FIRM-LEVEL STRATEGY, CAPABILITIES, ORGANIZATIONAL CULTURE AND PERFORMANCE OF FOOD AND BEVERAGE MANUFACTURING COMPANIES IN KENYA

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A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

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DECLARATION

This Thesis is my original work and has not been presented to any other University or Institution of higher learning for any academic award.

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DEDICATION

This thesis is dedicated to my wife Hildegard Kasiti and my four children Melvin Alusa, Beryl Nune, Mitchelle Musabi and Ian Muteshi. I will be forever grateful to them for the support, patience, encouragement and understanding they offered me during the course of the study.

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ABBREVIATIONS AND ACRONYMS

ANOVA: Analysis of Variance

AFBCPC: Association of Food and Beverages and Consumer Product Companies

BSC: Balanced Scorecard

COMESA: Common Market for Eastern and Southern Africa States

CV: Coefficient of Variation

CVF: Competing Values Framework

DCT: Dynamic Capabilities Theory

FBMC: Food and Beverage Manufacturing Companies

FLS: Firm-Level Strategy

GDP: Gross Domestic Product

GoK: Government of Kenya

GMA: Grocery Manufacturers Association

IOE: Industrial Organization Economics Theory

KAM: Kenya Association of Manufacturers

KIPPRA: Kenya Institute of Public Policy Research and Analysis

FMI: Food Marketing Institute

NACOSTI: National Commission for Science, Technology and Innovation

RBV: Resource-based View

R-C-P: Resources - Conduct - Performance

ROA: Return on Assets

ROI: Return on Investment

S-C-P: Strategy - Conduct - Performance

SHT: Stakeholder Theory

VIF: Variance Inflation Factors

VRIN: Valuable, Rare, Inimitable and Non-substitutable

ABSTRACT

The study analyzed the relationships of firm-level strategy, capabilities, culture and organizational performance. Firm-level strategy has been argued to positively stimulate production. Earlier perspectives of corporate governance have endeavored to scrutinize the direction of causation of capabilities and corporate culture on firm-level and performance interactions with varied results. The main objective was to establish the effect of firm-level strategy, capabilities and organizational culture on performance of food and beverage manufacturing companies in Kenya. The specific objectives of the study were to establish the influence of firm-level strategy on performance; to determine the effect of capabilities on the relationship between firm-level strategy and performance; to explore the effect of corporate culture on the relationship between firm-level strategy and performance and to establish the joint effect of firm-level strategy, capabilities and organizational culture on performance. A cross-sectional survey of one hundred and twenty-five food and beverage manufacturing companies provided data through a structured questionnaire. The research hypotheses were verified using regression analysis. The study showed that the guidance of firm-level strategy to financial success was not substantial. Firm-level strategy on non-financial pointers of internal business processes and learning and growth were statistically substantial while customer focus was insignificant. The results established that overall firm-level strategy has a partial effect on organizational performance. Results of the autonomous influence of firm capabilities of human capital, research and development, information technology and marketing revealed statistical importance on the connections. The result validates the theories of the resource-based view, dynamic capabilities theory and stakeholder theory. The research's findings contributes to knowledge in the specialty of corporate governance by establishing a notable impact of capabilities and culture on the firm-level strategy and performance relationship. Managers in the sector will use the results to monitor the crucial productivity drivers, that is, firm-level strategy, capabilities and culture. The study offers direction for policy makers and proprietors of food and beverage manufacturing enterprises. Areas for further research and other additional concepts to be tested have been mentioned in context.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Manufacturing companies operate in dynamic surroundings and have to continuously develop strategies that advance performance and grant them a defensible combative leverage (Mintzberg, Ahlstrand & Lampel, 2005). Strategy is about taking decisions to safeguard a durable aggressive utility and excellent output through mounting crucial capabilities (Porter, 1985; Lin, Tsai & Wu, 2014). Firm performance is proportionately sensitive to the company's executed strategies for gross income on portfolio for high profits (Bowman & Toms, 2010). However, firm-level strategy alone cannot influence performance.

Studies in commercial governance completed in the earlier two eras have revealed that realization in corporate performance does not hinge on a unitary factor, but on numerous factors (Awino, 2013). Hence, the incorporation of culture and capabilities in the conceptual framework to detect the underlying outcome of firm-level strategy and performance. It is discussed that companies with a vibrant and competitive strategy outclass those starved of such a strategy (Porter, 1996). Research in behavioral studies has strived to comprehend the logic behind some companies to achieve advanced standards of performance than others and yet they operate in similar contextual setups (Ogollah, Bolo & Ogutu, 2011; Parnell, Long & Lester, 2015). Similarly, studies on direct and indirect links amongst enterprise strategy and performance have snubbed the inspiration of culture and yet a resilient culture could be the separating difference between two fierce competitors (Denison, 2000; Navdeep, 2010; Awino, 2011; Murgor, 2014).

Empirical evidence demonstrates the signals of considerable surveys into the linkages amongst strong culture and high-level performance and poor culture and low-level delivery. Nevertheless, the situations where an enterprise with a solid culture could experience deprived performance and an enterprise with a fragile culture post higher profitability is not properly grounded in literature (Jochisen & Naipier, 2013). Most leaders agree that culture is the vital factor in performance, but cannot define it, measure it or change it (Prajogo & Sohal, 2006). As a consequence, the few ventures that get the culture accurate appear mysterious and managers who endeavor to reproduce their success usually end up frustrated and cynical. Organizational performance could be swayed by the prevailing culture as firms with a supportive culture, with similar norms and conduct codes comfort in the accomplishment of their objectives and vision (Tsai, 2011). Thus, the management of FBMCs have to set about various configurations of strategy and resources to register different outcomes of performance (Aosa, Bagire & Awino, 2012). This study advises on the manifestation of an affirmative and normative affiliation amid firm-level strategy, capabilities, culture and corporate performance.

The exploration on the associations of these concepts was grounded on four theories. The main theory that anchored the study was Resource-Based View (RBV), while the other three theories of Industrial Organization Economics Theory (IOE), Dynamic Capabilities Theory (DCT) and Stakeholders Theory (SHT) were supportive theories. The construct of firm-level strategy is steered by the IOE theory whose key paradigm is Structure-Conduct-Performance (S-C-P) in the sequence of strategic decision-making (Ansoff & MacDonnell, 1990). Industry structure informs the conduct of behavior of entities and their overall performance. In consistency with prior studies (Grant, 1996; Kuhn & Grunig, 2000; Barney, 2002), firm capabilities and organizational culture variables were beached on the RBV whose paradigm is Resources-Conduct-Performance (R-C-P) in capabilities utilization.

The variable of firm capabilities as a moderator variable was also informed by the DCT (Teece, Pisano & Shuen, 1997). The construct of organizational performance was anchored on the SHT of Freeman, Wicks and Parmar (2004) that included non-financial dimensions. Several previous investigations have been shepherded in the space under exploration (Siew & Kelvin, 2004; Awino, 2011; Mutunga, Minja & Gachanja, 2014). However, there is discord in literature on stimulation of company strategies and performance. Subsequently, the mutual inspiration of firm-level strategy, capabilities and culture on performance is still not been exhaustively researched.

In Kenya, Food and Beverage Manufacturing Companies (FBMC) are grouped under the manufacturing industry. The sector chips in about 10% of GDP as reported by Kenya Institute of Public Policy Research and Analysis (KIPPRA, 2014). Productivity in this sector is of great interest to all stakeholders. The sector is anticipated to direct the socio-economic advancement of Kenya (KIPPRA, 2014). Kenya's FBMC sector is among the key productive ventures of the nation identified under the Vision 2030 long-term economic blueprint to spur gain and economic expansion owed to its huge potential for market economies, reduced cynical unemployment and poverty extinction (Kenya-Vision 2030, 2007). Firms in this sector have embraced implementation of firm strategies for performance improvement. Businesses in Kenya are gradually embracing adoption of strategy and its choice is influenced by capabilities owned by the enterprise (Aosa *et al*, 2012).

A global perspective of firm control in a complex recent mixed economy indicate that, governments' sustenance of agriculture, biofuels and food processing has vital costs across the universal food value chain. Funding in these segments can stimulate responsible practices, fiscal blossom and enhance public health. Reference to a report by the Institute of Employment Studies in the UK, despite ongoing challenges in FBMC, the industry is optimistic of a bright future (Glover, 2016). The sector is inhibited in some success pointers such as export opportunities and introduction of modern technology by uncontrollable peripheral dynamics.

Gavrea, Ilies and Stegerean (2011) on contributing factors to enterprise performance in Romania maintained that strategy, structure quality, strategic leadership, innovation and creativity, surface environment, embryonic technologies and factory management are the major variables in identifying superiority. Worldwide, majority of FBMC have implemented corporate strategies, installed high quality features, initiated modern technologies and diversified product lines in anticipation for better performance (Beijing ATO, 2015). Strategies adopted vary from one firm to another, leading to variations in accomplishments (Awino, 2011; Murgor, 2014; Parnell et al., 2015). Hence, this research cross-examined the moderating variables effect on the links amid firm-level strategy and performance meters in the Kenyan context.

1.1.1 Firm-Level Strategy

Practitioners and scholars of corporate governance have defined strategy differently, but in complementary ways as there is unison on what essentials of strategy are and Chandler's narrative of strategy still remains valid. Chandler (1962) defined strategy as a practice of establishing long-run predictions and goals of a firm, selection of the bearing of action and assignment of necessary capabilities for attainment of the set targets. Ansoff and Sullivan (1993) assert that strategy is about your destination and how you aimed to reach there. This detonates that strategy is involved with both definition of long-term plans and its realization for organizational performance.

According to Wendy (1997), strategy is the practice of formulating and monitoring consistency of the corporate's objectives, internal durability and its flexible opportunities. Thus, strategy is an elaborate long-term and detailed roadmap of a venture that indicates the roadmap of growth and the objectives to be achieved, alongside capabilities to be depleted in the system. Quite a sizeable fraction of strategy typologies have been advanced to give a scholastic root for ascertaining strategic combinations across sectors (Zawani, Parnell, Labbaf, & O'Regan, 2013). The typologies of strategy advanced by (Miles & Snow, 1978; Porter, 1980) still remain to be the most widely tested, refined and cited frameworks. Firm-level strategy was operationalized as a corporate plan because the contextual emphasis of the inquiry was on large-scale FBMC in Kenya.

Firm-level strategy is the way a company positions itself in the marketplace through deployment of a tactic to explore a fit amid the enterprise and its surroundings which aids it to grow a great performance culture (Porter, 2008). Corporate tactic is engaged to denote a plan, a pattern, a ploy, a perspective or a position of the board in combining its activities (Mintzberg, 1990). Therefore, strategy should be viewed less as a lengthy search for monopoly rents (returns to market power) and more as a quest for richardian rents (returns to the resources) (Gilson, 2010). When these capabilities depreciate, become analog, or are imitated in other firms, then the rents they bring tend to disappear (Grant, 1991). Implementation of an enterprise strategy involves creation of the purpose and latitude of the venture activities.

Review of empirical evidence on emergence of sustainable achievements coincides in showing that entities in both commercial and non-commercial entities are enthusiastically accepting the ethics of strategic forecasting in anticipation that it will translate to improved productivity and overall performance (Awino, 2011). A good company plan ought to ponder on the type of the sector it functions in, its surrounding, market position and competition (Hamel & Prahalad, 1990). It shadows that devising and execution of a trade strategy advance short and future production direction.

Glaister, Huusanand and Burckley (2006) discussed that, firms have an option to select strategy involving product, process, market or organization (simple strategies). Recent evidence reveals that a sizeable percentage of innovative ventures chose an assembly of numerous forms of strategies (complex strategies) concurrently (Tavassoli &Karlsson, 2016). Consequently, a strategy is an intimation in what way the firm relates with the surrounding and retains the input-output cycle to yield a match with its environment. The study probed firm-level strategy construct through strategic planning, diversification, outsourcing, strategic alliance, internal restructuring, market, and product development.

1.1.2 Firm Capabilities

Firm capabilities are an organization's power to integrate and grow enterprise and sector competencies essential to fulfill and accustom to the fast shifting surroundings (Teece, Piano & Shuen, 1997; Zott, 2003). Capabilities are core proficiencies of an entity and are essential to its operations. For organizations deficient of these know-hows, firm-level strategy will not attain the desired outcomes (Hamel & Prahalad, 1990). Capabilities are largely clustered as physical and scholarly properties. Tangible resources are human, financial or infrastructure while intangible assets include goodwill, expertise or copyrights (Aosa, Bagire & Awino, 2012). Grant (2003) classified capabilities as financial resources, physical resources, human capital, technological resources, marketing, automation and research and development. This study applied these indicators in gauging the bearing of capabilities on firm-level strategy and performance relationships.

The capabilities paradigm stems from the Resource-based View that emphasizes on a company having definite abilities, treasure and the endurance of discriminating mechanisms as the chief influencers of performance (Wernerfelt, 1984). Therefore, capabilities are simply an entity's capacity to mix resources for greater attainment (Pearce, Robinson & Mital, 2012). Occasionally, resources are harmonized, coevolved and reconfigured for suitable manipulation of strategy implementation (Teece, Piano & Shuen, 1997).

Naturally, firm capabilities are restricted and their sensible utilization is usually a goal focus of every company. A firm's control of solid competencies permits it to accommodate and adapt to unpredictable markets and environmental uncertainties (Teece, Piano & Shuen, 1997). Corporate performance is a product of strategy and capabilities interface (Eisenhardt & Martin, 2000). The focal task for firms is in what way to guarantee active regulation of their contemporary capabilities, while simultaneously mounting new ones. The second challenge is how to measure them according to human capital, marketing, manufacturing automation, research and development and information technology; factors that the scholar settled for investigation.

1.1.3 Organizational Culture

Culture is the learned and shared norms, values, traditions, customs, attitudes, practices and philosophies that shape and direct perception and behaviorism of a mass of individuals working in a trade (Mehta & Krishnan, 2004). Hofstede and Hofstede (2005) defined culture as a united programming of human cognizance that differentiates the followers of one society or class of individuals from another. Conversely, Schneider (1999) looks at culture as the custom in which businesses do things to succeed.

Universally, culture is developed from educational, ethnic, religious, and racial backgrounds. Hofstede and Hofstede (2005) developed a classic for multi-cultural interactions which details the direction of group values or ethics of its members and how these morals guide their behavior. Denison (2000) argued that culture involves four main cultural behaviors – involvement, consistency, compliance and mission. Mehta and Krishnan (2004) grouped culture on a spectrum of weak to strong and discovered that performing firms ostensibly have positive cultures.

Hofstede, Hofstede and Minkov (2010), affirms that values and traditions that differentiate cultures could be statistically grouped into six, stated as the six dimensions of culture comprising of Indulgence versus Restraint (IND), Pragmatic versus Normative (PRA), Long-term orientation (LTO), Uncertainty Avoidance (UAI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS) and Power Distance Index (PDI). These indicators are utilized to outline the identities through which human beings make meaning of their behaviors that are conditioned through the enterprise culture. Like other essentials of venture performance, culture indicators are dynamic, with fast and unpredictable fluctuations. Culture dimensions affect a company since as the cultural environment changes, human behaviors, consumption behavior and hence demand for diverse products are affected.

Critical linkages between behaviors and beliefs are identifiable in nearly all companies and these manifestations remain at the core of managing the cognitive process for improved performance (Fiol, 1991). Later, Tsai (2011) affirmed that a business with great corporate culture has corresponding good values and codes of behavior for its staff that aids in attainment of their goals and missions. The artifact of culture revolution is felt in the changing demands, perceptions and likings of consumers. Consequently, culture denotes a bunch of customs and rules that describe a certain community. It influences the manner in which employees behave at the workplace and can move their motivation in executing corporate strategy.

Dunn (2012) debated that various companies understand the advantages of a noticeable culture, but necessarily do not perceive it as a strategy. The view is reinforced by Lopez, Peon and Ordas (2004) who posit that companies making struggle to install a constructive culture which builds free interaction among affiliates and arouses workforce to question vital beliefs, develops a good labor environment. Businesses have differentiated traditions in which certain cultures and norms develop. These customs, norms, attitudes and traditions may be melded judiciously to form a synergistic culture where individuals work cooperatively in alignment to a company's goals as personnel feel motivated and satisfied (Grant, 1991; Nguyen, Mujtaba & Pham, 2013). This argument stresses the necessity of operationalizing firm-level strategy through maintaining support for aptitudes and business culture for performance improvement.

The research applied culture model of Cameron and Quinn (1999) of Competing Values Framework (CVF) to quantity culture as was previously customized in the inquiry of Ahmadi, Salamzadeh, Daraei and Akbari (2012) with reliable results. Nevertheless, empirical studies recognize the difficulties in analyzing the typology of corporate culture. The Cameron and Quinn's CVF model uses two features to group culture into four types as hierarchy, adhocracy, market and clan. The researcher, however, while acknowledging the being of other typologies of culture (Deal & Kennedy, 2000a), applied the CVF model as it remains the greatest comprehensive models of measuring culture (Bill & Kristine, 2007; Ahmadi et al., 2012). A productivity culture is the main essential principle of corporate performance theory. A strong culture could be the only separating difference between two fierce competitors (Navdeep, 2010). Hence, the study pursued to scale the leverage of enterprise culture on the liaison between firm-level strategy and performance.

1.1.4 Organizational Performance

Enterprise performance is the aptitude of the entity to attain projected output (Lebans & Euske, 2006). This meaning is in consistent with Porter (1991) who opines that performance is the central construct in corporate strategy studies for decades and the crucial deliberation is the object behind entities disparities in fulfilments. According to Griffins (2006), corporate performance is the company's power to acquire and utilize its scarce resources and valuables as expeditiously as possible in chasing of set operational objectives.

The construct is widely researched in the specialty of business studies, but there exists no unanimity among investigators on an acceptable definition of corporate performance. Nonetheless, performance is ranked in relativity to the proficiency and effectiveness with which individual firms run their affairs. Accordingly, it is imperative to investigate performance as a gauge of output in connection to Balanced Scorecard (BSC) measures (Kaplan &Norton, 1992). The measure is an improvement to the analog measures that used growth (turnover, number of staff, market share), profitability and survival (Storey, 1994; Harrington, 2001). However, financial realization tools of return on assets (ROA), return on investment (ROI), gross trades and productivity ratios, among others are the greatest ordinarily utilized pointers of financial success of a venture.

Critics of financial measurements (Kaplan & Norton, 1992; Freeman et al., 2004) have reasoned that reliance on financial pointers as the only evaluator of company success could be deceptive as it fails to show a firm success relative to its clientele viewpoints, interior industry processes and employee dynamics. This has expedited the expansion of several comprehensive measurement frameworks which include systems performance measurement models, workflow-based measurement models, statistical control procedures and Strategic Balance Score Card (SBSC) to be pragmatic in judging overall accomplishment (Buck, Filatotchev, Wright & Zhukov, 1999).

The reliability criticism of BSC as a measurement tool of company achievement and recommendations for its enhancement due to varying wants of stakeholders steered the spread of Triple-Bottom-Line (Elkington, 1997). However, the researcher still found BSC methods of performance as ideal and realistic in determining connections between firm-level strategy, capabilities, culture and performance. Measures of the BSC apply both financial (Return on Investment, Return on Assets) and non-financial (Internal Business Processes, Customer Perspective and Learning and Development) performance indicators.

1.1.5 Global Dimension on Food and Beverage Manufacturing Companies

A survey conducted by Barclays Bank on FBMC in the UK, highlight that the sector is the largest manufacturing industry, contributing 18% of UK industrial production and hires 400,000 people directly, with an extra 1.2 million people engaged indirectly in the sector (Rigby, 2015; Glover, 2016). Automation and digitalization are the critical drivers of this industry, both within FBMC and more widely across the supply and distribution chain. In China, food industry sales margins continue to increase steadily and the industry's estimated 2014 income totaled RMB 12 trillion (nearly US$2 trillion) (Beijing ATO, 2015). Given the high domestic China's market with a populace of 1.3 billion people, the market for products from this sector has the prospect for perpetual growth.

In 2015, Deloitte consulting firm, in partnership with the US Grocery Manufacturers Association (GMA) and Food Marketing Institute (FMI) established that food consumable products industry continues to struggle, with a global macroeconomic picture of overall stagnant growth. From 2012 to 2014, US food and drinks retail yearly advancement of 2.6 % has roughly reflected the annual inflation and rise in population of 2.3%.

Nonetheless, the overall consumption has been flat as the market experienced a transferal in where customers use their earnings. The management test converts to discovering ways to cultivate sales through attachment to shifts in consumer procurement decisions and changing spending behavior (Deloitte, FMI & GMA, 2015). The US food and beverage industry, just like other world economies, is faced with anticipated regulatory and legislative reforms in food safety regulations, economic development incentive packages, and federal legislation on farm and nutrition programs (FBIO, 2017).

A report by Institute of Employment Studies identified that the sector will increasingly necessitate acquiring of new talent if the UK industries are to match productivity heights and progression in states such as France, Netherlands and Germany (Glover, 2016). In the UK, the major challenge faced by FBMC is that of skills it requires to drive productivity development. The talents are normally engineering, agriculture, technology and sciences which are also in high demand in supplementary industries too, and, therefore, it calls for to identification on how it can develop its own talent sources if it is geared to match performance levels in competitor countries (Glover, 2016).

Internationally, shoppers' trends in consumption sector have also shifted and clientele have adjusted their consumption worth motivators. The fundamental variations seem to have far reaching implications on the triumph of FBMC. Processors and merchants of these commodities need to better comprehend the contributors and insinuations of these shifts. Conventionally, consumable products were considered necessary for health and wellness, but marginal utility of demand is increased when consumers reckon an extra holistic perspective by weighing more product attributes, qualitative product assertions, and sustainable considerations (Deloitte et al., 2015).

To a certain extent, FBMC are constrained in delivery in fields like export markets and application of advanced technology by causes that are usually beyond their own control. Export markets differ by product; the hazard of central factors of substitution also varies. Mitigation of goods perishability and logistical challenges are paramount considerations for producers working in the segment to succeed in internal market structures (KIPPRA, 2013; Rigby, 2015). Bestowing to a report by the Association of Food and Beverages and Consumer Product Companies (AFBCPC, 2011), the industry faces particular pressure with positions on hygiene and consistency of product. In a good quotient of the processing industries, mechanization is observed as key to eradicating labor content and as a component of competitiveness by eliminating extraordinary expenditures (AFBCPC, 2011).

1.1.6 Food and Beverage Manufacturing Companies in Kenya

FBMC in Kenya, although currently facing challenges, has remained strong and vibrant for the past decade. In a quick reaction to these difficulties, players in FBMC have launched new strategies that include, among others, employing high quality capabilities, modernization of technologies, embracing an optimistic culture and diversification of its merchandises. Kenya's domestic consumption of agro-processed products has steadily risen for the latter three decades laterally to the growth in disposable income. This inclination is projected to continue as the country develops towards becoming a middle-income nation (KIPPRA, 2014). Factories and suppliers in this market have also ongoing exports to international marketplaces in Europe, Asia and Africa to acquire economies of scale and escalate their market stake and eventual competitive advantage.

In Kenya, FBMC are categorized under the manufacturing industry, a crucial subdivision to the economy that commit roughly 10% of Gross Domestic Product (GDP) (KIPPRA, 2014). The manufacturing zones engages approximately 300,000 personnel, accounting for 13% of the Grand National employment. It is illustrated that the sector's provision to the GDP has remained on a dropping tendencies of 11% in 2010, to 9.6% in 2011 and 9.2 % in 2012. The sector's slice of the wage occupation has also steadily wilted from 13.9% in 2008 to 12.8 % in 2012 (KIPPRA, 2014). The deterioration in transformation of the industry is accredited to a concoction of factors that include amplified costs of food raw materials, rising salary budgets, amplified set-up overheads for first-hand players from COMESA region and stringent financial lending institution conditions for enterprises.

Subsequently, the broad increase in commodity rates due to inflation, and explicitly in consumable agricultural product, is driving shoppers to economize on expenditure of disposable income through marginal technical substitutions now in surplus of whatever they used to consume in the olden days. The sector is unique to Kenya's achievement of its Vision 2030 objective of becoming an industrialized middle-income economy through support of economic and social pillars (Kenya-Vision 2030, 2007).

FBMC are entities whose operational processes and amenities entail transformation of raw ingredients like clean harvested crops or butchered animal products to accomplishment of attractive, marketable and long shelf-life food and beverage products (KAM, 2016). In Kenya, FBMC include millers and processors of cereals, dairy and meat products, water, liquor and sugar industries. In Kenya, FBMC are classified as large, medium and small, nonetheless, there is lack of accurate uniformity in what way to outline the scale.

Globally, an aggregate of diverse measures are used; the totals of employees (Kidombo, 2007), capital employed (Sawyer, 1985) and the quantity of sales income (Crossan, 2005). Companies classification based on ownership could be singularly private, public or of foreign proprietorship. The sector is characterized with limited value addition, little diversification and a skyrocketing cost of inputs (KIPPRA, 2013). Factories in the sector run under dissimilar plant processing capacities, and hence have dissimilar capacities for strategic choice.

The Kenyan central government has played a bigger part in the sustained supremacy of agricultural products processing in the region. The national government's objective is food sufficiency and has implemented sectorial policies with a visualization of developing the industry (KAM, 2016). However, it is witnessed that when subjected to similar conditions, there have still been transformations in firm productivity. This could be associated with differences in individual firm's capabilities, culture and strategy necessary for sterling performance. There were one hundred and seventy-eight (178) registered FBMC in Kenya as at December 2016 (KAM, 2016). When you apply the principles of demand and supply of products, it is clear that noteworthy transformation and investigation on techniques of revitalizing the earnings of this division still remains a priority.

1.2 Research Problem

Organizational performance is an artifact of many concepts and this seems to outline why it persists to be a contentious subject among strategy scholars (Awino, 2013). Some studies have scrutinized the direct association of corporate strategies, capabilities, culture and performance (Siew & Kelvin, 2004; Mutunga, et al., 2014; Kariuki, 2017), while other investigations have fixated on both the indirect and direct links amid strategy, capabilities, culture and enterprise performance (Martynez & Poole, 2004; Awino, 2011; Murgor, 2014; Kamasak, 2017), with varied results. Nevertheless, the shared turnout of capabilities and culture on firm-level strategy and performance relations still remains unexplained.

Awino (2011) contended that the autonomous impact of core talents, capabilities, strategy implementation is weaker when equated to the mutual effect of the same constructs on commercial performance in Kenya. Martynez and Poole (2004) findings demonstrate the scenarios of restricted commercial prospects for small-scale firms in Spain with tough clan leadership, inflexible structures and inadequate executive skills. Research started by Siew and Kelvin (2004) concluded that corporate culture had a noteworthy consequence on performance of several entities in Singapore with an exception of a few of the sampled sectors. Further, Kariuki (2017) posits that culture has a bearing on performance of industrial organizations in Kenya. However, while appreciating their contribution, these scholars excluded a scrutiny of the shared effect of capabilities and organizational culture as moderators in a model depicting firm-level strategy and enterprise performance that the study addresses.

Performance of FBMC in Kenya is ultimate to its fiscal growth as this will ensure increased incomes and employment to the rural population (KIPPRA, 2014). It is on this premise that their performance improvement remains a strategic priority to the Government of Kenya (GoK), strategic management practitioners and strategists. Despite previous inquiries into the liaison of capabilities, corporate culture, strategy and firm performance (Awino, 2011; Aosa et al., 2012; Mutunga et al., 2014; Murgor, 2014; Kariuki, 2017), the connections of corporate strategy, capabilities, culture and performance of FBMC in Kenya, still remain an area of interest as there is incomplete information on how these concepts are complimentary.

Kamasak (2017) investigated the impression of mental and physical capabilities on the firm's performance of Turkish firms using measurements of sales turnover, market control and profitability. On the continental African front, Aluko (2013) studied culture and performance of selected textile firms in Nigeria but overlooked corporate strategy and capabilities. Yesil and Keya (2013) interrogated culture and fiscal performance of entities in emerging countries. Nevertheless, the conclusions of these readings cannot be adopted to the Kenyan settings without modifications. The prevailing literature indicates that considerable research work that was conducted in nutrition products and drinks industry is for firms that operate in first world economies for instance the USA, UK, Spain, Singapore and China (Martynez & Poole, 2004; Siew & Kelvin, 2004; Tavassoli & Karlsson, 2016), which are of dissimilar contexts and their outcomes and recommendations may not spread over to the Kenya perspective that is an emerging economy. Hence, the research tries to clear knowledge gaps on the associations of the research concepts in industries operating in Kenya.

A fair figure of other inquiries on the variables have been completed in diverse contexts using cross sectional survey methodology with effective results. Martynez and Poole (2004) and Siew and Kelvin (2004) used factor analysis and ANOVA to analyze linkages amongst strategy, governance structure, culture and performance. Tavassoli and Karlsson (2016) applied a longitudinal survey to proof the links amongst creative strategies and performance of firms in Sweden. Awino (2011) applied a cross-sectional survey and factor analysis to proof strategy, capabilities and core competencies influences on enterprise performance. Successively, Murgor (2014) used regression analysis to explore macro-economic environment, strategic responses, capabilities and factory performance in Kenya. The study applied a cross-sectional survey, multiple and simple regression analyses and did tests to strengthen previous studies which had used similar approaches. The method was ideal as it is still unexhausted as various analytical skills and techniques on how different samples and populations connect are still unexploited.

It is evident from research that the settings of the connection amongst firm-level strategy and organizational performance are varied. Differences in empirical results can be owed to the methodological differences, distinctions in performance quantification and even contextual dissimilarities. In addressing the identified existing knowledge gaps on conceptual, methodological and contextual fronts (Martynez & Poole, 2004; Awino, 2011; Mutunga, Manji & Gachanja, 2014; Murgor, 2014; Tavassoli & Karlsson, 2016; Kamasak, 2017; Kariuki, 2017), the study interrogated the connections of firm-level strategy, capabilities, organizational culture and performance of FBMC in Kenya and answered the research question: What is the influence of firm-level strategy, capabilities, organizational culture on performance of food and beverage manufacturing companies in Kenya?

1.3 Research Objectives

The main objective of the study was to establish the influence of capabilities and organizational culture on the relationship between firm-level strategy and performance of food and beverage manufacturing companies in Kenya. The specific objectives were to:-

i. Establish the influence of firm-level strategy on performance of food and beverage manufacturing companies in Kenya.
ii. Determine the effect of capabilities on the relationship between firm-level strategy and performance of food and beverage manufacturing companies in Kenya.
iii. Explore the effect of organizational culture on the relationship between firm-level strategy and performance of food and beverage manufacturing companies in Kenya.
iv. Establish the joint effect of firm-level strategy, capabilities and organizational culture on performance of food and beverage manufacturing companies in Kenya.

1.4 Value of the Study

The study is useful to researchers, policy architects and specialists in separate ways. First, the research supplements to narrowing the gap in literature of present theories on firm-level strategy and organizational performance, hence extending the frontier of knowledge on the connections of corporate strategy, capabilities, culture and performance of FBMC in Kenya. Consequently, the study offers a platform for judging the relevance of the postulated theories of IOE, RBV, DCT and SHT theory.

The study validates IOE theory whose key paradigm is Structure-Conduct-Performance (S-C-P) by establishing the firm-level strategy relationship and how other concepts of capabilities and corporate culture affect enterprise performance. This research has given a better comprehension of the S-C-P paradigm with a strategic corporate governance equivalent of Firm-Level Strategy-Capabilities-Performance (FLS-C-OP) and argues that strategy and organizational performance are significantly correlated. The study has strengthened the (IOE) theory which posit that corporate strategies are essential determinants of general performance. The theories of RBV, DCT and SHT will all immensely benefit from the arguments on firm-level strategy, capabilities, culture and firm performance.

Secondly, the results will advance a greater in depth of how firm-level strategy and firm performance are moderated by organizational culture and capabilities which are equally paramount to all manufacturing entities in making appropriate policy recommendations and initiatives. This will enable the state and trade players formulate policies, standards, regulations and techniques for the sub-sector meant to multiply its performance and competitiveness. This will increase revenue and generate careers to diminish the national unemployment index and aid to the gratification of Vision 2030 goal of transforming Kenya into an industrialized second world nation.

Lastly, at the management or ownership level, the findings will inform strategic decisions and operational practices. This is projected to stimulate a better crafting and execution of firm-level strategies, capabilities and organizational culture for improved produce, create employment and overall, contribute to economic development.

1.5 Organization of the Thesis

This thesis is structured into six chapters. Chapter one covers the background of the study. The chapter highlights in detail the research variables, conceptual and contextual concerns. On the conceptual front, the chapter has given the characterization of the foremost constructs under study, their description, including opinions on the entire conceptualization. On the contextual front, the chapter has described the issues that warranted the research. It also discusses FBMC on the global front and the Kenyan market context. The chapter also illustrates in detail the research problem, objectives and finally, the justification of the study.

Chapter two presents an in-depth synthesis of connected theoretical, empirical and conceptual models of the enquiry. It starts with deliberations on the theories and the variables of the study. The constructs are firm-level strategy, capabilities, organizational culture and performance. A pairwise review of concepts and linkages are submitted in detail. The chapter also depicts an abridged version of empirical studies, their outcomes and the knowledge gaps identified from their conceptualization. Finally, the study hypotheses that are presented along the schematized conceptual model.

Chapter three discussed the methodology which commences with the philosophical standpoints that guided the research. It describes the design, sampled population and systems for data collection. The chapter has elaborated the measurement tests, operationalization of the variables, data analytical models and supervision techniques that solves the objectives.

Chapter four presents pre-regression assumptions of the study. It explains how reliability, validity, and statistical estimate tests for both inferential and descriptive statistics were done. The data analysis and interpretations are presented using descriptive analysis. It covers the construct of the study in FBMC in Kenya. The impression of various concepts on factory performance are offered and subsequent sum up tests of hypotheses.

Chapter five presents debates of results and compares them with extant literature along the study's conceptualization. The results are debated coherent to the study's objectives, hypotheses, anchoring theories and previous conceptual frameworks, empirical and theoretical conjectures. Chapter six underpins the abridge version of the findings, conclusion and suggestions of the research. It adduces the insinuations of the inquiry in accordance to theory, policy, governance practice, methodology and drawbacks. The chapter in addition gives proposals for supplementary research in the faculty of management.

This chapter covered the background information of the thesis, a depiction of the constructs and the context. The concepts of the inquiry were interior capabilities, culture, corporate strategy and enterprise performance. The chapter offered clarification of the research problem from the known issues before delving in conceptual, contextual and methodological gaps. The main objective of the study is also presented. Specific objectives drawn from the research object are then condensed. Finally, the chapter expounds the justification of the study. The subsequent (Chapter Two) covers a comprehensive synthesis of literature.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

To enable an in-depth comprehension of the variables under study, it was necessary to conduct a synthesis of literature. This chapter covers the theoretical and empirical studies on firm-level strategy, capabilities, culture and performance interactions reviewed as part of the investigation. The chapter starts with a focus at the theories underpinning these constructs and then delves into a pairwise dialogue of the concepts by reviewing existing empirical evidence.

The assessment of literature is synchronized by the four definite study objectives. Various methodological and conceptual prepositions of previous related inquiries have been discussed along the specific objectives. In the process, various research knowledge gaps on the contextual, conceptual and methodological arguments are exposed. These identified knowledge gaps are condensed and tabularized. At the end, a conceptual model diagramming the relations amid the concepts in the study and corresponding hypotheses is developed.

Lastly, the chapter demonstrates connectivity of the extracted research model amongst the variables of firm-level strategy, capabilities, culture and organizational performance. Formulated hypotheses to be probe and tested are presented. Subsequent subsections present detailed scrutiny of every topography that grounded the research.

2.2 Theoretical Foundation

The study deals with four concepts as displayed in the conceptual framework. These are firm-level strategy, capabilities, culture, and organizational performance. The constructs are anchored on several theories. Theoretical explanations of firm-level strategy were built on or used the ideal and abstract principles of IOE as expounded by Mason (1939) and Bain (1951). The Resource-based Theory (RBV) of Wernerfelt (1984) anchored the variables of capabilities and culture. Dynamic capabilities theory (DCT) of Teece et al. (1997) anchored the variable of firm capabilities. Freeman et al.'s (2004) Stakeholder Theory anchored the construct of organizational performance. Empirical inquiries, rather than the practical aspects or uses that establish how capabilities and corporate culture moderate firm-level strategy and performance connections have been exploited as they relate to the research.

