, and F ratio, significance level (p = 0.05) at which point a decision to confirm or reject the hypothesis was made. Results that yielded p values $p < 0.05$ were confirmed. Conversely results with p values $p > 0.05$ led to rejection of the hypotheses. In the case of the moderating and the intervening variables the study used hierarchical regression analysis where the moderating and mediating variables are added to the independent variable to check the direct impact of the independent variable on the dependent variable. The result is presented sequentially in two categories. First, the results of the effect of the independent variables on the dependent variable are presented after which the results of the combined effect of the independent variable on the dependent variable are presented.

4.5.1 Corporate Strategy and Organizational Performance

The first objective of the study was to determine the effect of corporate strategy on organizational performance. Hypothesis (Ha_1) was stated that *corporate strategy has significant effect on organizational performance of companies listed on the Nairobi Securities Exchange.* The study set out to establish the independent effect of corporate strategy on organizational performance. Corporate strategy was measured using generic strategies constructs of cost leadership, differentiation, and focus together with strategic alliance.

This section summarizes the effect of corporate strategy on each operational indicator of organizational performance. The operational indicators of performance included earnings per share, internal business processes, customer perspective, learning and growth, employee perspective, corporate social responsibility (CSR) and environmental responsiveness. At the end a regression test was run on the effects of corporate strategy on overall organizational performance. The section presents the tables and their interpretations. Test of hypothesis was done using three tables: model summary, analysis of variance (ANOVA), and coefficients. Table 4.17 presents the results of the test p-value of the influence of corporate strategy on earnings per share. The earnings per share were captured using the mean from five year financial reporting from forty six (46) NSE listed companies. Ratio scale was later translated to reflect the 5 point likert scale. Five years of the study was taken into consideration as follows, 2009-2010, 2010-2011, 2011-2012, 2012-2013, and 2013-2014.

Table 4.17: Corporate Strategy and Earnings per Share (Financial Performance)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.294[a]	.086	.003	9.24940

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	330.829	4	82.707	.967	.436[b]
	Residual	3507.604	41	85.551		
	Total	3838.433	45			

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.540	13.714		.185	.854
	Cost Leadership	-4.608	2.983	-.265	-1.545	.130
	Differentiation	3.934	3.904	.247	1.008	.320
	Focus	1.137	4.585	.063	.248	.805
	Strategic alliances	.220	3.068	.013	.072	.943

a. Dependent Variable: EPS
b. Predictors: (Constant), Strategic Alliances, Cost Leadership, Differentiation,

Source: Research Data, 2015

Table 4.17 shows the results of the analysis done to establish the effect of corporate strategy on earnings per share. The results indicate that strategy is correlated with earnings per share up to 0.294 (R=0.294). Further, strategy explains 8.6 percent variations in earnings per share (R^2 =0.086) with the remaining 91.4 percent being explained by other variables which were not considered in this model. The *F* value for the model was 0.967 and *p*-value was 0.436. Since P > 0.05, the hypothesis was rejected implying that corporate strategy had no significant effect on Earnings per Share. Therefore, the model was not robust enough to predict the hypothesized relationship. To test the relationship between corporate strategy and internal business processes, a multiple regression analysis was conducted. The results are presented in Table 4.18. In all the non-financial performance indicators, the 5 point-likert scale was used to capture the data based on the five year period of the research, namely 2010, 2011, 2012, 2013, and 2014, and to develop composite indices.

Table 4.18: Corporate Strategy and Internal Processes

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.858[a]	.736	.711	.22670	
ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.886	4	1.472	28.634	.000[b]
	Residual	2.107	41	.051		
	Total	7.994	45			
Model		Coefficients Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.011	.336		3.007	.004
	Cost_Leadership	.628	.073	.791	8.596	.000
	Differentiation	-.081	.096	-.111	-.844	.403
	Focus	-.112	.112	-.137	-.995	.326
	Strategic alliances	.299	.075	.381	3.973	.000

a. Dependent Variable: Internal Processes.
b. Predictors: (Constant), Strategic Alliances, Cost Leadership, Differentiation, focus

Source: Research Data, 2015

Table 4.18 shows the results of the analysis done to establish the effect of corporate strategy on internal processes. The results indicate that corporate strategy is correlated with internal processes up to 0.858 (R=0.858). Further, corporate strategy explains 73.6 percent variations in internal processes (R^2 =0.736) with the remaining 26.4 percent being explained by other variables which were not considered in this model. The *F* value for the model was 28.634 and *p*-value was 0.00. Since the calculated *p*-value was less than 0.05, the study failed to reject the hypothesis implying that corporate strategy had a significant effect on internal processes. Corporate strategy correlated with customer perspective up to 92.2 per cent further explaining variation of 84.9 per cent (adjusted R^2. 83.5 per cent) with the remaining 15.1 per cent being explained by other variables which were not considered in the model. Corporate strategy correlated with employees perspective up to 91.5 per cent further explaining variation of 83.8 per cent (adjusted R^2. 82.2 per cent) with the remaining 16.2 per cent being explained by other variables which were not considered in the model. Also, corporate strategy correlated with learning and growth up to 81.2 per cent further explaining variation of 66 per cent (adjusted R^2. 62.7 per cent) with the remaining 34 per cent being explained by other variables which were not considered in the model. Additionally, corporate strategy correlated with environmental perspective up to 78.1 per cent further explaining variation of 61 per cent (adjusted R^2. 57.2 per cent) with the remaining 39 per cent being explained by other variables which were not considered in the model. Finally, corporate strategy correlated with corporate social responsibility (CSR) up to 61.2 per cent further explaining variation of 37.4 per cent (adjusted R^2. 31.3 per cent) with the remaining 62.6 per cent being explained by other variables which were not considered in the model.

The relationship was significant with F value at 57.794 and p- value =0.00.When the effect of the indicators are assessed individually, the findings revealed that cost leadership and strategic alliance, with p- values 0.00< 0.05, contribute positively to internal processes performance. On the other hand, differentiation and focus had p- values 0.403 and 0.326 respectively and thus contribute negatively to internal processes performance. On testing the elasticity of the model parameters, it was found that unit (1%) increase on differentiation would result in eight per cent (8%) decrease in internal process. However, since the corporate strategy had overall positive effect on internal processes with p- value 0.000< 0.05, the model was robust enough to predict the hypothesized relationship. This relationship was presented in the following equation. Internal Processes =1.011 +0.628 cost leadership + 0.299 strategic alliance. The model shows that a unit change in cost leadership and strategic alliance will result in internal business processes changing by0.628 and 0.299, respectively.

Another variable that was tested was customer satisfaction. To test the relationship between corporate strategy and Customer Perspective, a multiple regression analysis was conducted. The results are presented in Table 4.19.

Table 4.19: Corporate Strategy and Customer Perspective

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.922[a]	.849	.835	.30026

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.842	4	5.210	57.794	.000[b]
	Residual	3.696	41	.090		
	Total	24.538	45			

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.199	.445		-2.693	.010
	Cost_Leadership	.744	.097	.535	7.688	.000
	Differentiation	.823	.127	.647	6.491	.000
	Focus	-.157	.149	-.109	-1.054	.298
	Strategic_alliances	-.138	.100	-.101	-1.389	.172

a. Dependent Variable: Customer Perspective
b. Predictors: (Constant), Strategic alliances, Cost Leadership, Differentiation, Focus

Source: Resource Data, 2015

Table 4.19 shows the results of the analysis done to establish the effect of corporate strategy on customer perspective. The results indicate that corporate strategy is correlated with customer perspective up to 0.922 (R=0.922). Further, strategy explains 84.9 percent variations in customer perspective (R^2 =0.849) with the remaining 15.1 percent being explained by other variables which were not considered in this model. The *F* value for the model was 57.794 and *p*-value was 0.00. Since the calculated *p*-value was less than 0.05, the study failed to reject the hypothesis implying that strategy had a significant effect on customer perspective. Focus and strategic alliance were however found to contribute negatively to customer perspective performance with p- values, 0.0,298 and 0.172 respectively, greater than 0.05 and hence not statistically significant. On the other hand, cost leadership and differentiation had beta coefficient of 0.744 and 0.823 respectively and p value 0.00 < 0.05. Additionally, overall, corporate strategy had positive effect on customer perspective performance with p-value 0.00<0.05 and thus statistically significant. Therefore, the model was robust enough to predict the hypothesized relationship. The analysis of t-test values showed significant results for the coefficients of cost leadership and differentiation. This relationship was presented in the equation;

Customer Perspective =1. 199 + 0.744cost leadership + 0.823diffentiation

The model shows that a unit change in cost leadership and differentiation will result in customer perspective changing by0.744 and 0.823, respectively. The study also tested the effect of corporate strategy on Employee Perspective. To test the relationship between strategy and employee perspective, a multivariate regression analysis was conducted. The results are presented in Table 4.20.

Table 4.20: Corporate Strategy and Employee Perspective

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915[a]	.838	.822	.24947

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13.188	4	3.297	52.976	.000[b]
	Residual	2.552	41	.062		
	Total	15.739	45			

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.522	.370		1.410	.166
	Cost_Leadership	-.135	.080	-.121	-1.677	.101
	Differentiation	.643	.105	.631	6.102	.000
	Focus	.491	.124	.428	3.971	.000
	Strategic_alliances	-.085	.083	-.077	-1.024	.312

a. Dependent Variable: Employee Perspective
b. Predictors: (Constant), Strategic alliances, Cost Leadership, Differentiation, Focus

Source: Resource Data, 2015

Table 4.20 shows the results of the analysis done to establish the effect of corporate strategy on employee perspective. The results indicate that corporate strategy is correlated with employee perspective up to 0.915 (R=0.915). Further, corporate strategy explains 83.8 percent variation in employee perspective (R^2 =0.838) with the remaining 16.2 percent being explained by other variables which were not considered in this model. The *F* value for the model was 52.976 and p-value was 0.00. Since the calculated p-value was less than 0.05, the study supported the hypothesis implying that strategy had a significant effect on employee perspective. Therefore, the model was robust enough to predict the hypothesized relationship. The analysis of t-test values showed significant results for the coefficients of differentiation and focus. This relationship was presented in the following equation.

Employee Perspective = 0.643 differentiation+ 0.491 focus

The model shows that a unit change in differentiation and focus will result in employee perspective changing by 0.643 and 0.491, respectively. On the other hand, the findings revealed that cost leadership and strategic alliance had negative contribution to employee perspective performance, with beta co efficients -0.135 and-0.085 whereas significant levels had calculated p- values greater than 0.05, at 0.101 and 0.312 respectively. However since overall, corporate strategy had a correlation with employee perspective performance at calculated p-value of 0.000 < 0.005, the relationship was found to be statistically significant and the model found robust enough to predict the extant hypothesized relationship.

Another operational indicator of performance was learning and growth. To test the relationship between strategy and learning and growth, a multivariate regression analysis was conducted. The results are presented in Table 4.21.

Table 4.21: Corporate Strategy and Learning and Growth

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812[a]	.660	.627	.30653

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.470	4	1.867	19.873	.000[b]
	Residual	3.852	41	.094		
	Total	11.322	45			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.344	.454		.757	.453
	Cost_Leadership	.006	.099	.006	.062	.951
	Differentiation	-.131	.129	-.151	-1.010	.318
	Focus	.642	.152	.659	4.225	.000
	Strategic_alliances	.340	.102	.364	3.341	.002

a. Dependent Variable: Learning and Growth
b. Predictors: (Constant), Strategic alliances, Cost Leadership, Differentiation, Focus

Source: Research Data, 2015

Table 4.21 shows the results of the analysis done to establish the effect of various indictors of strategy on learning and growth. The results indicate that strategy is correlated with learning and growth at 0.812 (R=0.812). Further, corporate strategy explains 66 percent variations in learning and growth (R^2 =0.660) with the remaining 34 percent being explained by other variables which were not considered in this relationship. The F value for the model was 19.873 and p-value was 0.00. Since the calculated p-value was less than 0.05, the study failed to reject the hypothesis implying that strategy had a significant effect on learning and growth. On the other hand, cost leadership and differentiation had a negative correlation with learning and growth performance with beta coefficient 0.006 and -0.131 respectively and p-value greater than 0.05 at 0.951 and 0,318, respectively and thus not statistically significant. However, since overall corporate strategy had a statistically significant correlation with learning and growth performance at 0.000< 0.05, the model was considered robust enough to predict the hypothesized relationship. The analysis of t-test values showed significant results for the coefficients of focus and Strategic alliances. This relationship was presented in the following equation:

Learning and Growth = 0.642 focus + 0.340 Strategic alliance

The model shows that a unit change in focus and strategic alliance will result in learning and growth changing by 0.642 and 0.340, respectively.

Another operational indicator of performance is environmental perspective. To test the relationship between strategy and environmental perspective, a multivariate regression analysis was conducted. The results are presented in Table 4.22.

Table 4.22: Corporate Strategy and Environmental Perspective

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.781[a]	.610	.572	.30419	
ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.945	4	1.486	16.063	.000[b]
	Residual	3.794	41	.093		
	Total	9.739	45			
Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.059	.451		2.348	.024
	Cost_Leadership	.051	.098	.058	.516	.608
	Differentiation	-.041	.128	-.051	-.317	.753
	Focus	.097	.151	.107	.643	.524
	Strategic_alliances	.624	.101	.722	6.185	.000

a. Dependent Variable: Environmental Perspective
b. Predictors: (Constant), Strategic alliances, Cost Leadership, Differentiation, Focus

Source: Research Data, 2015

Table 4.22 shows the results of the analysis done to establish the effect of various indicators of corporate strategy on environmental perspective. The results indicate that corporate strategy is correlated with environmental perspective up to 0.781 (R=0.781). Further, strategy explains 61 percent variations in learning and growth (R^2 =0.610) with the remaining 39 percent being explained by other variables which were not considered in this relationship.

The F value for the model was 16.063 and p-value was 0.00. Since the calculated p-value was less than 0.05, the study failed to reject the hypothesis implying that corporate strategy had a significant effect on environmental perspective. The findings indicate that cost leadership, differentiation and focus did correlate positively with environmental perspective performance with beta coefficients, 0.051, -0.041 and 0.097 respectively and p-values; 0.608, 0.753 and

0.524 respectively. However, since corporate strategy overall, had p-value of 0.00<0.005, the model was considered robust enough to predict the hypothesized relationship. The analysis of t-test values showed significant results for strategic alliances only. The rest of the coefficients were statistically not significant. This relationship was presented in the following equation:

Environmental perspective= 1.059 + 0. 624e strategic alliance

The model shows that a unit change in strategic alliance will result in environmental perspective changing by 0.624. The last operational indicator of performance considered for this study was corporate social responsibility. To test the relationship between strategy and corporate social responsibility, a multivariate regression analysis was carried out. The results are presented in Table 4.23.

Table 4.23: Corporate Strategy and Corporate Social Responsibility

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.612[a]	.374	.313	.33233

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.711	4	.678	6.136	.001[b]
	Residual	4.528	41	.110		
	Total	7.239	45			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.691	.493		3.432	.001
	Cost Leadership	.275	.107	.364	2.569	.014
	Differentiation	.207	.140	.300	1.478	.147
	Focus	.060	.165	.077	.366	.716
	Strategic alliances	-.023	.110	-.031	-.209	.836

a. Dependent Variable: CSR
b. Predictors: (Constant), Strategic alliances, Cost Leadership, Differentiation, Focus

Source: Research Data, 2015

Table 4.23 presents the results of the analysis done to establish the effect of various indicators of corporate strategy on corporate social responsibility (CSR). The results indicate that corporate strategy is partially correlated with corporate social responsibility up to 0.612 (R=0.612). Further, strategy explains 37.4 percent variations in corporate social responsibility (R^2 =0.374) with the remaining 62.6 percent being explained by other variables which were not considered in this relationship. The F value for the model was 6.136 and *p*-value was 0.001. Since the calculated *p*-value was less than 0.05, the study failed to reject the hypothesis implying that strategy had a significant effect on corporate social responsibility. The findings indicate further that differentiation, focus and strategic alliance had beta coefficients of 0.207, 0.060 and -0.023, and calculated p- values 0.147, 0.060 and 0.836 >0.05 and thus not statistically significant. However since overall, corporate strategy contributed positively to CSR performance with p-value 0.001 less than 0.005the contribution was found to be statistically significant and the model was considered robust enough to predict the hypothesized relationship. This relationship was represented in the following equation:

Corporate social responsibility= 1.691+ 0.275cost leadership+ 0.207diffrentiation+ 0.06 Focus - 0.023 strategic alliance

However, the analysis of *t*-test values showed significant results for the constant and cost leadership only. The rest of the coefficients were statistically not significant. The resultant equation was thus written as:

Corporate social responsibility= 1.691+ 0.275 cost leadership

The model shows that a unit change in cost leadership will result in corporate social responsibility changing by 0.275. Finally, to test the main hypothesis, a composite score for performance was developed. The composite was drawn from all the six indicators of non financial performance considered in this study. To test the relationship between strategy and overall performance, a multivariate regression analysis was carried out. The results are presented in Table 4.24.