RBV and DCT are about possession and exhaustion of capabilities for higher performance (Prime & Butler, 2000; Makadok, 2001). These theories assume full discretion on access to, utilization and disposal of resources for excellent performance. The IOE theory informs making long-term economic decisions for an aggressive prevalence and higher performance (Bowman & Toms, 2010). SHT guarantees that the entire initiators of enterprise success are considered in measuring the variable (Mallin & Michelon, 2011). Controlled consumption ensures reduced misuse of assets by the management. In contrast, controlled utilization of capabilities hinders innovativeness in venture operations.

Poor utilization and disposal of present resources could have an undesirable outcome on performance (Norton, 1998). There is, therefore, a compelling need is to jointly observe empirical confirmation and the postulated theories to reach to a consensus. The center ground or trade-off is central to an equilibrium between controlled and uncontrolled supervision (Prime & Butler, 2000; Makadok, 2001). Time is hence ripe for enhanced scholarly discourse, both conceptually and empirically, on the twofold theoretical postulations. What follows is a pairwise inspection of the concepts.

2.2.1 Resource-based View

The Resource-based View (RBV) as collegiate by Wernerfelt (1984) was the main theory that anchored this study. The RBV of strategy hypothesizes that a company's sustainable success depends on its fitness to construct, develop and execute a factory's unique capabilities (Zollo & Winter, 2002). The RBV's postulation as an indicator of business gains lies majorly in utilization of a bundle of tangible or intangible valuable resources at the firm's consumption (Penrose, 1959; Wernerfelt, 1984). The theory emphasizes the substance in analyzing the capabilities owned by the organization, how it uses them, the features they possess, or the contemporary competences developed from the contemporary and complementary interfaces leads to productivity improvement (Penrose, 1959; Wernerfelt, 1984; Grant, 1996; Barney, 2002). Beached on the theoretical framework, the study explored the bonds amid firm-level strategy, capabilities, culture and performance.

For entities to endure competition, they are obliged to be gifted in capabilities management and progression of a resilient culture. The central point to this belief confirms that the main task of an RBV paradigm to strategy development is the maximization of rents over time (Barney, 1991). A firm's attainment of long-term competitive rivalry and success only occurs from strategic assets. Planned capitals are enterprise resources which are valuable, rare, imperfectly imitable and non-substitutable (VRIN) as a basis of an aggressive utility (Barney, 1991). RBV incorporates the old strategy acumens of a concern's heterogeneous capabilities and distinctive competencies (Mahoney & Pandian, 1992). Elaborating on RBV, Barney (1986) emphasized the worth and duty of firm's unique possessions and discrete abilities in establishing its capability to manage innovation.

The underlying assumptions of RBV are that means are differently spread across organizations and that heterogeneity should be conserved over time. This explains how firms afford to make superior profits in equilibrium and as such, it is principally a rigid viewpoint (Barney, 2001a & 2001b). The sustainable attainment and competitiveness of a concern hinges on its endowment of capabilities that are durable, difficult to copy and substitute and that differentiate it from competition (Grant, 2003; Rothaermel, 2008). Thus, an enterprise that effectively manages knowledge about its customers, expertise and goods in distinction to those of competitors, posts deluxe performance.

Corporate performance is enhanced when resources are reconfigured, recombined and reallocated or factored to the requirements (Hamel & Prahalad, 1990). According to (Mintzberg et al., 2005; Porter, 2008; Nguyen et al., 2013), having operational efficiency alone cannot be appreciated to constitute enterprise performance as strategy works in varied ways to result in budget reduction and gainful mode. The density of the environs has obligated companies to incorporate other performance indicators over and above financial, mechanical and marketplace reflections in their company plans (Hamel & Prahalad, 1990). Hence, the reason of the research's focus on RBV. Ray, Barney and Muhanna (2004) posit that enterprises must transform their capabilities productively into commercial systems. The study supports the RBV paradigm of Resources-Conduct-Performance wherein the exploitation of a partnership's objectives depend on the capabilities it possesses (Kuhn & Grunig, 2000). This theory anchored the variables of firm capabilities and culture.

2.2.2 Dynamic Capabilities Theory

DCT as advanced by Teece et al. (1997) anchored the second research objective. The theory is an expansion of the RBV (Wernerfelt, 1984) theory which argues that capabilities are a firm's capacity – it's over and above talents to apportion resources, normally in an assembly of business systems, methods and demands. Dynamic capabilities are a pool of routines regulating the advancement of a concern's resource alignment (Zott, 2003). Penrose (1995) contended that wealth creation does not derive from tenure of resources, but from their usage and how much value addition is made. This is hinged on how these resources are pooled in the factory and that growth requires continuous creativity and novelty of its executives.

Dynamic capabilities permit a company to generate, deploy, and protect the intangible possessions that sustain superior long-term enterprise performance (Teece, 2007). Those organizations which build strong capabilities record high profits, while those that fail are streaked out in a stormy business environment (Wu, 2006). The DCT paradigm declares that what really matters is how productively the critical resources are employed by the various processes commenced at diverse levels inside the factory. The RBV style does not amply describe the process through which companies acquire a cutting edge in a flexible market. This limitations in RBV led to gradual development of DCT application on firm's necessity in creation of principal proficiencies (Lopez, 2005).

Rothaermel (2008) contended that, vibrant capabilities are intangible internal resources which are idiosyncratic – unique, inimitable and entrenched in the formation history. Vibrant capabilities are strategic habits through which companies acquire new capabilities alignments as markets collide, spring, split, evolve and die (Eisenhardt & Martin, 2000; Johnson & Scholes, 2005). Therefore, repeated practice gave rise to active competencies and tagging of experience into technology. Besides, formal procedures eases the application and accelerates building of routines and designs of effective strategy but are dependent on market dynamism (Eisenhardt& Martin, 2000).

The DCT emphasizes on the key role of corporate governance as in appropriate adoption, integration and reconfiguration of interior expertise, assets and operations proficiencies to match desires of a non-rigid environs (Teece et al., 1997). Thus, differentiations in performance depend on how companies optimize their dire capabilities and not simply possession of them. The bottom-line postulation of the DCT is that production is improved when firms take keen interest to procure, coevolve, reconfigure, and reassign resources as they desire modification (Rothaermel, 2008; Aosa et al., 2012). The theory is still in its formative stages and is equally short on empirical grounding. Critics of the theory debates that capabilities are essential, but not adequate conditions for high productivity (Priem & Butler, 2000; Eisenhardt & Martin, 2000). Likewise, the scholar while appreciating the theory's postulation, argues that by uniting RBV on learned processes and activities, DCT has no new epidemiology from RBV's preposition. However, conceptualization of firm competencies was directed by the theory.

2.2.3 Industrial Organization Economics Theory

The variable of firm-level strategy which comprises a system of setting long-term goals was anchored on the IOE theory. The theory is founded on Structure-Conduct-Performance (S-C-P) paradigm of Mason (1939) and Bain (1951) whose strategic management equivalent for the study is Firm-Level Strategy-Conduct- Performance (FLS-C-OP). The paradigm of Structure-Conduct-Performance (S-C-P) explains firm success as a product of the executive organogram and the mannerism of its workers. To operate optimally, leverage on their strong points and maximize on profit, the elementary principle of the S-C-P paradigm is that the fiscal balance for a concern is a utility of the conduct of the merchants and consumers in the S-C-OP paradigm, which consecutively is informed by the industry's structure (Mason, 1939; Bain, 1951).

Enterprise performance is verified by how efficiently the capabilities employed produce the peak value output. Conduct denotes the processes of the industry's vendors and purchasers which include plant installed and utilization capacity, research and development, marketing and pricing policies and inter-firm competition or alliances. Industry structure (the determinant of conduct) include such variables as the volume and figure of the merchandise and buyers, technology, the degree of vertical integration, the autonomy of product distinction and the notch of challenges from new entry (Scherer, 1984). The connection of commerce and structure paradigm originated from the microeconomic framework of perfect competitive markets (McGee, 1988; Bowman & Toms, 2010).

Subsequently, in a rigid framework, competition is reflected as a breakeven circumstance. Entry roadblocks in this equation are dominant to the yoke between the industry edifice and concern success. Entry barriers are the gains of established merchandisers in sector above new seller entrants. It is evaluated in consistency with the level to which developed sellers can insistently increase their cost above market rates without enticing competition from new firms (Bain, 1951). The entry roadblocks are overriding in this model because they eliminate abnormal profits and structure to determine potential company performance.

The disparities in the peripheral atmosphere or the industry partnership's that an enterprise operates in dictates its strategies or conduct, thus determining market success (Pearce II et al., 2012). Market configuration of a trade is demarcated by the strategic deliveries of the factories, and their interactions. Permitting to this philosophy, market structure is a product of the conduct of a company, exhibited by its long-term decisions, additionally to the adoptions of the other firms – these elements determine the production of the venture (Amit & Schoemaker, 1993).

The heart of IOE ideal is that strategy regulates the conduct or behavior of companies whose combined manner then informs the collective marketplace achievements. The IOE theory views performance as encompassing dimensions such as profitability, cost minimization and innovativeness (Williamson, 1993). Consequently, a firm hunts for a fit of competencies and a strategy that differentiates it from its industry's average income.

Central to a venture's excellent performance and long-term combative leverage is the ritual of uninterruptedly crafting and executing firm-level strategy that is high-class to other challengers in the commerce. The IOE theory postulates that performance is a component of industry success in marketplace and that profitability is a superiority to the market economies competition. The theory is about the monetary trait of factories in the quest of investigating their conduct and drawing potential implications. IOE theory lays prominence on the productivity aspects and tries to appreciate and elucidate the working systems, thereby predicting possible firm revolutions (Williamson, 1993). The interaction is echoed in the S-C-P paradigm. Conferring to the theory, the being of a fundamental connection of the marketplace configuration that a business operates, its conduct and its performance. This can be equated to the preposition of firm-level strategy adopted, existing capabilities and culture and ultimately, organizational performance.

Taking cognizance of Ansoff and MacDonnell (1990) who argued that strategic choices adopted by companies are determined by the surrounding that the venture operates rather than industry, the scientific inquest in long-range planning have focused more on a firm's inner capitals as the prime foundation of competitiveness and good performance (Bowman & Toms, 2010). The theory of IOE predicts the impression of economic transformations by giving devotion to the occupied aspects and highlighting the working systems. The theory guided the conceptualization of firm-level strategy because it involves making informed and sensible long-term decisions.

2.2.4 Stakeholder Theory

The stakeholder theory (FreemanWicks & Parmar, 2004) has been learned and validated in governance literature based on its expressive precision and instrumental power in elucidating firm performance. Stakeholder content is entrenched in the point of a business as a union of interested parties. From the stakeholder viewpoint, the ambition of a concern must be to manage interests of its investors (Freeman et al., 2004). Therefore, factory heads are agents who should control the business in trust of its owners and guarantee its survival.

The organizational performance construct was steered by the stakeholder theory (SHT). Proponents of the SHT postulate that shareholders are firm networking groups like customers, suppliers, workers, and local communities (Elkington, 1997). The stakeholders have legitimate expectations and claim on organizational purpose (Mallin & Michelon, 2011). The stakeholders' distress is thus stirred by the operations of the factory (Clarkson, 1995). Such stakeholders include personnel, creditors, clientele, suppliers, national treasury and the civic environment beneath which a company operates. This forms a universal tactic to commercial control that articulates civil laws and attends to diverse stakeholders. The proponents of the philosophy advocate that the actions of managers should serve the comforts of sponsors and other major stakeholders like personnel whose interests also necessitates keen considerations. Further, the theory posits that the interconnected networks of stakeholders affect the decision-making procedure and in essence, the output and combativeness of the enterprise (Freeman, 1984).

Empirical evidence shows that enterprise performance is a function of how a firm meets the interests of several assemblies. Stakeholder theory promotes the conception that formulation of corporate devices must be mirrored from an extensive scale of these interest groups (Ansoff &Sullivan, 1993). The theory has influenced how companies are managed and converted how performance is perceived and measured. From the outlook of stakeholder theory, enterprise performance is observed as the magnitude that a business satisfies the wants of its shareholders (Freeman et al., 2004). The theory directed the dawn of performance measures that are unlike the conventional measures of economic prosperity of growth in transactions and return on assets to include non-financial indicators like clientele focus and training and improvement (Kaplan & Norton, 1992; Hubbard, 2009).

Hubbard's (2009) sentiments are that performance evaluation has progressed over time from analogue financial indicators (March & Sutton, 1997) which focused exclusively on the stakeholder centred techniques for instance the sustainable balanced score card (Kaplan & Norton, 1992) to the recent triple bottom line approach (Elkington, 1997). This is despite there being consensus among thoughtful observers that economic prosperity measures which focused only on shareholders are still valid and relevant (Richard, Devinney, Yip & Johnson, 2009), but needed to be upgraded to incorporate contemporary, intangible and extrinsically-oriented measures (Kinuu, 2014). The launch of the stakeholder principle appeals for assessment of company performance against the hopes of all its stakeholders. Firm performance indicators have moved from being economic shareholders' value prosperity-centred to all stakeholders which include levels of business automation, employee development and customer contentment. This theory informed the conceptualization of organizational performance.

2.3 Firm-Level Strategy and Organizational Performance

The first object of the study was to determine the influence of firm-level strategy and performance. A company's prerequisite is to execute a comprehensive analysis of its operational mandate and understand how it will fit in the economy comparative to the resources, customers and competitors (Hall, 2007; Cole, 2008). Effective strategy execution is a system through which strategies are put into operational planning and activities that promote core organizational activities supported by strategy are made to happen (Wheelen & Hunger, 2008; Thompson, Strickland & Gamble, 2008). Thus, real strategy execution assists organizations in positioning for excellent performance and acquiring an economical edge.

Business positioning can be variety-based, consistent low-cost, need-based, accessibility or a blend to fulfil the customer's needs (Lowitt & Grimsley, 2009). A robust strategy ought to be talented in dealing with industry pressures of potential competitors, purchasers, suppliers and product/service substitutes since a swing in just a single force usually necessitates a trade to re-evaluate the market (Porter, 2008). Consequently, predominant integration through collaborations and alliances between firms improves the innovativeness and could have affirmative turnout on enterprise performance (Chrowman, Pries & Sara, 2017). Hence, strategic design is paramount to the advancement of a concern as it enjoys a close connection to its performance (Taiwo & Idunnu, 2010; Arasa & K'obonyo, 2012).

Research proponents of environment-focused paradigms of strategy argues that in flexible environment, resources, whether from firm itself or from supplementary backing firms, does not directly influence performance but only through training vigorous capabilities (Wu, 2006). They additionally recommend that a variation in a multiplicity of the undesired happenings requires a business unit to re-analyze the market economies as a sequential of the sweeping fluctuations in the industry information (Mintzberg et al., 2005; Porter, 2008; Nguyen et al., 2013). A well-conceived strategy allows a venture to confront competitive forces of potential competitors, buyers and suppliers' behavior and threats from substitute product/services. The center of product pattern is to craft uniqueness through modernization such that a business's products are unique from those obtainable by its rivals (Dean, 1998).

Business sub-contracting as a ploy is chosen when a company endeavors to reduce production outlays and increase consumer gratification through timely delivery of services. The motivation for ventures to unveil a diversification plan is to lower the overall hazard of reliance on a solitary or a few products/services and could be at business unit or firm-level (Campbell, Gould & Alexander, 1995). The key insight to mixed strategy equilibrium is that every pure strategy that is undertaken as a portion of a conglomerate strategy equilibrium has similar expected value. This follows the rational that various configurations of strategy and resources will gunner different outcomes of performance (Fiss, 2008; Aosa et al., 2012). It is reasoned that having game theory in your operational options can differentiate between failure and victory (Nalebuff, 2012).

Strategic alliance among companies has developed into a common concept in inter-firm relationship management. Nevertheless, elucidating the precise nature and planes of the tactical alliance-performance link in FBMC remains a realistic challenge for governance intellectuals. For instance, Robson, Katsikaes and Bello (2008) established that inter-firm trust becomes stronger when alliance size declines. Lin, Yang and Demirkan (2007) maintained that strategic coalition establishments that focus on an entity's features, its industry limitations or the dynamic networks that the mill is entrenched enhances company performance.

Internal rationalization has allowed organizations to globally re-join more quickly and successfully to novel openings and unexpected pressures, thereby re-establishing a monopolistic market (Miles & Snow, 1978). The position is established through reorganizing its transformation and ensuring an impeccable positioning to compete while building good standards and internal processes that propel it above its competitors. This capping makes the firm able to acclimatize quickly and prepare for quick combating of competitors (Gibson, 2010). He in addition contends that organizations restructure to back its strategy or to leverage a commercial opportunity.

The ever-changing corporate strategy executed by company leadership reflects its mission and the major values underlying its strategies in achievement of set goals (Hamel & Prahalad, 1990; Taiwo & Idunnu, 2010). So therefore, strategy offers a clear path for all corporate units involved in a collaborated energy for full performance enhancement and meeting of shareholder's expectations while giving value to their clientele and workers. The factors that underlie long-term combative gain and performance include adoption of dual absolute advantage strategy, formation of a strategic fit among the policy accomplishment practices, and strategy (Waweru, 2008).

The studies conferred to an appreciation of the prevailing connections between firm-level strategy and performance. However, the studies fell short of elucidating why businesses may adopt similar strategies, but still register differences in strategy realization. This is why the inquiry incorporated capabilities and culture as moderating variables of firm-level strategy and performance connections.

2.4 Firm-Level Strategy, Capabilities and Organizational Performance

The second objective was to establish the effect of capabilities on the liaisons among firm-level strategy and performance. The picking of the commercial strategies to be explored is directed by legitimizing pressures and threats/opportunities in the imminent enterprise environment (Johannesson & Palona, 2010). Scholars in behavioral sciences have strived to postulate the landscape and macro-foundations of the capabilities essential to bear superior performance in an open economy with speedy modernization and globally dispersed springs of invention and manufacturing abilities (Teece, 2007).

Organizations that select and afford to concoct a combination of strategies are in better standing for long-term performance than those who resolve not to or adopt one strategy (Tavassoli & Karlsson, 2016). Conversely, Wilden, Gudergan, Nielsen & Lings (2013) posits that capabilities are widely considered to incorporate those processes that enable firms to sustain superior accomplishments over time. This process involves creation and execution of strategies for performance enlargement. Nevertheless, Mintzberg, Ahlstrand and Lampel (2005) advocated that it was really hard to get strategy right as it is difficult to craft a ploy in a speculative environment which emerges as intentions fuse with and bend to a revolving reality. This enlightens why intellectuals have not settled on a collective ground on what constitutes key concepts for performance.

Internal alignment amid organogram and resources ahead of a fit of active capabilities with competitive greatness has a momentous consequence on productivity (Wilden et al., 2013). A firm's combative edge is acquired with a sustainable and consistent exploitation of core capabilities not just commodity and marketplace portions (Grant & Jordan, 2012). Company structure, whose edifice is the people, as a design of communication and relations among a crew of talents, together with the habit of formulating and effecting decisions, is a major contributor of firm maintainable competitive gain in Kenya (Mutunga, Minji & Gachanja, 2014). The inquiry though, failed to conceptualize corporate strategy, competencies and enterprise performance.

Organizational performance features of timing, overheads and learning assets foster the escalation of robust success dissimilarities among firms with extremely parallel capabilities (Zott, 2003). Resources can only generate superior performance if coupled with proper collocations, reconfigurations, mixture, gradual development, production and synergy (Newbert, 2008; Aosa, Bagire & Awino, 2012). Capabilities allow activation and redirection of a complex framework of economic and organizational factors. Hence, capabilities are key in optimizing the strategic course of the concern's imminent future (Lopez 2005). Nonetheless, irrespective of how good capabilities might be, they cannot stir economic progress if the organization does not excel in acquiring resources and expanding them through strategic course (Makadok, 2001). It follows that differences in performance may develop from how differently organizations mix capabilities in strategy formulation. Conversely, the study never demonstrated the independent capabilities upshot on firm-level strategy and performance in FBMC.

Empirical proof shows that possession of treasured, exceptional and inimitable resources leads to better performance (Zollo & Winter, 2003). Hence, creating a strategy constructed on unique capabilities provides a sophisticated competitive favor and great performance. Firm capabilities unlike ordinary resources are idiosyncratic to every organization and are deep-rooted in its history. Resource possession could only stimulate performance improvements if they are transformed into productive use, although in other organizations maybe a cause of meagre earnings owing to the expenses connected to preserving them (Tokuda, 2005). Intangible resources confer more prominently to firm performance when paralleled to tangible resources. (Mutunga et al., 2014; Kamasak, 2017). In contrast, the scholar argue that it is hard to separate the proficiency and hardware of capabilities as they are intertwined. The study therefore, concentrates on the common effect of diverse capabilities on firm-level strategy and performance linkages.

Kamasak (2017) concentrated on the general category of firm physical and skill-based assets and performance. To solve this limitation, capabilities were investigated using sub-categories of human resources, marketing, automation capabilities, research and development and information technology. Additional to the engagement of highly qualified people asset is the prerequisite to have training programs that sustain these talents (Kale, 2010). A firm's talent development to support strategy necessitates attitude transformation so that workers share similar dreams and goal of the venture (Ulrich & Lake, 1990). Kidombo (2007) expounded that soft and hard talent control have a tough bearing on firm output. Subsequently, Lopez (2005) posits that capabilities are dire to escalating the accomplishments of a given organization. Conversely, this previous study observed the direct rapport of employees' asset administration and productivity but ignored the indirect control of employee capital on firm-level strategy and performance.

To grow market share, enterprises have to introduce modern products with certain marketing capabilities. Advertisement is central to the apprehension of an entity's market allot and a massive monetary gain (Kanibir, Saydan & Nart, 2014; Nalcaci & Yagci, 2014). A corporate's product generation capabilities stimulate the launch of a pattern for an enduring product that is successively improved over time (Kor & Mahoney, 2005). Advertising actions also promotes intercontinental growth of new ventures by swaying a firm's decision to select penetration modes, plus upper capital outlets in worldwide markets (Ripolles, 2011). Beached on these arguments, the scholar advises the exploration and exploitation of global markets as they absolutely arbitrate marketing and product development. Promotional competences are also functioned under appropriate managerial experts.

Bharadwaj (2000) posits that technological capabilities are the aptitude of an enterprise to rally and deploy IT-based resources continuously with other capabilities. Moreover, firm's capacity in usage of IT solutions for advanced performance can be directly evaluated by inspecting its innovation speed, market rejoinder rate, production efficiency, and production flexibility (Wu, 2006). Subsequently, factories with solid firm capabilities are deeply entrepreneurial. Apart from adopting to business ecosystems, it also supports shaping through innovation and alliances with other enterprises (Teece, 2007). Thus, the combined influence of key competencies, capabilities, strategy and strategy operationalization is comparatively stronger than their separate effect (Awino, 2011). Nonetheless, the study scarcity was on analysis of the individual effect of capabilities on firm-level strategy and performance.

Despite previous investigations into the liaison of capabilities, strategy and performance in FBMC and the industrialization sector as a whole (Awino 2011; Murgor 2014; Mutunga, Manji & Gachanja, 2014; Tavassoli & Karlsson, 2016; Kamasak, 2017), the connections of corporate strategy, capabilities and performance still remain an area of interest as there is flimsy information on how the concepts are connected.

2.5 Firm-Level Strategy, Organizational Culture and Performance

The third objective of the study was to establish the inspiration of corporate culture on the links amongst firm-level strategy and performance. Firms in the same segment can have similar strategies and capabilities but vary in performance. This could be complimentary to cultural factors which constitute the beliefs, traditions, values, attitudes, life style and aesthetics supplementary to the factory and the surface environment. Cultural metamorphoses manifest in numerous ways – values, practices, rituals, symbols and heroes (Hofstede & Hofstede, 2005). Hence, successes of adopted corporate strategies for improved performance are enriched by healthy organizational culture. Moreover, culture is unique to every firm and industry. Subsequently, Schein (1995) and Cristian-Liviu (2013) argued that culture is a vital concept that can limit or enable corporate strategy. Further, Bill and Kristine (2007) identified that comprehending the nature of enterprise is the foremost initiator of culture.

Gupta (2011) debated on the incidences of momentous dissimilarities in strategy and culture of firms from unlike industries. Companies characterized with a reassuring and vibrant culture have a tall prospect of strategy invention and implementation. Organizations applying prospector strategy are high on an adhocracy culture, while those with both clan and adhocracy cultures are those firms that use analyzer strategy. Corporations with reactor and defender strategies are usually great on clan and hierarchical structures respectively (Gupta, 2011).

Kariuki (2017) argued that the culture of a business has a weighty affinity to return on assets. Consequently, culture can be implied as an essential alter of the casual end product of firm-level strategy and performance. Culture is usually seen as the soft side of management and is actually the hardest since it deals with sensitivities and manners which all look a bit vague owed to their unpredictability but are key to the company. Empirical proof designates that each factory faces a different reality in the market depending on its goods, competitors, consumers, technologies and government regulatory policies. In short, Deal and Kennedy (2000a) posit that the surroundings a venture operates determines the strategies to be adopted. Thus, culture is acquired and imitated from one's social operating environment (Hofstede & Hofstede, 2005).

Organizational culture therefore, consists of forms of behavior that are learned, interrelated and shared, and a company culture is exceptional and defines the space of a certain category of people. Despite claims of moderating linkages, the culture-performance bond still remains vague and breeds the necessity for advancements on the staging of the concepts, methodology and variables enforcement (Ahmadi et al., 2012). The greatest integer of executives agree that culture is a serious factor for firm performance, but they cannot define it, quantify it or modify it (Tsai, 2011). As a consequence, the few companies that get the right cultural manifestations reduce any national attempts to reproduce their accomplishments. Ordinarily, any such attempts culminate in unfulfilled and pessimistic outcomes.

A mass of culture typologies are accessible in literature. Cameron and Quinn's (1999) model is among the topmost prominently recognized models created built on empirical data. The two scholars suggested a classic for judging enterprise culture by taking two dimensions; stability/control versus flexibility/discretion and internal focus versus external focus. The framework describes four forms of culture: hierarchy, clan, market and adhocracy (Cameron & Quinn, 1999). Organizational culture was operationalized using Cameron and Quinn's typology in Figure 2.1.

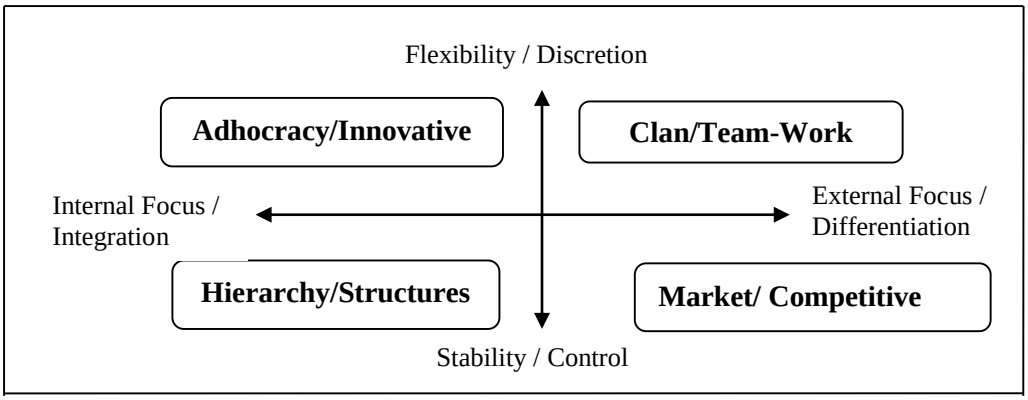

Figure 2.1: Organizational Culture TypologyModel
Source: Researcher (2017)

Adhocracy culture emphasizes on elasticity and transformation; it is externally oriented. The critical tenets of adhocracy are innovation, entrepreneurship and risk taking. The second class of culture is the clan which stresses on flexibility, but internally is focused. Clan culture is branded with discretion, strong team-work, staff involvement and corporate promise to staff. The third category of culture is market culture which discourses on regulation and solidity and is outwardly oriented. The core principles of a venture with this culture are objective realization, uniformity and competitiveness. Lastly, hierarchy culture is control-oriented, but ponders on the internal environment. Its key values are productivity and close adherence to policies and regulations (Ahmadi et al., 2012).

Literature reviews show that managing cognitive procedures for expansion of performance entail firms attending to characteristics by which people make logic of everything they do relative to a greater set of legislative norms (Fiol, 1991). Companies with an optimistic culture build a strong goodwill that forms an essential component of firm value (Pruzen, 2001). Internationally, it is proven that successful businesses ostensibly have resilient cultures which are only valuable if they exhibit the adaptive and learning qualities that are extraordinary to the cultures of other firms (Mehta & Krishnan, 2004; Siew & Kelvin, 2004).

According to Aluko (2013), culture is substantially associated with organizational performance. Yesil and Keya (2013) established that culture has no relationship with a company's financial triumph. The studies concentrated on culture as a direct influencer of performance but discounted its moderating sway of firm-level strategy and performance relationships. Organizational culture is unequaled since it gives consistency, order, chain of control, and sets internal mechanisms of internal interactions. It determines conditions for firm effectiveness, strategy operationalization and drives effective performance (Bill & Kristine, 2007; Ahmadi et al., 2012). The pervasiveness of firm's culture dictates that management should value the underlying indicators of organization's culture and its effect on worker-connected variables like satisfaction, engagement, loyalty, teamwork, strategy execution and performance (Lund, 2003). For firms to record excellent performance, they should configure existing resources within a dynamic surrounding through the launch of a sound strategy with proper resources utilization (Barney & Aiken, 2001; Aosa et al., 2012). However, these studies excluded thoughtfulness on the rationale of culture to the connections between firm-level strategy and performance.

2.6 Firm-Level Strategy, Capabilities, Organizational Culture and Performance

The main objective of the study was to demonstrate the shared influence of firm-level strategy, capabilities and culture on performance. The firm's innovation process is guided by a clear corporate strategy which provides direction towards explicit proficiencies and comforts the company concentrate on the drive of the whole firm to the common goal (Oke, 2007; Cristian-Liviu, 2013). Nonetheless, Rothaermel (2008) and Awino (2011) posit that the addition of the autonomous consequence of capabilities, strategy and their operationalization on enterprise performance is insignificant when equated to the united effect of similar variables.

Hofer and Schendel (1978) contend that the growing of concern-specific capabilities is crucial to firm strategy and performance relations. Norton (1998) contends that resource allocation ought to propose criterion of strategic noteworthy. If a business differentiates and binds resources, that commitment suggests a virtual stress on triumph. It is the absolute prominence on resources that triggers the strategic importance. A study conducted by Murgor (2014) on manufacturing companies established that external surrounding, competencies and strategic reactions singularly contributed to organizational performance more than the combined enactment of the same variables. Hence, firms should respond to legitimizing forces, threats and opportunities solely with the goal of building appropriate capabilities (Johansson et al., 2010). It follows that due to existing contradictions in literature on constructs that inform performance, the study incorporates culture to validate if it will give varied results.

Organizational culture regulates settings for rational decision making, strategy crystallization and directs performance improvement (Bill & Kristine, 2007; Ahmadi et al., 2012). The pervasiveness of firm's culture dictates that management should value the underlying indicators of organization's culture and its weight on labor-connected variables like satisfaction, engagement, team spirit, strategy execution and performance (Lund, 2003). In order for enterprises to accomplish high performance, they should configure present resources within a dynamic surrounding done by the projection of a sound strategy with proper resources utilization (Barney & Aiken, 2001; Aosa et al., 2012). Conversely, these studies failed to reflect on the consequence of culture on the associations among firm-level strategy and company performance.

An entity in struggle must be intelligent enough to detect those actions that enable it to react commendably to new hitches to acclimatize as swiftly as possible to fluctuations in the factory surroundings (Gavrea et al., 2011). Executive decisions may breed emotional state of annoyance, demotivation, disputes, and distrust among workers and may donate to a possibly damaging effects on the broader firm performance (Vadconcelos, 2011). No commercial situation can guarantee economic stability, and the capacity to control cash flows during a financial crunch develops to be more problematic to executives. Governance scholars who have absorbed on examining the emerging technologies have underlined the magnitude to which firms have implemented an integrated Enterprise Resource Planning (ERP) system as having an affirmative upshot on performance, the scope of its control is smaller immediately after implementation, and become intensified over time (Gavrea, et al., 2011). The current study observed the general effect of firm-level strategy, capabilities and performance of food and drinks processing firms.

Firms with equilibrium amongst their strategy and capabilities have performance that is optimized in a varying business environment (Ansoff &Sullivan, 1993). The exceptionality of an entity largely emanates from the capabilities and not the accumulated resources (Tokuda, 2005). According to Arasa and K'obonyo (2012), complete strategic implementation processes are directly associated to enterprise performance. Thus, in erection and growing a high-performing culture, it is obligatory to construct an alignment of senior executives and the organization's vision and mission, and worker with customers, system and processes (Kaliprasad, 2006). This study left out the deliberations of capabilities and organizational culture's joint moderation effects.

In the profession of administration, theories, frameworks and systems formulated in industrialized jurisdiction may possibly not be valid and ready to be replicated, without added considerations by ventures in very different cultures (Hofstede & Hofstede, 2005). The RBV preposition is that possession and exploitation of distinctive resources leads to superior performance (Barney, 1986). Although this could be factual, the linkages among firm-level strategy, capabilities organizational culture and performance in FBMC have not been adequately investigated. Theories of RBV, DCT, IOE and SHT are the classical theories of firm strategies for acquiring brilliant performance and global competitive edge (Bowman & Toms, 2010). This is why the theories are essential in formulation of firm strategies, construction of capabilities and culture for performance improvement in large FBMC in Kenya whose businesses function in unstable environment.

2.7 Summary of Empirical Studies and Knowledge Gaps

The linkages amid the constructs in the study have been verified in other prior studies, but their conceptualization, contextualization and approaches to data gathering and analysis are varied from this investigation (Awino, 2011; Aosa, Bagire & Awino, 2012; Aluko, 2013; Yesil & Keya, 2013; Murgor, 2014; Kamasak, 2017; Kariuki, 2017; Mutunga et al., 2017). Notably, the concepts in the investigation gives the impression of having been cross-examined over time, but contradictions exist over the linkages; and the influence of culture on firm-level strategy and organizational performance connections in the Kenyan context is yet to be tested empirically. Table 2.1 summarizes the pertinent erstwhile studies, research methodologies adopted, findings and existing knowledge gaps with directions on how the research will address them.

Table 2.1: Cont'd

STUDY	FOCUS OF THE STUDY	METHODOLOGY	STUDY FINDINGS	KNOWLEDGE GAPS	HOW THE STUDYADDRESS GAPS
Siew and Kelvin (2004)	Correlation between culture and performance among firms in Singapore.	Cross sectional applying factor analysis, ANOVA and correlation	Culture was found to impact positively a variety of firm performance but not in all sectors.	The study was limited to Singapore which is a developed economy.	The study sought to ascertain the joint effect of firm-level strategy, capabilities and organizational culture on performance in the Kenyan Context.
Martynez and Poole (2004)	Linkages among strategy, management structure, culture and performance in fresh foodstuffs industry in Spain	Cross sectional using factor and ANOVA analysis	There is limited commercial future for small Spanish firm with strong family leadership, rigid edifice with inadequate managerial skills, and doubtful prospects for a smooth generational succession.	The study focused on Spanish firms and also did not observe the bearing of capabilities.	The study scrutinized the effect of capabilities as a moderating variable of the liaisons amid firm-level strategy and performance of FBMC in Kenya.
Awino (2011)	Effect of core competencies, capabilities, strategy and strategy implementation on firm performance in Kenya	Cross sectional survey applying factor analysis.	The independent effect of central competencies, capabilities, strategy, and strategy enactment on enterprise performance is weaker when contrasted to the mutual effect of the same variables.	The study did not focus on the moderation consequence of organizational culture.	The study pursued to define the shared effect of capabilities, culture and firm-level strategy on organizational performance.
Aosa, Bagire and Awino (2012)	Interactions between organizational structure, personal and environmental factors and the probable performance outcomes in informing strategy, theory and practice in Kenya.	Cross sectional survey, applying multiple regression analysis	Maintained on the need to configure various elements that interact to render performance aftermaths in non-governmental entities which could be the personal factors, corporate structure and surrounding issues.	The research failed to establish whether performance output could be affected by corporate culture and capabilities incorporation into the configuration.	The study desired to determine the cumulative effect of firm-level strategy, capabilities and corporate culture on performance.
Aluko (2013)	Culture and firm performance in Nigeria	Cross sectional survey and factor analysis	Culture was meaningfully and positively linked to firm performance	The study omitted a look at the indirect relationship of corporate culture to strategy and firm performance.	The study hunted to establish the joint effect of firm-level strategy, culture and capabilities on performance.
Yesil and Keya (2013)	Organizational culture and firm financial performance in a developing country.	Cross sectional survey and factor analysis	Organizational culture has no weighty effect on firm's monetary performance (Sales growth and ROA).	The study concentrated on the direct relationship of organizational culture and firms' fiscal performance	The study fixated on the indirect influence of corporate culture on firm-level strategy and performance.