Table 4.24: Corporate Strategy and Overall Non Financial Organizational Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.897[b]	.805	.786	.19570	.028	1.946	3	41	.137

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.494	4	1.624	42.394	.000[a]
	Residual	1.570	41	.038		
	Total	8.064	45			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.779	.301		2.584	.013
	Cost Leadership	.170	.077	.172	2.190	.034
	Differentiations	.385	.077	.545	5.007	.000
	Focus	.165	.064	.232	2.560	.014
	Strategic Alliance	.095	.062	.135	1.535	.132

a. Dependent Variable: Nonfinancial performance
a. Predictors: (Constant), Organizational Sructure
b. Predictors: (Constant), Corporate strategy, Cost Leadership, Strategic Alliance, Focus

Source: Research Data, 2015

Table 4.24 presents the results of the analysis done to establish the effect of corporate strategy on overall non financial performance. The results indicate that corporate strategy is correlated with environmental perspective up to 78.1 (R=0.781). Furthermore, corporate strategy explains 81.2 percent variation in learning and growth was 66 percent (R^2 =0.660) with the remaining 34 percent being explained by other variables which were not considered in this relationship. Overall, there was a very strong fit and variation of 80.5% ($R^2 = 0.805$) whereby all the indicators contributed positively and were hence statistically significant. The F value for the model was 42.394 and *p*-value was 0.00. Since the calculated *p*-value was less than 0.05, the study failed to reject the hypothesis implying that corporate strategy had a significant effect on performance. Therefore, the model was considered robust enough to predict the hypothesized relationship. The analysis of *t*-test values showed significant results for all the indicators of strategy. This relationship was presented in the following equation:

Performance = 0.571 + 0. 262 cost leadership + 0.237 differentiation+ 0.170 focus + 0.169169 strategic alliances

The model shows that a unit change in cost leadership, differentiation, focus and strategic alliance will result in performance changing positively by 0. 262, 0.237, 0.170 and 0.169, respectively. Therefore the study established that corporate strategy significantly influenced overall non-financial performance.

4.5.2 Corporate Strategy and Organizational Structure

The study sought to determine the effect of corporate strategy on organizational structure of companies listed on the NSE. To determine this, regression analysis was conducted focusing on the three operational variables namely, formalization, organic and centralization. The results of analysis on the effects of corporate strategy on formalized organization structure are shown in Table 4.25a

Table 4.25a: Corporate Strategy and Formalization Organizational Structure

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.465[a]	.216	.139	.39090

ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.725	4	.431	2.822	.037[a]
	Residual	6.265	41	.153		
	Total	7.990	45			

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.736	.602		2.883	.006
	Cost Leadership	.374	.155	.380	2.418	.020
	Differentiations	-.215	.154	-.306	-1.402	.168
	Focus	.143	.129	.203	1.115	.271
	Strategic Alliance	.168	.124	.241	1.363	.180

a Dependent Variable: Formalization.
b. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations

Source: Resource Data, 2015

Results of the study show a relatively moderate relationship (R=.465), explaining the effect of corporate strategy on the formalized organizational structure up to 21.6 percent (R^2 =.216). The remaining 78.4% are explained by other variables in the organizations.

The analysis from the model had the F value of 2.822 at p-value =0.037 less than 0.05 implying that corporate strategy had statistically significant effects on formalized organization structure. On the basis of these the results H2 is again partially supported. The other aspect of organizational structure that was assessed is the organic structure.

The results of analysis on the effects of corporate strategy on organic organization structure are shown in Table 4.25b.

Table 4.25b: Corporate Strategy and Organic Organizational Structure

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715[a]	.511	.464	.27747

ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.303	4	.826	10.724	.000[a]
	Residual	3.157	41	.077		
	Total	6.459	45			

		Coefficients Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.148	.427		2.685	.010
	Cost Leadership	.260	.110	.294	2.371	.023
	Differentiations	-.230	.109	-.364	-2.108	.041
	Focus	.372	.091	.585	4.072	.000
	Strategic Alliance	.222	.088	.354	2.533	.015

a. Dependent Variable: Organic
b. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations

Source: Research Data, 2015

Results of the study show a relatively strong relationship (R=.715) explaining the effect of corporate strategy on the organic organization structure up to 51.1percent (R^2 =.511). The analysis from the model had the F value of 10.724 at p-value = 0.00 less than 0.05 implying that corporate strategy had statistically significant effects on organization structure. On the basis of these results H_2 is partially supported.

The study also regressed Corporate Strategy on Centralization organizational structure. The results of analysis on the effects of corporate strategy on centralized organization structure are shown in Table 4.25c

Table 4.25c: Corporate Strategy and Centralization

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.598[a]	.358	.295	.39034

ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.481	4	.870	5.712	.001[a]
	Residual	6.247	41	.152		
	Total	9.728	45			

a. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations
b. Dependent Variable: Centralization

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.890	.601		3.144	.003
	Cost Leadership	.561	.154	.517	3.632	.001
	Differentiations	-.477	.153	-.615	-3.109	.003
	Focus	.054	.128	.069	.419	.677
	Strategic Alliance	.338	.123	.439	2.738	.009

a. Dependent Variable: Centralization
b. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations

Source: Research Data, 2015

Results of the study show a relatively moderate relationship (R=.598), explaining the effect of corporate strategy on the centralization organization structure up to 35.8 percent (R^2 =.358). The analysis from the model had the F value of 5.712 at p-value = 0.001 less than 0.05 implying that corporate strategy had statistically significant effects on centralized organization structure. On the basis of these the results H_2 is again partially supported. Finally the overall effect of corporate strategy on the organization structure was assessed and the results are shown in Table 4.25d.

Table 4.25d: Overall effect of Corporate Strategy on Organizational Structure

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
1		.673[a]	.452	.399	.26245
ANOVA[b]					
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.334	4	.583	8.471	.000[a]
	Residual	2.824	41	.069		
	Total	5.158	45			

Coefficients						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.591	.404		3.936	.000
	Cost Leadership	.398	.104	.504	3.837	.000
	Differentiations	-.307	.103	-.544	-2.980	.005
	Focus	.190	.086	.334	2.196	.034
	Strategic Alliance	.243	.083	.433	2.927	.006

a. Dependent Variable: Organizational Structure

b. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations

Source: Research Data, 2015

Results of the study show a relatively moderate overall relationship (R=.673), explaining the effect of corporate strategy on the overall organization structure up to 45.2% (R^2 =.452). The remaining 54.8% are explained by other variables in the organizations. The analysis of the model had the F value of 8.471 at p-value = 0.001 less than 0.05implying that corporate strategy had statistically significant effects on the organization structure of the companies listed in the Nairobi stock exchange. On the basis of these results H_2 is fully supported.

Overall, the study therefore failed to reject the hypothesis, Ha2: that corporate strategy has statistically significant effect on organizational structure of companies listed on the NSE. In the coefficient Table, a unit change in corporate strategy yields a positive coefficient of 1.591 positive changes in organizational structure. This change is statistically significant ($t=3.936$, $p=0.00$ which is less than 0.05.

Organizational structure = 1.591 + 0.398 cost leadership – 0.307 differentiation +0.190 focus + 0.243 strategic alliance

The findings imply that for every unit change in organizational structure results to change to 0.398, – 0.307, 0.190, and 0.243 on cost leadership, differentiation, focus and strategic alliance.

4.5.3 Moderation effect of Industry Competition on the Relationship between Corporate Strategy and Organizational Performance

The second objective of the study was to establish the influence of industry competition on the relationship between corporate strategy and performance of companies listed on the NSE. To assess the moderating effect, the study applied hierarchical regression method as underscored by Baron and Kenny (1986) (Aiken, L.S., and West, S.G. (1991). Baron and Kenny (1986) defined a moderator as a variable that affects the direction and or strength of the relationship between a predictor and a criterion variable. (Baron and Kenny 1986; Mkalama, 2014; Kinuu; 2015)

They posit that moderation can only be supported if path C (which is the interaction of paths A and B) is significant. The hypothesis is stated thus;

H2: Industry competition has significant moderating influence on the relationship between corporate strategy and performance of companies listed on the NSE. To test for the moderation effect, a hierarchical regression analysis was conducted by first using the following two steps. Step one, tested the influence of corporate strategy and industry competition on firm performance. Step two tested the influence of industry competition on performance. Then in step three, the interaction term was introduced in the equation and its significance evaluated when controlling for corporate strategy and industry competition. The interaction term was computed as the product of the standardized scores of corporate strategy and industry competition. To confirm moderation, the influence of the interaction term should be significant. The relationship was depicted in figure 4.4.

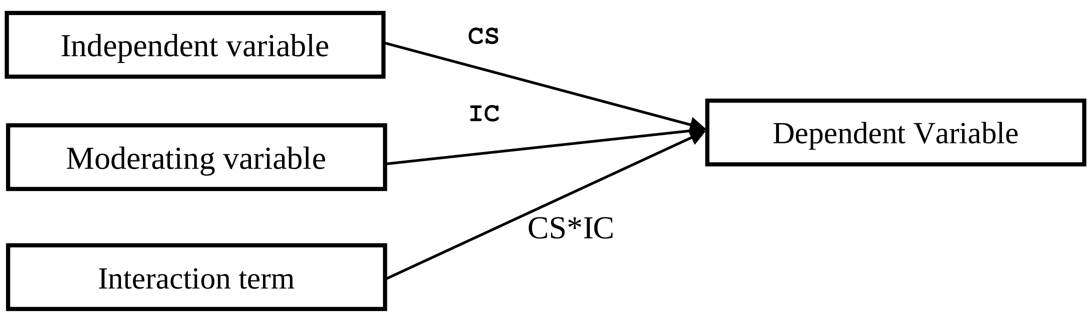


Figure 4.4: Test of Moderation - Path Diagram for Direct and Indirect effects

Source: Aiken, L.S., and West, S.G. (1991). *Multiple regression: Testing and interpreting interaction*. Thousand Oaks, CA:

Figure 4.4 illustrates that each arrow in the path represents a causal relationship between two variables to which are assigned the change statistics (R^2 and F-Ratio). This shows the direction and magnitude of the effect of one variable on the other. Using hierarchical regression analysis, both direct and indirect causalities were determined by first regressing corporate strategy (CS) on firm performance indicators for the direct causality (c). The same procedure was repeated with the inclusion of industry competition (IC) where the indirect causality (IC) was determined.

Table 4.26a: Moderation effect of Industry Competition on the Relationship between Corporate Strategy and Financial Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.114[a]	.013	-.009	9.27868	.013	.584	1	44	.449
2	.187[b]	.035	-.010	9.28208	.022	.968	1	43	.331
3	.204[c]	.042	-.027	9.35855	.007	.300	1	42	.587

ANOVA[d]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50.305	1	50.305	.584	.449[a]
	Residual	3788.128	44	86.094		
	Total	3838.433	45			
2	Regression	133.682	2	66.841	.776	.467[b]
	Residual	3704.751	43	86.157		
	Total	3838.433	45			
3	Regression	159.970	3	53.323	.609	.613[c]
	Residual	3678.463	42	87.582		
	Total	3838.433	45			

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Beta	t	Sig.	95.0% Confidence Interval for B Lower Bound	Upper Bound	Correlations Zero-order	Partial	Part
1	(Constant)	-4.110	12.774		-.322	.749	-29.854	21.634			
	Corporate strategy	2.431	3.180	.114	.764	.449	-3.978	8.840	.114	.114	.114
2	(Constant)	5.630	16.165		.348	.729	-26.971	38.231			
	Corporate strategy	8.414	6.864	.396	1.226	.227	-5.428	22.255	.114	.184	.184
	Industry competition	-8.593	8.735	-.318	-.984	.331	-26.209	9.023	.033	-.148	-.147
3	(Constant)	-76.569	150.919		-.507	.615	-381.136	227.998			
	Corporate strategy	29.539	39.176	1.391	.754	.455	-49.521	108.600	.114	.116	.114
	Industry competition	12.279	39.102	.454	.314	.755	-66.632	91.189	.033	.048	.047
	Interaction term	-5.321	9.713	-1.719	-.548	.587	-24.922	14.280	.077	-.084	-.083

The findings for step one indicate that corporate strategy (B=8.414, t=1.226, P=0.227>0.05) and industry competition (B=-8.593, t=0.984, P=0.331>0.05) independently did not have statistically significant influence on financial performance accounting for 4.2 Percent (R^2=0.042, F=0.766, P-value=0.467>0.05).

In the second step, the effect of the interaction term on controlling for the two independent variables corporate strategy and industry competition was also not statistically significant (B=-5.321, t=-0.548, P value =0.587>0.05). The model explaining the relationship was not statistically significant. Interestingly the influence of the interaction term was negative implying that the interaction of the two resulted in a negative change in financial performance in the companies listed in the NSE. Hence there was no moderation effect on financial performance. To test for moderating influence of industry competition on the relationship between corporate strategy and non-financial performance as shown in Table 4.26b, hierarchical regression analysis was conducted.

Table 4.26b: Moderation effect of Industry Competition on the Relationship between Corporate Strategy and Non- Financial Performance

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.882[a]	.778	.773	.20191	.778	153.820	1	44	.000
2	.929[b]	.863	.857	.16035	.085	26.759	1	43	.000
3	.937[c]	.879	.870	.15253	.016	5.527	1	42	.023

ANOVA[d]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.271	1	6.271	153.820	.000[a]
	Residual	1.794	44	.041		
	Total	8.064	45			
2	Regression	6.959	2	3.479	135.314	.000[b]
	Residual	1.106	43	.026		
	Total	8.064	45			
3	Regression	7.087	3	2.362	101.548	.000[c]
	Residual	.977	42	.023		
	Total	8.064	45			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1	(Constant)	.628	.278		2.260	.029	.068	1.188			
	Corporate strategy	.858	.069	.882	12.402	.000	.719	.998	.882	.882	.882
2	(Constant)	-.257	.279		-.919	.363	-.820	.307			
	Corporate strategy	.315	.119	.323	2.654	.011	.076	.554	.882	.375	.150
	Industry competition	.781	.151	.630	5.173	.000	.476	1.085	.917	.619	.292
3	(Constant)	-6.005	2.460		-2.441	.019	-10.969	-1.041			
	Corporate strategy	1.792	.638	1.841	2.807	.008	.504	3.081	.882	.397	.151
	Industry competition	2.240	.637	1.809	3.515	.001	.954	3.526	.917	.477	.189
	Interaction term	-.372	.158	-2.623	-2.351	.023	-.692	-.053	.916	-.341	-.126

a. Dependent Variable: Nonfinancial performance
a. Predictors: (Constant), Corporate strategy
b. Predictors: (Constant), Corporate strategy, Industry competition
c. Predictors: (Constant), Corporate strategy, Industry competition, industry competition

Source: Research Data, 2015

Step one evaluated the effect of corporate strategy on nonfinancial performance. The same process was repeated by including industry competition when the indirect causality was determined**.**

The findings of step one and step two as shown in Table 4.26b indicate that corporate strategy (B=.315, t= 2.654, P= 0.011<.05) and industry competition (B=.781, t=5.173, P=.000<0.05) independently have a statistically significant influence on firm performance accounting for 85.7 Percent (adjusted R^2=.857, F=135.314, P-value=.000a <.05) explained variation.