STUDY	FOCUS OF THE STUDY	METHODOLOGY	STUDY FINDINGS	KNOWLEDGE GAPS	HOW THE STUDYADDRESS GAPS
Murgor (2014)	External environment, capabilities, strategic response and performance of large manufacturing firms in Kenya.	Cross sectional survey utilizing multiple regression analysis.	There was a statistically vital bonds amongst alliance rejoinders on external environment and firm performance	The study examined the external environment as independent variable while strategic rejoinders as the intervening variable	The study desired to determine the influence of capabilities on relationship between firm-level strategy and performance.
Tavassoli and Karlsson (2016)	Innovation strategies and firm performance in Sweden	Longitudinal survey using multivariate analysis	Firms that choose and execute complex innovation strategies affect the future productivity	The study focused on the direct relationship of innovative strategies and firm performance but excluded then indirect relationships of capabilities and culture.	The study aimed to ratify the effect of corporate culture on firm-level strategy and performance connections.
Kamasak (2017)	The influence of tangible and intangible resources, and capabilities to a firm's profitability and market performance in Turkey.	Cross sectional survey applying hierarchical regression analysis	Intangible assets and competences contributed more greatly to firm performance compared to tangible resources.	The study focused on direct connections between capabilities and firm performance but did not investigate its indirect relationship to firm-level strategy and performance.	The study desired to establish the effect of capabilities on the relationship between firm-level strategy and performance.
Kariuki (2017)	Organizational culture and return on assets of large manufacturing firms in Kenya	Cross sectional Survey applying factor analysis.	Organizational culture has an influence on return on assets.	The study only focused on financial performance (ROA) and unheeded the direct influence of corporate strategy.	The study search for the proof on the inspiration of corporate culture on relationship between firm-level strategy and performance.
Mutunga, Manji & Gachanja (2014)	Resource configuration on sustainable competitive advantage of food and beverage firms in Kenya	Cross sectional survey using multivariate ordinary least squares regression analysis.	Corporate structures, communication relation means and decision-making process influence sustainable absolute advantage.	The study absorbed on direct linkages amongst capabilities and enterprise performance but omitted its indirect relationship to firm-level strategy and performance.	The study desired to determine the inspiration of capabilities on the relationship between firm-level strategy and performance.

Source: Developed from Reviewed Literature by Researcher (2017)

The knowledge gaps in Table 2.1 are derived from relevant literature assessment of erstwhile studies on firm-level strategy, capabilities, culture and performance by considering the areas of focus, methodological designs, research results and knowledge gaps that require supplementary research probing in elucidating the phenomena. The review of literature and subsequent abridge version of these investigations has exposed a sundry of issues. First, most studies on enterprise performance have hooked on the subsidiary and main relationship of strategy, capabilities, culture and performance. The combined resolve of the concepts has been disregarded. This is divergent from the offer of Newbert (2007) who proposed that studies on capabilities must be marshalled in a mixture of the entire resources.

Secondly, research have stayed commonly conceptualized either on firm strategy and performance or how capabilities or existing culture's impression on the casual cause of firm-level strategy and performance. The scholarly works that have abstracted the linkages among firm-level strategy, culture, capabilities and performance are rare. In conclusion, all studies read did not contextualize the concepts within the Kenyan FBMC. The study hence propositions a great comprehensions into the affiliations of the constructs and the context.

2.8 Conceptual Framework

Globally, practitioners continues to appreciate that firm-level strategy and capabilities affect organizational performance. Whether scientific or basic reasoning, organizational resources have an obligation to play in performance of organizations. An enormous quantity of the earlier research work has inquired the straight and subordinate stimulation of organizational culture, capabilities and or corporate strategy on a single performance indicator such as financial measure.

Previous research in behavioral sciences investigated the links of strategy, capabilities and firm performance (Awino, 2011; Mutunga et al., 2014; Murgor, 2014; Tavassoli & Karlsson, 2016; Kamasak, 2017). The studies overlooked culture despite the persuasive need for examining the joint inspiration of the variables. Further, literature is categorical on the trust that no unitary factor can manipulate organizational performance. There has been propositions of testing firm-level strategy on performance done in an amalgamation of various variables.

The ample conceptual framework in Figure 2.2 (below) engrossed on the main object of the study which was to establish the joint effect of capabilities and organizational culture on the relationship between firm-level strategy and performance. The H_1 preposition of this research is that firm-level strategy has a notable relationship on organizational performance. H_2 tested the moderating effect of capabilities on the connection between firm-level strategy and performance. H_3 moderated the effect of organizational culture on firm-level strategy and performance relationships. H_4 tested the meaningfulness of the joint effect of capabilities, culture and firm-level strategy on organizational performance.

The concept of firm-level strategy was conceptualized as an independent variable with the empirical role of influencing organizational performance. The operational indicators of corporate strategy included strategic planning, diversification, business process outsourcing, strategic alliance, internal restructuring, product innovation and trade development as evidenced in extant literature. Firm strategies distinctly cannot explain performance of organizations. Capabilities and organizational culture took a moderating command on linkages amidst the independent and dependent variables.

The study conceptualized that capabilities and culture have a linkage on the firm-level strategy and organizational performance relationship. This was realized by operationalization of firm capabilities through marketing, research and development (R&D), human capital, manufacturing automation, and information technology (IT). Organizational culture was intellectualized in terms of hierarchy (control), adhocracy (innovate), market (compete) and clan (collaborate). This enabled the verification of the moderating arose of each concept and the mutual enforcement of capabilities and corporate culture on the connection amongst firm-level strategy and performance.

The construct of organizational performance was conceptualized as the dependent variable. Strategic management studies' main concentration is in fortitude of the sources of excellent gains. Performance was indicated by a single composite index embracing financial and non-financial measures. The financial indicators were ROI and ROA. Non-financial measures comprised of internal business processes, client satisfaction and training and development. The study seized a keen interest of these propositions and hence presented a comprehensive conceptual model in Figure 2.2 that was used in linking up the various constructs.

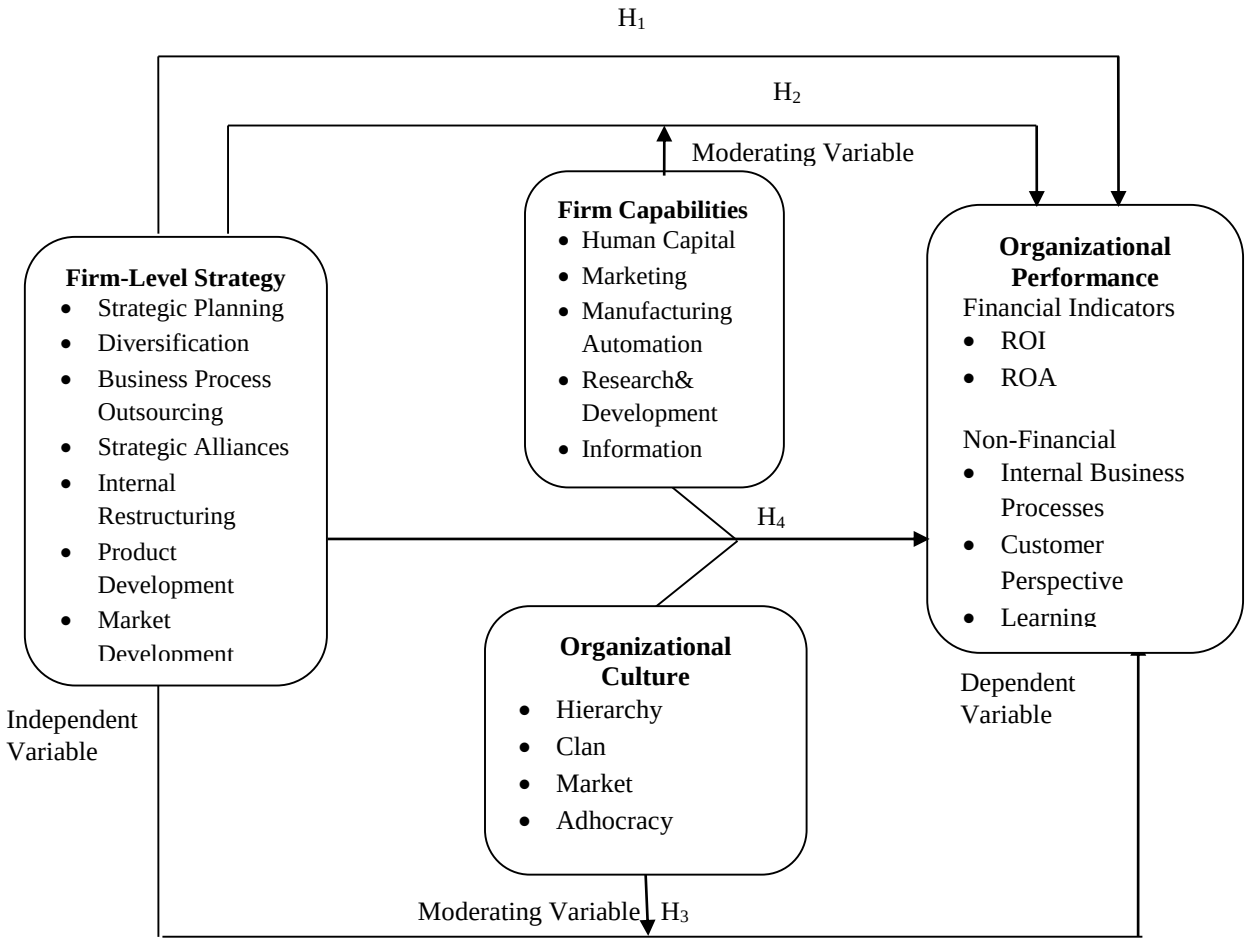

Figure 2.2: Conceptual Model

Source: Researcher (2017)

The conceptual framework in Figure 2.2 has been formulated using the theoretical advocates and knowledge gaps identified from the empirical review of studies that observed the linkages of the basic variables (Siew & Kelvin, 2004; Martynez & Poole, 2004; Awino, 2011; Aosa et al., 2012; Aluko, 2013; Yesil & Keya, 2013; Mutunga et al. 2014; Murgor, 2014; Tavassoli &Karlsson, 2016; Kamasak, 2017; Kariuki, 2017).

2.9 Research Hypotheses

Review of literature and subsequent extraction of knowledge gaps yielded the conceptualization of the model in Figure 2.2 with corresponding four hypotheses. To enable the parade of a relationship, key variable indicators for the conceptual hypotheses were as stated as:

H_1. Firm-level strategy has a significant influence on performance of food and beverage manufacturing companies in Kenya.

H_2. Firm capabilities have a significant effect on the relationship between firm-level strategy and performance of food and beverage manufacturing companies in Kenya.

H_3. Organizational culture has a significant effect on the relationship between firm-level strategy and performance of food and beverage manufacturing companies in Kenya.

H_4. The joint effect of firm-level strategy, capabilities and organizational culture on performance is different from the sum of the independent effect of the variables on performance of food and beverage manufacturing companies in Kenya.

These conceptual hypotheses were tested in the study. H_1 was the first hypothesis in the liaison between firm-level strategy and performance. The moderating effect of capabilities on the connection between firm-level strategy and organizational performance was tested using H_2. The moderating effect of organizational culture on strategy and organizational performance was tested using H_3. An appraisal of the singular and the joint effect of firm-level strategy, capabilities and organizational culture on performance was stated and tested as H_4.

The chapter focused on critical literature review. The empirical studies provided an opportunity for the researcher to appreciate the varied conceptualizations of the variables and, therefore, identify knowledge gaps that the scholar hunts to address. The chapter gave an ample depiction of various theories upon which the study is anchored and which formed the substance of inquiries. The main theories for the study are RBV, DCT, IOE and SHT.

The chapter also comprise a pairwise review or breakdown of the concepts along their conceptualization. The pairwise reviews carried out included; the firm-level strategy and organizational performance; firm-level strategy, capabilities and performance; firm-level strategy, organizational culture and performance; besides firm-level strategy, capabilities, culture and firm performance. A summary of aforementioned studies reviewed and the knowledge gaps are offered in Table 2.1. A conceptual model showing conceptualization of the concepts was then offered in a schematic diagram in Figure 2.2. To finish, the chapter ends by stating study hypotheses.

A condensed selection of key empirical studies was presented and clearly highlighted the epicenter of the inquiry, methodology, findings, conclusions, knowledge gaps and means in which the study bridged them. The essential facets of the chapter are the propositions emerging from the acquaintance cracks that are tabulated. It also depicts a conceptual framework in a diagrammatic linkage between concepts of the grilling and the corresponding hypothesis to be tested. The subsequent (Chapter Three) submits the approaches accepted for the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter put forth the research methods and the tactics that were applied in leading the research. It gives an elaborate explanation of the positivism paradigm of research philosophy that propelled the study. Cross sectional research designs were engaged to establish the phenomena of capabilities and culture bearing on the liaisons between firm-level strategy and performance.

The chapter further describes the population of the cross-examination which is FBMC in Kenya. The research instruments used for primary data collection are explained. The populace under research is discussed. Reliability tests for inter-item consistency are declared and validity testing for the concepts of the questionnaire is captured.

A tabulated operationalization of the focal study variables, pointers of the constructs, how the indicators will be measured, matching questionnaire items and the supporting literature is presented. A curtail of the diagnostic model for corresponding explicit objectives and hypotheses are shown, specifying the regression data processing method and elucidation of results.

3.2 Research Philosophy

Management science inquiries have been largely guided by two broad research paradigms, namely phenomenology (qualitative) and positivism (quantitative) paradigms (Saunders, Lewis, & Thorn, 2007). Phenomenologists emphasizes on the immediate experience where the scholar draws meaning by interpreting that which is observed during his/her involvement in the phenomena (Blau, 1964).

Phenomenological research enables the scientist to acquire knowledge on the state of affairs under investigation. Phenomenon observations such as case studies provide qualitative data that illustrate and explore the phenomenon in-depth thus providing more solid results (Zikmud, 2003). Nonetheless, reviews of the approach have upheld that the qualitative paradigm includes theory epistemology and the scholar is not independent from the study.

Positivism paradigm of research is an epistemological lay out constructed on the theory that the scholar is free of whatever is being viewed, and that its characteristics should be estimated through unbiased criterions instead of being inferred subjectively (Mugenda & Mugenda, 2003). The trust of positivists is that solitary that which is scientifically measured could authentically be interpreted to be knowledge. Positivism tests current theories and asserts that research is grounded on actual facts, objectivity, uniformity, equity, quantifications and verification of results. It is further presumed that the style is methodologically quantitative and values are free and a complete separation of the researcher and the investigation (Zikmud, 2003).

The investigator applied a positivism method because the study is affixed on testing pre-existing theories and practical studies through hypotheses testing. Moreover, the scholar was independent of the inquiry and did not interfere with the outcome. The results were determined through tests of the operationalized variables. The positivism paradigm was ideal to the exploration because it creates it possible to collect the reactions of subjects to a restricted cluster of items as symbolic of the broader population. Thus, that method enabled comparisons and statistical accumulation of information. Positivism gives generalizable outcomes presented precisely and economically, but the fruitfulness and intricacy of content for respondents are normally inadequate (Ridenour & Newman, 2008). The study purposed to scientifically arrive at judgements and deductions that can be generalized to the whole populace of FBMC in Kenya and other developing countries.

3.3 Research Design

The study applies a cross-sectional survey in its design. This is considered suitable since the concepts under study were tested as they ordinarily present without being manipulated or controlled. This follows the philosophical model that was approved for the study as it was concerned with investigations in what, how and when a phenomena manifests at one point in time (Cooper & Schindler, 2014). In this form of research design, either the total population or a subgroup is selected. Data is collected for analysis to assist get a solution the research question of attention (Olsen & George, 2004).

The object of the study was to establish the effect of capabilities and culture on the relationship between firm-level strategy and performance of FBMC in Kenya. A cross-sectional survey grants the opportunity to gather data across different firms and test their relationships. It affords the scientist the privilege to record a sample's attributes and test the hypotheses quantitatively in admiration to time over which information was collected across considerable firms. The surveys is also appropriate for capturing data at a given time.

The design is similarly suitable grounded on the objective of the study, scope, nature of data to be collected and the style of analysis to be performed (Cooper & Schindler, 2014). Cross-sectional survey methods are also used when data gathered represents happenings in a concern at a specific time (Bryman, 2004) which applies to a postulation of the study. The other validation for the design is the researcher's intention of collecting descriptive data which would be accorded statistical manipulation for hypothesis testing to determine the objective and conclusions (Cooper & Schindler, 2014). The cross-sectional survey method is considered appropriate because it adapts to erstwhile studies such as Awino (2011) and Murgor (2014) that investigated parallel research with positive results.

3.4 Population of the Study

The population of the study consisted of all large FBMC who are registered members of Kenya Association of Manufacturers (KAM) as at 31st December 2016. In Kenya, FBMC are erected in different regions of the country with Nairobi and Thika towns accounting for 89 firms which account for 50% of the targeted sample being the high-ranked localities. The primary defense for inclination to the sector was that these companies were prospective to display an elaborate governance philosophy and embrace best practices in company management. The researcher used a census technique to distinguish the populace of the study. In consistency with Cabrita and Bontis' (2008) recommendations of selecting a populace that would offer a benefit of comparison of firms domiciled in the industry and across different sectors, firms registered as members of KAM were resolute as the most appropriate.

In the setting of the population, some FBMC are engaged in processing of green leaves into made tea. FBMC as a sector falls under the manufacturing industry. The sector comprises of factories that are concerned with manufacture and marketing of consumable and beverage products. The companies are regulated by the umbrella of Kenya Association of Manufacturers (KAM). Following opening of commerce barriers in the Kenya economy, the companies in this sector contest against each other and with multinational firms. The boards of these enterprises are engaged in how to formulate and execute corporate strategies, capabilities and culture that will stir productivity.

The preference of the sector was also ideal because registered firms exhibit consistency in reporting of financial statistics as it is a mandatory by the KAM, enhancing availability of objective and reliable data on firm performance which is a paramount perspective for the study. There was a sum of one hundred and seventy-eight (178) large FBMC (KAM, 2016). The list of FBMC is attached as Appendix V.

3.5 Data Collection Methods

The study utilized primary data despite the details that a mixture of primary and secondary data reduces method biases and reinforces each other (Stiles & Taylor, 2001). Firms' primary data which mainly consisted of quantitative data on the associations among firm-level strategy, capabilities and organizational culture on performance was collected by means of a structured questionnaire (Appendix IV). A questionnaire as a data gathering instrument is preferred as it allowed the scholar to collect information from all the respondents within the limited time frame and answers they may have felt shy to give in face-to-face interviews (Kerlinger, 1992).

The questionnaire was validated through input from the supervisors and discussants at the proposal's departmental forum, open forum and doctoral committee presentations at the School of Business, University of Nairobi. The instrument was structured into five sections. Section I composed of questions on the specific demographics of the Kenya FBMC. The rest of the sections were dedicated to the variables under study. Section II asked the standings of firm-level strategy and Section III on capabilities.

Section IV collected information on organizational culture and Section V gathered data on organizational performance. One top executive per organization was targeted to react to the questionnaire. Data was collected from respondent on a five-point Likert-type scale where 1 is set for strongly disagree and 5 for strongly agree (Cooper & Schindler, 2014). The choice of an executive director per company was deemed sufficient since they are in a level to understand and be responsible for their firm's strategy. This style ensured consistency of responses from each organization (Newbert, 2008; Ahmadi et al., 2012; Murgor, 2014). The research questionnaire is attached as Appendix IV.

The researcher administered the questionnaire to the various respondents from the population with the service of qualified research subordinates. The research unit of analysis was one respondent per company. The study's key aimed respondents were Chief Executive Officers or Managing Directors who are the coordinators of firm's strategy. These senior executives were nominated for the study because the firm attributes to be verified are best known to them. In their deficiency, senior executives with delegated authority from the CEO/MD were requested to respond.

The senior managers or directors considered were those in command of talent maintenance, financial control or entity operations as they are liable for prudential firm-level strategies and performance evaluation. The top executives were also reckoned to be equipped with figures on all portfolios and overall conglomerates synergy. Newbert (2007) postulates that key informants should be knowledgeable about issues being studied and be willing to relay the information. The inquiry applied stratified sampling method to choose the rejoinders for the research instrument.

The questionnaire was administered through the drop and pick method by the scholar, assisted by two experienced management science research assistants. For effectiveness, a personal letter of introduction was drafted, a letter from the University of Nairobi's School of Business and a letter of authorization and a permit acquired from the National Commission for Science, Technology and Innovation (NACOSTI). The documents are attached as Appendix I, II, IIIa and IIIb respectively. The unit of analysis was the FBMC in Kenya. The total sample size was 178 out of which 125 returned fully completed questionnaires signifying a response rate of 70% of the targeted population.

3.6 Operationalization of Key Study Variables

Operationalization of concepts in research is a procedure of clearly describing the variables into quantifiable factors. The process defines the concepts and allows for empirical and quantitative measurability (Nachmias & Nachmias, 2004). It implies that finding a measurable and valid index for research concepts whether independent, moderating or dependent variables is paramount. Operationalization of key study constructs facilitates the reduction of intellectual ideas of constructs into observable and measurable attributes (Sekaran, 2003). It facilitates the testing of the constructs in the theoretical model. The research had three forms of variables: independent, moderating and dependent. The research variables were operationalized as revealed in the conceptual model to facilitate reduction of the abstract ideas into observable measurable attributes. This involved definition of the study variables and how they were meant to be measured or expressed quantitatively.

The independent variable was firm-level strategy and the dependent variable was organizational performance. Firm capabilities and culture were the moderating variables. The individual moderating variables were evaluated to ascertain if they had a notable or contingent effects on the independent-dependent variables relationship. To operationalize the concepts, different indicators were distinct and appropriate measurement scales identified. The corresponding column of the survey items on several concepts has been shown. Table 3.1 presents a brief of the operationalization of the concepts.

Table 3.1: Operationalization of Key Study Variables

Variable	Indicator	Measure of Indicator	Questionnaire Items	Supporting Literature
Firm-Level Strategy **(Independent Variable)**	• Strategic Planning • Diversification • Business Process Outsourcing • Strategic Alliance • Internal Restructuring • Market development • Product development	5-point Likert-type scale, ratios, percentages, CV values, t-values	Section B of the questionnaire in Appendix IV	(Hamel & Prahalad, 1990 ; Grant, 1991 ; Ansoff, &Sullivan, 1993; Porter, 2008;Awino, 2011; Aosa et al., 2012; Tavassoli & Karlsson, 2016; Awino et al., 2017)
Firm Capabilities **(Moderating Variable)**	• Human Capital • Marketing • Manufacturing& Automation • Research &Development • Information Technology	5-point Likert-type scale, ratios, percentages, CV values, t-values	Section C of the questionnaire in Appendix IV	(Wernerfelt, 1984; Hamel & Prahalad, 1990; Teece et al., 1997; Eisenhardt &Martin, 2000; Rothaermel, 2008; Awino, 2011; Robinson & Mital, 2012; Aosa et al., 2012; Pearce et al., 2012).
Organizational Culture **(Moderating Variable)**	• Hierarchy • Clan • Market • Adhocracy	5-point Likert-type scale, ratios, percentages, CV values, t-values	Section D of the questionnaire in Appendix IV	(Cameron & Quinn 1999; Denison, 2000; Hofstede & Hofstede, 2005; Ahmadi et al., 2012; Bill & Kristine, 2007; Tsai, 2011; Nguyen et al., 2013; Kariuki, 2017)
Organizational Performance **(Dependent Variable)**	• Financial Indicators • Customer satisfaction • Internal Processes • Learning &development	5-point Likert-type scale, ratios and percentages	Section E of the questionnaire in Appendix IV	(Kaplan & Norton, 1992; Storey, 1994; Buck et al., 1999; Harrington, 2001; Freeman et al., 2004; Griffins, 2006; Lebans & Euske, 2006; Parnell et al.,2015)

Source: Researcher, 2017

Operationalization of the variables in Table 3.1 was steered by reviewed relevant earlier studies. This guaranteed that the questionnaire included multi-dimensional measures that were steadfast and binding to cover multidimensionality of the concepts. Firm-level strategy was conceptualized as the independent variable and measured in the dimensions of diversification, strategic alliance, strategic planning, business outsourcing, product development, internal restructuring and market development along the indicators proposed in preceding studies of Hamel and Prahalad (1990), Grant (1991), Ansoff and Sullivan (1993), Porter (2008), Awino (2011) and Tavassoli and Karlsson (2016).

Firm capabilities concept as a moderator was operationalized and shown with the factors of manufacturing automation, information technology, human capital, research and development and marketing. The ownership structure relied on postulations of Wernerfelt (1984), Hamel and Prahalad (1990), Teece et al. (1997), Eisenhardt and Martin (2000), Grant (2003), Rothaermel (2008), Awino (2011), Pearce et al. (2012) and Aosa et al. (2012). They classified capabilities into tangible and intangible resources. Tangible possessions comprised of fixed assets (land and buildings, equipment, finances, tools and machinery), while intangible capabilities consist of reputation, patents, know-how and goodwill.

Organizational culture as a second moderator was operationalized and measured using the CQMCT cultures model (Cameron & Quinn, 1999). This operational indicators encompassed adhocracy, market, hierarchy and clan. The ownership structure relied on beliefs of Cameron and Quinn (1999), Denison (2000), Hofstede and Hofstede (2005), Bill and Kristine (2007), Tsai (2011), Ahmadi et al. (2012) and Nguyen et al., 2013).

The construct of organizational performance was operationalized as dependent variable along the BSC measures of financial and non-financial indicators (Kaplan & Norton, 1992). In this model, overall performance is verified by computing both financial (Return on Investment and Return on Assets) and non-financial measures (Internal Business Processes, Customer Focus and Learning and Development). The ownership structure relied on postulations of Kaplan and Norton (1992), Storey (1994), Freeman et al. (2004) and Griffins (2006).

3.7 Reliability Tests

Reliability denotes the level upon which the study is without bias, guaranteeing consistency in measurement over a period and various objects in the instrument (Sekaran, 2010). Reliability is a pointer of the stability and consistency with which the questionnaire analyses the constructs and assists to inspect the class of the measurement. Reliability is the magnitude at which an instrument produces consistent results. Reliability approximates the extent a dimension is free of random or unstable error. The study measured the linkages of strategic governance items that vary across companies and situations. Since firms varies on a sundry of factors, it is paramount to test the reliability of a questionnaire for it to measure consistently (Bryman & Bell, 2007; Cooper & Schinder, 2014).

The reliability of the questionnaire was estimated via Cronbach's α (alpha). Cronbach coefficient was then employed to weigh the typical correlation of items (Cronbach, 1951). The alpha coefficient values ranges from 0 - 1 and a high coefficient suggests that the constructs correlate among themselves, that is, there is consistency among statements in measuring the variables of interest (Nunnally, 1978). Cronbach's Alpha Coefficient value below 0.5 is considered weak while a value above 0.5 is considered strong. Srinvas (2001) noted that acceptable values for Cronbach's Alpha are between 0.7 and 0.9. Nevertheless, Sekaran (2003) argued that an alpha coefficient of 0.5 to 0.8 is sufficient to accept presence of internal consistency. For the firmness of the study, the alpha coefficient for the population was 0.7 and above. This was for confirmation of reliability of the data utilized to come to a conclusion from theoretical concepts.

The gauges were amended to suit the circumstances of the study. Moreover, the questionnaire was subjected to inspection by experts in planning administration, research and governance fields at several phases of the document presentation. There are four ways of testing reliability. Composite reliability was applied to test the inter-item consistency which was operationalized with the internal consistency method that was computed using Cronbach's alpha.

3.8 Validity Tests

Validity is the grade to which the verdicts from scrutiny of the data epitomizes the phenomena under study (Mugenda & Mugenda, 2003). Therefore, validity discusses the extent a scale measures what it purports to test. Validity tests establish whether the instruments truly measure what it planned to measure with precision (Barbour, 1998; Cooper & Schindler, 2014). There are four ways of establishing validity; face, content, criterion and construct validity (Golafshani, 2003; Gomez-Haro, Aragon-Correa & Cordon-Pozo, 2011). This is the homogeneous assessment gauge used in science in denoting the notch the conclusions drawn in a study provide a precise depiction or explanation of what transpired (Eriksson & Kovalainen, 2008).

Face validity was addressed by asking experts from school of business studies to comment on the questionnaire (Saunders et al., 2007). Their comments were echoed in the review of the research instrument. Content validity was enhanced by adopting established measurement scales, documented literature and counsel of experts in strategic management. Content validity also identified as logical validity is the magnitude to which the instrument delivers satisfactory inquiries of the prying questions on the constructs under examination (Zikmud et al., 2010). It is the extent a measure presents all facets of a given social phenomena.

Similarly, Gaber and Salkind (2013) posited that face validity is a subjective basic form of validity wherein the scholar determines if a measure appears to quantify what it is envisioned to test. Face and content validity of the questionnaire was enhanced using expert opinion obtained during various proposal examinations at the University of Nairobi, that is, departmental, open forum and doctorial committee presentation. Additionally, a pilot investigation was conducted by subjecting the instrument to a sample of eighteen organizations to enhance content validity and determine respondents' understandability of the questions.

Finally, the instrument customized questions from prior studies to enhance criterion and construct validity. The operationalization of the key concept and construction of the research instrument was done by adopting existing scales from literature (Awino, 2011; Ahmadi et al., 2012; Murgor, 2014). This was in conformity with the affirmations of Gomez-Haro et al. (2011) that given the complex task of developing a research instrument it is advisable to follow suggestions of earlier empirical studies.

3.9 Data Analysis Techniques

The data accumulated from the questionnaires was crosschecked for completeness and consistency before being coded and processed using the Statistical Packages for Social Sciences (SPSS) template. The data was analyzed through inferential and descriptive statistics. Descriptive statistics were applied to summarize respondents' demographic, psychographic and behavioral attributes. Inferential statistics were utilized to test the nature of relationship between variables. In synthesizing the quantitative data, the study applied descriptive statistics to measure central tendency (mean), dispersion (standard deviation), coefficient of variation and percentages (Kothari, 2004).

A sundry of data diagnostics tests such as normality, multicollinearity and homogeneity which have been expounded in detail in Chapter 4 were done to ascertain the appropriateness of the director's data analysis method chosen prior to commencing any manipulation. This was to decide if the information set was well modeled. The tests are necessary for steadiness controls in safeguarding that the analysis has no statistical errors. Normality tests of the information were done using the Shapiro-Wilk test and Q-Q plots. Multicollinearity between variables was verified applying Variance Inflation Factors (VIF) computations. Homogeneity of study variables was measured by means of Levine test to check for the existence or lack of variance of the error term amid the variables (Tabachnick & Fidell, 2007; Field, 2009).

Collinearity or multicollinearity which raises the supposition that independent variables are uncorrelated or correlated (Keith, 2006). Correlation scrutiny was undertaken permissible to discover the linkages amongst all the critical variables. Pearson's Product Moment Correlation (PPM) was applied to observe the correlation coefficient between the variables. The values of Pearson's exhibition on the independent variables associations serves as a method for diagnosing multicollinearity (Allison, 1999). According to Keith (2006), the Variance Inflation Factor is applied to assess multicollinearity. The VIF values must not surpass 10 and the tolerance values ought not to be less than 0.10.

To test the power of firm-level strategy on performance, the study used simple linear regression analysis. The p-value and t-statistic were utilized to determine the individual meaningfulness of the coefficient and the F-statistic were applied to establish the overall model significance. Inferential statistics of the t-test and the coefficient of determination (R^2) were utilized to test the relationships of the research variables.

Multiple regressions were applied to establish the links amid firm-level strategy, capabilities, culture and performance (Hair et al., 2010; Sekaran, 2003; Saunders et al., 2007). The coefficient of determination (R^2) provided the degree of deviation in the dependent variable recorded for by the predictor variables (Mugenda & Mugenda, 2003). This was deemed the ideal method of analysis since it determines the statistical command of a single or several independent variables (Robson, 2002).

To determine the moderating impact of capabilities and culture on casual relationships of corporate strategy and performance, Cooper and Schindler's (2014) model was utilized. In the first step, the direct dominion of firm-level strategy and organizational performance was established. Second step, firm-level strategy, capabilities and a moderation term were put into the model as forecasters of firm performance. In the third step, firm-level strategy, capabilities, organizational culture and an interaction term were fed into the model as predictors of organizational performance. The moderation effect (R^2) could only be present if the interaction term explains a statistically substantial extent of variance in the dependent variable.

The interaction effects of capabilities and corporate culture on the linkages amid firm-level strategy and performance was also determined using the Baron and Kenny model (1986) for the test of interaction term. In the first step, the direct influence of firm-level strategy and performance was established. In the second step, firm-level strategy, capabilities and an interaction term were entered into the system as predictors of performance. In the third step, firm-level strategy, capabilities and enterprise culture and an interaction term were moved in the model as interactors of establishment performance. Moderation could only be present if the influence explains a consequential quantity of alteration in organizational performance.

To establish the joint impression of capabilities and culture on firm-level strategy and performance linkages, hierarchical analysis was completed (Cooper & Schindler, 2000). Organization data analysis as exposed in Table 3.2 was conducted applying hierarchical multiple regression which are multivariate techniques that estimate the linear and casual association between multiple variables (Hair, Black & Babin, 2013). Aggregate performance = Index Year 1+P_1Y_2 + P_1Y_3+ P_1Y_4+ P_1Y_5 for the five years period. To explore the stimulation of capabilities and corporate culture on the connections among firm-level strategy and performance, the following general regression equation was modeled.

Y = Organizational Performance = f (Firm-Level Strategy + Capabilities + Organizational Culture + Error Term. The multiple regression models for the study were represented by the model;

$$\mathbf{Y= \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 *\beta_1X_2 +\beta_1 X_3 + \varepsilon_1} \quad \mathbf{(1)}$$

Where Y= Organizational Performance of FBMC,

X_1, X_2 and X_3 represents firm-level strategy, capabilities and organizational culture respectively.

β_0 = Constant

β_1, β_2, β_3 = Regression coefficients

ε_1 = Error Term.

The F-statistic and p-value were used to determine the robustness and criticalness of the overall model. The *t*-statistic and p-value were applied to regulate the distinct noteworthy of the research variables. In both cases, if the p-value was less than 0.05, the alternative hypothesis will not be rejected and if the p-value was greater than 0.05 the null hypothesis would be accepted.

In the data analysis model shown in Table 3.2, the coefficient β_i indicates the association amongst the dependent variable and each predictor. On samples, the t-test was done at 95% confidence level (P=0.05). This test was accepted to produce mean score and t-values for assessing manifestations and importance of different variables. Additionally, regression analysis was done to test the research hypotheses. The data required, the type of questions as reflected in the questionnaire and analysis technique used for each study objective and respective hypothesis is summarized in Table 3.2.