In the second step, interaction term was introduced in the equation, and its significance evaluated and its significance was evaluated while controlling for the two independent variables. The interaction term was computed as the product of the standardized scores of corporate strategy and industry competition. The effect of the interaction was also statistically significant (B=-.372, t=-2.351, P value =.023 <.05). To confirm moderation, the influence of interaction term should be statistically significant. The relationship is depicted in Figure 4.4. The significance of the interaction term indicated a possibility of both corporate strategy and industry competition being combined contributors to influencing firm performance. The model explaining the relationship was statistically significant and accounted for 87% and explained variation of adjusted R^2=.870,and was significant at F ratio = 101.548 and P-value=0.00 <.05. The influence of the interaction term was positive implying that the interaction of the two resulted in a positive change in performance of the firms listed in the NSE.

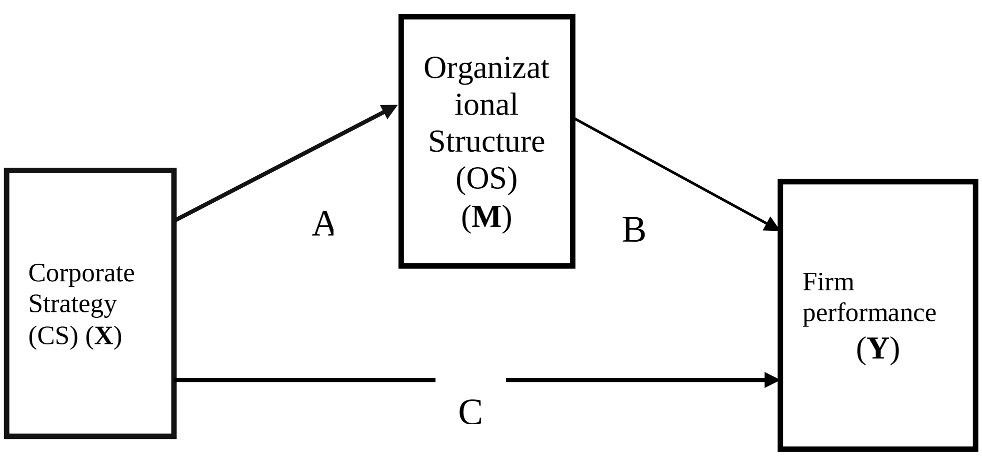
The findings thus supported the hypothesis Ha3: that Industry competition has significant moderating influence on the relationship between corporate strategy and performance of companies listed on the NSE. The relatively high change adjusted R^2 was an indication that the interaction term had significant effect to explain the relationship. The current study thus concluded that corporate strategy and industry competition have significant contribution to influencing firm performance. The interaction between the two variables had an influence on non-financial firm performance to support a moderation relationship. The findings therefore supported the hypothesis. ***H_2*: *Industry competition has significant moderating influence on the relationship between corporate strategy and performance of companies listed on the NSE.***

4.5.4 Mediating effect of Organizational Structure on the Relationship between Corporate Strategy and Performance of Companies Listed on the NSE

The third objective of the study was to determine the effect of organizational structure on the relationship between corporate strategy and performance of companies listed on the NSE. Studies on corporate strategy and performance have reported varied outcomes based on either the relationship between corporate strategy and performance or structure and performance. The earlier analysis in this chapter established the relationship between corporate strategy and firm performance, the linkage between corporate strategy and organizational structure. In light of the contradicting outcomes, the current study sought to evaluate whether indeed the influence of corporate strategy on performance was mediated by organizational structure.

According to Aiken and (West,1991), an intervening or mediating variable is a hypothetical internal state that is used to explain relationships between observed variables such as independent and dependent variables in empirical research. It is one that occurs between the independent and dependent variables. It is caused by the independent variable and is itself a cause of the dependent variable. That is, it is causally affected by the independent variable and itself affects the dependent variable. In testing for the intervening effect of organizational structure (OS) on the influence of corporate strategy (CS) on performance, the Baron and Kenny (1986) approach was employed.

The approach known as step wise technique includes a four step process whereby step one evaluates the influence of corporate strategy on organizational structure of companies listed on the NSE. Step two evaluates the influence of organizational structure on performance of companies listed on the NSE. Step three evaluates the influence of corporate strategy on performance of companies listed on the NSE and the requirement is that this influence should also be statistically significant. The influence of organizational structure should be statistically significant when controlling for organizational structure for mediation to be confirmed. The direct and indirect effect in testing for the intervening effect was as represented in the path diagram in Figure 4.5.



Key: X= Independent variable M=Mediating variable Y = Dependent Variable

Figure 4.5: Path Diagram for Mediation Effect

Source: Baron, R.M., &Kenny, D.A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic and statistical considerations. *Journal of Personality and Social Psychology*, 51, 1173- 1182

Figure 4.5 illustrates that organizational structure (OS), corporate strategy (CS), Performance Path C represents the direct effect of corporate strategy (CS) on performance. Path A represents the interaction of corporate strategy and Organizational Structure which is the indirect effect (intervening) while path B represents the influence of organizational structure on performance. Paths A and B represent the indirect effect. Step one of the tests for the intervening effect of Organizational Structure on the relationship between Corporate Strategy and performance was performed. This step involved evaluating the influence of corporate strategy on performance. The requirement is that this influence should also be statistically significant. Consequently, the influence of corporate strategy on performance was evaluated while controlling for organizational Structure. The influence of corporate strategy on performance should also be statistically significant when controlling for organizational Structure for mediation to be confirmed. To determine the effect of organizational structure on the relationship between corporate strategy and financial performance of companies listed on the NSE, regression analysis was conducted and the findings were presented as shown in Table 4.27a.

Table 4.27a: Test of Mediation effect of Organizational Structure on Corporate Strategy and Financial Performance Relationship

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.291[b]	.085	-.005	9.25711	.072	1.068	3	41	.373

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	324.975	4	81.244	.948	.446[a]
	Residual	3513.458	41	85.694		
	Total	3838.433	45			

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	4.412	14.257		.309	.759
	Cost Leadership	-3.556	3.661	-.165	-.972	.337
	Differentiations	.303	3.635	.020	.083	.934
	Focus	4.865	3.046	.314	1.597	.118
	Strategic Alliance	-.864	2.926	-.057	-.295	.769

a. Dependent Variable: Earning Per Share
b. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations

Source: Research Data, 2015

The results in Table 4.27a indicate that corporate strategy had a moderate but positive relationship with financial performance (R=.291). The model explained 8.5 percent of the variation in financial performance. The proportion of corporate strategy was not statistically significant (F value=0.948, P>=0.446> 0.05). The results thus indicate that the first step of testing for the intervening effect of organization structure on the relationship between corporate strategy and financial performance was not confirmed since it was not statistically significant. Hence the second step of the test for the intervening effect was not permissible for financial performance. Therefore the next steps for testing were not conducted (Baron & Kenny, 1986). The study also conducted regression analysis on the effect of corporate strategy on non-financial performance. The finding is presented in Table 4.27b

Table 4.27b: Step 1- Effect of Corporate Strategy on Non-Financial Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics: R Square Change	F Change	df1	df2	Sig. F Change
1	.897[b]	.805	.786	.19570	.028	1.946	3	41	.137

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.494	4	1.624	42.394	.000[a]
	Residual	1.570	41	.038		
	Total	8.064	45			

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.779	.301		2.584	.013
	Cost Leadership	.170	.077	.172	2.190	.034
	Differentiations	.385	.077	.545	5.007	.000
	Focus	.165	.064	.232	2.560	.014
	Strategic Alliance	.095	.062	.135	1.535	.132

a. Dependent Variable: Nonfinancial performance
a. Predictors: (Constant), Organizational Sructure
b. Predictors: (Constant), Corporate strategy, Cost Leadership, Strategic Alliance, Focus

Source: Research Data, 2015

The results in Table 4.27b indicated that corporate strategy had a strong positive relationship with non-financial performance (R=.897a). The model explained 80.5 percent of the variation (R^2=0.805 and adjusted R^2 =0.786) in non-financial performance. The proportion of corporate strategy was statistically significant (High F value = 42.394, P=.000a < 0.05). The results thus confirmed the first step of testing for the intervening effect of organizational structure on the relationship between corporate strategy and non-financial performance since it was statistically significant.

The second step of the test for the intervening effect of organizational structure on the relationship between corporate strategy and non-financial performance involved testing the influence of corporate strategy on organizational structure.

Table 4.27c: Step 2 Corporate Strategy and Organizational Structure

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.673[b]	.452	.399	.26245	.264	6.582	3	41	.001

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.334	4	.583	8.471	.000[a]
	Residual	2.824	41	.069		
	Total	5.158	45			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.591	.404		3.936	.000
	Cost Leadership	.398	.104	.504	3.837	.000
	Differentiations	-.307	.103	-.544	-2.980	.005
	Focus	.190	.086	.334	2.196	.034
	Strategic Alliance	.243	.083	.433	2.927	.006

a. Dependent Variable: organization structure
a. Predictors: (Constant), Corporate strategy
b. Predictors: (Constant), Corporate strategy, Cost Leadership, Strategic Alliance, Focus

Source: Research Data, 2015

The results in Table 4.27c indicate that corporate strategy had a positive and strong relationship with organizational structure (R=.673a). The model explained 45.2 percent and 39.9 per cent (R^2 = 0.452, and adjusted R^2 =0.399 respectively) of the variation in organizational structure with. The proportion of corporate strategy was statistically significant (High F values=8.471, P= .000a <0.05). The results therefore confirmed the second step of testing for the intervening effect of organizational structure on the relationship between corporate strategies and non-financial performance because it was also significant. The third step of the test for the intervening effect of organizational structure on the relationship between corporate strategy and non-financial performance involved testing the influence of organizational structure on non-financial performance. Finally the process involved the testing for the influence of corporate strategy on non-financial performance while controlling for organizational structure. The results for the two steps are presented in Table 4.27d.

Table 4.27d: Step 3 Mediating effect of Organizational Structure on Non-Financial Performance

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.443[a]	.196	.139	.39291	.196	3.412	3	42	.026

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.580	3	.527	3.412	.026[a]
	Residual	6.484	42	.154		
	Total	8.064	45			

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.591	.404		3.936	.000
	Cost Leadership	.398	.104	.504	3.837	.000
	Differentiations	-.307	.103	-.544	-2.980	.005
	Focus	.190	.086	.334	2.196	.034
	Strategic Alliance	.243	.083	.433	2.927	.006

a. Dependent Variable: Nonfinancial performance
b. Predictor: Organization structure
c. Predictors: (Constant), Organic, Centralization, Formalization

Source: Research Data, 2015

The results in Table 4.27d indicate that organizational structure had a positive but moderate relationship with non-financial performance (R=.443a). The model explained 19.6 percent of the variations (R^2=0.196) and adjusted R^2=0.139 in non-financial performance. The proportion of the organizational structure was statistically significant (F=3.412, P=0.026<0.05). The results therefore supported the third and final step in testing for the intervening effect of organizational structure on the relationship between corporate strategy and non-financial performance. The influence of organizational structure was statistically significant. Consequently, the study therefore supported the hypothesis H_3: Organizational structure has significant mediating effect on the relationship between corporate strategy and performance of companies listed on the NSE.

4.5.5 Corporate Strategy, Organizational Structure, Industry Competition and Organizational Performance

This study had one broad objective to determine the joint effect of corporate strategy, industry competition and organizational structure on performance of the firms listed in the Nairobi Securities Exchange (NSE). It is against the backdrop of this proposition that the fourth hypothesis, Ha4 was formulated. In order to test the relationship, the following hypothesis was formulated and tested; *Ha_4: The joint effect of the predictor variables is statistically greater than the individual effect of corporate strategy on organizational performance of companies listed on the Nairobi Securities Exchange (NSE).* Strategic management research has previously revealed that no single variable can fully explain variations in organizational performance. It is against the back drop of this proposition that the fourth hypothesis, H_4 was formulated. To test this relationship, first the joint influence was undertaken using multiple regressions, and then a comparison was done to the results of the independent effects of corporate strategy initially tested in the first hypothesis. The results of these tests and analyses are presented in Tables 4.28 and 4.29 respectively.

Table 4.28: Joint Effect of Corporate Strategy, Organizational Structure, and Industry Competition on Financial Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.291[a]	.085	.005	9.25711	.085	.948	4	41	.446
2	.462[b]	.214	.106	9.71258	.129	.583	9	32	.801
3	.578[c]	.335	.033	9.38463	.121	1.759	3	29	.177

ANOVA[d]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	324.975	4	81.244	.948	.446[a]
	Residual	3513.458	41	85.694		
	Total	3838.433	45			
2	Regression	819.737	13	63.057	.668	.778[b]
	Residual	3018.696	32	94.334		
	Total	3838.433	45			
3	Regression	1284.366	16	80.273	.911	.565[c]
	Residual	2554.067	29	88.071		
	Total	3838.433	45			

a. Dependent Variable: Earning Per Share
b. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations
c. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations, Power Play, Government Intervention, compliments, Logistics, Suppliers Bargaining Power, threats Substitute products, Industry Rivalry, Threats of entry, Buyers Bargaining Power
d. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations, Power Play, Government Intervention, compliments, Logistics, Suppliers Bargaining Power, threats Substitute products, Industry Rivalry, Threats of entry, Buyers Bargaining Power, Organic, Centralization, Formalization

Source: Research Data, 2015

The results of the joint effect of corporate strategy, industry competition, and organizational structure on financial performance are presented in Table 4.28. It indicates that 33.5 per cent variation in financial performance was explained by the joint effect of corporate strategy, organizational structure and industry competition (R^2=0.335). However, the joint effect on financial performance was not statistically significant (F ratio= 0.98 and p value =0.446 > 0.05).

Table 4.29: Joint Effect of Corporate Strategy, Organizational Structure, and Industry Competition on Financial Performance

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.412	14.257		.309	.759
	Cost Leadership	-3.556	3.661	-.165	-.972	.337
	Differentiations	.303	3.635	.020	.083	.934
	Focus	4.865	3.046	.314	1.597	.118
	Strategic Alliance	-.864	2.926	-.057	-.295	.769
2	(Constant)	19.305	21.191		.911	.369
	Cost Leadership	-12.543	13.779	-.582	-.910	.369
	Differentiations	-3.200	12.993	-.208	-.246	.807
	Focus	2.975	7.014	.192	.424	.674
	Strategic Alliance	-3.914	5.491	-.256	-.713	.481
	Threats of entry	17.678	21.572	.745	.819	.419
	Buyers Bargaining Power	8.721	22.860	.433	.382	.705
	Suppliers Bargaining Power	6.188	6.950	.264	.890	.380
	Industry Rivalry	-10.259	17.459	-.430	-.588	.561
	Threats Substitute products	2.946	7.445	.178	.396	.695
	Logistics	-3.492	2.895	-.377	-1.206	.237
	Power Play	-6.429	3.254	-.477	-1.975	.057
	Government Intervention	-2.178	3.819	-.173	-.570	.572
	Compliment	1.667	2.877	.130	.579	.566
3	(Constant)	29.654	22.070		1.344	.189
	Cost Leadership	-13.779	15.497	-.640	-.889	.381
	Differentiations	1.602	15.515	.104	.103	.918
	Focus	7.201	8.305	.465	.867	.393
	Strategic Alliance	-2.898	7.793	-.190	-.372	.713
	Threats of entry	8.937	22.275	.377	.401	.691
	Buyers Bargaining Power	-.260	27.404	-.013	-.009	.993
	Suppliers Bargaining Power	12.196	20.361	.520	.599	.554
	Industry Rivalry	-1.519	18.067	-.064	-.084	.934
	Threats Substitute products	1.143	15.599	.069	.073	.942
	Logistics	-1.435	2.979	-.155	-.482	.634
	Power Play	-9.000	3.528	-.668	-2.551	.016
	Government Intervention	-8.036	17.439	-.637	-.461	.648
	Compliment	-1.991	3.807	-.155	-.523	.605
	Formalization	8.191	21.987	.374	.373	.712
	Centralization	10.694	15.341	.538	.697	.491
	Organic	-15.466	16.581	-.634	-.933	.359

a. Dependent Variable: Earnings Per Share

Source: Research Data, 2015

The results of the joint effect of corporate strategy, industry competition, and organizational structure on financial performance are presented in Table 4.28 and 4.29. It indicates that 33.5percent variation in financial performance is explained by the joint effect (R^2=.335) and corporate strategy explain 8.5 percent (R^2=0.085). When an additional variable, industry competition is added, it explains 21.4 percent (R^2= 0.214) whereas, when organizational structure is added it explains 33.5 percent (R^2=0.335). The adjusted R^2=-0.033, and the p-values were 0.446, 0.778 and 0.565 respectively all of which were greater than 0.05 and hence not statically significant.

Furthermore, the contribution was not statistically significant as all p- values were greater than 0.05 and thus the hypothesis was not supported to the extent of financial performance. The study also analyzed the joint effect of corporate strategy, organizational structure and industry competition on non-financial performance and the findings were as follows.

Table 4.30: Joint Effect of Corporate Strategy, Organizational Structure, and Industry Competition on Non-Financial Performance:

Model Summary									
					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.897[a]	.805	.786	.19570	.805	42.394	4	41	.000
2	.977[b]	.955	.936	.10698	.149	11.690	9	32	.000
3	.979[c]	.959	.956	.10682	.004	1.031	3	29	.024

ANOVA[d]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.494	4	1.624	42.394	.000[a]
	Residual	1.570	41	.038		
	Total	8.064	45			
2	Regression	7.698	13	.592	51.745	.000[b]
	Residual	.366	32	.011		
	Total	8.064	45			
3	Regression	7.733	16	.483	42.357	.000[c]
	Residual	.331	29	.011		
	Total	8.064	45			

a. Dependent Variable: Nonfinancial performance
b. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations, Power Play, Government Intervention, Compliment, Logistics, Suppliers Bargaining Power, Threats Substitute products, Industry Rivalry, Threats of entry, Buyers Bargaining Power, Organic, Centralization, Formalization
c. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations
d. Predictors: (Constant), Strategic Alliance, Cost Leadership, Focus, Differentiations, Power Play, Government Intervention, Compliment, Logistics, Suppliers Bargaining Power, Threats Substitute products, Industry Rivalry, Threats of entry, Buyers Bargaining Power

Source: Research Data, 2015

The results of the joint effect of corporate strategy, industry competition, and organizational structure are presented in Table 4.30. The results indicate that 95.9 percent variations in non-financial performance is explained by the joint effect (R^2=.959) and adjusted R^2= .956. Corporate strategy explained 80.5 percent adjusted R^2=.805 with F change 1.031. The contribution was statistically significant since all p values were less than 0.05, ($p = 0.000 < 0.005$). The findings were supported by the coefficients as shown in Table 4.31.

Table 4.31: Coefficients Joint Effect of Corporate Strategy, Organizational Structure, and Industry Competition on Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.779	.301		2.584	.013
	Cost Leadership	.170	.077	.172	2.190	.034
	Differentiations	.385	.077	.545	5.007	.000
	Focus	.165	.064	.232	2.560	.014
	Strategic Alliance	.095	.062	.135	1.535	.132
2	(Constant)	.258	.233		1.107	.277
	Cost Leadership	.256	.152	.259	1.686	.102
	Differentiations	.433	.143	.613	3.025	.005
	Focus	.222	.077	.312	2.872	.007
	Strategic Alliance	.013	.060	.019	.216	.830
	Threats of entry	-.069	.238	-.063	-.288	.775
	Buyers Bargaining Power	-.546	.252	-.593	-2.170	.038
	Suppliers Bargaining Power	.039	.077	.036	.512	.612
	Industry Rivalry	.045	.192	.041	.236	.815
	threats Substitute products	.174	.082	.229	2.125	.041
	Logistics	.095	.032	.224	2.977	.006
	Power Play	.150	.036	.244	4.196	.000
	Government Intervention	.002	.042	.004	.049	.961
	compliments	.134	.032	.227	4.226	.000
3	(Constant)	.261	.251		1.038	.308
	Cost Leadership	.237	.176	.240	1.342	.190
	Differentiations	.303	.177	.430	1.718	.096
	Focus	.175	.095	.246	1.848	.075
	Strategic Alliance	.043	.089	.061	.483	.633
	Threats of entry	-.110	.254	-.101	-.434	.667
	Buyers Bargaining Power	-.325	.312	-.352	-1.040	.307
	Suppliers Bargaining Power	-.126	.232	-.117	-.542	.592
	Industry Rivalry	.130	.206	.119	.631	.533
	threats Substitute products	.064	.178	.084	.360	.721
	Logistics	.113	.034	.265	3.320	.002
	Power Play	.121	.040	.195	3.002	.005
	Government Intervention	-.135	.199	-.233	-.679	.503
	compliments	.142	.043	.242	3.287	.003
	Formalization	.278	.250	.276	1.109	.276
	Centralization	.047	.175	.051	.268	.791
	Organic	-.003	.189	-.002	-.014	.989

a. Dependent Variable: Nonfinancial performance

Source: Research Data, 2015

The results in Tables 4.30 and 4.31 indicate that the coefficient of the variables, corporate strategy, industry competition and organizational structure contribution in the variations in non-financial performance varied. The findings revealed that the joint effect of corporate strategy, organizational structure and industry competition on non financial performance was statistically significant. In comparison, the first objective, corporate strategy explained a variation on overall performance at 94.2% that is (R^2= 0.942) and adjusted (R^2=0.936). In the fifth objective, the findings confirmed that there was a very strong joint effect of corporate strategy, organizational structure and industry competition on firm performance, explaining a variation at 95.9% that is (R^2= 0.959) and adjusted R^2= 0.956). Consequently, the findings confirmed the fifth objective thereby supporting hypothesis five, **Ha_4:** The joint effect of the predictor variables is statistically greater than the individual effect of corporate strategy on performance of companies listed on the NSE.

Table 4.32: Summary of Test of Hypotheses

Hypothesis	**Empirical Evidence**	**Decision**
Ha_1: Corporate strategy has significant effect on performance of companies listed on the Nairobi Securities Exchange (NSE).	Financial performance is not Supported; Non-financial performance is supported	Failed to reject
Ha_2: Industry competition has significant moderating influence on the relationship between corporate strategy and performance of companies listed on the NSE.	Financial performance is not Supported; Non-financial performance is Supported	Failed to reject
Ha_3: Organizational structure has significant mediating effect on the relationship between corporate strategy and performance of companies listed on the NSE.	Financial performance is not Supported; Non-financial performance is supported	Failed to reject
Ha_4: The joint effect of the predictor variables is statistically greater than the individual effect of corporate strategy on performance of companies listed on the NSE.	Supported	Failed to reject

Save for the effect on financial performance indicator, all the five hypotheses were supported with very strong fit, consequently, the empirical study failed to reject the hypotheses. The relationships between the predictor variables and the dependent variable were found to be statistically significant as graphically presented in figure 4.6.

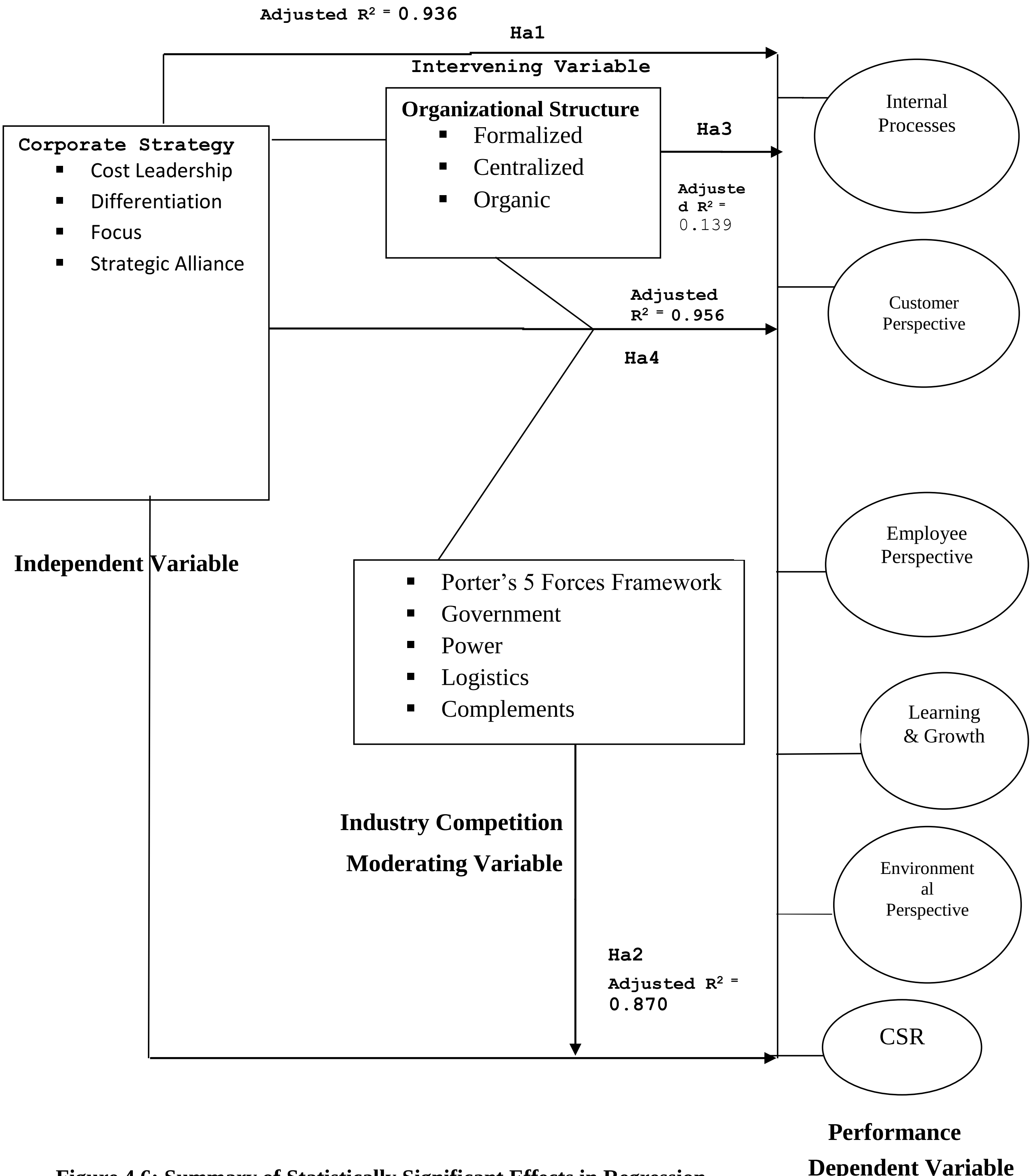


Figure 4.6: Summary of Statistically Significant Effects in Regression
Source: Current Author

4.6 Chapter Summary

This chapter presented the findings from the responses received from the 46 companies listed on the NSE and showed how different variables manifested themselves in the various companies that were investigated. The chapter presented the profile of the organizations studied in terms of size, age, market segmentation and survey response rates,

The response rate of 76 percent was considered adequate and representative of the study population. Thereafter, profiles of the companies and descriptive statistical analyses were done and interpretations provided. Diagnostic tests were conducted including tests of normality, homogeneity test and multicollinearity test to verify the validity of the data. Descriptive statistics and preliminary tests on the data were presented. These included correlation analysis, one sample t-tests, mean scores, frequencies, confidence levels, significant levels and coefficient of variations (CVs). The findings in this chapter focused on how the study variables manifested in the companies under study and how the respondents viewed them. Coefficient of variations was computed to determine variability in responses on which corporate strategy, organizational structure and industry competition manifested. The key study variables were consequently tested on performance indicators.

The next chapter provides an in-depth discussion of the study findings. The discussion is focused on the results of the tests of hypotheses. In particular, results of multivariate linear regression analysis are presented for each of the five hypotheses tested. The discussion delves into the results based on the linkages of the study variables and the underpinning theories, comparing the results with both empirical and theoretical literature. Save for the effect on financial performance, the findings proved to be statistically significant and supported all the five objectives and the corresponding hypotheses.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

This chapter presents discussion of the results of various tests carried out on the study. The results of each of the hypothesis in this study are discussed. The literature and the findings are compared and the conclusions on the same explained. The discussion comprise corporate strategy and organizational performance, corporate strategy and organizational structure; corporate strategy, organizational structure and organizational performance; corporate strategy, industry environment and organizational performance; and the joint corporate strategy, organizational structure, industry environment and organizational performance.

5.2 Corporate Strategy and Organizational Performance

The first objective of this study was to establish the effect of strategy on organizational performance. The objective had a corresponding hypothesis which stated that corporate strategy has statistically significant effect on performance of companies listed on the NSE. To achieve this objective, corresponding hypothesis tests were conducted to determine the percentage of variation in the balanced score card (BSC) measures of performance. The first test was conducted on financial performance, and the result contradicted the alternative hypothesis, Ha1 which states that *corporate strategy has significant effect on organizational performance of companies listed on the Nairobi Securities Exchange.*

The results of this study indicate that there was a variation of 0.086 with F value of 0.967 and significance level p-value 0.436. Thus, since $p > 0.05$, it is clear that independent indicators of industry competition have no statistically significant influence on the relationship between corporate strategy and financial performance. The result concurred with Ondari (2015) whose findings on the relationship between diversification strategy and financial performance of

NSE listed was not statistically significant. Her findings revealed that tests on financial performance recorded a p-value which was greater than 0.05, implying that diversification strategy did not have statistically significant effect on financial performance of NSE listed companies. In her study she concluded that the influence of diversification strategy on financial performance comprising profit before tax and EPS was not statistically significant. This also supports the findings by Ogolla (2012), that strategy structure configuration on ROA which in his study was a financial performance indicator for banks in Kenya, was not statistically significant.

However the findings contradicted Certo et al. (2006) whose findings on strategy financial relationship concluded that there was modest but statistically significant influence on financial performance on selected companies in Texas, USA. It also partially contradicted Byars, (1987) whose study on ninety American companies concluded that organizations with formal strategic management out performed others in terms of EPS, return on equity (ROE) and return on capital employed (ROCE).

On the other hand, the subsequent tests on the nonfinancial performance indicators proved to be statistically significant. There is a general consensus among many scholars, that knowledge of strategic management is sacrosanct to effective and superior organizational performance in a rapidly changing business environment (Ansoff & Sullivan, 1993; Aosa, 2011; Gichunge, 2010; Porter, 1997; Awino, 2007; Byars, 1987, Oyedijo & Akewusola, 2012). Due to intense competition organizational performance has gained immense significance in the Kenyan business landscape. The findings of the study revealed that corporate strategy has significant effect on non-financial performance within the companies listed on the NSE. These findings were in tandem with Aosa (1992, 2011) who posited that the main purpose of strategy adoption is to enable a company to gain sustainable competitive advantage, and further established that Kenyan firms had indeed adopted strategy as a fundamental management tool to enhance performance. Presence of strategy in organizations has been postulated to have positive effect on organizational performance. Byars (1987), as well as Gichunge (2010), asserted that, firms that firms do not engage in formal strategic management do not perform well. They further concur that management of any profit seeking organization is delinquent if it does not engage in formal strategic management. This study posits that companies that do not engage in strategic management nor engage in implementation of their strategy experience dismal performance.

The findings were also in conformity with Arasa and K'Obonyo (2012) who established that strategy was positively related to performance. The results of the study also concurred with Oyedijo and Akewusola, (2012) who in their study on competitive strategy orientation of small and medium firms in Nigeria and their impact on performance concluded that strategy is a key determinant of firm performance. Furthermore, the results of this study were in conformity with Schmidt (2010) whose findings on top Swedish firms concluded that corporate strategy had positive effect on organizational performance. Additionally, the study was in tandem with propositions of Payne and Frow (2005) which state that for exceptional customer value as well as shareholder value, corporate strategy is important. The study further supported the propositions of Kaplan and Norton (1992) that customer value proposition should be the basis of corporate strategy. Thus the alternative hypothesis that corporate strategy has statistically significant effect on organizational performance was supported.

The study also reveals that corporate strategy had no significant effect on financial performance. The study, however, contradicts the findings of Machuki and K'Obonyo (2011) who investigated the same context as this study. In their study, they established that the influence of corporate strategy on corporate performance was not statistically significant. Furthermore, their study established that strategic alliance had a negative influence on organizational performance. On the contrary the current study found that corporate strategy had a statistically significant influence on firm performance. It further, established that corporate strategy had positive impact on overall non financial performance with significance level of $p=0.000 <0.05$ implying that the relationship was statistically significant.