Table 3.2: Analytical Model for Corresponding Objectives and Hypotheses

Objectives	**Hypothesis**	**Analytical Model**	**Interpretation**
To establish the influence of firm-level strategy on performance.	H_1. Firm-level strategy has a significant influence on performance.	**Model 1** Regression analysis applying multiple regression: Y_1 =f (firm-level strategy) $Y_1= \beta o_1+\beta_1 X_1 +\varepsilon_1$ Where: βo = intercept Y_1 = P = Organizational performance β_1, represents beta coefficients for H_1 X_1 represent firm-level strategy ε is the error term	**F-**Direction and significance of overall model. **R**- Strength of relationship between firm-level strategy and performance. **R^2-** Extent variations in Organizational performance indicators are explained by firm-level strategy. **Beta value** – The effect of independent variable on the dependent variable (Positive or Negative) **t^2-test**– Momentous of individual variables. P>0.05 – fail to accept hypothesis
To determine the effect of capabilities on the relationship between firm-level strategy and organizational performance.	**H_2**. Firm capabilities have a significant effect on the relationship between firm-level strategy and performance.	**Model 2** Regression Analysis using hierarchical regression: P =Y= f (Firm-level strategy + Capabilities) **Y_2**=$\beta_{02} +\beta_{12} X_1 + \beta_{22} X_1 * X_2 +\varepsilon_2$ Where: βo = intercept Y_2 = Organizational Performance β_{02},represents beta coefficients for H_2 X_1 represent firm-level strategy X_2 represent Firm Capabilities *$\beta_1 X_2$ represent moderating interaction term of Capabilities. ε is the error term	**F-** Significance and heftiness of the model **R**- Durability of relationship between capabilities and organizational performance. **R^2-** The **e**xtent of variations in performance indicators are explained by firm capabilities. **Beta value** – The effect of independent variable on the dependent variable (Positive or Negative) **t^2- Test** – Indicate the momentous of individual variables. *** Interaction term** – to test the level of moderation. **p-value** to assess the noteworthy of moderation

Table 3.2 Cont'd…

Objectives	Hypothesis	Analytical Model	Interpretation
To explore the effect of organizational culture on the relationship between firm-level strategy and organizational performance.	**H_3**. Organizational culture has a significant effect on the relationship between firm-level strategy and performance.	**Model 3** Regression Analysis by hierarchical regression: P = f(Firm-level strategy+ Organizational Culture) **Y_3** = $\beta o_3+\beta_{13}X_1 + \beta_{33}X_1*X_3 + \varepsilon_3$ Where: βo = intercept Y_3 = Organizational Performance $\beta_{31,}$represents beta coefficients for H_3 X_1 represent firm-level strategy X_3 represent organizational culture * $\beta_1 X_3$ represents interaction term of Organizational Culture ε_3 is the error term.	**F-** Significance and robust of the model. **R**- Strength of linkages among organizational culture and performance. **R^2-** Extent to which variations in organizational performance indicators are explained by organizational culture. **Beta value** – The effect of independent variable on the dependent variable (Positive or Negative) **t^2 - Test** – Indicate the momentous of individual variables. ***Interaction term** – to test level of moderation **p-value** to assess the importance of the moderation
To establish the overall joint effect of firm-level strategy, capabilities and organizational culture on performance.	**H_4** Joint effect of firm-level strategy, capabilities and organizational culture on performance is different from the sum of the independent effect of the variables on performance.	**Model 4** Regression Analysis with hierarchical regression: Y_4= f (Firm-level strategy + Capabilities + Organizational Culture) **Y_4**= $\beta o_4+\beta_{14}X_1+\beta_{44}X_4 + \varepsilon_4$ Where: βo = intercept Y_4 = Organizational Performance β_{04}represents beta coefficients for H_4 X_1 represent firm-level strategy X_2 represents Firm Capabilities X_3 represent organizational culture X_4 represent Joint effect of firm-level strategy, capabilities and organizational culture and taken to be as $X_1X_2X_3$ ε_4 is the error term.	**F-** Significance and robust of overall model. **R**- Intensity of relationship between by joint effect of strategy, capabilities and organizational culture and performance. **R^2-** Extent to which variations in organizational performance indicators are explained by the joint effect of strategy, capabilities and organizational culture**.** **Beta value**– The effect of independent variable on the dependent variable (Positive or Negative). **t^2 -test** – Indicate the momentous of individual variables. ***Interaction term** – to test level of moderation **P-value** assess the importance of the overall model.

Source: Researcher, 2017

The analytical models in Table 3.2 are derived from precise objectives on firm-level strategy, capabilities, culture and performance of FBMC and the corresponding hypotheses to be analyzed. The study has four multivariate regression statistical models. Organizational performance was analyzed as a factor of firm-level strategy, capabilities and organizational culture.

This chapter presented the methodologies assumed in the study. The chapter presented the research philosophy and elaborated on the positivism approach employed by the study. Further, the chapter explained the cross-sectional survey design that this research embraced. The target and sample population were described and pilot tested for consistency. A summary on the operationalization of study variables giving an elaborate illustration on how the concepts were disaggregated for measurement was also presented. All the concepts were operationalized along evidence in literature. This operationalization has been offered in Table 3.1. Table 3.2, shows a summary of objectives, hypotheses and analytical models for the study. The subsequent chapter, Chapter Four, depicts preliminary data analysis and findings.

CHAPTER FOUR
DATA ANALYSIS AND RESULTS

4.1 Introduction

The study set out to determine the influence of firm-level strategy, capabilities, organizational culture on performance of FBMC in Kenya. Four specific objectives and corresponding hypotheses were extracted from the key objective. In tracking down of the broad goal, data was collected from the CEO/MD of food and beverage conversion companies and manipulated using regression analysis.

The chapter is distributed into two main segments. The first segment depicts results of the descriptive analysis of firm-level strategy, capabilities, culture and organizational performance. In addition, the section presents response rate, organizational demographic data, and tests for reliability, validity and aftermaths of tests of linear regression assumptions. The second section provides outcomes of hypotheses testing. The section presents regression results for the secondary and primary effect of firm-level strategy on organizational performance. Applying inferential and descriptive statistical operations, the chapter further presents and interprets the results as an index of the variables under study.

Inferential statistics of t-tests and CV values were applied to inspection of the relationships of organizational culture, firm-level strategy, capabilities, and performance. Mean scores were applied to show the rating and the notch to which the various landscapes of the concepts as manifested across the organizations. The coefficients of variation were calculated to reflect variability in the attributes. Alternatively, results of one sample t-test at test value 3 (the mid-point of the Likert-type scale spectrum was exploited in data collection) and a 95% level of confidence was applied to indicate whether there was or no deviations in performance with introduction of independent variables was statistically substantial.

4.2 Response Rate

A total of 178 FBMC in Kenya were targeted for the study out of which 125 companies completed analyzable questionnaires, translating to a rejoinder rate of 70%. The response rate was considered adequate for analysis. Baruch and Holtom (2008) conducted a survey to study the ideal reply rate for inquiries in a firm and established that a response rate of above 35% is good enough for analysis. Tomaskovic-Devey et al. (1994) argued that any reaction rate of about 15.4% is considered as generating a relatively high response. The study's rejoinder rate of 70% was acceptable as it matches well with parallel studies on firm-level strategy and enterprise performance (Awino, 2011; Magutu, 2013; Murgor, 2014). Magutu (2013) achieved a reaction rate of 75%; Awino (2011) obtained a 65% rejoinder rate; while Murgor (2014) realized a rejoinder rate of 58.7% respectively.

The excellent reaction rate was accomplished with the usage of aggressive and trained research assistants, acquiring a research clearance permit from NACOSTI (Appendix III b); and the introduction letter from the University of Nairobi (Appendix II). The authorization letter from NACOSTI (Appendix III a) was useful in dissipating suspicion by companies about the intentions of the study and encouraged cooperation in the information collection progression. In the study, all subsectors of FBMC in Kenya from cereals and confectionaries, dairy products, meat, fish and poultry, groceries, beverages, water and juices, edible oil, liquor and alcohol and sugar millers were well represented, thus avoiding any chance of bias.

All techniques were done to administer the questionnaires to the targeted organization, but some were not enthusiastic to contribute due to company policies. Others were not committed to return the questionnaires citing time constraints to fill them. The distribution of participation by the target factories in the several sub-sectors is revealed in Table 4.1.

Table 4.1: Response Rate by Subsectors

FBMC	Population	Frequency in Response	Percentage Response
Cereals and Confectionaries	66	42	24
Dairy Products	10	6	3
Meat, Fish and Poultry Products	9	7	4
Fruits and Vegetables	12	8	4.5
Beverages, Water and Juices	52	43	24
Edible Oil	9	7	4
Liquor & Alcohol	9	4	2
Sugar Factories	10	8	4.5
Total	**178**	**125**	**70%**

Source: Research Data (2017)

The results in Table 4.1 indicate that 37% of FBMC in Kenya are in cereals and confectionary business. While 29% are in beverages, water and juices. The factories in the categories of cereals and confectionaries and beverages, water and squashes contributed a total of 68% of the rejoinder rate.

4.3 Respondents' Demographic Profiles

The respondents' profiles asked to signpost the length of service in the firm and experience in the present-day designation. The length of occupation in the firm and position was central because it highlighted the experience level. The capacity to be in such an office was to give institutional memory on the enterprise's undertakings and hence improve the credibility of the responses. The length of engagement for the respondents is shown in Table 4.2.

Table 4.2: Length of Service in the Firm

Length of Service	Frequency	Percentage
Between 1-10 years	23	18.4
Between 11-20 years	71	56.8
Between 21-30 years	22	17.6
Between 31-40 years	9	7.2
Total	**125**	**100.0**

Source: Research Data (2017)

The results in Table 4.2 indicate that bulk of the reactors (56.8%) worked for their organization for about 11 to 20 years. This displays that a sizeable number of the reactors had relevant and sufficient insights on their companies. Given the duration served in the firm and experience, the data composed was deemed to be reliable.

The observed elongated years of working in the food and beverage processing sector could be linked to the technical nature of the manpower and slow industrialization of the economy, hence reducing exits to other competing organizations. The other factor could be the uniqueness of the sectors where specialization is central and mobility to unrelated firms is limited. The study desired to determine the respective respondent's longevity in their recent occupation. Table 4.3 shows the respondent's length of service in the present designation.

Table 4.3: Number of Years in the Current Position

Years	Frequency	Percentage
1- 10 Yrs.	75	60
11- 20 Yrs.	30	24
20 Yrs. and above	20	16
Total	**125**	**100**

Source: Research Data (2017)

The results expose that 60% of the rejoinders had worked for their respective factories in the current position for between 1 to 10 years. Respondents who had worked for 11 to 20 years in the same firm accounted for 24%; whereas about 16% had worked for over 20 years. This is an indication that the companies had a good and experienced workforce. This implied that the data gathered was plausible, reliable and good to scrutinize and test for the envisioned study objectives.

4.4 Company Profiles

The study gathered data on various organizational demographics of the FBMC in Kenya. This was to discover the being of the variables across all FBMC. The demographics considered critical for the study were ownership structure and latitude of operation. FBMC that have been in operation for longer are assumed to have approved preventive control practices and initiated a powerful organizational culture.

Ownership structure was meant to measure the scope to which local and foreign investors have embraced investment in FBM business in the country. Investment in the sector would provide required capital for implementation of firm-level strategies, development of competencies and promotion of a fortified culture. The latitude of operations was to ensure all organizations which operate outside the borders of Kenya were also captured. This is so because the corporate governance structures, along with strategies for multinationals are influenced by policies and practices of the mother countries.

The company profile is an informative scorecard for assessing inherent dynamics such as equity structure and range of operations. Therefore, factory data is useful in understanding capabilities configuration, culture and firm-level strategies adopted by firms. The entity profile data was applied to describe mill size and latitude of processes. Results are delivered in subsections 4.4.1 and 4.4.2.

4.4.1 Ownership Structure

The firms that were inquired manifested different demographic profiles. The firm profile demographics that were considered in the study include firm ownership structure (fully local, foreign or both domestic and alien owned) and the scope of operation National (within Kenya), Regional (within East Africa), Continental (within Africa), and Global. The results for firm proprietorship are tabulated in Table 4.4.

Table 4.4: Ownership Structure

Ownership Structure	Frequency	Percentage
Fully Locally Owned	79	63.2
Both Local and Foreign Owned	27	21.6
Fully Foreign Owned	19	15.2
Total	**125**	**100**

Source: Research Data (2017)

The results in Table 4.4 exhibit that over 63.2% large scale FBMC in Kenya are fully locally owned. 15.2% are foreign owned whereas 21.6% have both domestic and international ownership. The latter results are a good indicator that Kenya's policy framework for the FBM sector provides an enabling environment to attract foreign investment. Subsequently, this development will make the sector vibrant and stir economic transformation in local production.

4.4.2 Scope of Operations

The study aimed at determining the zone of visibility and the outcomes are in Table 4.5.

Table 4.5: Scope of Operation

Scope of Operation	Frequency	Percentage
National (Kenya)	85	68.0
Regional (East Africa)	15	12.0
Continental (Africa)	08	6.4
Global (Africa and beyond)	17	13.6
Total	**125**	**100.0**

Source: Research Data (2017)

From Table 4.5, bulk of the companies (68%) operates nationally (within Kenya), 13.6% had a global presence, 12% operated regionally (within east Africa) and only 6.4% had continental presence (within Africa). This is a positive reflection of the evolution of local industries within the Kenyan market over and above firm's capacity to venture into regional, continental and global markets.

4.5 Reliability Tests

The conceptualization of the constructs was based on review of former studies. The scales were adjusted to suit the context of the contemporary study. Furthermore, the questionnaire was exposed to inspection by experts in social sciences precisely in strategic management at diverse stages of thesis presentation. There are four ways of testing reliability. These include test-retest, split-half, alternate forms and internal consistency. In this recent study, the internal consistency method was adopted by computing the Cronbach's Alpha. The Alpha was calculated to test the intrinsic consistency of the scale items. Results of reliability are provided in Table 4.6.

Table 4.6: Reliability Test

Variable	Number of Items	Cronbach's Alpha	Interpretation
Firm-Level Strategy	2	.71	Reliable
Firm Capabilities	1	.73	Reliable
Organizational Culture	2	.75	Reliable
Organizational Performance	1	.77	Reliable

Source: Research Data (2017)

The results in Table 4.6 Cronbach's scores range between 0.71 and 0.77, demonstrating high reliability for all the variables. This resonated well with Nunnally (1978) who recommends an alpha coefficient of 0.7 as the cut-off point for reliability. This was a higher coefficient compared to Davis (1964) who suggested 0.5 as the minimum reliability coefficient. The study assumed a limit of 0.7 as a pointer to reliable data. Subsequently, the alpha coefficients for the variables were all greater than 0.70, that is, in a range of 0.71 to 0.77. The results controlled the decision that the instruments had an acceptable reliability coefficient and were appropriate for the study.

Organizational performance had the highest reliability coefficient (α = 0.77) followed by organizational culture (α = 0.75). Firm capabilities had a reliability coefficient score of (α = 0.73). Firm-level strategy had a reliability coefficient score of (α = 0.71). The results of reliability coefficient scores compare well with related former studies. For instance, Ibrahim, Suleiman, Kahtani and Abu-Jarad (2012) found a reliability coefficient of 0.69 for the corporate strategy scale. Similarly, Sorooshian et al. (2010) reported a reliability coefficient score of 0.63 for firm strategy, while Magutu (2013) recorded a reliability coefficient of 0.68 for firm capabilities.

The reliability coefficient for organizational performance was relatively lower than that obtained by Murgor (2014) who reported an alpha coefficient of 0.96. Although the reliability coefficient score for firm capabilities was relatively low when compared to other scientists like Nthigah, Iravo, & Kihoro (2014) who achieved a reliability score of 0.76 for competitive intensity, in a similar study Owino (2014) reported an Alpha coefficient of 0.72 for industry competition in large-scale manufacturing firms in Kenya. All the study variables recorded Cronbach's alpha coefficient values of more than 0.7 and hence, were reliable for the study.

4.6 Validity Tests

Three major techniques for validity testing consist of multitrait-multimethod analysis, structural equation modelling and factor analysis. The multitrait-multi-method correlation matrix is used for estimating convergent and discriminant validity. In the study, validity of the instrument was analyzed through factor analysis.

The study addressed concerns for validity by adopting reliable measures from theories and discussing measurement scales with thesis supervisors and subject matter experts at several steps of thesis presentation. Several amendments and enhancements were made on the questionnaire. The researcher ensured the instrument captured the appropriate construct indicators to the realization of a good content validity (Bryman & Bell, 2011). Discriminant and convergent validity were substantiated by factor analysis. Eigen values were utilized to evaluate validity. Concept factors with Eigen ≥ 1 were assumed satisfactory for the analysis.

Finally, the scholar applied customized questions from prior studies to enhance criterion and construct validity. The instrument was shaped by adopting distinguished existing scales from literature (Awino, 2011; Ahmadi, et al., 2012; Murgor, 2014; Kariuki, 2017). This was in convergent with the assertion by Gomez-Haro et al. (2011). The validity of the inquiry key variables was tested by measuring the statistical assumptions on normality tests, multicollinearity tests, test of autocorrelation and test of homogeneity.

4.7 Statistical Assumptions

Countless hypothesis were made about the data received before regression was performed. This is so since when speculation are violated, interpretation and making of inferences cannot be validly reliable (Razali & Wah, 2011). These speculations include normality, multicollinearity, autocorrelation and homogeneity tests. Testing regression analysis assumptions is crucial to avoid over fitting or under fitting of the regression models – a situation that if not checked may result in making Type I or Type II errors.

Additionally, testing for these expectations is useful because it helps in determining the best method of data analysis. The study confirmed the assumptions of regression and ascertained that it was not prone to violation. Statistical techniques of means of regression, t-test analysis and assessment of variance are as per the assumption that the data follows a normal distribution. The statistical errors identified in the analysis were tested by performing diagnostic tests. The scholar carried out the four tests as conversed in the next sections. Results for the tests of regression analysis predications are reported in subsections 4.7.1 to 4.7.4.

4.7.1 Tests of Normality

Statistical techniques petition that the supposition of normality is tested. This is to promote the graphical tests to be performed in connection to the normality of the data and check for skewness and kurtosis coefficients. They aid in approving whether the data follows a normal distribution or not. If the normality is not attained, the regression tests for goodness of fit, and the findings may not depict the true image of the bond amongst the variables. The central limit theorem (CTL) advances that, if the sample data are approximately normal, then the sampling distribution will be normal (Krishnan, 2006). In the study, the normality was done using the Shapiro-Wilk test. The measure is more suitable or the most dominant tool for normality tests (Razali & Wah, 2011). If the results are below 0.05, the data materially deviate from a normal distribution (Krishnan, 2006). Findings for the test of normality are shown in Table 4.7.

Table 4.7: Shapiro-Wilk Test of Normality

Variables	**Shapiro-Wilk**		
	Statistic	Do	Sg
Firm-Level Strategy	.99	1.35	.05
Firm Capabilities	.87	1.28	.13
Organizational Culture	.99	1.36	.07

Source: Research Data (2017)

Table 4.7 presents the Shapiro-Wilk Tests. The results reveal that firm-level strategy, capabilities, culture and performance were normally distributed. The Shapiro -Wilk results were more than 0.05 endorsing that the data was normal. Further, the yield of a normal quantile-quantile (Q-Q) plot in Figure 4.1 indicated that the plots were closer to the 45-degree line, hence the data was normally distributed.

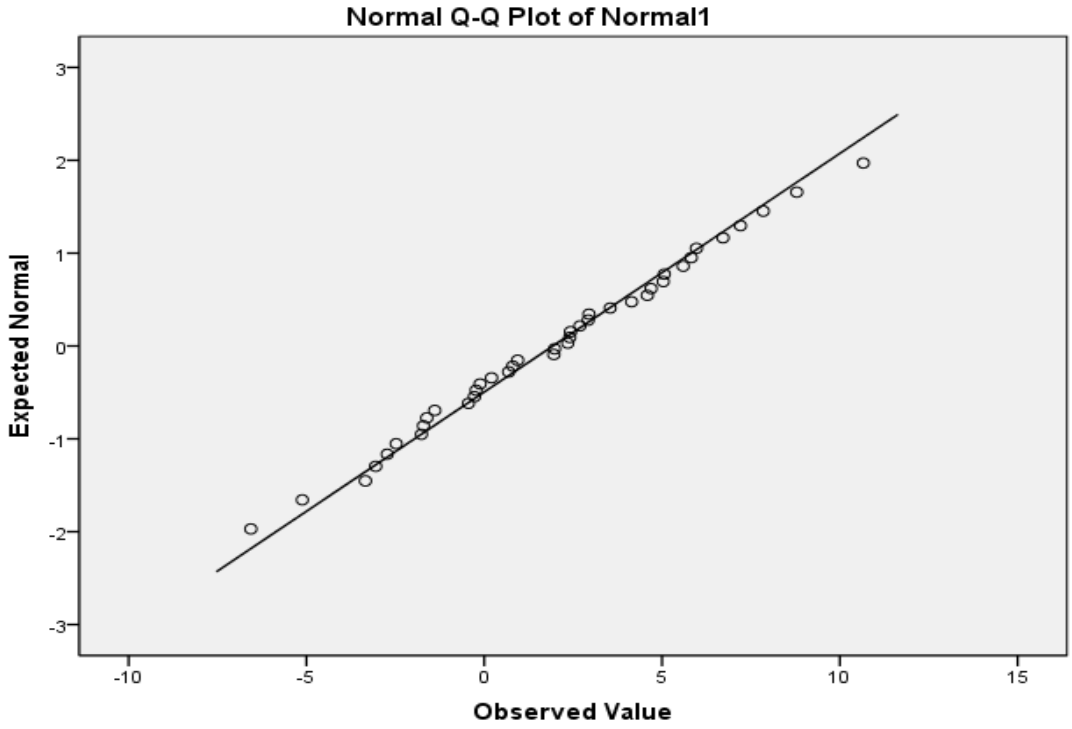

Figure 4.1: Q-Q Plot

Source: Research Data (2017)

Results from Figure 4.1 shows that the rings all lie near the diagonal line; this is a strong signal that the data exhibits a normal distribution. The Q-Q plot is a superb method of determining if the data deviates from other distributions as the interest is only in normal distribution. The data in this Q-Q plot is normally distributed. There's a slight random twist about the line; this does not exclude these data from being normal.

4.7.2 Multicollinearity Test

Multicollinearity is the undesirable condition where the correlation among the autonomous variables is high. It increases the standard errors of the coefficients. The variance inflation factor (VIF) measures how much change the regression coefficient is exaggerated by multicollinearity which misleadingly inflates the standard errors, but tolerance is the amount of difference in independent variable that is not expounded by the other independent variable. The minimum limit score for tolerance is typically 0.10, while VIF value need not to be more than 10 (Keith, 2006). The study used both VIF and tolerance to assess multicollinearity. Table 4.8 provides results of multicollinearity tests.

Table 4.8: Multicollinearity Test

Item	Collinearity Statistics	
	Tolerance	**VIF**
Firm-Level Strategy	0.65	1.25
Firm Capabilities	0.78	1.00
Organizational Culture	0.45	1.01

a. Dependent Variable: Organizational performance

Source: Research Data (2017)

As shown in Table 4.8, all the variables had a variance inflation factor of less than 10 and tolerance more than 0.1; Firm-level strategy (VIF=1.25; Tolerance =0.65), Firm capabilities (VIF=1.00; Tolerance = 0.78) and organizational culture (VIF =1.01; Tolerance = 0.45). This denotes absence of the multicollinearity problem and hence, firm-level strategy, capabilities and organizational culture were suitable to be exploited in the model.

4.7.3 Test of Homogeneity

Heteroscedasticity occurs when the variance of the errors of the dependent variables is not the similar across the data. Heteroscedasticity occurs when there is a difference of the error term (Tabachnick & Fidell, 2007; Field, 2009). It happens when the difference of errors varies at diverse values of the independent variables. Hence, presence of a minor heteroscedasticity has a diminutive effect on important tests (Berry & Feldman, 1985; Tabachnick & Fidell, 2007). When heteroscedasticity is noticed, it could bring a grave misrepresentation of results and extremely weaken the analysis, growing the probability of type 1 error. Heteroscedasticity arises when the residuals are not uniformly distributed around the parallel line. Results on economic performance are represented in Table 4.9.

Table 4.9: Levine Test of Homogeneity

Variable	Levine statistic	df1	df2	sig
Firm-Level Strategy	2.15	10	13	0.15
Firm Capabilities	2.05	10	20	0.07
Organizational Culture	2.27	10	22	0.19

Source: Research Data (2017)

The verdicts in Table 4.9 designated that the p-values > 0.05, hence the distribution is homoscedastic. It follows that, there was no problem of heteroscedasticity. This further confirms that the variance of errors in the observations were constant.

4.7.4 Tests of Autocorrelation

The independence of error terms which designates that opinions are autonomous was evaluated undertaking the Durbin-Watson (DW) test. The DW test crosschecks to warrant that the residuals of the models are not auto-correlated. The independence of the residuals is among the basic presumptions of regression analysis. Its statistic ranges from zero to four. Scores between 1.5 and 2.5 indicate independent observations (Garson, 2012). The grades of the Durbin-Watson tests are presented in Table 4.10.

Table 4.10: Durbin-Watson Test

Variables	Durbin Watson
Firm-Level Strategy	1.89
Firm Capabilities	2.08
Organizational Culture	2.23

Source: Research Data (2017)

As indicated in Table 4.9, the DW statistics were close to the prescribed value of 2.0. Firm-Level Strategy (1.89), Firm Capabilities (2.08) and Organizational Culture (2.23). Hence, it could be argued that there was absence of autocorrelation and the residuals were independent which infers that the variables under the study were self-regulating.

4.8 Firm-Level Strategy

The first objective of the study was to establish the relationship between firm-level strategy and performance. The firm-level strategy construct was captured with twenty-three (23) statements of strategy. The researcher measured the independent variable using business processes outsourcing, internal restructuring, strategic planning, strategic alliance, market development, diversification and product development. First, the study investigated the sway of twenty-three firm-level strategy objects on performance.

The respondents were asked to specify the extent to which their firm manifests these aspects on a 5-point Likert-type scale spectrum. A scale stretching from 1 to 5 as follows was used: 1=strongly disagree; 2= disagree; 3=neutral; 4= agree; 5= strongly agree. The study applied descriptive statistics comprising of mean, coefficient of variation (CV) and standard deviation on all the variables; dependent and independent variables. Figures were also used to elaborate the behavioral and perceptional opinions amid the rejoinders on the manifestation of the statements.

4.8.1 Strategic Planning

Strategic planning is the arrangement of goals, mission or objectives and the main policies and tactics for achieving these purposes. The overall plot for assigning resources is to establish a favorable lay out (Grant, 1996). Long-term forecasting is, therefore, a tool for discovering the prospects for your firm and the best route to reach that target (Berry, 1997). The researcher focused on discovering whether the organizations had developed a strategic plan. The results were captured in Table 4.11.

Table 4.11: Developed Strategic Plan

Developed Strategic Plan	Frequency	Percentage
Yes	120	96
No	5	4
Total	**125**	**100**

Source: Research Data (2017)

The result from Table 4.11 demonstrates that a bulk of the rejoinders (96%) agreed that their firms had developed a strategic plan, while only (4%) were of the opinion that their firms had not developed a strategic direction in the prior five years. These findings conform to the normal practice of most companies whose operations are overseen by a five-year strategic forecast. The findings on resource apportionment are recorded in Table 4.12.

Table 4.12: Resource Allocation

Resource Allocation	Frequency	Percentage
Yes	111	89
No	14	11
Total	**125**	**100**

Source: Research Data (2017)

The research further desired to establish whether the firms had allocated resources for execution of the strategic plan. As offered in Table 4.12, 89 % the respondents agreed that their firms had allocated resources for strategic prediction, while 11% disagreed that their enterprises had allocated funds for enactment of a long-run forecast. The results on amounts allocated for long-term planning are shown in Table 4.13.

Table 4.13: Amount Allocated in Kshs

Amount in Kshs	Frequency	Percentage
100,000-500,000	35	28
500,000-1,000,000	10	8
1,000,000 and above	80	64
Total	**125**	**100.0**

Source: Research Data (2017)

The study in extra aimed to establish the amount in Kenya shillings allocated for this purpose whose results were logged in Table 4.13. The results specified that 28% of the rejoinders were of the opinion that their firm had set aside between 100,000 and 500,000 for preparation of the strategic plan. Contrary, 8% implied that the firm had set aside approximately 500,000 and 1,000,000 shillings, while majority (64%) had set aside 1,000,000 and above for strategy implementation. This signifies how important a strategic blueprint is to an organization.

The study had to ascertain whether the firms renew the plan of novel merchandises through alterations such as in image, shape, packaging and volume without greatly changing their elementary mechanical and functional systems. The results were recorded in Table 4.14.

Table 4.14: Renew the Design of the Current and/or New Products

Product Improvement	Frequency	Percentage
Yes	120	96
No	5	4
Total	**125**	**100**

Source: Research Data (2017)

The results from Table 4.14 show that a mainstream (96%) of companies had renewed the design of their products with disparities in brand image and taste without altering their qualities and characteristics. Nonetheless, only 4% disagreed on this impression. The study established the respondents' outlooks about their five years strategic direction.

The linkages on premeditated forecasts and organization's performance is among the greatest extensively studies issues in the specialty of strategic management. To capture these data, respondents were required to indicate this favorability to their firms on a 5-point Likert-type scale for the past five financial years. The results of dominion of future performance control are clarified in Table 4.15.

Table 4.15: Mean and Standard Deviation Measures of Strategic Planning

Statement	N	Mean	SD	CV in %	t-Value	Sig.(2-tailed)
The firm has intensified product strategy to craft uniqueness through creativity and innovation.	**125**	3.9	1.11	41	1.24	.01
All personnel are aware of the factory's strategy.	**125**	3.87	1.17	11	1.24	.04
The firm has shared and communicated its vision and mission to all employees.	**125**	4.14	0.90	16	1.79	.00
The company's strategy allows the firm to confront competitive forces of potential competitors	**125**	4.03	1.01	18	1.24	.02
There is a decrease of flexible cost components in manufacturing processes, techniques, machinery and software.	**125**	3.93	1.08	19	2.06	.05
There is determining and abolishing non-value addition activities in production processes.	**125**	4.12	1.02	15	1.79	.00
There is decreasing of processing cost in parts and consumables of present products	**125**	3.83	1.06	11	1.24	.00

Source: Research Data (2017)

Table 4.15 illustrates that to a large extent, the mean ranges between 3.83 and 4.14 which revealed that the firms appreciate the prominence of strategic forecasting as a firm-level strategy for performance. The highest (Mean = 4.14, Standard deviation = 0.90) implied that players in FBMC share and communicate their vision and mission to the workers. The companies determine and eliminate non-value addition events in production processes as indicated with a reasonably strong (Mean = 4.12, Standard deviation = 1.02).

The least mean of (Mean = 3.83, Standard deviation = 1.06) was on the statement that there is shrinking trade cost in components and materials of existing products. This implies that budgetary for spare parts and consumables has the uppermost percentage of the production costs. This is due to government enacted legislations on minimum prices for the raw inputs to this industry. Lack of local manufacturers of spare parts also plays a considerable part in the exorbitant processing costs.

The p-values for all the concepts are less than 0.05; the variables statistically measure firm-level strategy substantially. It can, therefore, be deduced that the strategic positioning variable influences organizational performance momentously. The item with the highest CV value of 41% was that the enterprise has concentrated on product strategy to generate exceptionality in creativity and innovation. The item with the least CV value of 11% was on the declining industrial costs in machineries and supplies of prevailing products.

4.8.2 Diversification Strategy

For many years, the culture of FBMC commerce has been that of expansion. Diversification is a typical parting from the existing base of operations to form distinct commercial units with synergies from the capableness and weakness of the existing business. There exist two common categories of diversification strategies; related and unrelated. The reason for broadening is to lower the overall risk of dependence on a single or a few products/services and could be at trade subsidiaries or firm-level (Campbell et al., 1995). The study pursued to establish the reactors' observations about diversification as a corporate strategy on their firm's accomplishments ended in the latest five accounting years. The results on broadening strategy and enterprise performance are described in Table 4.16.

Table 4.16: Mean and Standard Deviation Measures of Diversification Strategy

Statement	N	Mean	SD	CV in %	t-Value	Sig.(2-tailed)
The company uses diversification as a tactic used to lower the overall risk of reliance on one product/service.	**125**	3.94	0.96	12	1.38	.05
There is an increased production quality in milling processes, techniques, automation and software.	**125**	4.38	0.78	14	.44	.02
There is developing of novel products with components and materials completely differing from the present ones.	**125**	2.94	0.89	14	2.61	.02
The firm has presented fresh goods in the marketplace in the last five years.	**125**	3.22	0.68	12	1.76	.03
There is coordination of diverse business operations	**125**	4.84	0.86	14	2.61	.02

Source: Research Data (2017)

On the diversification component of firm-level strategy, the respondents agreed that to a great extent, there is coordination and facilitation of diverse business operations (Mean =4.84; Standard deviation = 0.86), implying that the factories have an effective organogram with clear departmental structures. The item with the subsequent highest mean was on the improved output quality in the conversion processes, techniques and expertise (Mean of 4.38; Standard deviation = 0.78). This demonstrates that majority of FBMC are embracing automation and new technology in their operations. The item with the lowest mean value was on the growth of novel products with components and materials that are absolutely distinct from the present products (Mean of 3.94, Standard deviation of 0.96), implying that the companies practiced related diversification.

Further, all the statements notably measured diversification (p-value<0.05). It can be construed from the responses given that diversification is a key firm-level strategy for enhanced production. The low CV values which range from12% to 14% of all the items display presence of convergence among reactors on application of the diversification strategy for organizational performance.

4.8.3 Business Process Outsourcing

In the current dynamic business environment, firms concentrate intimately on a few core functions. Organizations that practice the sub-contracting strategy enhance competitiveness and achieve upper return on assets with a reduced capital budget. Business positioning can be through variety-based, consistent low-cost, need-based, accessibility or an amalgamation to satisfy the wishes of customers (Lowitt & Grimsley, 2009). The study sought to discover the effect of the business process outsourcing strategy on performance. The results are presented in Table 4.17.

Table 4.17: Mean and Standard Deviation Measures of Business Process Outsourcing

Statement	N	Mean	SD	CV in %	t- Value	Sig. (2-tailed)
There is decreasing of non-fixed cost and/or rising delivery speed in related logistical processes.	**125**	3.95	0.97	13	-.44	.01
The outsourced functions have helped in managing firm's expenditure and enhanced diversification	**125**	4.33	0.77	15	-1.63	.01
There is coordination and facilitation of diverse business operations	**125**	4.84	0.86	15	-.80	.00

Source: Research Data (2017)

The results in Table 4.17 directed that to a large extent, there is coordination and facilitation of diverse business operations (Mean = 4.84; Standard deviation = 0.86); the outsourced services have aided in control firms' expenditure and enhanced diversification (Mean = 4.33; Standard deviation = 0.77), and there is a decline in variable cost and/or improved distribution and logistical processes (Mean = 3.95; Standard deviation = 0.97). This confirms that most companies concentrated on their core business and subcontracted non-core activities. There were statistically notable results for business outsourcing strategy ($P<0.05$). The standard deviation range of 0.7 to 0.9 means incidences of some slight agreement by all the respondents under the study in relation to business process's outsourcing.

The item had a CV value ranging from 13% to 15% which shows a large agreement amid the respondents. The item with the lowest CV value of 13% was that there is shrinking variable cost/and or conveyance promptness in related logistics. This displays that there was consensus amongst reactors that delivery speed reinforced meaningfully to distinctions in firms' operational costs.

4.8.4 Strategic Alliance Strategy

Strategic alliances are contractual partnerships between organizations that enrich skills and expertise. Firms combine capabilities to counter the threats of a much superior or new type of competition. Strategic partnership is a win-win arrangement between companies in a monopolistic market competition. Firms usually agree to share information about markets, new products and access to specific resources to other (Glaisteret al., 2006). The study pursued to determine the impression of strategic alliance on organizational performance. The results are depicted in Table 4.18.

Table 4.18 Mean and Standard Deviation Measures of Strategic Alliance

Statement	N	Mean	SD	CV in %	t-Value	Sig. (2-tailed)
There is a constant appraisal of the venture structure to facilitate strategic alliance and long-term business collaborations.	**125**	3.72	1.22	16	.81	.00
There is determining and eliminating wasteful events in production processes.	**125**	3.95	0.97	72	1.15	.00
There is decreasing of manufacturing cost in components and materials of current product line	**125**	4.33	0.77	20	.32	.00

Source: Research Data (2017)

The results suggest that strategic alliance strategy was noteworthy ($P<0.05$). This denotes that there was agreement by all the companies under study with reference to the strategic networks strategy. All the mean scores were above three (3) across all the descriptive measures which shows there was discrepancies in respondents' collaboration with other companies by means of strategic partnership for symbiotic firm performance. The results disclose survival of minimal strategic groupings among organizations in the FBMC industry. This could be credited to the statistics that Kenya being a developing economy is until now to accept just-in-time business operation models. Likewise, challenges associated with cultural clash could be the object why firms in this sector fear joining partnerships.

The item on the firm's ability to decrease production costs in components and materials of present products had the utmost CV value of 75%. This shows existence of vital variations between reactors on strategic networks as a firm-level strategy in FBMC. The statement that the enterprise has defined and eradicated unworthy functions in production processes to increase firm performance had the lowermost CV of 27%. This indicates absence or no deviations relating to the point on which strategic alignments were manifested to the studied firms. The results also reveal disparity amongst the respondents regarding partnerships as a performance response and that it is rarely practiced by FBMC in Kenya.

4.8.5 Internal Restructuring

Internal restructuring is a firm-level strategy employed by firms for performance improvement. The strategic restructuring process encompasses intrinsic self-assessment to identify the non-core and primary enterprise undertakings that are dire to the business. It is the reorganization of the factory structure with the resolve of emphasizing on enabling operations that are very dire to the firm's strategy to operate at maximum efficiency. Layoff strategies, which are also referred to as defensive strategies, seek to reduce the company's level of activities in terms of its employee asset and operations (Miles & Snow, 1978).