The finding was also consistent with Awino (2011), whose finding established that 34.4 per cent variation in corporate performance is explained by corporate strategy. This study explained that corporate strategy influenced organizational performance at 94.2 per cent. This implies that NSE listed companies with properly executed corporate strategies were found to have better firm performance. These results concurred with those of Wallin and Lindastad (1998) who established the same relationship in selected Norwegian companies. They established that a good strategy that has customer in mind directly leads to greater customer loyalty. The study also concurred with Munyoki (2015) whose findings confirmed that competitive strategies had statistically significant effect on firm performance. The study findings, thus support the corporate strategy and non-financial performance, but do not support corporate strategy and financial performance relationship in conformity with Kinuu (2014).

To determine the influence of corporate strategy on internal processes, it was established that corporate strategy correlated with internal processes up to 85.8 percent (R= 0.858) and explained 73.6 percent variations (R^2 =0.736) with the remaining 26.4 percent being explained by other variables which were not considered in the regression model. The model was significant at F ratio=28.634 with p value of 0.000. Since the p –value was less than 0.05, it implied that the model was robust enough to predict the desired hypothesis. This finding was consistent with Teece et al (1995) who postulated that a match between internal processes and the external environment leads to superior performance and further supports both Njoroge (2015) and Awino et al (2012) whose findings concurred that the influence of strategy on firm performance was statistically significant. Further tests were conducted to determine the effect of corporate strategy on the other non financial performance indicators the results of which proved statistically significant with p-values less than 0.05.

To determine the influence of corporate strategy on customer perspective performance, it was established that corporate strategy correlated with customer performance up to 92.2 percent (R= 0.922) and explained 84.9 percent variations (R^2 =0.849) with the remaining 15.1 percent being explained by other variables which were not considered in the regression model. The model was significant at F ratio=57.794 with p value of 0.000. Since the p –value was less than 0.05 it implied that the model was robust enough to predict the desired hypothesis. These results are congruent to the findings of Spencera et al. (2009) in their study on Australian companies. They concluded that firms pursuing differentiation strategy achieved higher levels of customer satisfaction, since they focused and customized their products and services to suit the customer’s needs.

According to Light (2001), customer focus has evolved as a critical concept from business processes. In order to achieve sustainable competitive advantage organizations, must endeavour to explore strategies that enable them to improve their customer relationship which help to retain and further win and capture new customers (Newell, 2001; Njoroge, 2015; Porter, 1985). The other test was to determine the effect of corporate strategy on employee perspective. It was established that corporate strategy correlated with employee perspective up to 91.5% (R=0.915 & expected 83.8% (R 2= 0.838). variations in employee perspective performance with the remaining 16.2% being explored by other variables not included in the regression model. The regression model was significant at f-ratio 52.976 with a p-value of 0.000. Since the calculated p-value was less than 0.05, this indicated that the model was robust enough to predict the intended hypothesis.

The results indicate that as correlated with learning and growth, up to 81.2% (R=0.812), learning and growth explained 66.0% (R^2=0.660) variations in learning and growth performance with the remaining 34% being explained by other variables which were not considered in the regression model. The regression model was significant at F-ratio 19.873 with a p-value of 0.000. Since the calculated p-value was less than 0.05, this indicated that the model was robust enough to predict the intended hypothesis. The result is in conformity with Njoroge 2015 and Huber 1991. For companies to achieve sustainable superior performance, they must develop a strong learning culture that require, creates and transfers knowledge as well as modifying behavior to reflect new knowledge and insight (Huber 1991; Njoroge, 2015; Ogendo, 2014). Organization learning results in improvement of products services and processes derived from skilled and optimal application of technology (Ogendo, 2014; Lukas et al 1996).

Another test was to determine the effect of corporate strategy on environment perspective performance. It was established that corporate strategy correlated with environment perspective up to 78.1% (R=0.781) and explained 61 percent variations (R^2= 0.610) in environment perspective performance with the remaining 39% being explained by other variables not included in the regression model. The regression model was significant at F-ratio 16.063 with a p-value of 0.000. Since the calculated p-value was greater than 0.05, the effect of corporate strategy on environment perspective performance was statistically significant, and therefore the model was robust enough to predict the intended hypothesis. These results concur with Hubbard (2009) whose findings concluded that organizations that embrace environmental concern tend to achieve high firm performance. According to Hubbard 2009 environmental perspective is a performance measure which is as a result of the evolving voice of natural environment.

Many organizations are involved in initiating eco-friendly environment processes that would spur competitive advantage to create value. Organizations are focused on building consensus on environmental social responsibility that leads to sustainable competitive advantage (SCA). And finally, test was conducted to determine the effects of corporate strategy on corporate social responsibility (CSR) perspective performance. It was established that corporate strategy correlated with corporate social responsibility (CSR) perspective performance up to 61.2% (R=0.612 and explained 37.4 percent variations (R^2= 0.374). in corporate social responsibility (CSR) perspective performance with the remaining 62.6% being explained by other variables not included in the regression model. The regression model was significant at F-ratio 6.136 with a p-value of 0.000.

Social equity is about CSR, and thus is an organization's broader responsibility towards society (Carrol, 1979, Kinuu 2014, Njoroge 2015). CSR has gained currency in the last few decades as one of the latest metrics through which organization advance social benefits to all its stakeholders to improve performance (Bear et al., 2010). These results were consistent with those of Kinuu 2014, whose findings indicated that corporate strategy had positive effect on CSR. From stakeholder perspective organizations must formulate and execute strategies that endeavor to benefit different stakeholders through CSR activities (Jamali, et al 2008). Thus CSR is perceived as a positive source that can help organization achieve sustainable competitive advantage, (Williams & Song 2003, Kinuu 2014; Hart 1995). The study relied mainly upon industrial organization (IO) economics theory, contingency theory and stake holder theory. The conceptualization of corporate strategy was operationalized using Porter's(1981)generic strategies together with strategic alliance on the one hand whereas firm performance indicators were measured using Kaplan & Norton (1992) BSC performance indicators. From both empirical and theoretical perspectives, it is thus logical to postulate that corporate strategy, indeed, has positive influence on the performance of companies listed on the Nairobi Securities Exchange**.**

5.3 Corporate Strategy and Organizational Structure

The study was also to establish the contingent relationship between corporate strategy and organizational structure. It reveals that corporate strategy has significant effect on organizational structure. Corporate strategy correlated with structure at 67.3 per cent, thereby explaining variation on the overall organizational structure up to 45.2 percent (adjusted R^2 39.9 per cent), and was significant at F ratio =8.471 , P-value = 0.00. Miles and Snow (1984) posit that firms which are able to achieve a fit between their strategy and structure can gain a significant competitive advantage. Mintzberg (1979) described strategy and structure as the left leg follows the right one. Chandler (1962) postulated that structure follows strategy which implies that an organizational structure is created in order to implement a given corporate strategy. He conceptualized that structure follows strategy. He expounded his thesis based on four case studies of American conglomerates that dominated their industry in the 1920s onwards.

However the findings of this study contradicts Hall and Saias (1980) who in their study came up with an antithesis by inverting Chandler's thesis, proposing that strategy follows structure. The findings of this study revealed that all the indicators of structure are positively correlated to all indicators of corporate strategy implying that corporate strategy had statistically significant effect on organizational structure of NSE listed companies up to 45.2% (R^2=0.452) with significance level p=0.00< 0.05 as indicated in Table4.25d.This is consistent with Kavale (2012) whose findings concluded that with a good match and a connection between strategy and structure, the result is high performance.

These results are therefore in tandem with the propositions of the SCP paradigm (Bain, 1939; Chandler, 1962). This is also in conformity with Tumult's (1974) proposition. Likewise, Busienei (2013) established a positive correlation between strategy and structure. It further conforms to SCP paradigm of IO economics theory (Parnell, 2013; Chandler, 1962). It also attests to Hall's (2013) postulation that organizations are structures within structures, since the collaboration of other players such as suppliers, customers, competitors and the government is required if it is to function and survive.

Miller (1987) conceptualized that organizational structure and strategy making processes are highly interdependent and must be complementary in many ways to ensure good performance under challenging conditions. His findings indicated that their structural formalization and integration were related to the levels of interaction and proactiveness among decision makers and to four aspects of rationality in decision making; analysis of decisions, planning, systematic scanning of environment and explicitness of strategies.

Centralization of authority was related to planning, risk taking and consensus building. That relationship between strategy making and structure were usually strongest among successful and innovative firms and seemed to contribute the most to performance depending on the strategy in place. The findings of this study confirmed Mller's (1987) postulations and the results indicate that corporate strategy has statistically significant effect on organizational structure of NSE listed companies. The results are also in tandem with Busienei (2013) whose investigation on large manufacturing firms in Kenya indicated that firms with formally well structured frameworks perform better than those without such structures. The findings further subscribe to Miles and Snow typology that stipulates that firms with a fit between strategy and structure should perform better than those without such a fit. According to Ansoff and McDonald (1990), structure and systems are complementary anatomy and physiology of the firm for the purpose of organizational performance. Thus the findings support the hypothesis that corporate strategy has statistically significant effect on organizational structure.

5.4 Corporate Strategy, Industry Competition and Performance

The second objective of the study was to establish the moderating influence of industry competition on the relationship between corporate strategy and performance of companies listed on the NSE. The study reveals that industry competition has significant influence on the relationship between corporate strategy and non-financial performance. Scholars concur that no single factor per se does influence performance (Aiken, et al., 1991; Awino, 2011). Aosa (1997) postulated that strategy is sensitive to the context in which it is applied. This was supported by the strong moderating effect by industry competition on the relationship between corporate strategy and organizational performance of NSE listed companies. The model explaining moderating influence of industry competition on the relationship between corporate strategy and performance of NSE listed companies showed a variation of 87.9 percent, $R^2 = 0.879$, translating into adjusted $R^2 = 0.870$ which translates further into 87.0 per cent in organizational performance of the companies listed on the Nairobi Securities Exchange (NSE). Furthermore, this relationship was significant at F= ratio 101.548 with p value = 0.05.

Many researchers including Mintzberg (1965), Schmidt, (2010) and Prahalad & Hamel (1994) have expressed the need for empirical investigation on the role of strategy and the other variables on firm performance. This study, therefore sought to establish the moderating influence of industry competition on the relationship between corporate strategy and performance of companies listed on the Nairobi Securities Exchange. In this study industry competition was manifested along the trajectory of Porter's five force framework of existing industry rivalry, threat of new entrants, threat of substitute, and bargaining power of buyers and suppliers' bargaining power. In highly competitive industries, firms constantly jockey for advantage as they launch strategic actions and respond or react to rivals moves (Derfus, et al. 2008).

The investigation was further galvanized by incorporating Aosa's (1997) three other forces namely, government intervention, power play and logistics, together with complements which was postulated by Grant (2013). According to Porter (1990), more often than not, government, as a buyer or supplier is influenced more by political factors than by economic circumstances. Government regulations can also set limits on the behaviour of firms as buyers or suppliers. Besides that government can affect the position of an industry with substitutes through regulations, subsidies or other means (Grant, 2013; Aosa, 1997; Porter, 1980, 1985). This finding concurs with Aosa (1997) on the role of government in the business environment in Kenya on the one hand, but refutes Porter's (1990) postulation on this score.

Furthermore, Porter (1985) argues that for purposes of strategic analysis, it is usually more illuminating to consider how government affects competition through the five forces, than consider it as a force in itself. On the other hand, however, as Aosa (1997) succinctly postulates from his empirical study on Kenyan competitive business environment, strategy may well involve treating government as an active rather than a passive actor with a strong sphere of influence. These results were however, in tandem with properties of Porter (1979) who agreed that competitive forces within an industry shape strategy and hence significantly impacts firm performance. Furthermore, the findings are in conformity with Gichunge (2010) in her investigation and findings on the effect of formal strategic management on selected Kenyan enterprises. She concluded that competition is an important variable because there was stiff competition of Asian products in the Kenyan market, and that the Asian products seemed to have a competitive edge over the others. Understanding competition in the industry in which an organization operates can yield positive influence, especially when organizations are able to create new forms of competitive advantage (Prahalad & Hamel, 1993). The findings support the results from the study by Prescott (1986) that revealed that competitive environment modified the strength of the relationship between strategy and performance. However, these results contradict Ondari (2015) whose findings revealed that competitive environment has no significant effect on the relationship between diversification strategy and performance of NSE listed companies. The findings further disagree with Owino (2014) who concluded in his study that competition had no significant moderating influence on the relationship between organizational culture and non financial performance of micro financial institutions in Kenya.

In their attempt to use IO economics thinking to develop a normative theory of competitive strategy, scholars have formed original policy objectives of business policy upside down (Mason, 1957; Bain, 1959, 1968; Galbraith, 2008; Waweru, 2008; Porter, 1981). Instead of seeking to assist policy makers in reducing returns to a fully competitive level, strategy theorists have sought to develop models to assist firms in obtaining greater than normal returns on investments (Porter, 1980). While the interaction term method yielded not significant results, introduction of industry competition (the moderator) enhanced the relationship. Thus result supports the alternative hypothesis that industry competition has significant influence in the relationship between corporate strategy and performance since the study supports this hypothesis.

However, the study also reveals that industry competition has no significant influence on the relationship between corporate strategy and financial performance. The findings further support agency theory as auxiliary of stakeholder theory that argues that managers implement corporate strategies to benefit themselves at the expense of the stakeholders (Ataulla et al., 2014). Notably, some indicators' coefficients reported negative influence on the relationship while others were not significant. It could also be likely that companies listed on the NSE adopt more blue ocean strategies than red ocean strategies (Kim,2005; Kim & Mauborgne, 2015), implying that the manifestation of industry competition in some of the listed companies does not impact much significant influence on the relationship between corporate strategy and performance of companies listed on the NSE.

Competitive rivalry is the ongoing set of competitive actions and competitive responses that occur among firms as they maneuver for advantageous market positions (Sirmon, et al, 2008). The central brute empirical fact in strategy is that some firms outperform others, meaning that, competitive rivalry influences an individual firm's ability to gain and sustain competitive advantage (Powell, 2003; Derfus, et al. 2008; Jelsky, et al. 2007). A sequence of firm level moves, rivalry results from firms initiating their own competitive actions and responding to actions taken by competitors (Sirmon, et al. 2008; Grant, 2013). The findings are consistent with IO as complemented with Game theory, and also in tandem with Porter's five forces concept (Porter, 1985; Mintzberg et al.; Gichunge, 2010). As competition intensifies, managers attempt to align strategy to the environment (Henderson & Mitchell, 1997) with the aim of creating competitive advantage over rivals. Whereas, substantial number of firms may modify their strategies to deal with changes in the competitive environment, intense competition may force weak firms to exit the market. As weaker firms exit, the intensity of competition slows and the market adjusts to accommodate firms that have survived the competition. Therefore, the influence of industry competition on the relationship between corporate strategy and performance is complex and depends on market size to the extent that competition may have negative effect as the market size reduces. Consequently, firms based in larger markets outperform their rivals situated in smaller markets when they compete in common locations. Therefore, we hold the position that industry competition interacts with strategy to influence performance of the firm, but the direction and size of the moderation by industry competition depends on market size.

Consistent with the industrial organization economics theory supposition that there is a causal link between industry structure and strategic choices, our findings demonstrate that the moderating influence of industry competition may force firms to adjust corporate strategy as the competitive landscape changes in the hope that the modified strategy creates competitive advantage and delivers superior organizational performance (Bain, 1968; Ansoff and Sullivan, 1993). The findings also support the contingency theory by pointing out that since industry competition significantly plays a moderating role in the relationship between corporate strategy and performance, the choice of strategy to a large extent depends on the structure of the industry and intensity of competition in the market place.

It is therefore possible, that this phenomenon manifests itself in companies listed on the Nairobi Securities Exchange (NSE) thus leading to the negative influence that threat of entry and suppliers bargaining power have on the relationship between corporate strategy and performance of companies listed on the NSE. Thus the findings supported the alternative hypothesis that states that industry competition has significant influence on the relationship between corporate strategy and performance since financial performance does not support this hypothesis. The study has empirically demonstrated that industry competition significantly affects the influence of corporate strategy on performance. The results reveal that competition has significant negative moderating influence on the relationship between corporate strategy and performance. The findings illustrate that industry competition affects both the direction and magnitude of the relationship between corporate strategy and performance. It is thus evident that performance of the firm depends on the extent to which corporate strategy is aligned to competitive environment. From the foregoing results, it logical to infer that superior organizational performance is dependent upon how well managers monitor the competitive environment, gather market intelligence and craft competitive strategy that deliver superior value to customers.