The process involves reorganization of firms' inherent relationships. It includes reassessing jobs and accountabilities so that they can be merged and a new organization structure for the entity is established. Restructuring is necessary to manage the dynamisms in the operating environs and demand for company products and services. It is planned to place management decisions that are highly relevant and reactive to the wants of the customer. The findings of downsizing are depicted in Table 4.19.

Table 4.19: Mean and Standard Deviation Measures of Internal Restructuring

Statement	N	Mean	SD	CV in %	t-Value	Sig.(2-tailed)
The company has reviewed its processes according to the organogram.	**125**	3.94	0.96	13	-.48	.00
There is decrease of flexible cost components in manufacturing processes, techniques, machinery and software.	**125**	3.95	0.97	16	-.34	.00
There is declining current liabilities component in conversion processes, techniques, machinery and software.	**125**	4.33	0.77	13	-2.41	.03
There is determining and removing expense addition actions in production processes.	**125**	4.84	0.86	14	-1.66	.00
There is decreasing of industrial cost in components and materials of current products	**125**	3.94	0.96	12	-1.38	.00
The company has done cost reduction through prudence financial management methods such as redundant employee layoffs.	**125**	3.95	0.97	13	-.44	.03

Source: Research Data (2017)

The mean scores for the statements ranged between 3.94 and 4.84. Majority of the items had an average score of above 3.5. Administration determination and abolition of non-value adding actions in production had the uppermost score with a mean score of 4.84 inferring that to a large extent, respondents' advocate for disposal of obsolete assets. The standard deviations ranged from 0.77 to 0.97 implying a slight agreement between the reactors. All the items had a mean score of more than 3.94 which demonstrates that greatest of the reactors agree, to a great extent, on the impact of retrenchment and lockouts on organizational performance.

The statement with the highest mean was that there is determining and eliminating uneconomical actions in production processes (Mean = 4.84; Standard deviation = 0.86), implying that the enterprises have controlled costs by reduction of non-core activities. The statement with the second highest mean (Mean = 4.33; Standard deviation = 0.77) was on decline in flexible cost mechanisms in invention processes, techniques and software. This demonstrates the benefits of automation and technological advancements. The item with the lowest mean levels were that of decreasing of transformation cost in spare parts and materials of present products (Mean = 3.94; Standard deviation = 0.96) and the factory has reviewed its processes in line with the corporate structure (Mean = 3.94; Standard deviation = 0.96). This displays continual alteration of the organizational mechanisms and facilities based on environmental changes.

The results further show that all the indicators of interior reforms were statistically important ($P<0.05$). It can be construed that restructuring or reorganization is projected to create value to the stakeholders and advance customer care delivery due to more effective and efficient structures to increase enterprise performance. The item on there being a drop in the flexible costs component in manufacturing processes, techniques and software had the uppermost CV value of 16% implying that the firms emphasize on operational efficiency. The statement with the lowest CV value of 12% was that there is a decrease of engineering costs in spare parts and materials of current products. This shows statistically notable differences in performance attributable to a decrease in spare parts and material cost.

4.8.6 Product Development

Product development or growth strategy is where a venture purposes to present innovative products into prevailing markets. Goods modification is a firm-level strategy that encompasses an extensive reform of present products or the erection of new, but related products that can be marketed to existing clientele through conventional media. It grasps the benefit of a positive familiarity with the firm's original involvement. The results of product branding strategy are shown in Table 4.20.

Table 4.20: Mean and Standard Deviation Measures of Product Development

Statement	N	Mean	SD	CV in %	t-Value	Sig. (2-tailed)
The firm develops novelty for present products leading to upgraded ease of use for customers and to improved customer satisfaction	**125**	4.38	0.78	15	-4.39	.00
The firm develops new products with technical specifications and features entirely divergent from the existing ones.	**125**	2.94	0.89	11	-.57	.00
The firm increases engineering quality in components and materials of present products	**125**	4.29	0.68	16	.00	.00
The factory has introduced novel commodities in the market in the past five years.	**125**	2.84	0.85	6	-1.00	.00

Source: Research Data (2017)

Results as shown in Table 4.20, reveal that to a great extent, the firm increases production class in machineries and materials of present commodities (Mean = 4.29; Standard deviation = 0.68) and the firm develops novelty in the present products notable to increase ease of use for clientele and to enhanced customer satisfaction (Mean = 4.38, Standard deviation = 0.78), implying that the factories have endlessly innovated and upgraded their products for customer satisfaction. The items with a moderate extent were that the firm technologically advanced new foodstuffs with specifications and features fully opposite from the present ones (Mean = 2.94; Standard deviation = 0.89) and the firm has announced innovative goods in the marketplace in the last five years (Mean = 2.84; Standard deviation = 0.85). This displays that a bulk of the FBMC specialize in a particular group of products. The ($t = 0.00$; $P < 0.05$) results confirms that all the indicators of product maturity were statistically considerable.

The statement with the highest CV value of 16% was that the firms increase engineering quality in assembly parts and consumables of the present products. There was agreement in respect to the firm's innovativeness in reducing production costs. The item with the lowest CV value of 6% was that the enterprise has launched novel products in the market which hint at variations amongst respondents on product diversification.

4.8.7 Market Development Strategy

The strategy encompasses marketing present products, often with only cosmetic modifications, to consumers in related market areas by adding networks of distribution or by varying the content of publicity or campaign (Miles & Snow, 1978). The results of market development are shown in Table 4.21.

Table 4.21: Mean and Standard Deviation Measures of Market Development

Statement	N	Mean	SD	CV in %	t-Value	Sig.(2-tailed)
The firm has embarked on elaborate promotional activities to escalate market base	**125**	3.72	1.22	24	-47.00	.00
The firm has introduced new commodities in the marketplace in the last five years.	**125**	4.38	0.78	13	.00	.00
The company's strategy allows the firm to confront competitive forces of potential competitors	**125**	2.94	0.89	18	.00	.00

Source: Research Data (2017)

As indicated in Table 4.21, to an excessive proportion, the firm has made accessible novel goods in the market in the former five years (Mean = 4.38; Standard deviation = 0.78), implying that FBMC have embraced innovation and creativity for marketplace advancement. The item on the firm has started aggressive advertisement events in the past five years to upsurge market share has results as (Mean = 3.72; Standard deviation = 1.22). The results indicate that all parameters of marketing strategy were significant at $\alpha = 0.05$.

The statement with the highest CV value of 24% was that the company has rolled ambitious promotional actions to increase the market base. This infers that the marketing function of FBMC sector is remarkable as the firms maneuver in a challenging environment. The item on the entity has made known fresh merchandise in the market in the last five years had the bottom CV value of 13%. This hints that the rate at which FBMC pioneered original commodities in the market is minimal.

4.8.8 Summary of Firm-Level Strategy on Organizational Performance

The aforementioned subsections on firm-level strategy concentrated on the details of each reactor's selection. This subsection centers on the distinct company's strategic choices. The overall firm-level strategy was reached at by capturing the mean scores of the specific aspects of every response. The results of firm-level strategy on performance are shown in Table 4.22.

Table 4.22: Overall Firm-Level Strategy on Organizational Performance

Dimensions	N	Mean	SD	CV in %	t-value	Sig (2-t-value
Strategic Planning	**125**	3.90	1.11	41	1.24	.01
Diversification	**125**	3.87	1.17	16	1.79	.00
Business Outsourcing	**125**	4.14	0.90	19	2.06	.05
Strategic Alliances	**125**	4.03	1.01	11	1.24	.01
Internal Restructuring	**125**	3.93	1.08	15	1.79	.00
Product Development	**125**	3.94	0.96	18	2.06	.00
Market Development	**125**	4.38	0.78	12	2.06	.05

Source: Research Data (2017)

The results specified statistical significance in all measures of firm-level strategy. The highest overall mean was on market development (Mean = 4.38; Standard deviation= 0.78; t value = 2.06; P<0.05), showing that FBMC engage in market development as a strategy to organizational performance. This was followed by business process outsourcing (Mean = 4.14; Standard deviation = 0.90; t value = 2.06; P<0.05), which shows the importance for these companies in centering or focusing on core business. The variable with the least mean was strategic planning (Mean = 3.90; t value = 1.24 P<0.01) which infers little invention of new products for clientele among companies.

Strategic planning had the highest CV value of 41%, while market development had the lowest CV value of 12%. This infers the presence of statistically noteworthy variations or differences with favor to the point at which corporate strategies were manifested in the studied firms. The high variability is an expression of existence of diverse opinion between reactors on strategic alliance, diversification and business outsourcing. However, there was agreement on strategic planning, internal restructuring, market expansion and product branding.

4.9 Firm Capabilities

Firm capabilities are special dynamics in taking strategic decisions for performance improvement (Teece et al., 1997). Earlier to testing this connection, the scholar tried to confirm the indexes of some capabilities (by means of one sample t-tests). Capabilities that were selected includes research and development, information technology, human resource, manufacturing automation and marketing. The respondents reacted on the magnitude to which their companies exhibited these aspects on a 5-point Likert-type scale. The scale ranged from 1 (not at all) to 5 (to a very large extent).

4.9.1 Human Capital Capabilities

Human capital is crucial to the firm's competitiveness because if an enterprise can effectively utilize its workforce builds a long run absolute advantage. The scholar sought to realize whether the organizations had qualified personnel. The inherently developed human resource crafts a tacit knowledge to complete a task and, thus, form imitation barriers to competitors. This argument is instituted on personal organization fit, manifesting that personnel talent and proficiency is a feature not purely of a person, but also a context (Delamare & Winterton, 2005). Employee asset manifests in sufficiency and usefulness of staffing proficiencies, clear assigning of responsibility for the various tasks and adequate skilled manpower with professional qualifications. The results were depicted in Table 4.23.

Table 4.23: Qualified Personnel

Qualified Employees	Frequency	Percentage
Yes	109	87
No	16	13
Total	**125**	**100**

Source: Research Data (2017)

The results in Table 4.23 shows that 87% of the rejoinders agreed while 13% disagreed that the factory had qualified personnel. The results show the importance the executive has placed on hiring qualified staff. In studying personnel capital capabilities, the study scanned the demographic developments, systems of education and the accessibility of skilled manpower, the durability of trade union, labor mobility, and perfect competition between firms for talented manpower. The results of staffing powers were shown in Table 4.24.

Table 4.24: Mean and Standard Deviation Measures of Human Capital

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
There has been sufficient human resource with relevant talents to perform all tasks.	**125**	3.97	1.22	25	-1.07	.00
The skills and aptitudes controlled by the firm have been pertinent and applicable for the tasks assigned.	**125**	4.08	1.11	13	-1.00	.00
There has been clear assigning and communication of responsibility to firm's personnel.	**125**	3.87	0.96	16	-.81	.00
The firm has adequate qualified staff with relevant skills for assigned jobs.	**125**	4.23	0.96	24	-47.00	.00
The company has staff with professional qualifications.	**125**	3.94	1.03	13	.00	.00
The firm's structure has allowed flexibility in its business systems.	**125**	4.08	1.11	18	.00	.00
There is a decent culture that inspires team spirit and collective responsibility.	**125**	3.84	0.94	25	-1.07	.00
The company has always reviewed reward structure without incurring losses.	**125**	3.49	1.00	24	-1.00	.00

Source: Research Data (2017)

The item that the factory has adequate qualified employees with relevant skills had (Mean = 4.23; Standard deviation = 0.96) affirms the response of 87% that the firms has qualified personnel. The responses were all statistically important ($P<0.05$). This implies that employee asset capabilities was weighty to organizational performance. All the mean scores were above three (3) diagonally all the descriptive statements which shows there was variation in utilization of human talent capableness for firm's victory.

The statement that the enterprise has adequate personnel resource with relevant talent to perform all responsibilities and a good culture that cheers team spirit and collective responsibility scored the highest CV value of 25% while the item that expertise and competences of factory's human capital have been relevant and treasure for the tasks assigned scored the lowest CV value of 13%. This confirms lack of statistical substantial deviations between respondents in respect to human assets effect on performance of the studies firms.

4.9.2 Marketing Capabilities

A marketing capability as a resource is a practice that can expedite a firm to utilize its inadequate possessions on the utmost opportunities to grow sales and realize a maintainable competitive edge. Market promotional activities by firm are initiatives connected with catching prospective buyers to purchase the product, including passage choice, promotion, valuing among others (Ansoff & MacDonnell, 1990). Findings on development of distribution networks devoid of shifts in the logistical processes on transportation of the goods were numbered in Table 4.25.

Table 4.25: Distribution Channel

Distribution Channel	Frequency	Percentage
Yes	104	83
No	21	17
Total	**125**	**100**

Source: Research Data (2017)

Table 4.25 showed that 83% of the reactors confirmed existence of elaborate distribution networks in FBMC in Kenya. This indicate that the customers are sparsely geographically located. The determination of an enterprise's capacity on research and development and diversification is measured using its aptitude to divulge new commodities. The results on new-fangled merchandises market regularity were depicted in Table 4.26.

Table 4.26: Ability to Introduce New Products

Introduction of New Products	Frequency	Percentage
Yes	119	95
No	6	5
Total	**125**	**100**

Source: Research Data (2017)

The factory has not been capable of sufficiently announce new merchandises and services in the marketplace before competitors as indicated by 95% of the respondents. The high score affirms the verdicts on the novel merchandises creation which scored a mean of 2.94, that is, that the factory develops new product with mechanical functionalities and exclusively different from the existing products (Table 4.20).

In studying market capabilities, the study pays devotion to the marketing practices, hired marketing professionals, budgetary allocations for marketing functions, industry knowledge, promotional activities and pioneering of new goods while preserving existing customers. The results on marketing intensity are accessible in Table 4.27.

Table 4.27: Mean and Standard Deviation Measures of Marketing Capabilities

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
The factory has been doing marketing relentlessly for the last five years.	**125**	3.94	1.14	15	-4.35	.00
The firm has hired professional marketers for marking activities	**125**	3.79	1.12	11	-.54	.00
The company has allocated enough budgetary provisions for its marketing activities.	**125**	3.48	1.28	16	.00	.00
The firm has developed scheduled promotional timetables for advertising activities.	**125**	3.45	0.95	05	-1.00	.00
The enterprise holds superior and cherished knowledge of the industry.	**125**	3.94	1.14	11	.55	.00
The venture has been capable of retaining its market while offering unique products through promotion and adverts.	**125**	3.08	0.96	14	-4.29	.00
The enterprise has engaged combative publicity and product leadership strategies like brand equity.	**125**	3.94	1.14	11	-.47	.00
The firm has commenced new channels of distribution in the last five years.	**125**	3.79	1.12	16	.00	.00

Source: Research Data (2017)

The results show that there were statistically essential transformation in most of the factories with marketing capabilities ($P<0.05$). This shows non-existence of statistically important modifications in respect to the level to which promotion intensity manifest in the studied firms. The results indicate there was much agreement amid reactors because variations existed with very low t-values. There was agreement as regards entry of new conduits of distribution.

The average scores ranged from 3.08 to 3.94, implying neutral consensus amid the rejoinders on marketing capabilities. The highest mean scores were on the element that the factories have been exploiting advertising activities relentlessly for the latter five years, firms possess superior and valuable intelligence information of the industry and firms have pursued aggressive promotion and product supremacy strategies like brand equity (Mean = 3.94; Standard deviation = 1.14). This shows that the companies have qualified human capital. The lowest item was on factories have been capable of preserving their market while submitting new products with promotions and adverts that show the competitive environment of FBMC. All the mean scores were above three (3) across all the descriptive statements which shows there was disparities in respondents' market powers.

The standard deviation ranges from 0.95 to 1.14 which shows slight differences between the reactors on the consequences of market competencies on organizational performance. The item on the factory has allocated enough funds for its advertising events in the last five years had the uppermost CV value of 16%. The statement on the enterprise has developed scheduled promotional timetables for selling activities had the bottommost CV of 5%. The results designate that a marketing strategy is the most active definer of how entities successfully engage customers, prospects, and challengers in the market.

4.9.3 Manufacturing Automation

Manufacturing and automation capabilities are the productivity and usefulness in operations – value-creating activities of a factory that transform the inputs into complete products. Firms with technologically advanced systems will register higher performance than those with outdated machines. Automation capability is the propensity of an enterprise to adopt the usage of new technology. A sizeable quantity of FBMC recondition industrial technology as divergent to undertaking a complete overhaul of the old technology. New production technology though expensive to acquire, is more efficient and pays off in the long-term. The results on manufacturing automation capableness are offered in Table 4.28.

Table 4.28: Mean and Standard Deviation Measures of Manufacturing Automation

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
The firm has practiced good operational achievements by improving other business processes through automation.	**125**	2.97	1.57	14	-1.38	.00
The firm has possessed adequate monetary and non-monetary resources to undertake its activities.	**125**	2.00	0.72	15	-.44	.01
The firm has practiced good operational triumphs by improving other business processes through automation.	**125**	3.36	0.95	13	-2.61	.020
The factory has had efficient and seamless processes of cost reduction in its operations.	**125**	3.30	1.14	13	-1.86	.00
The company has operated in an efficient way in its resource utilization and management.	**125**	3.55	1.17	14	-1.38	.00
The firm has appropriately allocated resources for the intended purposes.	**125**	4.07	1.03	15	-.44	.01

Source: Research Data (2017)

The results endorse the notion that there were statistically meaningful variations on effect of manufacturing automation capabilities ($P<0.05$). This shows presence of statistically noteworthy changes or differences relative to the degree to which the industrial automation strengths manifest to the studied firms. The results direct that there was no much convergence amongst rejoinders because differences existed with average t-values. The highest mean score was on the statement that the firm has suitably allocated resources for the planned purpose (Mean=4.07; Standard deviation 1.03). This indicates that FBMC assign sufficient funds in their budgets for process automation. The item on the company possesses adequate financial and non-financial assets to perform its activities had the lowest mean score of (Mean = 2.0; Standard deviation = 0.72) which affirms the challenges the firms have in securing long-term finances.

The statement on the factory has appropriately assign resources for the intended manufacturing and automation had the highest CV value of 15%. The item firms had practiced good operational achievements by improving other trade processes through automation had the bottom CV of 13%. There was agreement with reference to practice of good operational successes by refining other business processes in automation, possession of adequate financial and non-financial resources to undertake its actions, operation in an efficient way in its assets exploitation and control and aptly distribution of resources for the anticipated purposes.

4.9.4 Research and Development

Research and development capabilities is a very crucial competency to any company. For it to sustain its production, it must have the aptitude to discover and create new products, and improve existing products, processes and service. The use of that capability or knowledge creates new and enriched products, systems and services that fill market needs. Research and development can be noticed as a mode by which trades can experience future development by growing new products or systems that advance and increase their operations and market. The outcomes of research work strengths are shown in Table 4.29.

Table 4.29: Mean and Standard Deviation Measures of Research and Development

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
There has been a clear process of development of firm capabilities.	**125**	3.72	1.22	13	-1.76	.00
The firm has started new channels of distribution in the last five years.	**125**	3.48	0.86	15	-.44	.01
The firm's structure has allowed flexibility in its business systems.	**125**	3.18	1.17	13	-2.61	.02
The enterprise has stirred innovation and creativity through research and development.	**125**	4.03	0.84	14	-1.38	.01
The firm has constantly been engaging in research to enhance product development.	**125**	4.08	1.01	15	-.44	.00
The firm has been inventing new products for the latest five years	**125**	4.30	2.09	12	-2.61	.00

Source: Research Data (2017)

The results specify that there were statistically critical amendments due to research and development experiences ($P<0.05$). This shows the being of not much agreement on the research expertise amongst respondents. The highest scores were on item that the factory has been inventing new products with (Mean = 4.30; Standard deviation = 2.01) and the statement that the company has stirred innovation through research and development (Mean = 4.03; Standard deviation 0.84) confirms that research and development takes place in FBMC.

All the mean scores were above three (3) across all the descriptive statements which shows there was variation in appreciation of research and development as a factor of organizational performance. There was agreement by the studied firms on the need to increase invention and ingenuity through research and development. This can be accredited to the proficient use of resources and reduction of costs by the firms if they were to undertake their independent research and development.

The statement that firm have been inventing in new products for the preceding five years had a standard deviation score of 2.09 which implied a serious disagreement among the respondents on product innovation. The item that the firm constant engagement in research to enhance product growth had the highest CV value of 15%. The statement that the enterprise has been inventing new products had the lowermost CV of 12%. These results depict that firms should exploit existing capabilities, adopt new firm competences and operations efficiently, research and innovate with the tenacity of differentiating from other firms. Good efficiencies in any process result in reduced wastages and hence, better organizational performance.

4.9.5 Information Technology

Information technology (IT) capability could be mentioned as the routine of assimilating information systems to realize the organization's strategic goals. IT capability is the firm's capacity to marshal and install computer assets pooled with other expertise (Bharadwaj, 2000). It follows that IT helps in making well-versed decisions because it provides accurate and up-to-date information and performance of analytical synergies. The results on internet solutions capabilities are presented in Table 4.30.

Table 4.30: Mean and Standard Deviation Measures of Information Technology

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
The enterprise has upgraded its critical technologies to enable continued market leadership.	**125**	3.9	1.11	15	-.44	.00
The firm has invested and operates on the most modern manufacturing know-how in carrying out its operations.	**125**	3.87	1.17	15	-1.73	.00
The factory has embraced use of new digital resources in its operations.	**125**	4.14	0.90	16	-.81	.00

Source: Research Data (2017)

The results expose manifestations of a statistically significant effect of information technology abilities ($P<0.05$). All the mean scores were more than three (3) across all the descriptive statements which shows there was disparities in adoption of information communication technology for performance efficiency. This indicates that firms embraced improvement of their critical technologies to enable continued market control with low variations (CV= 15%) and was statistically considerable. The results also indicated that distinctions existed with very high t-values. Advanced information technologies are aspects of productive systems. The results direct that the firms had embraced investment and operation under the most advanced digital mechanization in running activities in large-scale FBMC.

4.9.6 Summary of Firm Capabilities

The earlier sections on capabilities hooked on the specifics of each resource. Competencies were measured in terms of manufacturing automation, human capital, research and development, marketing and information technology. Firm strong point was attained through considering the mean scores of the specific aspects of every factors. The results on capabilities are presented in Table 4.31.

Table 4.31: Overall Effect of Firm Capabilities

Factors	N	Mean	SD	CV in %	t-value	Sig (2-t-value)
Human Capital	**125**	3.94	1.04	19	-4.39	.00
Marketing	**125**	3.68	1.12	12	-.57	.00
Manufacturing & Automation	**125**	3.21	1.10	14	.00	.00
Research & Development	**125**	3.80	1.20	14	-1.00	.00
Information Technology	**125**	3.97	106	15	.57	.00

Source: Research Data (2017)

The results specified that all the factors of firm capability were statistically important. The indicator of internet solutions had the highest t-value of ($t=0.57$; $P<0.05$). All the mean scores were above three (3) across all the descriptive statements which shows there was deviations. The firm's aptitude of human capital had the highest CV value of 19%, was statistically critical and the item reported the highest variation in capabilities. This demonstrates the importance FBMC place on employee talent as a cause of firm-level strategy and performance.

Marketing had the lowest CV of 12% and was not statistically considerable. This shows occurrence of substantial statistical disparities or differences on the scope to which capabilities were manifested to the investigated firms. All the mean scores for factors of competencies were above three (3) across all the descriptive statements which shows there was discrepancies in utilization of capabilities for improved enterprise performance.

4.10 Organizational Culture

Organizational culture that were considered for the study were market, clan, adhocracy and hierarchy. The variable was critical because according to Barney (1991), internal environment is a good factor that cheers team spirit and working relationships among employees and, hence, group performance. The reactors were probed to specify the extent the company manifests these aspects of culture on a Likert-type scale.

4.10.1 Hierarchy Culture

The statements on manifestations of the hierarchy culture absorbed the specifics of every reactor's choice. Culture is resultant from an organization's leadership. Culture is set at the top and perceived at the bottom. As advancing technology permits more people to communicate and as baby boomers retire and millennia's advance, culture will play a strategic role in talent management, employment and maintenance (Barry et al., 2012). The results on hierarchy culture are depicted in Table 4.32.

Table 4.32: Mean and Standard Deviation Measures of Hierarchy Culture

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
The firm has advanced a mission statement that is comprehensible to all stakeholders'	**125**	4.03	1.01	15	-.44	.00
The factory has established both short-range and long-range objectives	**125**	3.93	1.08	15	-1.73	.00
Employees have admission to timely and correct information about what's really happening in the organization.	**125**	3.94	0.96	16	-.81	.00
The company has an open-door communication policy between the strategic team and other levels.	**125**	4.38	0.78	17	-1.15	.00
The enterprise communicates the global goals and vision for growth.	**125**	2.94	0.89	20	-.32	.00
The factory has defined set of value statements	**125**	4.29	0.68	15	-.44	.02
The firm has had a low labor exits for the former five years	**125**	3.94	0.89	15	-1.73	.01
Human capital is elastic and adaptable when changes are required	**125**	3.93	0.78	16	-.81	.02

Source: Research Data (2017)

The results signpost that there were statistically momentous distinctive performance in firms with culture of strategies and processes ($P<0.05$). This point towards the disparities with relative to the notch to which the hierarchy culture manifest to the studied firms was insignificant. The highest item with mean score (Mean= 4.29; Standard deviation = 0.68) was that the factory has an open-door communication policy between the executive and other levels. This demonstrates the good employer/employee industrial affiliations that exists among FBMC. The statement with the lowest mean score (Mean = 2.94; Standard deviation = 0.89) was that the enterprise transfers the general goals and vision to its workforce for progress of the firm. This shows that management of FBMC do not involve their subordinates in the strategic formulation process of their respective companies.

The results signpost there was much convergence because variations existed with very low t-values. The statement that the factory communicates the overall objectives and mission for growth of the enterprise had the highest CV value of 20%, while the statements that the factory has a mission statement that is explicable by all stakeholders and the entity has a well-defined group of value statements had the bottommost CV of 15%. The low CV's values that ranges from 15% to 20% indicated agreement amid reactors on the prerequisite for systems and infrastructure that work for higher organizational performance.

4.10.2 Clan Culture

The statements on clan culture dedicated on the particulars of each rejoinder's choice. Culture is manifested through team work and belonging. The verdicts on clan culture are depicted in Table 4.33.

Table 4.33: Mean and Standard Deviation Measures of Clan Culture

Statement	N	Mean	SD	CV in %	t-value	Sig(2-tailed)
Employees have a clear idea of why and how to proceed throughout the reengineering process.	**125**	4.33	0.23	24	-47.0	.00
Human Resource believe in having power to influence or affect their workplace through their ideas and involvement.	**125**	3.98	0.29	13	.00	.00
Employees trust that their concerns and fears during periods of revolution are heard and taken into considerations.	**125**	2.23	1.02	18	.00	.00
The factory has staffs who participate in defining specific goals	**125**	4.34	0.22	25	-1.07	.30
Personnel in the enterprise are appraised and remunerated according to their output.	**125**	4.33	0.23	13	-1.00	.33
The company personnel know their performance targets and comprehend its bearing on other people, teams, and departments.	**125**	4.22	0.19	16	-.81	.43
The factory personnel have faith in in working together collaboratively, opting for alignment over competition.	**125**	4.11	0.72	16	-.81	.43
Executives at all levels work collectively as a team to realize results for the company.	**125**	3.25	0.87	24	-47.0	.00
The firm strategies and policies help employees to grant the service to our consumers and clients want and need.	**125**	4.34	0.22	13	.00	.00
The company value's employees and take advantage of one another's unique strengths and diverse talents.	**125**	4.11	0.72	18	.00	.00
Human Capital sometimes overlook company systems and plans to reach operational goals.	**125**	3.25	0.87	25	-1.07	.20

Source: Research Data (2017)

The results disclose existence of a statistically meaningful deviations in respondents on clan culture ($P<0.05$). This indicates that differences connected to the range to which the clan culture manifests in FBMC was insignificant. The statement that the factory has empowered workers who participate in defining specific goals had the peak mean score (Mean= 4.34; Standard deviation = 0.22). This demonstrates the involvement of middle and senior executives in strategic prediction for the firms. The deepest mean score (Mean = 2. 38; Standard deviation = 2.23) was that personnel have faith that their distresses and nervousness in the path of retrenchment are received and taken into account. This affirms the highest mean score of 4.61 on internal restructuring as a prominent firm-level strategy for organizational performance.

The results designate there was much consensus because variations existed with very minimal t-values. The statements that the factory has personnel who participate in defining specific goals and that employees occasionally compromise enterprise plans and guidelines to reach operational goals had the uppermost CV value of 25%, while the statements that the factory workers trust that they are capable of stimulating or improving their workplace through their innovation and involvement and firm edifices and arrangements help workers to afford services to clientele had the bottommost CV of 13%. This denotes that FBMC embrace consultative and democratic leadership styles in running of their business.

4.10.3 Market Culture

The statements on market culture engrossed on the essentials of each rejoinder's selection. Culture is manifested through sale promotion and competition. The results on market culture are presented in Table 4.34.

Table 4.34: Mean and Standard Deviation Measures of Market Culture

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
The firm reintroduces product promotion techniques employed for the promotion of the present and/or new products.	**125**	4.23	0.13	15	-.43	.01
The factory has been continuously implementing recommendations of customer satisfaction surveys.	**125**	3.18	0.39	15	-1.73	.00
The company has a good after sale services	**125**	2.24	1.12	16	-.81	.00
The enterprise re-inaugurates product pricing techniques employed for the pricing of the present and/or innovative products.	**125**	4.25	0.23	17	-1.15	.01
The factory constantly reviews the organogram to promote coordination between different departments.	**125**	4.34	0.12	20	-.33	.00
The firm renews general marketing activities	**125**	4.23	0.17	15	-.44	.01

Source: Research Data (2017)

The results conceals that distinctions in utmost of the descriptive and inferential dimensions of market culture ($P<0.05$) were statistically momentous. This demonstrates lack of weighty variations in respect to the point to which the marketing culture is exhibited in the studied firms. The results signpost that there was much convergence between rejoinders because variations existed with very low t-values, except the item that the company had a good after sale services (Mean = 2.24; Standard deviation = 1.12). This explains the unsaturated market of consumable products that FBMC are involved in processing. All the mean scores are above three (3) across the descriptive statements which shows there was variation in market culture.

The results show low standard deviation implying a close agreement among respondents on promotion culture as a driver of performance in FBMC. The statement that the firm constantly reviews the organogram to facilitate synchronization between different functions such as selling and technical had the highest CV value of 20%. The statements that the factory reintroduces the product promotion methods engaged for advancement of the contemporary and/or innovative foodstuffs and the enterprise renews broader marketing supervision actions had the lowermost CV of 15%. The low CV values that range from 15% to 20% indicate consensus amongst reactors on the solicitation of marketing culture for organizational improvement in FBMC.

4.10.4 Adhocracy Culture

The statements on adhocracy culture absorbed on the information of each response. Culture is manifested through policies and procedures. The results on adhocracy culture are depicted in Table 4.35.

Table 4.35: Mean and Standard Deviation Measures of Adhocracy Culture

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
The enterprise employees understand its value statements.	**125**	4.25	.87	10	-.44	.00
The company human resource has a high level of team work	**125**	4.05	.54	16	-.81	.00
The factory personnel have high levels of professionalism and guarantee of excellent work ethics.	**125**	3.99	.46	15	-1.14	.00
The company public perception, goodwill and reputation have been on the rise for the most recent five years.	**125**	3.49	.82	12	-.33	.01
The factory enjoys a respectable market stake in contrast to its competitors.	**125**	4.25	.45	15	-.44	.00
The organization has a strong and stable history of good work ethics	**125**	4.12	.65	14	-.81	.00
The firm has a solid and steady past of quality products	**125**	3.49	.82	10	-1.14	.00

Source: Research Data (2017)

The mean scores ranged from 3.49 to 4.25 implying a large extent consensus amongst rejoinders on the adhocracy culture. The highest mean scores were on the item the factory human resource understands its value statement (Mean = 4.25; Standard deviation = 0.87) and the item that the company enjoys a good market share compared to competitors (Mean = 4.25; Standard deviation = 0.45) which imply that firms insist on a culture of strategic forecasting so as to operate in the competitive environment of FBMC. The lowest mean was on the statement that the firm has a strong and stable history of quality products (Mean = 3.49; Standard deviation = 0.82). This affirms the continuous innovations undertaken by the companies.

The results signpost that the adhocracy culture (P<0.05) was statistically weighty. This shows absence of variations in connection with the range to which the hierarchy culture manifest to the studied firms. All the mean scores were above three (3) across all the descriptive statements which shows there was variation on the adhocracy culture among firms. The results direct that there was much agreement because variations existed with very low t-values. The statement that the company staff has high levels of teamwork had the highest CV value of 16%, while the statement that the entity has a strong and stable history of quality products had the bottommost CV of 10%. The results show the necessity for continuous innovation and creativity among FBMC to endure competition in the existing dynamic environment.

4.10.5 Summary of Organizational Culture

The previous subsections on corporate culture concentrated on the specifics of every respondent's choice. Culture could follow either hierarchy, adhocracy, market, clan, or a combination of this dimensions. The overall culture was reached at by taking the mean scores of the specific aspects of separate response. The results on enterprise culture are presented in Table 4.36.

Table 4.36: Overall Effect of Organizational Culture

Dimension	N	Mean	SD	CV in %	t-value	Sig (2-t-value
Hierarchy	**125**	3.92	.88	16	-1.38	.00
Clan	**125**	3.86	.51	19	-.44	.00
Market	**125**	3.75	.36	17	-2.61	.02
Adhocracy	**125**	3.95	.66	13	-1.86	.00

Source: Research Data (2017)

The overall results across firms indicated statistical prominence with admiration to culture dimensions on organizational performance (high t-values; $P<0.05$). All the mean scores were above three (3) across all the descriptive statements which shows there was variation. The results on perception of culture shows that companies did not automatically improve their culture so as to attain their objectives and improve in performance. The highest mean score was on adhocracy (Mean = 3.95; Standard deviation =0.66), which shows that the sector adheres to the systems and structure in governance of their companies.

The highest CV value of 19% was ascribed to clan culture. The dimension with the lowest CV value 13% was that of adhocracy culture. This is an expression of low variations and there was no agreement by the firms with regard to financial success. The dimensions of culture are critical to organizational performance and provide mechanisms for institutional amendment. The study captured the essential cultural differences from the selected firms' respondents through census and analysis. The comprehensive measurement is essential in understanding firms' strengths and weakness, and developing the positive culture required for driving the behaviors needed to support the firm-level strategy for higher performance.

4.11Organizational Performance

Organizational performance is referred to as competency and proficiency in the deployment of resources to achieve desired objectives. Firm productivity is the quantum of how successfully firms accomplish their assignments whereas efficiency is the cost per unit of output. There are countless assessors of enterprise performance that have been recognized for both short-run and long-run objectives. Kaplan and Norton (1992) developed BSC to appraise performance from a different perspectives namely financial, internal factory processes, customer delight and training and growth. The study embraced the programme to record scores for evaluation of organizational performance. For each of these non-financial indicators, respondents were offered descriptive statements on a 5-pointLikert-type scale and were required to specify the degree to which their firms described their success in the former five years.

4.11.1Financial Performance

Monetary performance is the definite output of an enterprise as computed against its envisioned outputs. Financial performance measure is a replication of the shareholders' value of their investment in an organization. Different financial criteria are applied in presenting the relative profitability of organizations (Harrington, 2001). These include return on investment (ROI), return on assets (ROA), customer focus, internal business processes and learning and development. The results for the respective performance indicator are depicted in the subsequent subsections. The discoveries of financial performance are shown in Table 4.37.

Table 4.37: Mean and Standard Deviation Measures of Financial Performance

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
The firm's sales revenue has increased.	**125**	4.35	.64	14	-.43	.00
The firm's profits have increased.	**125**	3.84	.22	15	-1.73	.01
The firm's investment and growth have increased.	**125**	3.73	.52	16	-.81	.00
The firm's sales revenue has improved due to repeat sales.	**125**	4.17	.24	15	-1.14	.00
The firm has achieved good returns by improving its asset utilization	**125**	4.23	.46	20	-.33	.00
The factory uses cost control schemes in monitoring performance.	**125**	4.20	.54	15	-.44	.01

Source: Research Data (2017)

The results indicated statistical significance across firms on financial indicators of corporate performance (high t-values; $P<0.05$). All the mean scores were above 3 (Lowest Mean = 3.73) across all the descriptive items which shows there was variation. The highest mean score was on the statement that firms' sales income has enlarged (Mean = 4.35; Standard deviation = 0.64). This implies an increase in product and marketing development. The item with the lowest mean score was on the item that firm investment and blossom have increased (Mean = 3.73; Standard deviation = 0.52) - an attestation to relative growth as a result of stiff competition.