5.5 Corporate Strategy, Organizational Structure and Performance

The third objective of the study was to determine the mediating effect of organizational structure on the relationship between corporate strategy and organizational performance. The study shows that organizational structure has significant influence on the relationship between corporate strategy and non-financial performance. It further reveals that organizational structure has no significant influence on the relationship between corporate strategy and financial performance. The study sought to determine the mediating effect of organizational structure on the relationship between corporate strategy and performance of companies listed on the Nairobi Securities Exchange (NSE). In this study, organizational structure is characterized by formality, mechanistic and organic types (Miles & Snow, 1986). The results revealed statistically significant effects of all the organizational structure constructs on the relationship between corporate strategy and firm performance. The findings from the empirical research therefore showed a strong relationship between the predictor and the dependent variable.

The results of the study revealed that organizational structure incrementally explained performance by 3.8 percent over and above the effect of corporate strategy. The intervening influence change in F ratio had a p-value of 0.000. Since the calculated p-value for the change was less than 0. 005, it meant that the effect was statistically significant. These findings are consistent with contingency theory that stipulates that organizational effectiveness is achieved by matching organizational structure to contingencies (Morton & Hu, 2008; Okeyo, 2013; Archcaou, et al., 2009). Scholars such as Machuki (2011) and Sirmon (2008) have concluded that neither the internal side alone nor the external side alone can explain variations in performance. They have sought for the need to combine both as this study did. In the joint analysis organic structures were found to have a negative coefficient. This contradicted many empirical studies (Burns & Stalker, 1961; Miller et al., 1986; Hall, 2013) that have advanced the findings that higher degree of formalization leads to lower performance and that centralized decision making may only work better in stable public sector conditions.

They have concluded that decentralized decision making in organic oriented organizations work better in private owned firms. It is likely that in companies listed in the Nairobi Securities Exchange, organic structures do not have a positive influence when put together with other variables. Lenz (1981) posits that both general structural features of a particular market and the relative competitive position of an organization affect performance.

The findings are also in tandem with the structure conduct performance (SCP) paradigm (Bain, 1956, 1968; Mason, 1957; Chandler, 1962; Porter1981). They further concur with Busienei (2013) who concluded that organizational structure had a positive intervening role in the relationship between business strategy and human resource orientation which ultimately impacted on performance of large manufacturing firms in Kenya. Industrial organization (IO's) structure conduct performance (SCP) paradigm places profitability as a primary function of industry structure dictated by the conduct of the firm process which fundamentally depend on the organizational structure strategic fit (Ansoff,1965; Chandler,1962; Busienei,2013; Porter,1996). Also the study's findings were in conformity with Meijarad et al., (2005) who in their findings concluded that organizational structure in deed matters in determining firm performance in Dutch small firms. The study partially supports their hypothesis. The result further concurs with Morton and Hu (2008) whose findings concluded that the fit between organizational structure and strategy had positive effect on performance. Consequently, there emerges empirical conclusion from the current study, that organizational effectiveness is achieved by matching organizational structure to contingencies.

5.6 Corporate Strategy, Industry Competition, Organizational Structure and Performance

The fourth objective of this study was to establish the joint influence of corporate strategy, industry competition and organizational structure on performance. Strategic management research over the years have confirmed that success in organizations seldom depends upon one factor but a plethora of factors including but not limited to corporate strategy. Hypothesis four was stated as H4: the joint effect of corporate strategy, industry competition and organizational structure is greater than the individual effect of corporate strategy on organizational performance of companies listed on the NSE. To determine the joint effect, test was first done establish the effect of corporate strategy, industry competition and organizational structure on financial performance. The results from the joint effect on financial performance was consequently found not to be statistically significant, as the findings indicate that 33.5 percent (R^2 =0.335) and adjusted R^2 =-0.033 or 33 per cent variation with the F values 0,948, 0.668, 0.911 and p values 0.446, 0.778, 0.565 all of which were greater than 0.05 and hence not statistically significant. This was consistent with Kinuu (2014) whose finding reported that the joint effect of top management team psychological characteristics, institutional environment and team process on financial performance of companies on the NSE was not statistically significant.

Secondly, test was conducted to determine the joint effect of corporate strategy, industry competition and organizational structure on the performance companies listed on the NSE. The results show that this hypothesis was supported to the extent that the combined effect of corporate strategy, industry competition and organizational structure on non-financial performance of NSE listed companies was statistically significant. The findings indicate that

98.3 percent variation (R^2 =0.983 and adjusted R^2 =0.976) in non-financial performance was explained by the joint effect, with F ratio 129.078 and p value $0.000<0.05$. These findings are in congruence with Awino (2011) who posited that the influence of several variables on organizational performance is greater than a single variable. Further, the findings support the position of SCP paradigm which holds that, there is an important and compelling relationship between structure, conduct, and performance. Under the new paradigm a match between internal resources and capability (Teece et al., 1995; Slatter et al., (2005); Barney, 1991) and environmental factors (Porter, 1980; 1996) is essential for sustained superior performance. However, the findings contradict Ondari (2015), Morton& Hu,2008;Machuki et al.,2012 and Macharia, 2014 whose findings concluded that the introduction of the joint mediating and moderating variables, top management diversity and environment, respectively, did not add any effect on the relationship between diversification strategy and performance of companies listed on the NSE.

The essence of contingency theory stipulates that best practices depend on the contingencies of the situation and thus helps analyze situations and determine what variables determine strategic decisions (Lawrence & Lorch, 1967).The findings also support the contemporary arguments of scholars that there is need for a combination of both the internal and external side of the organization for better performance. This study combined the internal (structure) and the external (industry) with corporate strategy to lead to a higher explanatory power of the model (McGrath, 2013; Johnson et al.2008; Porter, 1996, 1985).

The results were also in congruence with studies by Miller (1989), Okeyo (2013) and Covin & Slevin (2003), which reported significant association among contingency variables, individual entrepreneurial orientation dimension and firm performance. When modeling the environment organization performance (EOP) framework, Lumpkin ad Dess (1996), argued that the main contingency variables that are relevant in this relationship comprised organizational factors, strategy making process, culture, top management team characteristics, business environment and industry characteristics. These factors have been analyzed in past studies in varying combinations of contingency frameworks to test their effect on organizational performance (Miller, 1983; Naman & Slevin, 1993; Covin & Slevin, 1991; Okeyo, 2013. Their results were fundamentally in conformity with the findings of the current study. These findings mean that there was moderate to very strong proactive correlations between corporate strategy, organizational structure, industry competition and firm performance.

The findings are also consistent with Lengwick Hall and Wolf (1999) where the researchers found a reciprocal dependence between a firm's strategy, organizational structure and human resources strategic orientation. They are also in agreement with Busienei (2013) whose findings revealed that the combined effect of human resources' strategic orientation and organizational structure on performance of large manufacturing firms in Kenya was greater than the average sum of their individual effect. However, the findings contradict the findings of Amour and Teece (1979) who reported negative interaction effects between business strategy and performance.

Naman and Slevin (1993) investigated the effect of mode of business environment comprising dynamism, complexity and munificence, structure and entrepreneurial orientation on firm performance and found that organizations operating in turbulent business environment manifested a positive fit. Superiority of a firm's performance is thus dependent upon myriad factors such as innovation unique vision and a host of other factors which differentiates it from its competitors (Sermon,, etal., 2006; Kiliko, 2015; Morton & Hu, 2008).This proposition is in conformity with contingency theory that underscores the role strategic alignment which enhances the fit between an organization's core objectives and its competitive environment which ultimately impact firm performance. Therefore, the study was conceptualized in a contingency theory perspective where three predictor variables were reasoned to have a joint effect on performance in different combinations in a contingency framework. Consequently, the overall finding was that corporate strategy, organizational structure and industry competition jointly had a greater influence on performance than the individual effect of corporate strategy on organizational performance of companies listed on the NSE. The findings thus, support hypothesis, H4 that the joint effect of the predictor variables is statistically greater than the individual effect of corporate strategy on performance of companies listed on the Nairobi Securities Exchange.

5.7 Chapter Summary

This chapter has presented discussion of the study findings along the main and specific objectives and the corresponding hypotheses. The results of research findings in this study were found to support several theoretical postulations anchoring this study and previous empirical studies while contradicting with others.

Perhaps, what could be ground breaking for this study is the fact that the effect on financial performance (EPS) was not supported notwithstanding the considerably, overall high explanatory influence that corporate strategy has on organizational performance. Additionally, the use of several indicators of organizational performance is a trajectory that contemporary studies are taking, and this study was one of such. In what follows, chapter six presents the summary conclusions and recommendations.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENNDATIONS

6.1 Introduction

This chapter presents a summary of the study and its findings, the conclusions and implications of the study as well as recommendations of future study. In what follows the key findings among the relationships of the variables of the study is undertaken and juxtaposed with conclusions. The chapter further provides the implications of the findings to theory, policy and managerial practice. Finally, the chapter discusses the limitations of the study and provides a roadmap that future studies should consider.

6.2 Summary of Findings

The principal objective of the study was to examine the influence of organizational structure and industry competition on the relationship between corporate strategy and organizational performance. The specific objectives are: to establish the effect of corporate strategy on performance; to determine the influence of industry competition on the relationship between corporate strategy and performance; to determine the effect of organizational structure on the relationship between corporate strategy and performance; and consequently, to establish the joint effect of corporate strategy, organizational structure and industry competition on performance of companies listed on the NSE.

The study reveals that corporate strategy has significant effect on non-financial performance, but has no significant effect on financial performance. It shows that corporate strategy has significant effect on organizational structure. The study further discloses that industry competition has significant influence on the relationship between corporate strategy and organizational performance, but has no significant influence on financial performance.

Moreover, the study reveals that organizational structure has significant influence in the relationship between corporate strategy and non-financial performance, but has no significant influence on financial performance. Finally, the study shows that the joint effect of the predictor variables is statistically greater than the individual effect of corporate strategy on nonfinancial performance of companies listed on the NSE.

Although it is claimed that the application of corporate strategy in Kenya is generally inchoate, the findings further indicate that most publicly quoted companies have gradually embraced the practice with encouraging results. The current findings point to some of the corporate strategy practices that could be emulated by other firms in order to optimize performance.

6.3 Conclusion

The major objective of the study was to test the effect of organizational structure and industry competition on the relationship between corporate strategy and performance of companies listed on the Nairobi Securities Exchange (NSE). A model to test this relationship was conceptualized and data was collected using a prepared questionnaire on the aspects to be tested. To achieve this objective, first tests were done on the independent effects, followed by combined effects and finally composite to confirm or not to confirm the hypotheses. It was established that the influence of corporate strategy on firm performance was statistically significant. The study also reported statistically significant independent effects of the four corporate strategy dimensions:

Generic strategies as conceptualized by Porter's (1980) namely; cost leadership, differentiation and focus together with strategic alliances on some indicators of performance. It can thus be concluded that corporate strategy has an influence on organizational performance. The results support the dynamic capabilities theory, resource based view and industrial organization (IO) economics theory, the S-C-P paradigm, game theory, contingency theory and stakeholder theory (Bain, 1956, Mason 1939; Morton & Hu, 2008). The study further noted some key relationships and variations between the publicly quoted companies' performance and corporate strategy.

The relationship between corporate strategy and performance was found to be generally robust and that corporate strategy does also influence organizational structure significantly. The results also suggested that industry competition has moderating influence on the relationship between corporate strategy and firm performance. It was established that organizational structure positively intervenes the relationship between corporate strategy and performance of companies listed on the Nairobi Securities Exchange.

These findings inform the publicly quoted firms that for the confirmed hypotheses, they need to be keen on the influence of those effects. They have to pay attention to the issues relevant to their businesses. Such models can be used for decision making. For the refuted sub hypotheses, the firms have taken keen interest and direct their efforts elsewhere. The results of this study support the main anchoring theories including IO economic theory and the complementing theories such as game theory, dynamic capability theory (DCT) and resource based theory (Bain, 1956, Mason 1939; Wenerfelt, 1984; Teece, 2014).

The findings also support contingency theory by virtue of the fact that the top performing Kenyan companies manifested a propensity to depend upon the fit between strategies adopted and their organizational structural configuration (Burns and Stalker, 1961; Lawrence & Lorsch, 1967; Liu etal, 2003; Morton & Hu, 2008). Additionally, the findings were quite in synch with stake holder theory with respect to firm performance, and quite justified in the empirical study for descriptive accuracy, relevance and normative validity to the Kenyan business environment as represented by the NSE listed companies (Friedman, 1970; Hill& Jones, 2007; Freeman, 1984; Ferrero, 2014).

Finally, it was established that corporate strategy, organizational structure and industry competition jointly contribute to non financial performance at 95.6 percent, more than the single effect of corporate strategy on non-financial performance at 93.6 percent. The independent effects of the variables influence the performance of publicly quoted firms in Kenya. In effect no single variable can effectively influence firm's performance. The study has made attempts to establish the synergistic effect of the study variables that can create competitive advantage. This conclusion is consistent with findings from previous research and lends credence to the idea that firm performance is determined, in part, by the combination of factors both from the corporate strategy domain, internal capabilities together with extant industry competition. An enabling environment is needed to operate jointly in order to improve the economic development as the country braces itself to achieve vision 2030 objectives.

6.4 Implications of the Study

The broad objective of this study was to establish the influence of organizational structure and industry competition on the relationship between corporate strategy and performance of companies listed on the NSE, from which five specific objectives were crystallized. Organizational structure was hypothesized as the intervening variable while firm industry competition was the moderating variable. Corporate strategy was the independent and firm performance was the dependent variable. The findings of the study have multifaceted implications to various stakeholders. The outcomes provide rich implications to scholars, practitioners and policy makers.

6.4.1 Theoretical Implications

The findings from this study expands the frontiers of knowledge, adding to the existing literature by confirming empirically, that indeed, corporate strategy influences performance of Kenyan publicly quoted companies. It lends support to the relationship between corporate strategy, organizational structure, industry competition and organizational performance (Porter, 1996; Barney 1997; Owino, 2014). By empirically testing the extent to which corporate strategy is associated to organizational structure and industry competition adds to academic knowledge in several ways by providing evidence pointing towards significant application of corporate strategy that will lead to different levels of achievements in firm performance. This study has confirmed the contributions by the various theories and lends support for the hypothesized relationships. The result contributes to the strengthening of the literature by confirming the postulations of industrial organization (IO) economic theory as complemented by game theory (Bain, 1956, Mason 1939; Grant, 2013), and resource based view together with dynamic capabilities theory. The finding also confirmed the prepositions of contingency theory as supported by theory of congruence (Upadhayay et al, 2013), and further confirmed the stakeholder theory (Friedman, 1970; Hill& Jones, 2007; Freeman, 1984; Ferrero et al., 2014). The results indicate that contingency among key predictor variables and firm capabilities contribute more to performance.

The findings of this study demonstrate that the approach on the variables is important in a developing country and that it helps in identifying theories unique to firms and increase the external environment validity of theories developed in industrialized countries. The study has demonstrated that firms do operate in open systems and their performance is subject to environmental changes postulated in the various paradigms. This study sought to establish this relationship and how other variables influence organizational performance thereby supporting contingency theory (Lawrence and Lorch, 1967; Morton & Hu, 2008; Achcaoucaou et al., 2009). Other empirical research studies have proposed that corporate strategy has a relationship with firm performance. The findings statistically confirmed that significance to support the proposition. The resource based theory (RBV) is further underpinned by the VRIN typology which postulates that in order to gain sustainable competitive advantage and superior performance, a firm must possess valuable inimitable, rare and non-substitutable resources (Teece et al, 1997; Grant, 2013).