The highest CV value of 20% was attributed to the statement that the firms have achieved good returns by improving its asset utilization. The item with the lowest CV value of 14% was that the firm's sales revenue has increased. This is an expression of low variations amid respondents on all the parameters of financial performance.

4.11.2 Internal Business Process

Internal business processes, as a gauge of organizational performance, empowers the enterprise to attain the anticipations of clientele and shareholders in the market. The measure is a mirror image of the venture's core abilities and ingredients of operational superiority. Interior business processes and their effective execution is tested through productivity, product cycle time, standards regulation and costing among others and describes the amount that it has been upgraded over time. The results on industry method reengineering are depicted in Table 4.38.

Table 4.38: Mean and Standard Deviation Measures of Internal Business Process

Statement	N	Mean	SD	CV in %	t-value	Sig (2-tailed)
The factory's operational efficiency has improved as a result of business process re-engineering.	**125**	4.35	.69	17	-.44	.00
The firm has improved its critical interior practices to endure marketplace leadership.	**125**	3.98	.32	17	-1.73	.02
The factory always produces a production schedule for all its products.	**125**	3.97	.40	16	-.8	.01
The firm has multiplied market quota through quality improvement.	**125**	3.86	.32	17	-1.145	.01
The enterprise has introduced new products.	**125**	3.55	.37	20	-.324	.01
The firm's market portion has been improving.	**125**	4.21	.54	15	-.436	.01

Source: Research Data (2017)

Results in Table 4.38 reveal presence of notable dissimilarities across firms with reference to internal business performance (high t-values; $P<0.05$). All the mean scores were above three (3) across all the descriptive statements. The highest mean value was on the item that firms' operational efficiency has improved as a result of business process reengineering (Mean = 4.35; Standard deviation = 0.69). This denotes that the absolute advantage of FBMC is acquired through systems reengineering. The lowest mean value was on the items that firms have introduced creative products. This ratifies the low score on product creation with new technologies in Table 4.20.

The highest CV value of 20% was ascribed to the statement that the factory has implement innovative products. The items with the lowermost CV value of 15% was that the firm's market proportion has been improving. This entails that there were no statistically substantial divergences among firms on operational efficiency, market split improvement and increased selling activities. This demonstrates that firms had the same view on how the firms embraced internal processes and that firm's focus on their interior practices to mend on quality.

4.11.3 Customer Focus

A customer focus perspective naturally adds processes linked to acceptable defect levels, on-time supply and warranty period that originate from straight consumer effort and are associated to a definite undertakings. It is from customer focus perspectives that the factory realizes a competitive advantage. The results on customer focus perspective are accessible in Table 4.39.

Table 4.39: Mean and Standard Deviation Measures of Customer Focus

Statement	N	Mean	SD	CV in %	t-value	Sig(2-tailed)
The firm has ventured new markets	**125**	4.21	.67	24	-47.00	0.00
The enterprise has created value for its clientele through quality goods and services.	**125**	4.65	.65	13	.00	0.00
The firm's Products/Service quality has improved.	**125**	4.36	.57	18	.00	0.21
The factory supplies goods and services to customers on time.	**125**	3.97	.97	25	-1.07	0.30
There have been good structures to promote customer relationship with management.	**125**	3.78	.55	13	-1.00	0.33
The company's purchase order forecasts to its customers have been accurate.	**125**	4.25	.54	16	-.81	0.43
The enterprise has delivered unique service to customers through Key accounts management.	**125**	4.41	.55	16	-.81	0.43
The factory has handled all customer complaints and resolves with complete and suitable solutions.	**125**	4.35	.57	24	-47.00	0.00
The firm has had adequate and comprehensive value preposition per customer segment.	**125**	4.62	.69	13	.00	0.21
The budgetary provision for firm social investment has increased.	**125**	4.35	.35	18	.00	0.35
The corporate social participation and performance has improved.	**125**	4.35	.64	25	-1.07	0.30
The factory environmental performance has improved.	**125**	3.84	.22	13	-1.00	0.30
The firm's budgetary allocation on environmental management and conservation has increased.	**125**	3.73	.52	16	-.81	0.43
The enterprise has adopted Green Technology for cleaner environment.	**125**	4.17	.24	16	-.81	0.43
The frequency of environmental impact assessment has increased.	**125**	3.97	1.21	24	-47	0.00
Management has succeeded in defining employee needs and development.	**125**	4.08	1.11	13	.00	0.12
The retention of change workforce has always been taken into consideration during layoffs.	**125**	3.87	0.96	18	.00	0.00

Source: Research Data (2017)

The results specified statistically notable differences across firms with regard to customer focus (high t-values; $P<0.05$). All the mean scores were above three (3) across all the descriptive statements. The highest mean score was on the item that the firm has created value for its clients through quality commodities and warrantees (Mean = 4.65; Standard deviation = 0.65). The customer focus is because the firms under FBMC operate in a competitive environment. The second highest item was that the factory has granted extraordinary service to customers through key accounts management (Mean = 4.41; Standard deviation = 0.55). This illustrates that the undertakings have good financial supervision practices. The lowest mean value was on the item that the budgetary apportionment for the firm's social investment has increased (Mean=3.73; Standard deviation = 0.35). This shows that FBMC embark on corporate social responsibility deeds in their localities. The t-values of -1.00 indicate a positive variance between the sample data and the null hypothesis.

The statement that the factory supplies foodstuffs and services to customers on time and that the corporate social participation and performance has improved had the highest CV value of 25%. The items that the factory has good structures to support client relationship with the management, the organization has adequate and comprehensive value arrangements per customer segment and administration have succeeded in defining employee needs and development had the last CV value of 13%. This deduces that there were statistically slightly noteworthy variations or differences in relation to the levels at which the customer perspective was manifested in the investigated firms. Most firms concentrated on distribution of merchandise to customers on time, quality products and assistances and handling all customer complaints.

4.11.4 Learning and Development

The learning and growth perspective is a necessary infrastructure for the realization of the set objectives of the organization. Learning and development ensures the organization has the necessary talent pool. These include areas of qualification, motivation and goal orientation of the workers. The results on learning and development are obtainable in Table 4.40.

Table 4.40: Mean and Standard Deviation Measures of Learning and Development

Statement	N	Mean	SD	CV in %	t-value	Sig(2-tailed)
The management has always ensured that the factory has qualified and professional staff.	**125**	4.23	0.96	21	-46.0	0.00
The firm has had good structures to promote upward employee growth through merit.	**125**	3.94	1.03	10	.00	0.00
The company has good organogram that backs upwards employee betterment	**125**	3.84	0.94	18	.00	0.12
The enterprise has had an endless learning on how to do things better.	**125**	3.49	1.00	25	-1.04	0.30
The firm has created a good working condition that supports all operations.	**125**	3.94	1.14	14	-1.00	0.00
The company has highly charged and motivated employees.	**125**	3.79	1.12	12	-.81	0.01
The enterprise has been very keen on staff wellness and safety.	**125**	3.48	1.28	14	-.51	0.42
The factory's employee productivity and staff development has improved	**125**	3.45	0.95	23	-43.0	0.00

Source: Research Data (2017)

The item that the management ensures that the entity has qualified and professional staff had the premier mean score (Mean= 4.23; Standard deviation= 0.96). This affirms the significance of personnel capabilities results in Table 4.23. The statement with the lowest score was that enterprise employees' productivity and staff development has improved (Mean = 3.45; Standard deviation = 0.95). The results show that employee motivation is based on other factors and not just training and development. The results designate presence of statistically vital discrepancies on the learning and growth perspective ($P<0.05$). The standard deviation scores ranged from 0.94 to 1.28 which shows large settlement amid rejoinders on the corporate performance factor of learning and development. This affirms the importance of employee asset management which recorded an aggregate mean score of 3.94 on the overall dominion of firm capabilities in Table 4.31.

The highest CV value of 25% was accredited to the item that firms have been very keen on employee constant career development and on how to execute things better. This implies slight variations among respondents on how large-scale manufacturing firms emphasize on learning and growth to long-term aggressive utility. The statement with the lowest CV value of 10% shows that there have not had good organization structures to support skyward mobility. This display lack of accord among reactors on learning and growth. Table 4.41 presents the cumulative indicators of corporate performance.

Table 4.41: Overall Measure of Organizational Performance

Statements	N	Mean	SD	CV in %	t-value	Sig (2tailed)
Financial Performance	**125**	4.09	0.42	13	-45.0	.00
Internal Business Process	**125**	3.99	0.44	17	.00	.12
Customer Focus Perspective	**125**	3.17	0.58	16	.00	.30
Learning and Development	**125**	3.77	1.05	17	-1.05	.00

Source: Research Data (2017)

Financial information is usually presented in the form of financial ratios. The ratios show corporate performance on different parameters. They can show how liquid the enterprise is or how it has borrowed huge loans. The financial ratios can be categorized into liquidity ratios (current ratio, quick ratio and assets turnover ratio) and profitability ratios (gross profit margin, return on assets and return on equity ratio). The study in analyzing fiscal gauges of firm performance fixated on the profitability ratios are employed.

The increase of standard deviation values from 0.42 to 0.58 shows a slight agreement between respondents for financial performance, internal business process and customer care. Learning and development had a standard deviation of 1.05 which indicates that all the respondents were in covenant on this measure of fulfilment. The results further indicate statistical importance of corporate performance measurements (high t-values; $P<0.05$). The mean scores for the performance indicators were all above three, an indication that most factories consider success as a criteria for their sustainability. Internal business processes and learning and growth had the highest CV values of 17%. Financial performance had the lowest CV value of 13%. This exposes lack of statistically noteworthy alterations to indicators of organizational performance.

4.12 Tests of Hypotheses

This segment presents the results of tests of hypotheses. The study tested four major hypotheses that were advanced based on theory and empirical literature from previous studies. The independent variables were measured using a questionnaire on a 5-point Likert-type scale. The dependent variable was tested by applying both financial and non-financial indicators. The non-monetary indicators were analyzed using a 5-point rating scale. The data was manipulated to measure operational and managerial efficiencies.

The composite scores were computed through the 'Transform' function in the statistical programme for social scientists (SPSS). The computation involved adding the average scores for definite statements then multiplying the result with the highest anchor in the scale. The product obtained was then distributed by the aggregate items in each variable to get the index for purposes of regression analysis. Hypotheses tested the direct liaison amid firm-level strategy and organizational performance concepts through simple regression analysis. The results were interpreted by assessing coefficient variations, p-values and the F-statistic.

Moderation of the independent and dependent variables by a third variable was scrutinized through hierarchical regression analysis involving three hierarchical regression models where the third model involved introduction of the moderation term to the model. The moderation tests were undertaken using Cooper and Schindler's (2014) technique involving hierarchical tests. Results of the tests was interpreted by measuring the noteworthy of the interaction term and the deviations in R^2, as well as beta coefficients. The joint analysis was performed through stepwise regression analysis. The results of joint analysis were interpreted through change statistics in R^2 and standardized beta coefficients.

4.12.1 Firm-Level Strategy and Organizational Performance

The first hypothesis of the study was stated as stated as H_1: *Firm-level strategy has a significant influence on performance of food and beverage manufacturing companies in Kenya*. To test hypothesis H_1, a one-sided approach was adopted by means of multiple regression analysis. First, the firm-level strategy pointers were regressed on each measure of organizational performance. Secondly, compound indices for firm-level strategy and performance was established, then that of firm-level strategy regressed on the index for enterprise performance. It was on this basis that the resolution to accept or reject the hypothesis was made. Results of the regression coefficient of firm-level strategy on financial performance are presented on Table 4.42.

Table 4.42: Regression Coefficient of Firm-Level Strategy on Financial Performance

Model Summary					
Model	R	R^2	Adjusted R^2	Std. Error of the estimate	
1	0.28[b]	0.05	0. 07	0.02	
ANOVA [a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.19	1	0.52	413.76	.00[b]
Residual	1.07	3	0.24		
Total	1.26	4			
	Coefficients				
	Standard Coefficients		df	F	Sig.
	Beta	Std. Error			
Firm-Level Strategy	0.03	0.04	409	436.38	.00

a) Dependent Variable- Financial Performance

a) Predictors: Predictors: (Constant) Internal Restructuring, Strategic Planning, Market Development Diversification, Business Process Outsourcing, Product Development and Strategic Alliance

Source: Research Data (2017)

The summary in Table 4.42 are based on model 1 of the study and shows the results when the predictors of firm-level strategy were added. The verdicts indicate that the firm's market development, strategic alliances, strategic planning, business process outsourcing, diversification, internal restructuring and branded product contributed positively to organizational performance.

The F-statistic of 22.62 with a probability ratio of .00 showed that the overall model was vital and that all the firm-level strategy variables were jointly significant in clarifying the distinctions in financial performance. Therefore, the hypothesis that there is a weighty relationship between firm-level strategy and performance of FBMC in Kenya was supported. The increase in R^2 in the analysis was 0.05. Results for the influence of firm-level strategy sub-variables on financial performance are presented in Table 4.43.

Table 4.43: Coefficient Results of Financial Performance

Model	Unstandardized Coefficients B	Std Error	Standardized Coefficients Beta (β_0)	T	Sig.
1 (Constant)	.02	.02		.15	.25
Block	-.02	.01	.09	-1.18	.24
Strategic Planning	-.02	.01	-.10	-1.21	.29
Diversification	-.03	.02	-.10	-1.84	.07
Business Process Outsourcing	.04	.02	.14	2.48	.01
Strategic Alliances	-.01	.01	-.06	-.82	.41
Internal Restructuring	-.01	.02	-.03	-.52	.60
Product Development	-.03	.02	-.09	-1.20	.23
Market Development	.02	.00	.31	4.76	.00

a) Dependent variable: Financial Performance.

Source: Research Data (2017)

The overall regression equation for this model is:

$Y= \beta o_1+\beta_1 X_1 +\varepsilon_1$

$Y = -0.02+ 0.04BPO +.02MD +\varepsilon_1$

Table 4.43 shows the multiple regression results: beta coefficients (both standardized and unstandardized), standard and unstandardized errors, their t-ratios, significant or insignificant levels, and tolerance and alteration in inflation factor when financial dimension was adopted as a performance measure. The results demonstrate that business process outsourcing and market development were statistically notable on financial performance ($p<0.05$). The results for strategic planning, internal restructuring, strategic alliance, product development and diversification were not statistically substantial to financial performance ($p \geq 0.05$). The statistical test of the beta coefficient ($t = 4.76$; Std. Beta=0.0) for the concept of firm-level strategy, was equal to 0 (zero). Hence, the hypothesis that there is a noteworthy relationship between firm-level strategy and performance of FBMC in Kenya was supported.

Out of the six indicators of firm-level strategy, only business process outsourcing and market development had positive beta values of 0.04 and 0.02 respectively. The beta coefficient for the connections among the financial performance and firm-level strategy was 20% implying existence of a direct relationship as point out by the positive sign of the coefficient. The regression results of the coefficient of firm-level strategy on return on investment are depicted in Table 4.44.

Table 4.44: Regression Coefficient of Firm-Level Strategy on Return on Investment

	Unstandardized	Coefficients Beta(β_0)	Standardized	
Model	**B**	**Std Error**	**T**	**Sig.**
1 (Constant)	.01	.03	.04	.134	1.56
Block					
Strategic Planning	-.04	.02	-.08	-1.70	1.25
Diversification	-.01	.03	.12	.68	1.14
Business Process Outsourcing	.03	.03	-.04	-.42	1.49
Strategic Alliances	-.03	.04	-.05	-.79	1.15
Restructuring	-.01	.03	-.04	.65	2.56
Product Development	.01	.03	.21	-1.44	1.18
Market Development	-.02	.00	.13	-.82	1.26

Dependent variable: Return on Investment.

Source: Research Data (2017)

Table 4.44 indicates that all the coefficients are not statistically vital ($P \geq 0.05$). Strategic planning, business process outsourcing, strategic alliance and restructuring were negatively correlated to ROI ($P \geq 0.05$). Hence, the regression model cannot be offered from the variables. The lack of importance among the strategies shows that the settle upon a firm-level strategy is not influenced by immediate returns on investment. Initially, the cost of executing a strategy outweighs returns. The significance values of (1.15 – 2.56) for the variables of firm-level strategy were all more than 0.05 which explains that all the independent variables were not critical in elucidating return on investment. The coefficient of firm-level strategy on return on assets regression results are presented in Table 4.45.

Table 4.45: Regression Coefficient of Firm-Level Strategy on Return on Assets

	Unstandardized		Coefficients Beta (β_0)	Standardized	
Model	**B**	**Std Error**		**t**	**Sig.**
1 (Constant)	.04	.04	.035	.35	1.46
Block					
Strategic Planning	-.05	.01	-.05	-0.72	1.14
Diversification	-.02	.02	.22	.57	1.24
Business Process Outsourcing	-.01	.05	-.03	-.31	1.35
Strategic Alliances	-.04	.04	-.05	-.58	1.24
Restructuring	-.02	.04	-.05	.59	2.45
Product Development	.02	.02	.21	-0.43	1.46
Market Development	.04	.04	.14	-.72	1.36

a. Dependent variable: Return on Asset.

Source: Research Data (2017)

Table 4.45 indicates that the beta coefficients are not statistically important ($P \geq 0.05$). The significance values of (1.14– 2.45) for the sub-variables of firm-level strategy were all more than 0.05 which expounds that all the autonomous constructs were not considerable in explaining return on assets. This indicates that single out of firm-level strategy is informed by the anticipated future returns on assets. The benefits of implementing a robust company strategy are only realized in the long-run. The results of regression coefficient of firm-level strategy on internal business process are presented in Table 4.46.

Table 4.46: Regression Coefficient of Firm-Level Strategy on Business Process

	Unstandardized		Coefficients Beta (β_0)	Standardized	
Model	**B**	**Std Error**		**t**	**Sig.**
1 (Constant)	.03	.02	.06	.12	1.39
Block					
Strategic Planning	.04	.07	-.02	-.63	1.23
Diversification	.05	.02	.32	.46	1.35
Business Process Outsourcing	-.07	.07	-.07	-.62	1.65
Strategic Alliance	-.03	.04	-.04	-.71	1.84
Restructuring	-.01	.07	-.07	.23	2.35
Product Development	-.07	.07	.25	-.24	1.87
Market Development	.03	.02	.23	-.69	1.48

a) Dependent variable: Internal Business Process.

Source: Research Data (2017)

The results of the enforcement of firm-level strategy on internal business process are presented in Table 4.46. The results indicate that the beta coefficient (β=.05- 0.07, P ≥ 0.05) shows that firm-level strategy is not critical to internal business processes (P values ranges 1.23- 2.35). This infers that option for a firm-level strategy is based the extent of development of its internal business processes. The t-values were significantly lower, an attestation to the absence of multicollinearity. The marks of the regression coefficient of firm-level strategy on customer focus are shown in Table 4.47.

Table 4.47: Regression Coefficient of Firm-Level Strategies on Customer Focus

	Unstandardized		Coefficients Beta (β_0)	Standardized	
Model	**B**	**Std Error**		**T**	**Sig.**
1 (Constant)	.02	.04	.08	0.23	1.56
Block					
Strategic Planning	.02	.09	-.04	-0.53	1.38
Diversification	.15	.05	.26	0.35	1.65
Business Process Outsourcing	.02	.06	0.07	0.57	1.58
Strategic Alliance	-.05	.05	-.06	-0.65	1.56
Restructuring	.05	.09	0.07	0.35	2.97
Product Development	.05	.04	0.36	-0.35	1.53
Market Development	.05	.06	0.25	-0.56	1.12

a) Dependent variable: Customer Focus.

Source: Research Data (2017)

The outcomes in Table 4.47 show that restructuring, product development, diversification business outsourcing, strategic alliance, strategic planning, market development are not statistically considerable to customer focus (P ≥ 0.05). This means that the choice of these strategies is not pegged on the level of customer satisfaction. The significance levels for the strategies ranged from (P= 1.12-2.97). The t-values were notably higher, a suggestion to the presence of multicollinearity. The results of regression coefficient of firm-level strategy on learning and development are presented in Table 4.48.

Table 4.48: Regression Coefficient of Firm-Level Strategy on Learning and Development

Model	Unstandardized coefficients B	Std Error	Standardized coefficients Beta (β_0)	t	Sig.
1 (Constant)	.23	.20	.05	.20	1.21
Block					
Strategic Planning	.15	.14	-.03	-0.24	1.12
Diversification	.20	.30	.13	.25	1.36
Business Process Outsourcing	.25	.09	-.05	-.35	1.39
Strategic Alliance	.24	.05	.04	-.46	1.98
Restructuring	-.20	.07	-.09	.23	2.23
Product Development	-.21	.05	.21	-0.84	1.40
Market Development	.06	.04	.12	-.12	1.30

Source: Research Data (2017)

The results of the definite invoke of firm-level strategy on learning and development are depicted in Table 4.48. The results were not statistically significant ($p \geq 0.05$). The p-values for the variables fluctuated from (P-values = 1.21- 2.23). This shows a lack of connection between firm-level strategies and learning and development of a firm. This implies that firms can select a firm-level strategy whether there are capacity initiatives or not. The t-values were pointedly lower, a demonstration for the absence of multicollinearity. A summary of the combined effect of hypothesis one is shown in Table 4.49.

Table 4.49: Summary of Combined effect of H_1

Model	N	R	R^2	F	Sig.
Financial Performance = f(FLS)	125	0.42[a]	.23	0.15	0.55
Internal Bus. Processes = f(FLS)	125	0.36[a]	.13	0.04	0.01
Customer Focus = f(FLS)	125	0.68[a]	.46	0.40	0.23
Learning and Development = f(FLS)	125	0.56[a]	.31	0.21	0.00
FLS = Business Process Outsourcing, Diversification, Marketing Development, Strategic planning, Product Development and Internal Restructuring,					

Source: Research Data (2017)

The results in Table 4.49 illustrate that firm-level strategy variations to financial performance (p-value> 0.05) was not noteworthy. Internal business process reinforces 13% of the changes, customer focus to 46% and learning and development contribution to organizational performance was 23%. The p-values for internal business process and learning and development are less than 0.05 which means that they have an influence on the variations in firm-level strategy. Customer focus and learning and development with p-values of 0.23 and 0.55 which is above 0.05 show that they are insignificant to or are unaffected by modifications in firm-level strategy.

This invariably shows that higher positive numeric values for firm-level strategy are associated with organizational performance. Therefore, the hypothesis failed to reject that there were momentous linkages between firm-level strategy and performance of FBMC in Kenya. The hypothesis was upheld. Table 4.50 presents results on the test of $H_{1.}$

Table 4.50: Results on Test of H_1

Hypotheses	Beta	t^2	R^2	Significance	Conclusion
$H_{1.}$Firm-level strategy has a significant influence on organizational performance.	0.03	0.20	0.05	Sig. (p =.00)	Accept H_1

Source: Research Data (2017)

The results (P= 0.00) confirm the hypothesis that firm-level strategy has a considerable effect on enterprise performance. The results show that firm-level strategy was the main driving force of performance in FBMC in Kenya. The results show that (R^2 = .05), implying that a change in firm-level strategy results in a 5 % variation in factory performance.

4.12.2 Firm-Level Strategy, Capabilities and Organizational Performance

The second objective for the study was to establish the moderating influence of capabilities on the associations among firm-level strategy and performanceof food and beverage manufacturing companies in Kenya. The moderating invoke was determined by testing the change in performance after the moderator was introduced through checking the consequence level of an interaction term which is a product between the independent variable and the dependent variable and how it influences the dependent variable in a model.

The hypothesis of the study was stated as H_2. *Firm capabilities have a significant effect on the relationship between firm-level strategy and performance of food and beverage manufacturing companies in Kenya.* To test hypothesis, an integrated approach was adopted using regression analysis. The relationship between individual firm-level strategies and performance was first determined before testing for the composite index. Then, for the general test of the moderating effect of capabilities, composite indices for firm-level strategy and capabilities were established and regressed on the composite index of organizational performance.

Model 2

Regression Analysis using hierarchical regression:

P =Y= f (Firm-Level Strategy + Capabilities)

$\mathbf{Y}=\beta o_2+\beta_1 X_1 + \beta_2 X_1 * X_2 +\varepsilon_2$ s

The results of the separate influence of firm-level strategy on organizational performance before and after capabilities is considered are shown in Tables 4.51.

Table 4.51: Independent Effect of Firm-level Strategy and Capabilities on Performance

Model Summary[c]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.49[a]	.24	.20	.53	.24	5.27	3	122	.00	
2	.76[b]	.57	.49	.42	.33	5.56	6	119	.00	1.92

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.41	3	1.47	5.27	.003[b]
	Residual	13.68	122	.28		
	Total	18.09	125			
2	Regression	10.39	9	1.15	6.44	.00[c]
	Residual	7.70	116	.18		
	Total	18.09	125			

a. Dependent Variable: performance

b. Predictors: (Constant), Firm-Level Strategy

c. Predictors: (Constant), Firm-Level Strategy and Firm Capabilities

Source: Research Data (2017)

The results of analysis to establish the effect of capabilities' constructs on firm-level strategy and performance networks are revealed in Table 4.51. In sub-model one, the results depict (R=.494 and R^2 =.244) and in sub-model two, the statistical value adjusts to (R=.758 and R^2 =.574), an indication that capabilities are exerting a moderation effect. The F value for the model was 6.441 at p-value less than 0.05 (p<0.5), implying that capabilities had a statistically vital effects on production. The results of the significance of the discrete dimensions of abilities on performance are also summarized.

Table 4.52: Individual Coefficient Results of Firm Capabilities on Performance

Model	Unstandardized B	Std Error	Coefficients Beta	Standardized T	Sig.	Tolerance	V.I.F.
1 (Constant)	.24			3.06	.00		
Human Capital	-.21	.05	-.31	-4.05	.00	.38	2.66
Marketing capabilities	-.22	.06	-.31	-4.06	.00	.38	2.67
Manufacturing Automation	-.14	.06	-.13	-2.49	.01	.87	1.16
Research and development capabilities	.19	.06	.17	3.14	.00	.80	1.25
Information technology	-.19	.05	-.29	-3.97	.00	.36	2.66

a. Dependent variable performance

Source: Research Data (2017)

All the firm capabilities' constructs, that is, marketing capabilities, manufacturing automation and research and development, human resource and information technology exposed statistically significant results ($p<0.05$). This depicts their consideration within the firms.

After establishing the individual weight of capabilities on performance, the study next sought to ascertain the latitude to which the combined capabilities as moderating variables influence the connotation amongst firm-level strategy and organizational performance over and done with the hypothesis, H_2: Firm capabilities have a statistically significant moderating effect on the association between firm-level strategy and performance**.**The composite index was computed for both firm-level strategy, capabilities and performance and the hypothesis tested through hierarchical regression analysis. In step one, firm-level strategy was regressed on performance. In step two, firm-level strategy was regressed on capabilities. In step three, the interaction term of firm-level strategy and capabilities was introduced. The moderation impact is confirmed when the interaction term is statistically significant. The results were as portrayed in Table 4.53.

Table 4.53: Moderation Effect of Capabilities on Firm-level Strategy and Performance

a) 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	Firm-level strategy	.44[a]	.19	.19	.62	.10	1.86	3	122	.15
2	Firm-level strategy, Capabilities	.52[a]	.274	.27	.58	.28	4.634	2	123	.15
3	Firm-level strategy, Capabilities interaction	.76[a]	.58	.58	.39	.39	6.49	5	120	.00

b) ANOVA

Model			Sum of Squares	df	Mean Square	F	Sig.
1	Firm-level strategy	Regression	3.05	1	1.02	1.86	.03
		Residual	26.28	124	.55		
		Total	29.33	125			
2	Firm-level strategy, Capabilities	Regression	14.96	2	4.98	8.82	.00
		Residual	22.01	123	.45		
		Total	28.97	125			
3	Firm-level strategy, Capabilities interaction	Regression	14.35	5	1.79	6.49	.00
		Residual	14.98	120	.35		
		Total	29.33	125			

c) Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	.80	.31		2.56	.01		
	Firm-level strategy	.36	. 09	.426	4.19*	. 00	.97	1.04
	Performance	.29	.12	.278	2.74*	.01	.97	1.04
2	(constant)	.74	.32		2.32*	.02		
	Firm-level strategy	.36	.09	.421	4.15*	.00	.96	1.04
	Firm capabilities	.31	.12	.301	2.91*	.01	.93	1.08
3	Firm-level strategy, Firm capabilities interaction	.68	.07	-.354	-3.96*	.03	.96	1.04

a. Predictors: (Constant), firm-level strategy, firm capabilities
b. Predictors: (Constant), firm-level strategy, capabilities, Interaction term between firm-level strategy and capabilities
c. Dependent Variable: Performance

Source: Research Data (2017)

The results in Table 4.53 on the effect of capabilities on the connections amid firm-level strategy and performance were computed in three steps. In model one, the result indicates that firm-level strategy and performance linkages was significant (R= 0.44[a]; R^2=0.19; P-value<0.05). In model two, (R= 0.52[a]; R^2=0. 27; P-value<0.05) and in model three, (R= 0.761[a]; R^2=0.58, P-value<0.05), the results submits that there was a progressive increase in the value of the coefficient of variation in each step, thus portraying an influence of firm capabilities.

Coefficient of determination, R^2=.0.579, implies that capabilities influence the association amid firm-level strategy and performance by 57.9%, suggesting a positive and strong moderating influence. The value of the interaction term (FS * FC) had a significant influence (β= 0.675; P<0.05), thus confirming a moderation enforcement of capabilities on the links amid firm-level strategy and performance. Based on the statistical test of the beta coefficient, p<0.05, for the second moderation variable, the research hypothesis that capabilities have a critical turnout on the links between firm-level strategy and performance of FBMC in Kenya was supported. Table 4.54 presents the results of the joint effect of capabilities on firm-level strategy and performance.

Table 4.54: Combined Moderating Effect of Capabilities on Firm-Level Strategy and Performance

Hypotheses	Beta	R	R^2	Significance	Conclusion
H_2: Firm capabilities have a significant effect on the relationship between firm-level strategy and performance.	0. 68	.76[a]	.58	Sig.(p = .000)	Accept H_2

Source: Research Data (2017)

The results from Table 4.54 indicate that capabilities have a noteworthy impression on firm-level strategy and performance affiliations as confirmed by a meaningful value of p = 0.00. The analysis reveals that the collective effect of capabilities on performance is significant with R^2=0.27 shifting to R^2=0.58, thus explaining a 58% of the incremental variations in performance accredited to capabilities' effects as a moderator.

The moderating equations can thus be written as:

$Y = .80 + .36X_1$

$Y = .74 + .36X_1 + .31Z$

$Y = .80 + .36X_1 + .31Z + .68X.Z$

Where: Y = Performance; X= Firm-level strategy; Z=Firm capabilities; X. Z= Firm-level strategy and firm capabilities interaction.

The elasticity of the model on parameter coefficients shows that a unit percentage in firm-level strategy would result in 36% or nearly one third percentage increase in performance. The inclusion of capabilities in the model will lead to a 31% or roughly one third change in performance. While the interface of firm-level strategy and capabilities will result to 68% increase in performance.

4.12.3 Firm-Level Strategy, Organizational Culture and Performance

The third hypothesis of the study was stated as *H_3. Organizational culture has a significant effect on the relationship between firm-level strategy and performance of food and beverage manufacturing companies in Kenya.* To achieve the objective, various firm-level strategy indicators (product development, internal restructuring strategic planning, business process outsourcing, diversification and market development) were regressed individually on performance before the aspect of culture was introduced, followed by the combined effect of the responses. Then finally, those of the composite indices of the two variables are depicted. It was on basis of the results of the composite indices that the decision to accept or reject H_3 was made.

Model 3

Regression Analysis by means of hierarchical regression: P = f (Firm-Level Strategy + Organizational Culture)

$\mathbf{Y} = \beta o_3 + \beta_1 X_1 + \beta_3 X_1 * X_3 + \varepsilon_3$

The outcomes of the individual initiate of firm-level strategy, enterprise culture on performance are offered in Table 4.55.

Table 4.55: Independent Effect of Firm-Level Strategy and Culture on Performance

Model Summary[c]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.60[a]	.36	.32	.56	.36	9.28	3	122	.00	
2	.82[b]	.67	.60	.43	.31	6.81	6	119	.00	2.28

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.64	3	2.88	9.28	.000[b]
	Residual	15.21	122	.31		
	Total	23.85	125			
2	Regression	16.05	9	1.78	9.83	.000[c]
	Residual	7.80	116	.18		
	Total	23.85	125			

Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	1.94	.75		2.58	.01			
	Strategic Planning	-.64	.19	-.47	-3.35	.00	-.09	-.432	-.38
	Diversification	1.25	.27	.76	4.64	.00	.46	.55	.53
	Business Process Outsourcing	-.19	.24	-.12	-.81	.42	.27	-.12	-.09
	Strategic Alliances	1.61	.70		2.30	.03			
	Internal Restructuring	-.56	.17	-.40	-3.35	**.00**	-.09	-.46	-.29
	Product Development	.55	.29	.28	1.90	.06	.37	.26	.23
	Market Development	**.55**	.24	.34	2.32	**.03**	.38	.33	.25
2	Constant	**1.11**	.23	.67	4.79	**.00**	.46	.59	.42
	Strategic Planning	-.43	.21	-.26	-2.12	**.04**	.27	-.31	-.18
	Diversification	**.37**	.09	.47	3.92	**.00**	.54	.51	.34
	Business Process Outsourcing	**.02**	.13	.02	.14	.89	.34	.02	.01
	Strategic Alliances	**.08**	.07	.13	1.18	.25	.48	.18	.10
	Internal Restructuring								
	Product Development	**.24**	.10	.33	2.40	**.02**	.27	.34	.21
	Market Development								
	Organizational culture	-.30	.12	-.350	-2.47	**.02**	.08	-.35	-.22

a. Dependent Variable: Organizational Performance
b. Predictors: (Constant), Firm-Level Strategy
c. Predictors: (Constant), Firm-Level Strategy and Organizational Culture

Source: Research Data (2017)

The results of analysis to establish the cause of firm-level strategy and culture dimensions on performance are shown in Table 4.55. Results showed a very strong relationship (R=0.82). Firm-level strategy measurements and enterprise culture concertedly explained 67% (R^2 =0.67) of performance, with the remaining 33 % being explained by other variables. In sub-model one, firm-level strategy alone explained 36% of the variation in performance. The F value for the model was 9.83 at p-value less than 0.05 (p<0.5), implying that the individual constructs had statistically significant effects on performance.

4.12.4 The Combined Effect of Culture on Firm-Level Strategy and Performance Relationship

This hypothesis was tested using stepwise regression analysis. In step one, firm-level strategy was regressed on performance. In step two, firm-level strategy was regressed on enterprise culture. In step three, the interaction term among firm-level strategy and culture was introduced. The moderation effect is confirmed when the effect of interaction term is statistically important. The findings are presented in Table 4.56.

Table 4.56: Moderating Effect of Organizational Culture on Firm-level Strategy and Performance

(a) 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	.29	.08	.06	.36	.08	4.18	3	122	.05
2	.41	.17	.13	.35	.08	4.46	2	123	.04
3	.45	.20	.15	.35	.03	1.88	5	120	.18

(b) ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.56	1	.56	4.18	.05
	Residual	6.12	124	.13		
	Total	6.68	125			
2	Regression	1.11	2	.55	4.48	.02
	Residual	5.57	123	.12		
	Total	6.68	125			
3	Regression	1.34	5	.45	3.67	.02
	Residual	5.34	120	.12		
	Total	6.68	125			

(c) Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	2.12	.31		7.78	.01		
	FLS	.20	. 09	.29	2.05*	. 00	1.00	1.00
	Performance	.16	.11	.33	4.24*	.05	.98	1.02
2	(constant)	.23	.32		2.41*	.02		
	FLS	.16	.09	.29	2.11*	.00	.98	1.02
	OC	.13	.11	.38	4.22*	.00	.98	1.09
3	FLS and OC interaction	.08	.07	.199	1.37*	.04	.96	1.04

a. Predictors: (Constant), Organizational Culture, Firm-Level Strategy
b. Predictors: (Constant), Organizational Culture, Firm-Level Strategy, Interaction term between Organizational Culture, Firm-Level Strategy
c. Dependent Variable: Organizational Performance

Source: Research Data (2017)

Regression results displayed in Table 4.56 show that the regression model was robust and thus fit for the analytical task for which it was intended (F=4.18; P<0.05). All results, R, R^2 and beta coefficient are significant (R=0.29; R^2=0.08; F=4.18; P<0.05), suggesting that the regression model explains 8% of the variance in performance. Further, it is evident in model one in the table that for every unit change in firm-level strategy, there is a corresponding 29% alteration in performance (β=0.29; t = 2.05; P<0.05). In model two, the variance to 29% for firm-level strategy (β=0.29; t=2.11; P<0.05) and 38.0% with respect of enterprise culture (β=0.38; t=4.22; P<0.05. The findings from the test of hypothesis imply that corporate culture strengthens the enactment of firm-level strategy on performance.

The interaction between culture and firm-level strategy had an influence on performance to support a moderation relationship. The results indicate that firm-level strategy and culture have important influence on performance (t=-1.37; p=<0.05). This implies that firm-level strategy depends on corporate culture in determining the performance, thereby accepting the hypothesis that organizational culture moderates the effect of firm-level strategy on performance.

Table 4.57: Regression Results of TBQ Ratio

Model	B	Unstandardized Std Error	Coefficients Beta	Standardized t-value	Sig.
1 (Constant)	-2.01	.67		-3.01	.00
Hierarchy	-.69	.48	-.11	-1.57	.12
Clan	-.80	.47	.12	-1.71	.09
Market	-1.75	.47	-.17	-3.71	.00
Adhocracy	-.55	.42	-.09	-1.32	.19

a. Dependent variable TBQ ratio.

Source: Research Data (2017)

The regression equation for organizational culture model is:

Y = - 2.01-0.69H-0.80C-1.75-0.55

Which is centered on the statistical test of the beta coefficient for the independent variable on factory size ($t = 7.69$; $p<0.001$). The alternative hypothesis that the slope/beta coefficient was equal to 0 (zero) was accepted. The hypothesis that culture has a significant effect on the relationship amidst firm-level strategy and performance of FBMC in Kenya was supported. The beta coefficient for the relationship between the TBQ ratio and corporate culture was 0.99, invariably meaning that there was a direct relationship as signified by the positive coefficient. This implies that greater culture is tied to higher performance when the TBQ ratio is adopted as a measure of FBMC in Kenya.

Hierarchy, market, clan and adhocracy cultures were admitted to be positively important. This implies that as the culture in FBMC in Kenya increases, so does the TBQ ratio. Empirical evidence indicates that control of prized, rare, inimitable capabilities leads to greater performance (Barney, 1991). Conversely, forming a strategy built on differentiated resources and capabilities gives an added justifiable competitive advantage and performance. Nevertheless, the existence of capabilities on their own do not lead to superior performance. Table 4.58 depicts a brief of hypothesis H_3.

Table 4.58: Summary of the Hypothesis H_3

Hypotheses	**Beta**	**R**	**R^2**	**Sig.**	**Conclusion**
H_3: Organizational culture has a significant effect on the relationship between firm-level strategy and performance.	0.078	0.447	0.20	Significant ($p = .00$)	Accept H_3

Source: Research Data (2017)

The results from Table 4.58 supports the hypothesis that enterprise culture has a significant consequence on the association amongst firm-level strategy and performance at a substantial value of p= 0.00. The results direct that (R^2 =0.52) which implies that a modification in corporate culture results into a 47% change in the relationship between firm-level strategy and performance.

4.12.5 Tests of Fourth Hypothesis (H_4)

The fourth objective of the study corresponds with the fourth hypothesis stated as *H_{04}. The joint effect of firm-level strategy, capabilities and organizational culture on performance is different from the sum of the independent effect of the variables on performance of FBMC in Kenya.* To test this hypothesis, the joint moderating effect of capabilities was first determined on firm-level strategy and each performance dimension. For the overall test of the moderating effect of capabilities and culture, composite indices for firm-level strategy and capabilities were formulated and regressed on the composite index of corporate culture.

The results of the combined enforcement of capabilities and culture on the relationship between firm-level strategy and various dimensions of performance are presented in subsequent tables. To this end, an alternative hypothesis, H_4, assuming that there was a joint effect of firm-level strategy, capabilities and culture on organizational performance is different from the sum of the autonomous effect of the variables on performance of FBMC in Kenya was formulated. To test the hypothesis, three composite indices of capabilities, firm-level strategy and enterprise culture were computed. To establish the moderation effect, Cooper and Schindler's (2014) hierarchical regression method was capitalized. The first step involved testing the relationship between firm-level strategy, capabilities and corporate culture which was found to be statistically meaningful. To guide the analysis, three definition models were adopted as illustrated:

Model 1

Regression analysis using multiple regression:

P = Y= f (Firm-level strategy)

$Y= \beta o_1+\beta_1 X_1 +\varepsilon_1$

Hierarchical multiple regression analysis was undertaken to test the hypothesis that there was a critical relationship between the dependent variable (ROA) and the predictor of independent variables: Firm-Level Strategy, Capabilities and Organizational Culture.

Step 1: Regression of organizational performance on capabilities, firm-level strategy and enterprise culture. The results of joint effect firm-level strategy, capabilities and culture on enterprise performance are shown in Table 4.59.

Table 4.59: Regression of Firm-Level Strategy, Capabilities and Organizational Culture on Organizational Performance

Goodness of fit	**Test Statistic**	**p-value**	
Adjusted R-squared	0.63		
R-squared	0.63		
F-statistic (1, 268)	446.38	0.00***	
Dependent Variable= Organizational Performance	**Linear Regression Results**		
	Coefficients	**t-statistic**	**p-value**
Firm-level strategy, capabilities and organizational culture	0.47		
Constant	3.37	1.05	0.29
Key	** significant at 5 percent *** significant at 1 percent		

Source: Research Data, 2017

In Step 1, regression of organizational performance on firm-level strategy, capabilities and corporate culture resulted in R^2 of 0.63 and a significant beta coefficient for firm-level strategy. The total effect of firm-level strategy, capabilities and enterprise culture practices, therefore, explain 63.1% of the variation in the regression model for step 1.

The regression model was:

OP = 3.37 + 0.47Firm-Level Strategy, Capabilities, and Organizational Culture.

The results of the combined enforcement of firm-level strategy, capabilities and enterprise culture on performance are presented in Table 4.60.

Table 4.60: Joint effect of Firm-Level Strategy, Capabilities, Organizational Culture and Performance

Dependent Variable Relationships	R	R^2	F	Significance
Organizational Performance = f (Firm Capabilities)	0.63	0.65	343.13	.000
Organizational Performance = f (Organizational Culture)	0.44	0.52	5.132	.012
Total	**1.07**	**1.17**		
Organizational Performance= f (FLS, FC, OC)	0.63	0.66	446.38	.003

Source: Research Data (2017)

Table 4.60 shows that the R^2 of the moderating effect of capabilities at 63% was higher when compared to the culture which was at 56%. The p-value of (0.00<0.05) shows a positive materiality of the joint effect of the variables on performance.

The results of the composite index of firm-level strategy, capabilities and organizational culture on performance are presented in Table 4.61.

Table 4.61: Composite index of Firm-Level Strategy, Capabilities, Culture and Organizational Performance

Goodness of fit	**Test Statistic**	**p-value**	
Adjusted R-squared	0.56		
R-squared	0.57		
F-statistic (1, 268)	343.13	0.00***	
	Linear Regression Results		
	Coefficients	**t-statistic**	**p-value**
Firm-level strategy, capabilities and Organizational culture.	0.37	18.52	0.00***
Constant	-5.34	-1.86	0.06
Key	** significant at 5 percent *** significant at 1 percent		

Source: (Research Data, 2017)

Regression of human resource capabilities, culture, and firm-level strategy was undertaken in Step 2 and resulted in R^2 of 0.57 and a significant beta coefficient for organizational performance of 0.37 ($p<0.001$). Therefore, the joint effect of the variables explains 57% variation in enterprise performance of the regression model of step 2.

The linear regression model was:

Organizational Performance = *4.90* + *0.36*(Firm-Level Strategy, Firm Capabilities and Organizational Culture)

Step 3: Regression of organizational performance on firm-level strategy, capabilities, and culture. In step 3, the simultaneous regression of capabilities, culture on firm-level strategy resulted in R^2 of 0.66 (Table 4.62) and a significant beta coefficient of the variables and enterprise performance ($\beta = 0.36$, $P<0.00$). This implies that in step 3, firm-level strategy, capabilities and corporate culture explain 66% of the variation in factory performance as compared to 57% by capabilities, organizational culture and firm-level strategy individually in step 1.

The linear regression model was:

$\mathbf{Y} = \beta o_4 + \beta_1 X_1 + \beta_4 X_4 + \varepsilon_4$

$Y = 0.36 + 0.30 + \varepsilon$

The model shows that a single percentage variation in firm-level strategy, capabilities and organizational culture will result into a 30 % increase in performance. The results of regression model step 2, firm-level strategy meaningfully affected by capabilities and corporate culture. The regression model for step 3 suggests that capabilities and culture momentously influence the relationship between firm-level strategy and enterprise performance. In the moderated regression model, the adjusted R^2 increases by 2.9%. This shows the demonstrative supremacy of capabilities and culture on the variability of company performance increases. Therefore, capabilities and organizational culture moderate the relationship between firm-level strategy and performance of FBMC in Kenya. The results are shortened in Table 4.62.

Table 4.62: Summary of Regression Results for the Moderating Effect

Parameter	**Step 1**	**Step 2**	**Step 3**	**Change**	**Conclusion**
Adjusted R^2	0.63	0.65	0.66	0.02	
R^2	0.53	0.57	0.66	0.03	
F Value	436.38	343.13	251.93	-194.44	Accept H_4, there is evidence of partial statistical moderation
B Constant	3.36	-5.44	4.90	1.53	
Firm-Level Strategy	0.46	0.37	0.36	-0.11	
Firm capabilities and organizational culture	-	-	0.30	0.29	

Source: (Research Data, 2017)

The results in Table 4.62 show the changes in R^2 and F values as the moderating variables of capabilities and culture are added to firm-level strategy. The combined moderating effect of capabilities and organizational culture was positive and statistically important. The results for interaction $R^2 = 0.66$ of the variables reveal that the R^2 for the individual effect was weaker when compared to that of the joint effect. Therefore, the results provide evidence that the joint enactment of firm-level strategy, capabilities and corporate culture is greater than the individual effect. Table 4.72 presents a brief of the fourth research hypothesis, findings and conclusions.

Table 4.63: Summary of the Hypothesis H_4

Hypotheses	**Beta**	**t^2**	**R^2**	**Sig.**	**Conclusion**
H_4: Joint effect of firm-level strategy, capabilities and culture on organizational performance is different from the sum of the independent effect of the variables on organizational performance.	0.36	61.61	.66	Significant (p = .000)	Accept H_4

Source: Research Data (2017)

The results from Table 4.63 indicate that joint enforcement of firm-level strategy, capabilities and enterprise culture on performance was different from the sum of the autonomous effect of the concepts on organizational performance as confirmed by a significant value of 0.000. The analysis reveals the combined effect of firm-level strategy, capabilities, culture to company performance ($R^2 = 0.66$), explaining 61% of the incremental variations in performance. A brief on the test of hypotheses is presented in Table 4.64.

Table 4.64: Summary of Test of Hypotheses

Objectives	Hypotheses	Results	Interpretations
To establish the influence of firm-level strategy on organizational performance.	H_1. Firm-Level strategy has a significant influence on organizational performance.	R=0.604 and R^2 = .05. Std. Beta .03; F= 22.62; t^2 = 0. 20; P<0.05. There is a below average significant relationship on organizational performance	The results specify a statistical significant influence of firm-level strategy variable on organizational performance The results confirm hypothesis **H_1**
To determine the effect of firm capabilities on the relationship between firm-level strategy and performance.	**H_2**. Firm capabilities have a significant effect on the relationship between firm-level strategy and performance.	R=0.30 and R^2 = 0.65. Std. Beta .54; F= 60.69; t^2 = 60.68; P<0.05. There is an above average significant relationship on organizational performance	The results show a statistical significant effect of capabilities on the linkages among firm-level strategy and performance. The results confirm hypothesis **H_2**
To explore the effect of organizational culture on the relationship between firm-level strategy and organizational performance.	**H_3**. Organizational culture has a significant effect on the relationship between firm-level strategy and performance.	R= 0.50and R^2 = 0.52; Std. Beta .63; F= 58.06; t^2 = 59.14; P<0.05. There is an average significant relationship on organizational performance	The results signpost a statistical significant impact of culture on firm-level strategy and organizational performance relationship. The results confirm hypothesis **H_3**
To establish the overall joint effect of firm-level strategy, capabilities and culture on organizational performance.	**H_4**Joint effect of firm-level strategy, capabilities and culture on performance is different from the sum of the independent effect of the variables on performance.	R= 0.30and R^2 = 0.66; Std. Beta .36; F= 446.38; t^2 = 21.13; P<0.05 There is an above average significant relationship on organizational performance	The results designate partial statistical significant effect of capabilities, culture and firm-level strategy on organizational performance. The results confirm hypothesis **H_4**

Source: Research Data (2017)

The outcomes in this chapter focused on how the various variables manifested in the firms under the study and how the reactors viewed them. Descriptive statistics were done through mean scores, one sample t-tests statistics and significance variations. Coefficients of variations (CV's) were also computed to determine variability in responses on firm-level strategy, capabilities and corporate culture among companies.

The same variables were also analyzed on firm performance indicators. In summary, individual firm-level strategies reported different levels of exhibitions. The results show varied results for the factors on organizational performance. BSC is a good and relevant management tool that backs implementation of firm strategies. The chapter focused on the tests of the four hypotheses that were corresponding to the objectives. Multiple and hierarchical regressions were applied in the analysis. The study results indicated that all the hypotheses were confirmed.

Hypothesis one with respect to influence of firm-level strategy on performance of FBMC in Kenya was confirmed. The second hypothesis on the moderating effect of capabilities on firm-level strategy and organizational performance was confirmed. The third hypothesis on the impact of enterprise culture on the linkage between firm-level strategy and performance was also confirmed. The last hypothesis, four, on the joint effect and the sum of the definite variables on performance was also confirmed. The chapter provided tabulated overview of the objectives, the hypotheses and the results of tests of hypotheses. The results confirmed all the four hypotheses. Chapter (Chapter Five) presents tests of hypotheses and discussions of their statistical implication.

CHAPTER FIVE

DISCUSSION OF RESULTS

5.1 Introduction

The chapter debates various tests carried out on the stated study hypotheses. There were four main variables in the study. In the conceptual framework proposed, firm-level strategy which was evaluated by seven sub-variables had an independent empirical role. Organizational performance which was measured by five indicators had a dependent function. Firm capabilities were analyzed by five items and culture, which was analyzed by four dimensions, were conceptualized as having a moderating role to the relationship of the independent and dependent variables.

The findings on test of the hypotheses are presented in chapter four. The results from the test of hypotheses are compared with earlier observations and theoretical propositions from extant literature laying bare areas of convergence and disagreements. The discussions were done along conceptual, empirical and postulation spheres as lead by the main theories (resource-based view, industrial organization economics theory, dynamic capabilities theory and stakeholder theory) which anchored the study.

Descriptive and inferential statistics were applied to explain outcomes of the regression analysis. The discussion drew upon theory and discoveries of earlier studies to interpret and position results within the discourse of firm-level strategy, capabilities, organizational culture and performance. The debates centered on the results of the study and have been organized along the four research objectives.

5.2 Firm-Level Strategy and Organizational Performance

The first objective of the study was to determine the influence of firm-level strategy on the performance of FBMC. This objective corresponds with the first hypothesis stated as H_1. *Firm-level strategy has a significant influence on performance of food and beverage manufacturing companies in Kenya*. To test this assumption and achieve the study objective, firm-level strategy was measured applying the indicators of market development, diversification, strategic planning, strategic alliance, restructuring, and business process outsourcing and product development. Organizational performance was tested along the perspectives of BSC measures of financial, internal business processes, customer focus, and learning and development. Before testing the hypothesis, the separate effect of firm-level strategies on the various dimensions of performance are presented.

Considering that the current study used eight sub-variables of firm-level strategy, a more detailed scrutiny was undertaken to calculate the inspiration of respective dimension on organizational performance. Results of multiple regression analysis established that the CV values ranged from 10 to 19%. This an indication of 10% to 19% diverse opinions among rejoinders on the features of diversification, business outsourcing, strategic planning, strategic alliance, product development internal restructuring and market development donations to factory performance. Apart from strategic alliance, the results also showed a significant effect on all other firm-level strategies ($p<0.05$). The interaction of firm-level strategy and performance was positive and statistically vital ($P<0.05$), indicating some support for hypothesis 1. However, the size of the change in performance for every 1% increase in firm-level strategy was somehow low. On the independent effect, the results were diverse on financial, internal business process, customer focus and learning and development (Arasa & K'obonyo, 2012).

The results on the test of the stimulus of firm-level strategy on performance of FBMC were positive and statistically significant ($F = 22.62$; $R^2 = 0.05$; Std. Beta = .03; p-value$\leq$0.05). The results show that 5% of increase in performance was credited to firm-level strategy. The findings revealed that strategy was present to a moderate extent within food and beverage manufacturing companies. The results partially agree with Awino, Ogaga and Machuki (2017) who argued that corporate strategy was positively affiliated to enterprise performance. However, this study contradicted Machuki and K'obonyo (2011) who investigated the variable in the similar context as this study. In their study, they established that corporate strategy impact on performance was statistically insignificant.

In a major departure from a populace of previous studies, it was established that strategic alliance characteristics were not statistically important in explaining variations in performance (p-value>0.05). The findings are, however, not surprising taking into consideration the non-significant results of strategic alliances admitted by Muthoka and Oduor (2014). In contrast, the results run contrary to Chrowman, Pries, and Sara (2017) who maintain that superior integration and alliances between firms can have positive effects on innovation and networking with other firms improves the innovativeness of firms. Furthermore, the study contradicts Robson et al. (2008) who established that firm performance is driven and influenced by confidence in strategic alliances through distributive equity and co-partner similarities. Nonetheless, this preposition may be true built on the setting of the study.

The results are partially aligned with the IOE theory which defends that firm-level strategy influences on organizational performance through decision making (Mason, 1939; Bain, 1951). The results support former studies that tested the variables in manufacturing firms (Ansoff, Miller& Cardinal, 2001; Eastlack & McDonald, 2002; Arasa & K'obonyo, 2012) that indicated that firm-level strategy results in superior enterprise performance, when tested in terms of generally acceptable measures (ROI, ROA, business processes, customer focus and learning and development). However, the result differs from arguments of Mintzberg (1990), Armstrong (1999), Akinyele (2007) and Hahn and Powers (2010) who have contradicted the view of the firm-level strategy and performance relationship. This could be connected to the conceptual, methodological and contextual differences from the study which applies multiple and hierarchical regression analysis.

Incidentally, the results were concurrent to the propositions of Payne and Frow (2005) which stated that for exceptional customer value in addition to shareholders' value, corporate strategy is important. The study further supported the prepositions of Kaplan and Norton (1992) that customer value scheme should be the foundation of corporate strategy. The results support the BSC model for assessing accomplishments. It complements past financial indicators with measures that drive performance. Hubbard (2009) posited that organizations are alive to the variations in the business environment and performance measurement. The results advocate for measuring success beyond economic profits to include remote surroundings and social responsibility performance. This was affirmed by lack of statistical significance of firm-level strategy and financial measures (p-value>0.05).

5.3 Firm-Level Strategy, Capabilities and Performance

The second objective was to determine the moderating effect of capabilities on the bonds amongst firm-level strategy and organizational performance through the test of hypothesis H_2. Hierarchical regression analysis was conducted to test the hypothesis. F-tests were applied to analyze the significance of each added variable to the rationalizations reflected in R^2. The beta comparisons aimed at weighing the prominence of the independent constructs. The order of analysis was the independent effect of capabilities on the joint model of firm-level strategy. Lastly, the composite index of firm-level strategy and capabilities was used to test for the overall study hypothesis.

The statistical results revealed overall, the statistical moderating effect of capabilities. The results also show the significant effect on some indicators of performance ($p<0.05$). On the independent effect, the results were mixed on financial, internal business process, customer focus and learning and development measures. The study also reported statistically considerable results for internal business process, customer focus and learning and development. The results revealed a generally modest moderating effect of firm-level strategy, capabilities and performance with all interactive R^2 ranging from 0.35 - 0.65. This infers that the moderating effect at above 30% - 60% on performance is explained by firm capabilities. It has largely provided support for the proclamation that there is an affiliation between firm-level strategy, capabilities and performance. The results explains the basis of development of firm-level strategy and the configuration of the capabilities.

The results for the test of the guidance of firm-level strategy and capabilities on performance of FBMC were statistically critical and positive (R^2= 0.65; Std. Beta = .54; p-value≤0.05). The results were an expression of the moderate positive effect of firm-level strategy and capabilities on organizational performance. Hence, these directed to the approval of the hypothesis that capabilities have a noteworthy effect on firm-level strategy and performance. It shows that 60% of the variation or changes in effective firm-level strategy and performance was caused by capabilities. The results in Table 4.54 indicate critical connections among firm-level strategy, capabilities and performance and are consistent with RBV which posit that firm performance is influenced by its deployment of capitals (Wernerfelt, 1984). The results also agree with the DCT proposition that excellent company performance is a consequence of a proficient and economical engagement of critical intangible resources (Rothaermel 2008; Kamasak, 2017).

The results in Table 4.51 on the moderating impact of human capital on firm-level strategy and performance had the highest contribution (R^2= 0.64; Std. Beta = .26; p-value≤0.05). This implies that 60% deviation in firm-level strategy and enterprise performance was caused by adjustments in human resource. Employees would be more likely to settle with a factory if the shareholders invested in their employee asset management systems, learning and development, positive employee relations and working environment. These results were consistent with Mutunga, Manji and Gachanja (2014) who argued the presence of a constructive bond amid human resource practices of acquisition, development and maintenance of workers and enterprise performance. Nevertheless, the results are in sharp contrast to Nalcaci et al. (2014) who established that marketing capabilities, use of informational and economic resource syndicates with administration and consumer relations capabilities had the highest impact on organizational performance.

Research and development had the second highest effect of capabilities on firm-level strategy and performance (R^2= 0.56; Std. Beta = .35; p-value≤0.05). This shows that 51% changes in firm-level strategy and performance are influenced by research and development. The results confirmed the synergy created by the combined effect of firm-level strategy, research and development on performance. This process has a bearing on implementation of strategy. Therefore, one would expect the levels of research to significantly influence implementation of firm-level strategy. In agreement of this view, Hitt, Hoskisson and Kim (1997) argued that the firm's research and development capabilities is interrelated to multinational diversification. However, the results are in sharp contrast to Krasnikov and Jayachandran (2008) who advocated that in general, marketing capabilities have a stronger impact on enterprise performance than research and development.

The results established that manufacturing and automation had the least aid of firm capabilities on performance (R^2 = 0.22; Std. Beta = .24; p-value≤0.05). This only explains that 17%of the alterations in firm-level strategy and performance could be attributed to the levels of automation in the organization. Rumelt (1984) who contended that there are performance differences at different firm-level strategy and that companies have restraints in developing enterprise extensive capacity owing to the deficiencies in managerial skills and resources. Therefore, company expansion must be backed by availability of sufficient raw materials.

The study supports the arguments of Awino (2011) who established that the separate effect of essential competencies, capabilities and strategy was relatively weaker contrasted to their combined effect. The results supports the arguments of Lopez et al. (2004) and De Almeida et al. (2013) that internal capabilities support the management's capacity to uphold a progressive and sizeable effect on a factory's financial performance.

In contrast, preceding studies did not address the joint effect of these variables; the researcher only considered analysis of firm-level strategies and capabilities independently on organizational performance (Stanley & Magnan, 2001; Johnson & Scholes, 2005). Therefore, the study supplements to firm strategy literature by determining the indirect effect of firm-level strategy and capabilities on performance. The arguments of the study support the moderation effect of capabilities on the linkages between firm-level strategy and performance.

5.4 Firm-Level Strategy, Organizational Culture and Performance

To determine the moderation effect of corporate culture on the relationship between firm-level strategy and performance and test the corresponding hypothesis H_3, the study applied hierarchical regression analysis by adding culture variables on firm-level strategy. F-tests were applied to analyze the significance of every single added variable to the justifications reflected in R^2. It is undertook beta comparisons aimed at weighing the importance of the independent variables. To make conclusions on the moderating effect, observations on the change of R^2 and F-ratios upon introduction of the moderating variables was numbered.

The results in Table 4.68 for the test of the sway of firm-level strategy and corporate culture on performance of food and beverage companies were statistically significant and positive (R^2 = 0.52; Std. Beta = 0.63 p-value$\leq$0.05). Thus, the results led to acceptance of the alternative hypothesis that culture has a weighty impact on firm-level strategy and organizational performance relationship. It shows that 47% of changes in the independent and dependent variables were caused by variation in enterprise culture. Therefore, management should foster an encouraging culture for success in factory performance.

The interaction R^2 when adhocracy culture was introduced in the model of $R^2 = 0.42$; Std. Beta = 0.46; p-value ≤ 0.05) was the highest indicator of organization culture's impact on the relationship between firm-level strategy and performance. This implies that 37% of changes in firm-level strategy and performance resulted from innovations and creativity cultures. The culture indicator with the lowest contribution on firm-level strategy and performance was hierarchy culture ($R^2 = 0.21$; Std. Beta = 0.42; p-value ≤ 0.05). This specifies that amendments in factory policies and structures only accounted for 16% changes in organizational performance.

The study is one of the few inquiries that has empirically confirmed full moderation stimulus of enterprise culture on firm-level strategy and performance. The results imply that when enterprises develop fortified culture, firm-level strategy seizes to influence performance. Consequently, the results confirm that culture has a noteworthy effect on firm-level strategy and performance relationships. The impact of corporate culture as demonstrated in the study are in line with the RBV which holds that factory performance is actualized through utilization of resources at its disposal (Penrose, 1959). The results support erstwhile studies of (Siew & Kelvin, 2004; Fazil & Alishahi, 2012; Aluko, 2013; Kariuki, 2017) who argued that corporate strategy and culture had a positive impact on performance. However, the results contradicted the position of Yesil and Keya (2013), who contended that organizational culture does not impact performance of FBMC.

5.5 Firm-Level Strategy, Capabilities, Organizational Culture and Performance

The results of the study confirmed statistical significance of the joint influence of firm-level strategy, capabilities, culture and performance. The results confirmed the synergy created by the combined influence of firm-level strategy, capabilities and corporate culture on performance. The results demonstrate that the joint effect of the variables exceeds the sum of independent effect of any of the independent variables acting separately to influence factory performance. The results on the impact of firm-level strategy on financial performance was negligible. However, the separate effect of firm-level strategy was statistically noteworthy when tested on combined non-financial performance indicators.

The results in Table 4.59 on the analysis of the inspiration of firm-level strategy, capabilities and enterprise culture on performance of FBMC were statistically critical and positive (R^2= 0.66; Std. Beta = 0.36; p-value $\leq$ 0.05). The results were an attestation to a constructive enforcement of firm-level strategy, capabilities and corporate culture on enterprise performance. Table 4.59 shows the results of the sum of individual upshot of firm-level strategy, capabilities and culture (R^2 =0.57; Std. Beta = 0.47; p-value $\leq$ 0.05). These indicate that the combined effect of the variables accounted for 57% increase in performance and was weaker than the joint enactment of the variables.

Firm-level strategy with R^2 = 0.05 had the least support to the joint weight of firm-level strategy, capabilities and culture and organizational performance. This indicated that firm-level strategy only accounted for 5% changes in enterprise performance. The moderate contributor was culture with R^2 = 0.52. This implies that corporate culture contributed to 47% of the variations in firm-level strategy and performance associations.

The highest contributor to firm-level strategy and performance was capabilities with R^2 =0.65. This indicates that 60% improvements in factory performance are associated to firm capabilities. The results in Table 4.61 on the composite invoke of firm-level strategy, capabilities and organizational culture (R^2 =0.57; Std. Beta = 0.37; p-value $\leq$ 0.05) show that the total composite effect only contributed to 57% of the variation in performance.

In general, these results led to acceptance of the hypothesis that the joint effect of firm-level strategy, capabilities and organizational culture on performance of FBMC in Kenya was different from the sum of the regression coefficient of the same variables. It shows that 61% of the variation or change in firm-level strategy and performance was caused by variation in the united effect of capabilities and enterprise culture. These results are consistent with empirical studies of Lapenu and Zeller (2002), Strickland et al. (2008), Awino (2011), Aosa et al. (2012), and Murgor (2014) which argued that there was a relationship among the study variables. The agreement of the studies could be attributed to similarities in the analytical method and the context for the case of Awino (2011), Aosa et al. (2012) and Murgor (2014).

The results on business process outsourcing in Table 4. 17 indicated that outsourced functions aid in supervision of firm's costs and boosts diversification (Mean = 4.33; Standard deviation = 0.77), concurred with the arguments of Awino and Wandera (2010) and Brown and Wilson (2015) of the existence of a helpful relationship between business outsourcing and performance. Grounded in the findings and previous arguments, the study led us to accept the hypothesis that there was a significant statistical connection among firm-level strategy, capabilities, culture and performance of food and beverage manufacturing companies in Kenya.

In broad spectrum, the results revealed that capabilities had the highest influence on organizational performance. The findings are consistent with Murgor (2014) who insisted that strategy implementation led to competitive advantage and hence, improved performance. Although this may be true, it should be pointed out that implementation of strategy cannot be divorced from dynamic capabilities. In fact, Hamel and Prahalad (1990) contend that successful utilization of capabilities through a good firm-level strategy fortify corporations to register greater performance. However, in terms of theory postulation, the results support the industrial organization economics theory, dynamic capabilities theory, resource-based view and stakeholder theory. Nevertheless, there is need for research to develop an interactive theory capable of explaining the linkages among firm-level strategy, capabilities, organizational culture and performance.

The chapter presented a discussion of the results as shown in chapter four. The results were interpreted in light of the supporting theories and findings of empirical studies. The debates focused on the results and whether they were consistent or contradicted other empirical studies. It also covered areas of suggestions to firm's management on what to take keen interest on and pay attention to when in pursuit of a higher productivity and sustainable competitive advantage. The results offer an alternative explanation suggesting that the stimulation of firm-level strategy on organizational performance is indirect.

The results confirmed statistical significance of full moderation of capabilities on the relationship between firm-level strategy and performance. The hypothesis on the moderating influence of culture on firm-level strategy and performance was supported. The proposition of the joint effect of firm-level strategy, capabilities and culture on organizational performance being greater than the sum of the independent effect was also supported.

The significance of the results of the present study is on the moderation contribution of capabilities and corporate culture to theories explaining the link between firm-level strategy and organizational performance. Based on the results, the four theories that anchored the study of RBV, SHT, DCT and IOE were supported. Chapter (Chapter Six) presents a summary of findings, conclusions, recommendations, restrictions and areas for additional study. The most striking arguments of the study provided grounds for conclusion. Recommendations have been made for theory, policy and the practice of firm-level strategy in the food and beverage industry.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The main objective of the study was to evaluate the effects of capabilities and organizational culture on firm-level strategy and performance linkages. Four key hypotheses were tested to gauge the connections among variables under investigation. The outcomes of hypotheses tests were reported in chapter four and the resultant discussions covered in chapter five. The current chapter is a brief of the study, conclusion, limitations and recommendations.

The chapter closes the previous thoughts accompanied by the arguments of relevant empirical studies. First, focus is placed on the results and hypotheses confirmation as originated from the thesis by mentioning the research proposition. Secondly, policy and further study recommendations which are of interest to thoughtful observers and policy makers are covered. Lastly, proposals for further study are documented as a mode of pointing out how the identified knowledge gaps can be bridged.

6.2 Summary of the Study

The main objective of the study was to determine the influence of capabilities and organizational culture on the relationship between firm-level strategy and performance of FBMC in Kenya. Four specific objectives were formulated and pursued by testing corresponding hypotheses. The populace of the study comprised of all large scale FBMC in Kenya. Cross-sectional survey design was embraced in data collection and analysis. Primary information was attained from reactors using structured questionnaires.

The questionnaire was developed using existing scales from literature. The data was gathered through a self-administered questionnaire targeting Chief Executive Officers/ Managing Directors who are liable for the strategic direction of their organizations. Data was analyzed and interpreted with descriptive statistics, factor analysis, contingency tables and regression analysis. Simple regression analysis was applied to test firm-level strategy and organizational performance direct linkages. Hierarchical regression analysis was manipulated to ascertain the moderating effect of capabilities, culture and the collective effect of firm-level strategy, capabilities and culture on performance.

At descriptive analysis level, it was established that over 63.2% of FBMC in Kenya are fully locally owned. Operations in global market economies were a limited practice among FBMC. 68% of the companies operated within Kenya, only 12% were regional and 20% operated both continentally and internationally. Majority of the rejoinders (56.8%) had worked for their organization for a duration of between 11 to 20 years with 60% having worked in the present position for a period of between 1(one) to 10 (ten) years.

The display of variables across firms was strong. Firm-level strategy recorded the highest grand mean score of 4.02 and a standard deviation of 0.78. Organizational performance had a grand average score of 3.78 with a standard deviation of 0.75. Firm capabilities registered a grand mean score of 3.87 with a standard deviation of 0.25. Culture had the last grand average score of 3.81 with a standard deviation of 0.40. Firm-level strategy was strongly manifested through diversification, internal restructuring, product development, business processes outsourcing and strategic planning.

The presence of core capabilities was strongly reflected through human capital, research and development, manufacturing and automation, and information technology. All attributes of culture – market, clan, adhocracy and hierarchy featured strongly. Organizational performance was strongly manifested through non-financial indicators; learning and development, improved factory internal processes, and employee acquaintance to offer customer satisfaction.

All the four tested hypotheses were supported. It was determined that firm-level strategy has a partial significant stimulus on enterprise performance (R^2= 0. 051; Std. Beta = .03; p-value≤0.05). Further analysis revealed that capabilities had a vital effect on firm-level strategy and organizational performance (R^2= 0.65; Std. Beta = .54; p-value≤0.05). Corporate culture had also a weighty effect on firm-level strategy and performance (R^2= 0.52; Std. Beta = .63; p-value≤0.05). Therefore, it was established that capabilities and corporate culture fully moderate firm-level strategy and performance relationships. The results of the combined effect (R^2= 0.66; Std. Beta = .36; p-value ≤ 0.05) when equated to the sum of separate effect (R^2 =.63; Std. Beta = 0.29; p-value≤0.05) supported the hypothesis linking firm-level strategy, capabilities, culture and factory performance. Consequently, the joint effect of firm-level strategy, capabilities and organizational culture on performance of FBMC in Kenya was statistically weighty.

6.3 Conclusion of the Study

The research substantiated the conceptual model as per the resource-based view theory, dynamic capabilities theory, industrial organization economics theory and stakeholder theory. The study revealed that firm-level strategy was not statistically significant on financial performance indicators of ROI and ROA (P ≥ 0.05).

The results of firm-level strategy on financial performance was not statistically vital ($P \geq 0.05$). However, the overall results of firm-level strategy on organizational performance ($F = 22.62$; $R^2 = 0.05$; Std. Beta = .03; p-value≤ 0.05) was statistically significant. The results of firm-level strategy on non-financial indicators of internal business process and learning and development were statistically important ($P \geq 0.05$). The results of firm-level strategy on non-financial measures of customer focus was not significant.

In all, the results show that 5% of the variation or change in performance was attributed to firm-level strategy. The results illustrate that firm-level strategy has an impact on some indicators of non-financial performance. The study confirmed the second hypothesis that capabilities had a positive upshot on the affiliations amongst firm-level strategy and enterprise performance. The results ($R^2 = 0.65$, Std. Beta = .00, p-value≤ 0.05) show that capabilities accounted for 60%of the variations in organizational performance. All the dimensions of human capital, research and development, marketing and information technology had a progressive effect on the relations among firm-level strategy and performance.

The study supported the hypothesis that corporate culture had a significant impact on firm-level strategy and performance relationships. The results ($R^2 = 0.52$ Std. Beta = .00; p-value≤ 0.05) indicated that culture impacted 47% changes in firm-level strategy and enterprise performance relations. All the indicators of culture of hierarchy, market, clan and adhocracy on performance were statistically noteworthy. The results of ($R^2 = 0.66$; Std. Beta = .36; p-value ≤ 0.05) disclosed that the joint enforcement of firm-level strategy, capabilities and organization culture contributed to 66% variation in factory performance.