The findings of the study also support other relevant extant theories such as industrial organization (IO) economics theory whose key paradigm is strategy-conduct-performance (S-C-P) paradigm which is a critical tool in strategy organizational structural co-alignment for organizational success in both turbulent and munificent business environment. Finally the result confirmed findings of a number of existing empirical literature by many scholars including Aosa, (2011), Manser et al.,(2012), Awino,(2000), and Hall,(2013) that it is incumbent upon organizations to have strong strategic fit or match with the highly competitive business environment in order to gain sustainable competitive advantage and superior performance.

6.4.2 Policy Implications

Manifestation of industry competition dimensions had varied results on firm performance. The findings of this study offer suggestions that are beneficial to policy makers in all business sectors in Kenya. Most publicly quoted firms in Kenya have previously lacked best strategic management practices as well as good responses to the turbulent environment (CMA, 2014). These companies are very crucial to Kenya's development and contribution to the gross domestic product. This could guide policy makers to develop strategies relevant to the appropriate firms facing particular environmental constraints in various contexts and imperative for making sound, prudent decisions that would help them gain sustainable competitive advantage.

The findings of the study show that corporate strategy has a strong positive influence on organizational performance. The joint influence of corporate strategy, industry competition and structure significantly enhanced this relationship. Policy can be developed that encourages inculcating of strategic management practices within these companies. Secondly, today, most companies listed on the Nairobi Securities Exchange (NSE) do not use the sustainable balanced score card to measure their organizational performance. Yet the findings of this study have revealed that this measurement is possible. Policy can be developed to encourage measurement and reporting of performance along the indicators of the SBSC as used in this study (Kaplan & Norton, 1992; Elkington, 1997). With respect to policy, it is recommended that stakeholders increase funding for strategic research to enable scholars or researches to help in imparting the best possible contingent solutions in the ever turbulent global economic environment.

6.4.3 Implications for Methodology

The results from this study provide several implications on methodology. Descriptive cross section census survey applied by the study proved to be reliable, and successful in yielding credible results which can be used for generalization, replicabilty and predictability. Validity and reliability tests were carried out on the data collection instrument and it was found that the instrument was sufficient. Given that the tests were positive, it is an indication that the data collected was reliable and future research may consider using the same methods for data collection. A drop and pick method was largely used to administer questionnaire to the respondents and getting them back (Ondari, 2015; Mugenda & Mugenda, 2003; Coopers& Schindler, 2003).

This method yielded a high response rate which is a good indication that the method is reliable for data collection. The operationalization of the study variables got into the heart of organizational performance. The variables were disintegrated into fine and understandable meanings that were made up of the day to day operations in the organization and that made it easy for the respondents to understand the questions raised in the questionnaire and to provide relevant data that brought forth issues of performance in Kenyan publicly quoted companies. The sampling method used in the study was also important. The study utilized regression to analyze the relationships between study variables. This tool is used widely in strategic research and helps to explain relationships clearly. The use of regression made it very easy to test the hypotheses that were developed to achieve the research objectives. At the end of the tests, it was very clear on how they related with respect to companies listed on the NSE.

6.4.4 Implication for Managerial Practice

The study has immense implication on managerial practice particularly with respect to strategic decision making and scope of operation. First, it has implication in terms of cost management, product quality and development, internal processes, employee and customer satisfaction. The managerial practices of most companies reveal that generic strategies are applied on customer satisfaction mostly by companies whose strategic stances are prospectors and reactors and adopted the strategies of market penetration, diversification and differentiation as modes of strategic alliance (Machuki2011; Ogendo, 2014). Moreover, internalization is applied on internal business process on licensing strategies. The findings of the study reveal that corporate strategy had significant effect on all nonfinancial performance indicators, but had no statistically significant effect on financial indicator, EPS. It is therefore, poised to help organizations top management teams make strategic decision on matters pertaining to choice of the right technology, innovation, recruitment of employee and skills development, environmental centrism and social equity.

Practitioners are poised to benefit from the managerial implication of these findings in its both medium and long term planning. For instance the Government of Kenya can use the findings to evaluate the use of corporate strategy and organizational structure attributes for purposes of implementing the goals and objectives of the Vision 2030. The results from the study may also applied by managers to help enhance organizational performance in various sectors of the economy.

In terms of performance measurement the study has afforded a more broad based sustainable balanced scorecard (SBSC) that measures financial performance, employee perspective, customer perspective, internal business process performance, learning and growth. Performance and non-market performance enable organizations to adopt stakeholders' view of value rather than simple shareholders performance. NSE companies that embraced the balanced scorecard performance measurement modes have adopted corporate strategy as a tool for gaining sustainable advantage within their industry in the volatile business environment (Elkington, 1997).

The focus must be on identifying and developing relevant corporate strategies adeptly co aligned with organizational structures and robust firm capabilities and competences that will significantly boost firm performance in the volatile business environment. The management has to note that performance is a function of a constellation of factors which must seamlessly and strategically combine to engender positive results (Lawrence & Lorch, 1969; Porter, 1987; Nightgale & Toulouse, 1977). Companies in Kenya are thus highly encouraged to develop strategies in relation to the changes in the ever dynamic global market arena. This will allow them to benefit more from their unique, valuable, rare, in-imitable and non-substitutable (VRIN) resources in order to attain superior performance. The focus should be on identifying effective and efficient organizational structures, unique resources and dynamic capabilities which can yield high performance in their industries and adjust their focus and strategies accordingly (Teece, 2014).

Companies in Kenya are highly encouraged to configure their organizational structure with respect to their strategies to match the changes in the external environment. This will allow them to benefit more from their unique resources and processes in order to improve their performance, and achieve sustainable competitive advantage. Managers are therefore, advised to use several firm capabilities in planning and implementation of their corporate strategies. The results of this study enable management practitioners to formulate long term strategies to address production constraints that could have led to low capacity utilization and productivity of the companies in all sectors of the Kenyan economy. They should be able to allocate funds for research and development (R &D) in order to improve the quality of their products.

Managers are also advised to address their internal weaknesses particularly in the use of technology. The results did indicate innovation and technology was a key capability with significant influence on firm performance. It implied that technology required attention in order for a company to enhance its efficiency. The findings had statistically significant results from the hypothesized relationships from the five objectives. It was to explore and establish the causal relationships on the variables. Lenz (1980) proposed that any relationship must be directly or indirectly caused by the other and there is need to explore causal relationship. The findings reveal that organizations that embraced the balanced scorecard performance measurement modes have adopted corporate strategy as a tool for gaining sustainable advantage within their industry in the volatile business environment.

Corporate strategy manifests differently in various companies listed on the NSE. Some dimensions are significant while others are not on the different indicators of firm performance. It is therefore prudent that firms must carry out frequent situational analyses and environmental scanning of the environment in which they operate. Managers who develop organizational structures to either adapt to changing business environment conditions or to proactively influence their industries should find the results of this study useful. The findings that industry competition moderates the relationship between corporate strategy and firm performance certainly make their work easier. The positive effects have higher contributions to the performance and this implies that managers should concentrate not only on monitoring the volatility in their respective industries, but also on building on the areas that impact on performance. This should form the basis of how firm capabilities have to be developed within the company if it has to succeed. They should not pay excessive attention to one factor as the performance is imperative.

Additionally, the results of this study enable management practitioners to formulate long term strategies to address production constraints that could have led to low capacity utilization and productivity of the companies in all sectors of the Kenyan economy. They are able to allocate funds for research and development better quality products. The managers will also be able to address their internal weakness for the example the inefficient use of technology. The results did indicate innovation and automation of business processes were core capabilities with significant influence on firm performance. It thus implied that technology required attention in order for a company to enhance its efficiency. By and large, it helps managers formulate effective strategies for their organizations with a view to achieving sustainable superior performance levels. From the foregoing research findings it is recommended that researchers, managers, policy makers adopt a multifaceted strategic approach in the pursuit of gaining sustainable competitive advantage, and superior performance. This is due to the fact that no single strategic approach, not even generic strategies and strategic alliance indicators alone, can yield excellent performance.

From a business typology approach it is therefore recommended that strategists apply a cocktail of strategies and robust mix of organizational structural configuration that can match the volatility in the highly competitive business environment (Miles and Snow, 1986). The observations made by Aosa (1997) about problems faced by Kenyan companies as regards raw materials, machinery, spare parts availability, government bureaucratic red tape, skewed and unfair competition, compounded by corruption continue unabated. Businesses have suffered losses due to illegal imports particularly from China, the Far East and South America. The logic of Porter's five force frame work, Aosa's (1997) three industry competition forces amplified from Palvia et al. (1990), together with Grant's (2013) hold true for the Kenyan situation. Powerful cartels with government connections and technological logistics sometimes circumvent the law with much abandon. Thus, the Government and other stakeholders should take cognizance of the foregoing exposition and institute contingent strategic measures to cushion the companies against extant business malpractices in order to help them achieve their goals and objectives for economic growth and sustainable development.

For scholars, it is recommended that emphasis be laid on modified generic strategy model coupled with stronger, balanced strategic alliance. Through a collaborative approach with stakeholders, scholars need to impart strategic knowledge from research, to managers, and also advise on the significance of financial disclosures for research and other future comparative studies.

To the government policy, it has been proved that the participating firms had modest performance despite the turbulent business environment in Kenya. Additionally, it has been shown that the private sector is the fulcrum for economic growth and development. It is thus imperative that the government improve the infrastructure and competition laws among other attendant concerns raised by investors, in order to enhance wealth creation, better fiscal and monetary policies and consequently spur sustainable economic growth.

6.5 Limitations of the Study

The principal purpose of the study was to establish the influence of organizational structure and industry competition on the relationship between corporate strategy and performance of the NSE listed companies. While this objective was achieved, it was not devoid of limitations. It was limited in scope and a number of factors including time and financial constraints. The study used cross sectional survey since it is one of the most appropriate methods available to address both financial and time constraints. Additionally, the use of e-mail and telephone contacts, coupled with competent research assistants, enhanced response rate considerably.

It was also limited in terms of conceptual, contextual and methodological manifestations. From conceptual perspective**,** the study was limited to four variables only, namely corporate strategy, organizational structure, and industry competition as predictor variables, and performance as the dependent variable with a specified number of attendant indicators. A combination of these variables without other known factors statistically limits the findings considerably. The choice of this study was motivated by the inconsistencies and lack of competitive edge characterized by dismal performance by most companies in Kenya in the turbulent global market place. The empirical research investigated the phenomenon by adopting generic strategies and strategic alliance as key strategic indicators of corporate strategy owing to their robustness in terms of industry analysis (Porter, 1980; Grant, 2013).

Thirdly, the study was limited to the survey of 46 respondent companies listed on the Nairobi Securities Exchange (NSE) in Kenya as at 31st March, 2015. These companies represent a vast majority of sectors in the Kenyan economy.This contextual limitation could be mitigated by a broad based approach, incorporating in the study other large companies which are not publicly quoted.

Methodological limitations were also experienced in terms of the research design, and operationalization of performance variables. The study adopted descriptive cross sectional survey design. This design albeit convenient, does not delve into finer details of the phenomena being investigated. The results of the study could have been more detailed and different if a longitudinal research design were adopted as it takes a longer period owing to changes that occur over a period of time. In terms of performance measurement, although the study used the BSC frame work (Kaplan & Norton, 1992), only one financial indicator, EPS was operationalized. However the results were not statistically significant. Future research may consider other financial indictors such as return on assets (ROA) and return on sales (ROS) among other financial measures in order to compare and contrast the results.

Despite these limitations, however, the study was designed in a highly scientific manner following through the literature and theoretical review and considering several available approaches. The study was thus rigorous and thorough in its approach to analysis, interpretation and reporting of the findings. The limitations discussed therefore did not have any material effect on the results and findings of the study.

6.6 Suggestions for Further Research

Arising from the findings in this study, future researchers could benefit from the ensuing suggestions for further research. This study concentrated on establishing the influence of corporate strategy on the performance of companies listed on the NSE. However, performance was tested as a composite score as reported by the performance contracting department. It would be interesting if the individual corporate strategy constructs were tested against the raw score of each of the seven performance indicators of Kenya's publicly quoted companies.

The findings may be different from the ones obtained in this study. The context of the study was companies listed on the NSE. Future research could be undertaken to replicate this study but instead compare performance of NSE listed companies with individual sectors of the economy, say manufacturing sector, to check whether the findings will be the same. Further, the same study could be replicated but a different context could b e used, for example a researcher could carry out a study for manufacturing companies in Kenya using the same variables.

This study used only three variables to test the factors that influence performance of NSE listed companies. Given the fact that there are many other factors that may affect performance, other researchers may seek to unravel the influence of such other factors like corporate governance, resource allocation, ownerships structure and so forth on the performance of NSE listed companies. It would be interesting to find out whether the results would be the same when different variables are used. The study was undertaken in all NSE listed companies save for the few which did not respond and CMC which had been suspended from the bourse. This population was fairly large and it was not possible for the researcher to get into the details of all the data collected from the field. Both industry competition and organizational structure were found to be essential for organizational performance.

Both dimensions were used as moderating and intervening variable between corporate strategy and organizational performance. Future research should take organizational structure as an independent variable and establish its influence on organizational performance. Further future research could also establish the influence of corporate strategy on the organizational structure. This relationship has received little attention in strategic management research, a position that has been supported by Chandler, (1962) and Miles & Snow, (1984). Likewise it is recommended that future studies apply industry competition as independent variable and moderated by other variables in its relationship with organizational performance. Most studies have rather concentrated on the organizational structure itself. Furthermore, it is recommended that, in the future, longitudinal study design be used instead of a cross sectional research design. The data would be collected and analyzed over a period of time and the results from such a study may be compared and contrasted with the findings of this study.

Moreover this research has given rise to several new research avenues and practical implications. There is need to replicate this study in different contexts bearing in mind that it directly measures corporate strategy using conceptually validated constructs. Replicative studies will help the corporate strategy research draw patterns showing effect of corporate strategy behavior on various organizational outcomes. Researchers could focus on corporate strategy guided by the findings of the study. This study did not consider the effect of corporate strategy heterogeneity and homogeneity on organizational performance. A study that compares the impact of corporate strategy and other variables would allow researchers to understand better the predictive power of the two areas of research. Also, researchers should consider exploring the use of a historically contextualized analyses and longitudinal research design as suggested by Johnson et al. (2008) and Porter (2008).

Additionally, researchers should consider using a multiplicity of variables to measure organizational financial performance. These variables are return on investment (ROI), total organizational assets, and profit before tax, free cash flows, earnings before interest and tax (EBIT) and amortization, gearing ratios and dividend payout ratio. This may address any shortcomings resulting from the use of EPS measure variable adopted in this study. In this study, the effect of corporate strategy on EPS was found to be statistically non-significant. The study used primary data to measure six of the seven perspectives of sustainable balanced score card (SBSC).

Future research may contribute to knowledge by use of secondary data to measure financial performance perspectives on such as return on assets (ROA) and return on equity (ROE) to compare and contrast with these findings. The current study employed a cross sectional approach whereas a longitudinal approach would provide for a longer time of study to observe relationships among study's variables. The population of the study was restricted to companies listed in the NSE. There is therefore need to replicate this study in different contexts such as large manufacturing firms in Kenya , order for researchers to draw patterns showing effect of corporate strategy on various organizational outcomes. Consequently, future research should consider other moderating and intervening factors that could affect corporate strategy orientation and performance relationship. Finally, future studies in this context should take cognizance of some of the emerging fundamental issues with respect to climate change and globalization in relation to business performance.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION FROM UNIVERSITY OF NAIROBI

UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES AND SOCIAL SCIENCES
SCHOOL OF BUSINESS
DOCTORAL STUDIES PROGRAMME

Telephone: 4184160/1-5 Ext. 225
Email: dsp@uonbi.ac.ke

P.O. Box 30197
Nairobi, Kenya

04th June, 2015

TO WHOM IT MAY CONCERN

RE: BRUCE JAMES OGAGA - D80/63048/2011

This is to certify that, **BRUCE JAMES OGAGA:D80/63048/2011** is a Ph.D candidate in the School of Business, University of Nairobi. The title of his study is: **"The Effect of Organizational Structure and Industry Competition on The Relationship Between Corporate Strategy and Performance of Companies Listed on The Nairobi Securities Exchange."**

The purpose of this letter therefore, is to kindly request you to assist and facilitate in carrying out the research/study in your organization. A questionnaire is herewith attached for your kind consideration and necessary action.