The results of the sum of the independent upshot of firm-level strategy and capabilities was (R^2 =.57; Std. Beta = 0.29; p-value≤0.05); this shows that 57% variation in performance was as a result of the sum of the independent variables. This supported the hypothesis that the combined effect of capabilities and organizational culture on the linkages between firm-level strategy and performance was greater than the sum of the independent of the variables on performance.

6.4 Implications of the Study

The subsequent policy and scholarly recommendations are made for an overall advancement in the governance of food and beverage manufacturing companies in Kenya. First, the formulation of firm-level strategy helps in focusing, running and directing companies to high performance. Firm capabilities are material and should inform the brand of strategies to be implemented. The control of capabilities is needs to place more attention on talent governance and research and development initiatives which reinforced the highest to firm-level strategy and performance relationships.

Stakeholders need to appreciate and assume their pivotal duty in certifying that foodstuff manufacturing factory's management are embracing good cultures that maintains a high productivity. This could be realized through establishment of company plans and systems that promote creativity and an innovation culture. The study has advanced frontiers of knowledge on firm-level strategy, capabilities, culture and organizational performance. It affords backing to the influence of capabilities and culture on firm-level strategy and performance relationships (Barney, 2001b).

The study has confirmed the contributions of the various theories and lends support to the hypothesized connections. The results contributes to the solidification of literature by ratifying the postulations of resource-based view and dynamic capabilities theory, the study supports the paradigm of *resources-conduct-performance (R-C-P),* in which the accomplishment of an enterprise hinges on the capabilities it enjoys (Kuhn & Grunig, 2000). These results offer support to the RBV and DCT theories with adherence to the uniqueness of firms' possession of idiosyncratic attributes and core competences. The consequence is that firm-level strategy is equally dependent on the existing capabilities which are solitary to each firm. The study partially supported the IOE theory and stakeholder theory since the relationship of firm-level strategy to financial performance was not significant.

The results show that capabilities afford more to firm-level strategy and performance as opposed to culture stimulus. The results were further consistent with Raible (2013) that industrial economics organization theory is fundamental in determination of the selection of firm-level strategy suitable for factory success. Ramsey (2001) further enunciates that the IOE theory is replicated in the structure-conduct-performance model, which claims the existence of a connection among the structure of a business economy, the enterprise conduct and organizational performance. The findings affirm Porter's (1981) position that the central analytical feature of IOE theory is in identification of corporate strategies. The study further supports the stakeholder theory as demonstrated by lack of liaison of firm-level strategy on financial performance, but positive linkages when non-financial indicators are fused in the equation.

The results of the study divulge that the technique on the main concepts is powerful in a developing republic and that it helps in identifying theories solitary to firms and increases the validity of corporate strategy theories formulated in industrialized countries. The study has exposed that firms operate in a flexible environment and their performance is subject to corporate strategies implemented as postulated in various paradigms. The study pursued to establish this relationship and how additional variables of capabilities, culture and corporate strategy inspiration on firm performance as a strategic management equivalent of Strategy-Capabilities-Performance (S-C-P). Other empirical studies have proposed that firm-level strategy has a relationship to organizational performance. This study's findings statistical significance confirmed and support the proposition. Finally, the study validated the industrial economics theory whose prominence is on cost-effective application of corporate strategy for greater performance.

The study on the inspiration of company capabilities and culture on the connections between firm-level strategy and performance of food and beverage manufacturing companies in Kenya has analyzed various competitive advantage initiatives for the sector under the framework given. It has been recognized that FBMC industry has a vibrant and promising evolution. The sector is a vital area of attention for the Kenyan government. The worth of the industry is also advanced by the current statistics that above 70% of the masses depends upon agriculture activities for survival. The Kenyan parliament legislations has in recent times, therefore, focused on value addition and commercialization of agriculture produce to minimize pre/post-husbandry losses, create opportunities and promote export growth through supervisory and monetary incentives.

The study advocates and promotes a new wave in FBMC development through prudential management and attraction of direct foreign investments in Kenya considering its strategic market position. It aspires to increase export of the "made-in-Kenya" tag of foodstuffs moving abroad. Kenyan brands in this sector are progressively discovering prime shelf-space in the merchant stores of COMESA markets, Asian countries, US and Europe. Kenya Vision 2030 is fastened on three key pillars: social, political and economic. The economic pillar reinforces the vision for national prosperity. An aspiration to economic transformation targeted at posting an average economic growth of over 8% per year over the next twenty-two years.

The Kenyan government will benefit from the study through expansion and effecting of numerous schemes to afford financial support for setting up and modernizing FBMC, planning and budgeting for advanced infrastructure, periodical research and development and talent coordination mutually with other marketing initiatives that would boost the maturity of the sector. The findings have varied implications on managerial practice. Deduced from the findings, it is a clear that the joint effect of the three variables (firm-level strategy, capabilities and corporate culture) on organizational performance is greater than their individual effect.

Additionally, it was established that firm-level strategy on financial performance was not substantial. However, when tested on the combined index of enterprise performance, the relationship was significant. Additionally, it was established that the moderating effect of capabilities on the connections amongst firm-level strategy and performance is greater than their individual influences. This indicates that for Kenyan FBMC to achieve stellar performance, the key decision makers should judiciously incorporate numerous capabilities in firm-level strategy development. The management should pay close attention to the findings of the study.

The study established that enterprise culture as a moderator had a significant effect on firm-level strategy and organizational performance linkages. Individually, hierarchy and adhocracy culture dimensions had the highest contribution. This indicates that for FBMC to excel, structures and systems to coordinate operations and innovative and creative culture should be developed. The indicators for market and clan culture also scored relatively well amongst the reactors. This denotes that permissible to keep competition, FBMC should embrace marketing tasks and teamwork among its employees.

The study had a statistically significant result for the hypothesized relationships of all the four objectives. The study was to explore and establish chances of affiliations among the variables. It operationalized the research variables and tested their interactions. The design was molded on the heart of generalization of the results to the entire food and beverages manufacturing companies' population. However, a case by case inquiry should advance the findings. From the conclusion, there were varied results on the relationships of firm-level strategies and performance indicators.

Data collection through a structured questionnaire was done in line with the operationalized study variables of firm-level strategy, capabilities, culture and performance of FBMC. The research instrument was tested for validity and reliability. This was to warrant that the information collected would give good results and eliminate any errors. Based on this, ground has been set for replication. Any studies involving large sample, a drop and pick method is mostly appropriate.

The favored analytical tool was mainly regression analysis. It is the ideal analytical technique, more especially in studies whose conceptualization have cause/effect relationships between and among variables. The approach was competent to give various statistical reports that steered significance decisions to support or fail to maintain the various hypotheses. It allows drawing of conclusions based on verifiable empirical evidence. The analysis tool gave positive results and, hence, is recommended for similar future studies. If another select of analysis was to be used, probably the statistically weighty results could have changed to be insignificant.

6.5 Limitations of the Study

The study aimed at determining the influence of capabilities and organizational culture on the relationship between firm-level strategy and performance of food and beverage manufacturing companies in Kenya. Despite this objective being met, it is not without limitations. One such limitation was that the reactors selected for the inquiry were the organization's Chief Executive Officers/Managing Directors whose responsibilities among others is to ensure the factory meets the study variables. Their reactions on the attitude regarding the topographies of the research were, therefore, one-sided. A number of tactics were engaged to restrict these limitations, which are mutual to management science studies. To control this, the scholar relied on previously tested scales and confirmed by other scientists to reduce ambiguity (Awino, 2011; Aosa et al., 2012; Aluko, 2013; Yesil & Keya, 2013; Murgor, 2014).

The rejoinders were the strategic decision-makers who were well informed about the organization, its firm-level strategy, capabilities, culture and performance. Consequently, the element of biases could not be entirely overruled. The perception of other crucial stakeholders like the board members or workforces could have been ignored especially on corporate culture given that it involves beyond the organization's senior level supervision. To mitigate this, the dependent variable was cited after the independent one, thus lessening the effect of inconsistency artifacts (Podskoff et al., 2003). Hence, the above procedure ensured that participants failed to have the impression that they are being appraised personally, reassuring them to deliver answers free of speculation regarding the research objectives.

The wide geographical spread of firms in the sector under investigation was yet another limitation. The FBMC are spread across the whole country. Emails were effectively used in a few scenarios to administer the questionnaires. However, in most instances data collection was largely dependent on the researcher and his/her assistants travelling to the organizations. This made it an expensive affair that required assurance of travel, accommodation and logistical costs. In some cases, four to five visits were mandatory for each factory. Considering that the investigator was self-sponsored for the study, the exercise was a strain on financial resources.

The other limitation was the non-responsiveness because of company policies on provision of information on financial performance of their companies. The danger of some respondents' failure to properly complete or return the questionnaires could affect data collection and could led to the replies being subjective. However, limitations were overcome by establishing reliable contacts and attaching a duplicate of the introductory letter from the University of Nairobi which gave confidence to the respondents.

Initially, it was envisaged that difficulties would have been encountered in securing appointments from busy rejoinders. This was grounded on the inclination that reactors would have had other engagements to divide their attention. To overcome this problem, the researcher consistently made repeated visits and telephone contacts until eventually gained a breakthrough in collecting the needed data. Lastly, the strict confidentiality requirement for private firms was expected to make reactors either un-willing or shy away from providing some information. To address this limitation, permission was sought and obtained from the NACOSTI of the respective firms.

Originally it was envisaged that access to supposedly confidential data on financial performance of sampled companies would not be easily acquired. Subsequently, the scientist used existing networks to escalate the confidence levels of the targeted respondents. However, secondary data and interviews instruments was not utilized in the study due to reliability and validity drawbacks allied to the technique as a source of information for analysis. Besides, the scholar focus was not on longitudinal analysis, but on the current expressions of the variables.

Cross-sectional research design lacks the rigor to test causality among concepts. The moderation of capabilities and culture on firm-level strategy and performance relations requires a longitudinal design in order to test interconnections for a five to ten- year term. Although linear regression analysis is an esteemed tool for testing relational hypotheses, the hierarchical analysis used in testing combined effect is inclined to the categorization in which the variables were fitted in the regression model.

6.6 Suggestion for Further Research

The scholar focus was on the linkages among firm-level strategy, capabilities, culture and organizational performance. The study met all its intended objectives. It also provoked subjects that would entail further research. The resulting counsels could be acknowledged by upcoming corporate level strategists. The study used objective financial performance chronicles obtained from large scale FBMC in Kenya. They were a composite of all financial and non-financial performance measures. Prospective research should consider collecting and analyzing subjective data on the effect of capabilities and corporate culture on firm-level strategy and factory performance.

The study focused on the joint effect of firm-level strategy, capabilities and organizational culture on performance, but omitted to investigate the individual effect of the dimensions of firm-level strategy (strategic planning, diversification, internal restructuring, product and market development), firm capabilities (information technology, human capital, manufacturing, research and development and marketing) and culture (hierarchy, market, adhocracy and clan) on performance and require to be tested to find out if they will give similar results.

The results were built on manipulation of data collected from large scale FBMC in Kenya. The scholar recommends that future explorations should be concentrate on validating the arguments by conducting a related research with the similar operationalization through collection of data from different industries on a varied duration of examination. Further research should be stretched to different contexts like the service industry, telecommunication and banking sectors.

Future studies should also reflect the inclusion of small and medium FBMC in Kenya in order to capture data for micro and medium size firms on a regional basis. Additionally, researchers should consider introducing other variables such as the external environment, top governance team characteristics, organization governance structure among other variables and establish their sway on performance. Subsequent scientists could equally consider using other statistical tools to analyze data such as Tobin Q or logistic regression analysis or multivariate analysis. A purely qualitative approach would also provide a rich insight on firm-level strategy, capabilities, culture and performance of FMBC in Kenya.

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APPENDICES

Appendix I: Personal Letter of Introduction

Dominic Chungani Muteshi
School of Business, University of Nairobi,
P.O. Box 30197 – 00100
NAIROBI

1st September, 2016

To Whom It May Concern

Dear Sir/Madam,

RE: REQUEST FOR ACADEMIC REASRCH DATA

I am a Doctor of Philosophy (Ph.D) candidate at the Department of Business Administration, School of Business, University of Nairobi. As part of the requirement for the award of the degree, I am expected to undertake a research study on an identified contemporary topic. I am asking for your participation in a study that examines **Firm-Level Strategy, Capabilities, Organizational Culture and Performance of Food and Beverage Manufacturing Companies in Kenya.** The attached questionnaire will take about thirty minutes to complete. Kindly answer all the questions as completely as possible. The research results will be used purely for academic purposes only and will be treated with utmost confidentiality. For purposes of data collection I have assigned Mr. Philemon Banjo to support me. Please accord him the necessary assistance. Should you require the summary of this study, kindly indicate so that at the end of the questionnaire. Your co-operation will be highly indebted.

Yours sincerely,

Dominic C. Muteshi
Doctoral Candidate
E-mail: dcmuteshi@yahoo.com
Mobile No. +254 722461002.

Appendix II: University Letter of Introduction

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

08th August, 2016

TO WHOM IT MAY CONCERN

RE: DOMINIC CHUNGANI MUTESHI: D80/60065/2011

This is to certify that, **DOMINIC CHUNGANI MUTESHI: D80/60065/2011** is a Ph.D candidate in the School of Business, University of Nairobi. The title of his study is: **"The Influence of Firm Capabilities and Organization Culture on the Rel.ationship between Strategy and Performance of Food and Beverages Manufacturing Companies in Kenya".**

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

DR. JOHN YABS
FOR: ASSOCIATE DEAN,
GRADUATE BUSINESS STUDIES
SCHOOL OF BUSINESS

MK/mwk

Appendix IIIa: Research Authorization Letter

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471, 2241349,3310571,2219420
Fax:+254-20-318245,318249
Email:dg@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/17/87002/15800**

Date: **15th March, 2017**

Dominic Chungani Muteshi
University of Nairobi
P.O. Box 30197-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Influence of firm capabilities and organizational culture on the relationship between strategy and performance of food and beverages manufacturing companies in Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **all Counties** for the period ending **9th March, 2018.**

You are advised to report to **the Principal Secretary, Ministry of Industrialization and Cooperative Development, the County Commissioners and the County Directors of Education, all Counties** 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.

BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The Principal Secretary
Ministry Of Industrialization and Cooperative Development.

The County Commissioners
All Counties.

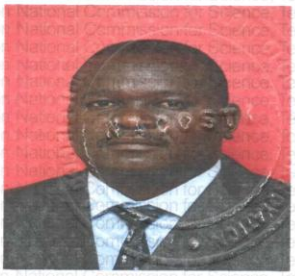
Appendix IIIb: Research Permit from National Council for Science, Technology and Innovation

THIS IS TO CERTIFY THAT:
MR. DOMINIC CHUNGANI MUTESHI
of UNIVERSITY OF NAIROBI, 56928-200 NAIROBI,has been permitted to conduct research in*All Counties County*

on the topic: *INFLUENCE OF FIRM CAPABILITIES AND ORGANIZATIONAL CULTURE ON THE RELATIONSHIP BETWEEN STRATEGY AND PERFORMANCE OF FOOD AND BEVERAGES MANUFACTURING COMPANIES IN KENYA*

for the period ending:
9th March,2018

Permit No : NACOSTI/P/17/87002/15800
Date Of Issue : 15th March,2017
Fee Recieved :Ksh 2000



.....
Applicant's Signature

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

CONDITIONS

1. You must report to the County Commissioner and the County Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit.
2. Government Officer will not be interviewed without prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2) hard copies and one (1) soft copy of your final report.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice

REPUBLIC OF KENYA

NACOSTI

National Commission for Science, Technology and Innovation

RESEACH CLEARANCE PERMIT

Serial No.A 13295

CONDITIONS: see back page

Appendix IV: Research Questionnaire

Dear Respondent,

The purpose of this questionnaire is to collect data from food and beverage manufacturing companies in Kenya. The information will be used to examine firm-level strategy, capabilities, organizational culture and performance of food and beverage manufacturing companies in Kenya. The data will be used purely for academic purpose and will be treated with strict confidence. Your participation in the study is highly appreciated.

PART 1

Section A: Background Information

(Tick (√) as appropriate)

1. What year was your firm established? …….

2. Scope of operations

   (1) National (Within Kenya) [ ]

   (2) Regional (Within the East Africa) [ ]

   (3) Continental (Within Africa) [ ]

   (4) Global (Within Africa and Beyond) [ ]

3. Ownership Structure

   (1) Fully Locally Owned [ ]

   (2) Fully Foreign Owned [ ]

   (3) Both Local and Foreign Owned [ ]

   Percentage of Ownership: Local_____ %Foreign_____ %.

4. Please indicate the period you have been with this company:

   (a) What is your current position _____

   (b) How long have you been with the organization? (In Years)_____

   (c) How long have you served in the current position (In Years)_____

5. Kindly list the products your factory offers in the market:

a) _____
b) _____
c) _____
d) _____
e) _____

PART 2

6. Section B: Firm-level strategy

One aspect of this study is the firm-level strategy which for the purpose of this research consists of all the corporate strategies of your firm. On the basis of the strategies that the firm has developed and executed, please provide answers to questions in this section.

a. Has the firm developed a strategic plan in the last five years?

Yes [ ]

No [ ]

b. The enterprise has allocated resources for implementation of the strategic plan.

Yes [ ]

No [ ]

If yes, how much ……

100,000-500,000 [ ]

500,000-1,000,000 [ ]

1,000,000 and above [ ]

c. Does the company renew the design of the present and/or new products through variations like wrapping, form, appearance and bulk without changing their basic technical and functional qualities?

Yes [ ]

No [ ]

Please indicate the extent to which you agree with the following questions regarding your firm-level strategy for the last three years on a scale of **1-5 where; 1= Not at all; 2 - Small Extent; 3 - Moderate Extent; 4 - Large Extent and 5 – Very Large Extent.**

	Statement	**1**	**2**	**3**	**4**	**5**
1	The factory has focused on product strategy to create uniqueness through creativity and innovation.					
2	The company uses diversification as a strategy used to lower the overall risk of dependence on one product/service.					
3	All employees are aware of the firm's strategy.					
4	The factory has shared and communicated its vision and mission to all staff.					
5	There is decreasing of variable cost and/or increasing delivery speed in affiliated logistical processes.					
6	There is an increased production quality in milling processes, techniques, automation and software.					
7	There is constant review of firm's strategy due to changes in the market					
8	The enterprise has reviewed its processes according to the firm structure.					
9	There is coordination and facilitation of diverse business operations					
10	The company's strategy allows the it to confront competitive forces of potential competitors					
11	The enterprise outsourced functions have facilitated in managing firm's expenditure and enhanced diversification.					
12	There is a decrease of flexible cost components in production processes, techniques, plant and software.					
13	There is a management effort in elimination of non-value adding activities in production processes.					
14	There is a decrease of manufacturing cost in spare parts and supplies of present products					
15	The company has done cost reduction through prudence financial management techniques such as redundant employee layoffs.					
16	The firm has started elaborate advertisement undertakings in the most recent five years to increase market base					

	Statement	1	2	3	4	5
17	There is a constant modification of the organogram to facilitate strategic alliance and long-term business partnership.					
18	The factory develops novelty for present products leading to upgraded ease of use for customers and to improved customer satisfaction					
19	The company develops innovative products with technical specifications and features completely divergent from the existing ones.					
20	The factory increases its manufacturing capacity in components and raw materials of present products					
21	There is developing of novel products with assembly parts and materials completely differing from the existing ones.					
22	The firm has launched new products in the marketplace in the previous five years.					

7. Section C: Firm Capabilities

This is another aspect of the study. For the purpose of this research capabilities refers to your firm's capabilities. Use the keys provided TICK as appropriate.

a. The firm has hired qualified personnel for specific jobs?

Yes [ ]

No [ ]

b. The enterprise has been coming up with distribution chain systems without altering the logistical dispatches interrelated to the distribution of the product.

Yes [ ]

No [ ]

If yes, explain…….

c. The firm has the capacity to present innovative products and provisions to the market before competitors.

Yes [ ]

No [ ]

Please specify to what extent you agree with the following questions regarding your firm capabilities for the last three years on a scale of **1-5 where; 1= Not at all; 2 - Small Extent; 3 - Moderate Extent; 4 - Large Extent and 5 – Very Large Extent.**

	Statement	**1**	**2**	**3**	**4**	**5**
1	There has been sufficient human resource with relevant talents to perform all tasks.					
2	The skills and competences owned by the firm's personnel have been relevant and assertive for the tasks assigned.					
3	There has been clear assigning and communication of responsibility to firm's employees.					
4	There has been a clear process of development of the firm capabilities.					
5	The firm has adequate qualified staff with relevant skills for assigned jobs.					
6	The company has personnel with professional qualifications.					
7	There is a good culture that inspires team spirit and collective responsibility.					
8	The factory has always reviewed reward structure without incurring losses.					
9	The firm has been doing marketing relentlessly for the most recent five years.					
10	The enterprise has hired professionals marketers for marking activities					
11	The company has allocated enough budgetary allocation for its advertising campaign.					
12	The firm has developed scheduled promotional timetables for promotional activities.					
13	The factory possesses superior and valuable information of the industry.					
14	The company has been able to retain its market while offering creative products through promotion and adverts.					
15	The factory has pursued aggressive marketing and product leadership strategies like brand equity.					
16	The organization has commenced new channels of distribution in the last five years.					
17	The factory has improved its critical technologies to enable continued market control.					

	Statement	**1**	**2**	**3**	**4**	**5**
18	The firm has invested and operates on the most present manufacturing technology in carrying out its operations.					
19	The enterprise's structure has allowed flexibility in its business systems.					
20	The company has encouraged innovation and creativity through research and development.					
21	There has been adequate financial and non-financial resources to undertake its activities.					
22	The organization has practiced good operational achievements by improving other business processes through automation.					
23	There has been efficient and seamless processes of cost containment in its operations.					
24	The business has operated in an efficient way in its resource utilization and management.					
25	The firm has suitably allocated resources for the intended purposes.					
26	The company has constantly been engaging in research to enhance product creation.					
29	The factory has been inventing new products for the last five years					
30	The company has embraced use of new internet solutions in its operations.					

8. Section D: Organizational Culture

This is another aspect of the study. For the purpose of this research culture refers to your firm's internal culture. Use the keys provided TICK as appropriate. Please indicate to what extent you agree with the following questions regarding your organizational culture for the last three years on a scale of **1-5 where; 1= Not at all; 2 - Small Extent; 3 - Moderate Extent; 4 - Large Extent and 5 – Very Large Extent.**

	Statement	**1**	**2**	**3**	**4**	**5**
A	***Hierarchy Focus***					
1	The firm has institutionalized a mission statement that is understandable by all stakeholders.					
2	The organization has established both short and long-term objectives.					
3	Employees have access to timely and precise information about what's really happening in the organization.					
4	The company has an open door communication policy between the administration and other levels.					
5	The factory communicates the overall goals and vision for growth.					
6	The organization has defined set of value statements.					
7	The factory has had a low employee turnover for the past five years.					
8	Human resource is flexible and adaptable when changes are required.					
B.	***Clan Focus***					
9	Employees have a clear knowledge of why and how to proceed throughout the reengineering process.					
10	Human Resource believe they can influence or affect their work place through their innovations and involvement.					
11	Staff agree that their concerns and anxieties during periods of change are heard and taken into considerations.					
12	The enterprise has staffs who participate in defining specific goals.					
13	Human capital in the firm are measured and compensated conferring to their productivity.					

	Statement	1	2	3	4	5
14	The workers know what their performance targets and comprehend its impact on other people, teams and departments.					
15	The workforce have confidence in working together, collaboratively and opting for alignment over competition.					
16	Executives at all levels work collectively as a team to realize results for the firm.					
17	The company policies and procedures help personnel to provide the service our customers and clients want and needs.					
18	The enterprise value's staff and make use of one another's unique competencies and diverse talents.					
19	Employees sometimes overlook company policies and procedures to reach contractual goals.					
C.	***Marketing Focus***					
20	The factory renews the product advertisement practices engaged for the promotion of the present and/or new products.					
21	The company has been continuously implementing recommendations of customer satisfaction surveys.					
22	The organization has a good after sale assistances					
23	The factory re-inaugurates product pricing techniques employed for the pricing of the existing and/or new products.					
24	The company constantly reviews the organogram to promote coordination between different departments.					
25	The factory rejuvenates general marketing running activities					
D.	***Adhocracy Focus***					
26	The firm employees understand its value statements.					
27	The company staff have a high level of team work.					
28	The enterprise personnel have high levels of professionalism and commitment to quality work ethics of your human resource.					
29	The company public perception, goodwill and reputation have been on the rise for the previous five years.					
30	The organization enjoys a good market allocation in comparison to its competitors.					
31	The enterprise has a strong and stable history of good work ethics.					
32	The firm has a strong and stable history of quality products.					

9. Section E: Organizational Performance

Please specify to what extent you agree with the following questions regarding your company's performance for the last three years on a scale of **1-5 where; 1= Not at all; 2 - Small Extent; 3 - Moderate Extent; 4 - Large Extent and 5 – Very Large Extent.**

	Statement	**1**	**2**	**3**	**4**	**5**
A.	***Financial Perspective***					
1	The firm's sales revenue has increased.					
2	The factory's profits have increased.					
3	The company's investment and advancement have increased.					
4	The enterprise's sales revenue has improved due to repeat sales.					
5	The firm has achieved good returns by improving its asset utilization.					
6	The factory uses cost control systems in monitoring performance.					
	Non-Financial Measures					
B.	***Internal Business Processes***					
7	The company's operational efficiency has improved as a result of business process re-engineering.					
8	The firm has improved its critical interior practices to sustain market leadership.					
9	The factory always produces a production schedule for all its products.					
10	The enterprise has gained market share through quality improvement.					
11	The company has introduced new products.					
12	The firm's market ration has been improving.					
C.	***Customer Perspective***					
13	The enterprise has ventured new markets					
14	The firm has created value for its consumers through quality products and services.					
15	The company's Products/Service quality has improved.					
16	The organization supplies goods and assistances to customers on time.					
17	There have been good structures to promote customer relationship with the factory.					
18	The firm's purchase order forecasts to its customers have been accurate.					
19	The factory has provided exceptional service to customers through Key Accounts Management.					

	Statement	1	2	3	4	5
20	The company has handled all customer complaints and resolves with complete and suitable solutions.					
21	The firm has had adequate and comprehensive value arrangements per customer segment.					
22	The budgetary allocation for Firm Social Investment has increased.					
23	Firm social participation and performance has improved.					
24	Environmental performance has improved.					
25	The factory's budgetary allocation on environmental responsibility and conservation has increased.					
26	The firm has devoted resources in eradication of environmental hazards.					
27	The company has adopted Green Technology for cleaner environment.					
28	The frequency of environmental impact assessment has increased.					
29	Management has succeeded in defining employee wants and development.					
30	The retention of change personnel has always been taken into account during shakeups.					
D.	***Learning and Development***					
31	The board has always ensured that the company has qualified and professional staff.					
32	The firm has had good structures to support upward employee growth through merit.					
33	The enterprise has a good organogram to promote upwards employee mobility.					
34	The company has had an endless learning on how to do things better.					
35	The factory has created a good working condition that supports all operations.					
36	The enterprise has highly charged and motivated personnel.					
37	The company has been very keen on staff wellness and safety.					
38	The firm's employee productivity and staff development has improved.					

10. Please provide the following information on firm's performance

CRITERIA	Unit of Measurement	2011	2012	2013	2014	2015
A. Financial						
Return on Investment	**%**					
Gross Sales	**Kshs. (Billions)**					
B. Internal Business Processes						
Cost Efficiency	**%**					
Capacity Utilization	**%**					
C. Customer Perspective						
Customer Satisfaction Index	**%**					
Customer Complaints Resolution	**%**					
D. Employee Dynamics						
Employee Productivity	**%**					
Employee Satisfaction	**%**					

Kindly put down any other comment with respect to the subject of this study.

_____
_____
_____
_____
_____

Do you wish to receive a complimentary copy of results of this study?

[ ] Yes [ ] No

THANK YOU FOR YOUR PARTICIPATION IN THIS STUDY

Appendix V: A List of Large Food and Beverage Manufacturing Companies in Kenya as on December, 2016. (178)

FIRMS	LOCATION	FIRMS	LOCATION
Africa Spirits Ltd	Nairobi	Kenya Meat Commission	Athi River
Agriner Agricultural Devpt	Nairobi	Kenya Nut Co. Ltd	Nairobi
Agri Pro-Pak Ltd	Nairobi	Kenya Seed Co. Ltd	Kitale
Agro Chemical and Food Co. Ltd	Muhoroni	Kenya Sweets Ltd	Nairobi
Al-Mahra Industries	Nairobi	Kenya Tea Packers Ltd (KETEPA)	Kericho
Alpha Fine Foods Ltd	Nairobi	Kenya Wines Agencies Ltd	Nairobi
Alpine Coolers Ltd	Nairobi	Keroche Industries Ltd	Naivasha
Aquamist Ltd	Nairobi	Kevian Kenya Ltd	Nairobi
Arkay Industries Ltd	Eldoret	Kibos Sugar and Allied Industries	Kisumu
Bakers Corner Ltd	Nairobi	Kinangop Dairy Ltd	Nairobi
Bakex Millers Ltd	Thika	Kisii Bottlers Ltd	Kisii
Belat Enterprises	Athi River	Koba Water Ltd	Nairobi
Belfast Millers Ltd	Nairobi	Krish Commodities Ltd	Nairobi
Beverages Services (K) Ltd	Nairobi	Kuguru Food Complex Ltd	Nairobi
Bidco Africa Ltd	Thika	Kwality Candies & Sweets Ltd	Nairobi
Bio Food Products	Nairobi	London Distillers (K) Ltd	Nairobi
Bounty Ltd	Nairobi	Mafuko Industries Ltd	Meru
Broadway Bakery Ltd	Thika	Mama Millers Ltd	Thika
Brookside Dairy Ltd	Kiambu	Manji Food Industries Ltd	Nairobi
Bunge East Africa Ltd	Mombasa	May feeds Kenya Ltd	Thika
Butali Sugar Company Ltd	Kakamega	Melvin Marsh International	Nairobi
Buzeki Dairy Limited	Mombasa	Menengai Oil Refineries Ltd	Nakuru

FIRMS	LOCATION	FIRMS	LOCATION
C. Dormans Ltd	Nairobi	Milly Fruits Processors Ltd	Mombasa
C. Czarnikow Sugar East Africa Ltd	Nairobi	Mini Bakeries (Nbi) Ltd	Nairobi
Cadbury Kenya Ltd	Nairobi	Miritini Kenya Ltd	Nairobi
Caffe Delduca Ltd	Thika	Mjengo Ltd	Thika
Candy Kenya Ltd	Nairobi	Mombasa Maize Millers	Mombasa
Capwell Industries Ltd	Thika	Morani Ltd	Nanyuki
Centrofood Industries Ltd	Thika	Mount Kenya Bottlers Ltd	Nyeri
Chemelil Sugar Co. Ltd	Chemilil	Mumias Sugar Co. Ltd	Mumias
Chai Trading Firm Limited	Mombasa	Mzuri Sweets Ltd	Mombasa
Chirag Kenya Ltd	Nairobi	Nairobi Bottlers Ltd	Nairobi
Coastal Bottlers Ltd	Mombasa	Nairobi Flour Mills Ltd	Nairobi
Coffee Agriworks Ltd	Thika	NAS Food Processing Ltd	Nairobi
Denone Baby Nutrition Africa and Overseas	Nairobi	New Kenya Creameries Ltd	Nairobi
Deepa Industries	Nairobi	Nes food Industries Ltd	Mombasa
Del Monte Kenya Ltd	Thika	Nestle Foods Ltd	Nairobi
Diamond Industries Ltd	Mombasa	Nicey Maize Millers	Muranga
Doinyo Lessos Creameries Ltd	Eldoret	Nicola Farms Ltd	Muranga
DPL Festive Ltd	Nairobi	Njoro Canning Factory (K) Ltd	Nakuru
Dutch Water Ltd	Mombasa	Norda Industries Ltd	Nairobi
East Africa Breweries Ltd	Nairobi	Nutro Manufacturers EPZ Ltd	Nairobi
East African Malt Ltd	Nairobi	Nzoia Sugar Company Ltd	Bungoma
East African Sea Food Ltd	Nairobi	Palm house Diaries Ltd	Nairobi
East African Seed Co. Ltd	Nairobi	Patco Industries Ltd	Nairobi

FIRMS	LOCATION	FIRMS	LOCATION
Edible Oil Products	Nairobi	Pernod Ricard Kenya Ltd	Nairobi
Eldoret Grains Ltd	Eldoret	Pearl Industries Ltd	Nairobi
Elekea Ltd	Nairobi	Pembe Flour Mills	Nairobi
Ennsvalley Bakery Ltd	Nairobi	Premier Flour Mills Ltd	Nairobi
Equator Bottlers Ltd	Kisumu	Premier Food Industries Ltd	Nairobi
Erdemann Co. (K) Ltd	Nairobi	Pride Industries Ltd	Mombasa
Europack Industries Ltd	Nairobi	Pristine International Ltd	Nairobi
Excel Chemical Ltd	Nairobi	Proctor & Allen (E.A) Ltd	Nairobi
Farmers Choice Ltd	Nairobi	Promasidor Kenya Ltd	Nairobi
Frigoken Ltd	Nairobi	Pwani Oil Products Ltd	Mombasa
Githunguri Dairy Farmers Co-op Farmers Ltd	Githunguri	Rafiki Millers Ltd	Nairobi
Giloil Company Limited	Nairobi	Raka Milk Processors Ltd	Nyeri
Glaciers Products Ltd	Nairobi	Razco Ltd	Nairobi
Global Fresh Ltd	Nairobi	Re-Suns Spices Ltd	Nairobi
Global Tea & Commodities (K) Ltd	Mombasa	Rift Valley Bottlers Ltd	Eldoret
Gold Crown Beverages (K) LTD	Mombasa	Salim Wazarani (K) Co. Ltd	Nairobi
Gold Crown Foods (EPZ) Ltd	Mombasa	Sameer Agriculture Livestock (K) Ltd	Nairobi
Gonas Best Ltd	Nairobi	SBC Kenya Ltd	Nairobi
Grain Industries Ltd	Eldoret	Sigma Supplies Ltd	Nairobi
Green Forest Foods Ltd	Nairobi	Selecta Kenya Gmbh and Sons. KG	Nairobi
Happy Cow	Nakuru	Spectra International Ltd	Kisumu
Heritage Foods Kenya Ltd	Athi River	South Nyanza Sugar Co.	Awendo
Highland Canners Ltd	Nairobi	Spice World Ltd	Kiambu

FIRMS	LOCATION	FIRMS	LOCATION
Highlands Mineral Water Co. Ltd	Nyeri	Sunny Processors Ltd	Kiambu
Insta Products (EPZ) Ltd	Nairobi	Supa Sweets Ltd	Nakuru
Jambo Biscuits (K) Ltd	Nairobi	Sweet Rus Ltd	Mombasa
James Finlay Kenya Ltd	Kericho	The Breakfast Cereals Co. Ltd	Nairobi
Jetlak Foods Ltd	Kericho	Tropikal Brand (Africa) Ltd	Nairobi
Jjasm Mini-Distillery	Kakamega	Trufoods Ltd	Nairobi
Jungle Group Holdings	Thika	Trust Feeds Ltd	Thika
Kabianga Dairy Ltd	Kericho	Trust Flour Mills Ltd	Thika
Eastern Produce (K) Kakuzi Ltd	Thika	T.S.S Grain Mills Ltd	Mombasa
Kambu Distillers Ltd	Kisumu	Umoja Flour Mills Ltd	Thika
Kamili Packers Ltd	Nairobi	Unga Group Ltd	Nairobi
Kapa Oil Refineries Ltd	Nairobi	United Distillers and Vintners (UDV)	Nairobi
Karirana Estate Ltd	Central	United Millers Ltd	Kisumu
Kenafric Bakery	Kiambu	Valley Confectionary Ltd	Nakuru
Kenafric Industries Ltd	Nairobi	Vinepack Ltd	Thika
Kenblest Ltd	Thika	W.E. Tilley (Muthaiga) Ltd	Nairobi
Kenchic Limited	Nairobi	Wanainchi Marine Products (K) Ltd	Mombasa
Kenlab Supplies Ltd	Kisumu	Wanji Food Industries Ltd	Nairobi
Kensalt Ltd	Nairobi	West Kenya Sugar Co. Ltd	Kakamega
Kentaste Products	Mombasa	Western Kenya Express Supplies	Kisumu
Kenya Breweries Ltd	Nairobi	Wrigley Company (E.A.) Ltd	Nairobi

Source: Kenya Association of Manufacturers, 2016