Data and information obtained through this exercise will be used for academic purposes only. Hence, the respondents are requested not to indicate their names anywhere on the questionnaire.

We look forward to your cooperation.

Graduate Studies Co-ordinator
P.O. Box 30197
NAIROBI
University Commerce Faculty

PROF. MARTIN OGUTU
FOR: ASSOCIATE DEAN
GRADUATE BUSINESS STUDIES
SCHOOL OF BUSINESS

MO/nwk

APPENDIX II: RESEARCHER INTRODUCTION LETTER

Bruce J. Ogaga,
P. O. Box 55245 – 00200,
Nairobi.
E-mail:jemogaga@Yahoo.com
Tel.No.0722760445

<u>TO WHOM IT MAY CONCERN</u>

I am a PhD candidate at the School of Business, University of Nairobi and currently conducting a census survey of all companies listed on the NSE for a thesis for fulfilment of the requirements of the degree of Doctor of Philosophy (PhD).

The title of the thesis is:
Corporate Strategy, Organisational Structure, Industry Competition and Performance of Companies listed on the NSE. Your company has been identified as an important player at the NSE. The purpose of this letter is therefore to request you to participate in this survey as a respondent by completing the attached questionnaire as accurately as possible. The data and information obtained through this exercise will be used strictly for academic purposes and all the quotations and references will be appropriately acknowledged.

A copy of the thesis will be ultimately availed to you on request. Kindly rubberstamp your questionnaire to validate your response.

Yours sincerely,

B. J. Ogaga

APPENDIX III: LETTER OF INTRODUCTION FROM NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471, 2241349, 310571, 2219420
Fax: +254-20-318245, 318249
Email: secretary@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No.

NACOSTI/P/15/8289/7684

Date:

19th August, 2015

Bruce James Ogaga
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"The effect of structure and industry competition on the relationship between strategy and performance of companies listed on the Nairobi Securities Exchange,"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for a period ending **31st August, 2016.**

You are advised to report to **the Managing Directors of selected Companies, the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

SHussein
SAID HUSSEIN
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Managing Directors
Selected Companies.

The County Commissioner
Nairobi County.

National Commission for Science, Technology and Innovation is ISO 9001: 2008 Certified

APPENDIX IV: RESEARCH PERMIT

THIS IS TO CERTIFY THAT:
MR. BRUCE JAMES OGAGA
of UNIVERSITY OF NAIROBI, 0-100
Nairobi,has been permitted to conduct
research in *Nairobi County*

on the topic: *THE EFFECT OF STRUCTURE AND INDUSTRY COMPETITION ON THE RELATIONSHIP BETWEEN STRATEGY AND PERFORMANCE OF COMPANIES LISTED ON THE NAIROBI SECURITIES EXCHANGE*

for the period ending:
31st August,2016

Permit No : NACOSTI/P/15/8289/7684
Date Of Issue : 19th August,2015
Fee Recieved :Ksh 2,000

....
Applicant's Signature

....
Director General
National Commission for Science, Technology & Innovation

APPENDIX V: RESEARCH QUESTIONNAIRE

This questionnaire is designed to collect data from companies that are listed on the Nairobi Securities Exchange. The data shall be used for academic purposes only and will be treated with strict confidence. Your participation in facilitating the study will be highly appreciated. The questionnaire has five sections and each section covers various objectives of the study. Kindly answer the questions as precisely as possible.

Section A: Organizational Background

1. Name of the organization____

2. How long has your organization been in operation in Kenya? Please tick ( ) your answer below.
   Less than 5 years [ ]
   From 5 years but less than 10 years [ ]
   From 10 to 15 years [ ]
   More than 15 years [ ]

3. What is the size of your organization in terms of number of permanent employees? Please tick () your answer below.
   Less than 100 employees [ ]
   From 100 employees to 499 employees [ ]
   From 500 to 1000 employees [ ]
   More than 1000 employees [ ]

4. Please indicate your position in the organization by ticking () (a) or (b) below
   Chief Executive officer/Managing Director [ ]
   Divisional/Departmental Manager [ ]

5. How long have you held your current position in the organization? Please tick ( ) your answer below.
   Less than one (1) year [ ]
   Between 1 year and less than 3 years [ ]
   Between 3 and 5 years [ ]
   More than 5 years [ ]

6. Prior to your appointment to the current position, please indicate what your previous position was by ticking ( ) one of the answers below
   I was performing a different role in the current organization or any of its affiliate [ ]
   I was working for a different organization [ ]
   Other (Please elaborate) ____

7. Please state period you have worked for this organization (in years) ……..…………………………………………………………………..…

8. Kindly list the products your firm offers in the market

……………………………………………………………………………..
……………………………………………………………………………..
……………………………………………………………………………..
……………………………………………………………………………..

Section B: Corporate Strategy

9. Corporate Strategy is one aspect of this study which consists of most factors considered during your firm's decision making process. Use the scale below to tick ( ) as appropriate 1 = Not at all; 2 = to small extent; 3= to a moderate extent; 4=to a large extent; 5 =to a very large extent

	Statements	**1**	**2**	**3**	**4**	**5**
i.	Our company has had the lowest cost of operation in the industry					
ii.	Our company has had a well-defined scope of operations					
iii.	Our company produces highly standardized products using high technology					
iv.	Our organization adopts tight control systems and overhead minimization as a way of attaining cost leadership.					
v.	Our firm analyzes systems and operation processes to identify where costs can be avoided by eliminating non value adding activities					
vi.	Our company leverages on technology in its processes to produce unique quality products with features which are preferred by our customers as compared to our competitors					
vii.	The company's products are customized to meet customers, needs					
viii.	Our company pursues diversification strategy to produce an array of product mix with a view to spreading the risk					
ix.	The company constantly seeks to introduce new quality brands or new products in the market					
x.	The firm produces products/services that are focused to a particular niche of customers.					
xi.	Our firm's value chain is tailored for products which are intended for specific market segments.					
xii.	Our organization utilizes its resources and core competencies including innovation optimally with a view to producing differentiated quality products and services					
xiii.	The company lays emphasis on organizational culture that encourages innovation in pursuit of differentiating our products and services.					
Xiv	Our company's products are differentiated from competitors products through distinct features					
Xv	The company puts emphasis on investments characterized by consumer marketing that will provide future competitive edge					
Xvi	The company is dedicated to the learning curve even as it pursues economies of scales in its production processes.					
Xvii	The firm has allowed other firms to use its trade mark.					
xviii	The firm has approved use of its license by other companies in to produce its products/services at a fee.					
Xix	The firm has entered agreements with two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations					

Section C: Organizational Structure

10. Please indicate: the extent to which the following statements describe your firm's organizational structure
Using 1 = Not at all, 2 =to a small extent, 3 = to a moderate, 4= to a large extent 5 = to a very large extent. Please answer the following by ticking ( ) the applicable box

	Statements	**1**	**2**	**3**	**4**	**5**
i.	The work roles in the organization are highly structured					
ii.	The activities of employees are governed by rules and procedures					
iii.	The organization has standardized behavior through formal training and related mechanisms					
iv.	The organization takes into consideration the needs of their employees					
v.	There exists group leadership and teamwork					
vi.	The organization takes into consideration the ideas of employees					
vii.	Decision making is centralized					
viii.	There are few written procedures and rules					
ix.	Decision making is distributed across all levels of the organizations					
x.	Decision making takes place at the upper levels of the organization					
xi.	Power and authority are centralized at the hands of top management					
xii.	There are authoritative communication channels					
xiii.	Information from lower levels flows up to the decision-maker where the information is analyzed and synthesized to gain a broader perspective in order to aid in decision-making					
xiv.	Information flows down to provide directions to the lower levels of the hierarchy where lower levels are expected to implement the decisions with little or no modifications.					

Section D: Industry Competition

11. Kindly indicate: the extent to which the following factors apply to your firm

Using the key 1 = Not at all; 2 = to a small extent; 3 = to a moderate extent; 4 = to a large extent Please use the key to tick ( ) the extent to which the following factors affect industry competition in your company.

		1	2	3	4	5
	Threat of new entrants					
i.	Imposition of barriers by players in the industry					
ii.	Government regulation of entry					
iii.	Contrived deterrence					
iv.	Favorable access to raw material					
v.	Cost advantages					
vi.	Customer switching costs					
vii.	Innovative technologies					
viii.	High initial capital investments					
ix.	Exit barriers in the industry					
x.	Proprietary technology					
xi.	Proprietary products advantage					
xii.	Favourable geographical locations					
xiii.	Rivalry among competitors in the industry					
xiv.	Large number of competing firms					
xv.	Industry growth					
xvi.	Diversity of competitors					
xvii.	Brand identity					
xviii.	Frequent price cutting/price wars e.g. discounts					
xix.	Lack of product differentiation					
xx.	Intense advertising					
xxi.	Productive capacity added in large increment					
xxii.	Bargaining power of customers					
xxiii.	Buyer concentration					
xxiv.	Small number of buyers					
xxv.	Price sensitivity					
xxvi.	Bargaining leverage					

xxvii.	Buyer propensity to substitute					
xxviii.	Buyer propensity to purchase					
xxix.	Impact of quality performance					
xxxii.	Undifferentiated and standard products					
xxxiii.	Products sold to buyers are a significant percentage of buyers' final costs					
xxxiv.	Buyer's threat of backward vertical integration					
xxxv.	Bargaining power of suppliers					
xxxvi.	Industry dominated by small number of firms					
xxxvii.	Sale of unique highly differentiated products					
xxxviii.	Supplier not threatened by substitutes					
xxxix.	Differentiation of inputs					
xxxx.	Presence of substitute inputs					
xxxxi.	Supplier concentration					
xxxxii.	Threat of forward vertical integration					
xxxxiii.	Switching costs					
xxxxiv.	Threat of substitute products					
xxxxv.	Non branded generic products					
xxxxvi.	Buyer concentration					
xxxxvii.	Relative price performance					
xxxxviii.	Complementary products					
xxxxix.	Government regulations					
xxxxx.	Government taxes					
xxxxxi	Government subsidies					
xxxxxii.	Value chain and Logistical factors					
xxxxxiii.	Competition for inputs					
xxxxxiv.	Power play within the organization and the Industry					
xxxxxv.	Technological changes in the market					
xxxxxvi.	Strategic alliances as a means of marshalling resources					
xxxxxvii.	Relation with financial institutions					

Section E: Organizational Performance

12. Please indicate: the extent to which the following statements describe your firm's performance over the past 5 years
Tick ( ) as appropriate
Key: 1 not at all; 2 = to a small extent3 = to a moderate extent; 4 = to a large extent; 5 = to a very large extent

	Statement	1	2	3	4	5
i.	Operational efficiency has improved over the last five years					
ii.	Internal business processes have improved over the last five years					
iii.	Company's core competencies are identified and measured					
iv.	Automation of business processes has generally been achieved					
v.	Our company has achieved good returns by improving its asset utilization.					
vi.	The company entered new markets in the last five years					
vii.	The company's market share has increased in the past five years					
viii.	The company delivers products to its customers in time					
ix.	Exceptional services are provided to customers					
x.	Our processes support speedy responses to all customers' queries and this has enabled as to retain our customers.					
xi.	Product quality has improved in the last five years					
xii.	The company has embraced a corporate culture towards its customers					
xiii.	Generally customers rate the quality of our products and services highly relative to our competitors'					
xiv.	Diversity and inclusivity is a major consideration in our employment policy					
xv.	Employees are generally motivated to meet company goals					
xvi.	Safety measures have been put in place and work environment is conducive					

xvii.	Work climate is conducive to support organizational strategy					
xviii.	We conduct annual research to monitor our employee satisfaction and morale					
xix.	Our company puts emphasis on employees education and training as a way of enhancing performance.					
xx.	Relative to our competitors our core business priority is innovation.					
xxi.	Research and development (R&D)plays an important role in product development and assessment.					
xxii.	Environmental awareness and improvement have increased over the last five years and thus represent strategic core issues of the company's objectives.					
xxiii.	Our organization conducts annual environmental audits.					
xxiv.	We invest in community programmes in which our experience can provide a lasting impact.					
xxv.	Our organization always publishes annual performance sustainability report.					

If you have any comments which are not included in this questionnaire, but which you think are irreverent and important for this research, please write them on the space provided …………………………………………………………………………………………

……………………………………………………………………………………………………

………………………………………………………………………………………………

THANK YOU FOR YOUR KIND COOPERATION AND PARTICIPATION.

KEY

CORPORATE STRATEGY

Cost leadership	(i)– (v), (viii), (xv),	7
Differentions	(vi), (ix), (xi-xiii),	5
Focus	(vii) (x), (xiv)	3
Strategic Alliance	(xvi- xviii)	3
Total		**18**

ORGANIZATIONAL STRUCTURE

Formalization	(i),(v), (vi), (xi),(xiv)	5
Centralization	(iii),(ix), (xii), (xiii)	4
Organic	(ii), (iv), (vii), (viii), (x)	5
Total		**14**

INDUSTRY COMPETITION

Threat of Entry	(ii – xiv), (xxiii),(xxxvi),(xxxvii) (xxxxxv)	17
Buyer's Bargaining Power	(xxiv- xxxiv)	11
Supplier's Bargaining Power	(xxxv), (xxxviii)- (xxxxiii)	7
Industry Rivalry	(xv) – (xxii), (xxxxxiii), (xxxxxvi), (xxxxxvii)	11
Treat of Substitute Products	(xxxxiv), (xxxxv), (xxxxvi), (xxxxvii)	4
Logistics	(xxxxxii),	1
Power Play	(xxxxxv),	1
Government intervention	(xxxxix), (xxxxx) (xxxxxi)	3
Compliment	(xxxxviii),	1
Total		56

ORGANIZATIONAL PERFORMANCE

Internal Process	(i) - (v), (xxv)	6
Customer perspective	(vi) – (xiii)	8
Employees perspective	(xiv) - (xviii)	5
Learning and Growth	(xix),(xx), (xxi)	3
Environment perspective	, (xxiii)	2
Corporate social responsibility	(xxiv)	1
Total		25

Source: Research Data (2015)

Appendix VI: Companies Listed on the Nairobi Securities Exchange.

Agricultural

Eaagads Limited

Kapchorua Tea Company Limited

Kakuzi

Limuru Tea Company Limited

Rea Vipingo Plantations Limited

Sasini Limited

Williamson Tea Kenya Limited

Commercial and services

Express Limited

Kenya Airways Limited

Nation Media Group

Standard Group Limited

TPS East Africa (Serena) Limited

Scan Group Limited

Uchumi Supermarket Limited

Hutchings Biemer Limited

Longhorn Kenya Limited

Telecommunications and technology

Safaricom Limited

Automobiles and accessories

Car and General Kenya Limited

CMC Holdings Limited

Sameer Africa Limited

Marshalls East Africa Limited

Financial/Banking

Barclays Bank Limited

CFC Stanbic Holdings Limited

I & M Holdings Limited

Diamond Trust Bank Kenya Limited

Housing Finance Company Limited

Kenya Commercial Bank Limited

National Bank of Kenya Limited

NIC Bank limited

Standard Chartered Bank Limited

Equity Bank Limited

The Cooperative Bank of Kenya Limited

Insurance

Jubilee Holdings Limited

Pan Africa Insurance Holdings Limited

Kenya Re-Insurance Corporation Limited

Liberty Kenya Holdings

British American Investments Company Kenya Limited

CIC Insurance Company Limited

Investment

Olympia Capital Holdings Limited

Centum Investment Company Limited

Trans-Century Limited

Manufacturing and Allied

BOC Kenya Limited

British American Tobacco Kenya Limited

Carbacid Investments limited

East African Breweries Limited

Mumias Sugar Company Limited

Unga Group Limited

Eveready East Africa Limited

Kenya Orchard Limited

A Baumann Company Limited

Construction and Allied

Athi River Mining

Bamburi Cement Limited

Crown Berger Limited

E A Cables Limited

E A Portland Cement Limited

Energy and Petroleum

KenolKobil Limited

Total Kenya Limited

KenGen Limited

Kenya Power and Lighting Company Limited

Umeme Limited

Growth Enterprise Market Segment

Home Afrika Limited

Flame Tree Holdings Ltd.

Kurwitu Ventures Ltd.

Source: (NSE, 2015)