INFLUENCE OF STRATEGIC HUMAN CAPITAL ON THE RELATIONSHIP BETWEEN DYNAMIC CAPABILITIES, FIRM INNOVATION AND COMPETITIVE ADVANTAGE OF RESTAURANTS IN NAIROBI CITY COUNTY

BY

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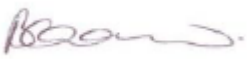
DECLARATION

I, the undersigned declare that this thesis is my original work and to the best of my knowledge, has not been submitted in any other University or College for examination or academic purpose.



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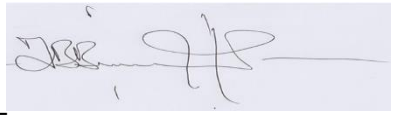

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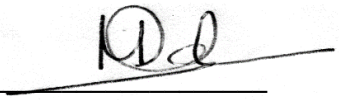

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DEDICATION

I dedicate this research thesis to my late father Mr Moses Muriuki Rukunga for believing in me that I could pursue a PhD, and my mother, Mrs Charity Mwari Rukunga for standing with me and my siblings Nkatha, Munene, Kendi and Kinya for their unwavering support.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

B to B	:	Business to Business
PhD	:	Doctor of Philosophy
CA	:	Competitive Advantage
CEO	:	Chief Executive Officer
COVID-19	:	Corona Virus Disease
CSR	:	Corporate Social Responsibility
DC	:	Dynamic Capabilities
EFA	:	Exploratory Factor Analysis
FI	:	Firm Innovation
GDP	:	Gross Domestic Product
GOK	:	Government of Kenya
HCI	:	Human Capital Index
ICT	:	Information Communication and Technology
IO	:	Industrial Organisation
VIF	:	Variance Inflation Factor
IT	:	Information Technology
JQL	:	Job Quality Index
KNBS	:	Kenya National Bureau of Statistics

KSH	:	Kenya Shilling
MoH	:	Ministry of Health
SMEs	:	Small and Medium Enterprises
R&D	:	Research and Development
RBV	:	Resource Based View
SHC	:	Strategic Human Capital
MoH	:	Ministry of Health
TRA	:	Tourism Regulatory Authority
UK	:	United Kingdom
UNWTO	:	United Nations World Trade Organisation
USD	:	United States Dollars
VRIN	:	Valuable, Rare, Inimitable and Substitutable
WHO	:	World Health Organisation
CBD	:	Central Business District

ABSTRACT

Businesses face a number of challenges in maintaining their dynamic capabilities up to date and applicable in the ever-changing business environment. Therefore, strategic management experts have emphasized the significance of dynamic capabilities, strategic human capital, and firm innovation in achieving a company's competitive edge. Companies are then faced with dilemma of competencies to develop, which strategic human capital traits and practices to prioritize, and which firm innovation outputs to provide to gain a competitive advantage. This study sought to determine the influence of strategic human capital and firm innovation on dynamic capabilities-competitive advantage relationship in restaurants in Nairobi City County. In Kenya, restaurants play a key role in reducing poverty, creating jobs and economic development. However, it is also vulnerable to highly turbulent environments which threatens its long-term survival. Hence, determining how its competitive advantage can be achieved is critical for its success and long-term survival. The study objectives included the establishment of the dynamic capabilities' outcome on firm innovation and on competitive advantage, determining the influence of strategic human capital on the dynamic capabilities- firm innovation relationship and on the firm innovation- competitive advantage relationship, the effect of firm innovation on competitive advantage and the intervening effect of firm innovation on the dynamic capabilities-competitive advantage relationship. The study used a descriptive cross-sectional design and a stratified random sample size of 263 restaurants. A total of 191 restaurants responded to the study questionnaire. Descriptive statistics and simple regression were used to analyse the collected data. From the results, firm innovation, dynamic capabilities were found to be positively correlated with strategic human capital (employees) moderating their relationship. Further findings showed that firm innovation, competitive advantage were positively correlated, and that strategic human capital (practices) had no moderating influence on this relationship. The findings revealed a favourable connection on dynamic capabilities -competitive advantage relationship and that firm innovation somewhat affected a dynamic capability-competitive advantage link. The study comes to the conclusion that human resources, firm innovation impacts the capability - competitive advantage link. The study's findings advance knowledge and strengthen accepted theories in the sphere of strategic management. According to the study's theoretical conclusions, achieving competitive advantage by restaurants can be more effectively done by building innovation, capabilities that are dynamic and human resources. Implications of the study to theory indicate that in dynamic contexts, restaurants need to configure capabilities to foster innovativeness through strategic human capital. Restaurant managers need to identify human resource methods that affect their capabilities to attain firm innovation and competitive advantage. Policy makers need to get involved in crafting of policies that support building of capabilities that are dynamic, innovative efforts, and human resources to achieve competitive advantage. The study limitations include change of research focus on restaurants after the invasion of COVID- 19 pandemic hence new dimensions of the study variables are being considered for future research. Areas of further research include, use of other variables, other context and use of other methodologies not considered in the investigation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Dynamic capabilities research has been gaining scholarly interest among researchers in strategic management. According to research, managers who must make quick judgments on the company's resources to grow, renew, conform to the changing environment, and gain a competitive edge should have dynamic capabilities (Jiang, Ritchie & Verreynne, 2019). The purpose of the Dynamic Capabilities Framework is to aid researchers and practitioners in understanding the fundamentals of achieving competitive advantage and the generation and maintenance of related corporate value. Dynamic capabilities assist companies in achieving competitiveness through the reconfiguration of operational capabilities to achieve congruence in the environment with the goal of achieving change in the product, service and process innovations (Fainshmidt, Pezeshkan & Mallon, 2019).

The context of this study is restaurants in Nairobi City County whose survival rate is limited in business environments that are rapidly changing. Restaurants are facing challenges to cultivate powerful adaptive abilities, procure the correct strategic human resources, and employ appropriate methods to achieve a competitive edge. Moreover, the embracement of firm innovation is limited in restaurants, which are highly fragmented and operate in a highly competitive and turbulent environment. Low levels of expertise, abilities, and experience by strategic human capital in restaurants has reduced their remodification of a dynamic capability to respond to an environment’s change, to embrace firm innovation and achieve competitive advantage (Duarte Alonso, Kok & O'Brien, 2018).

This scientific inquiry is underpinned by theories of resource-oriented approaches and dynamic capabilities. The resource-based view hypothesis places special emphasis on the choice of resources and their blending to achieve competitiveness (Teece, 2014). To complement the idea of Industrial Organization, the resource-based perspective theory was created. The resource-based theory (RBV), in contrast to the IO view, openly searches for the internal sources of an organization's competitiveness. The IO perspective places the elements that determine a firm's performance outside the firm (Burvill, Jones-Evans & Rowlands, 2018).

RBV theory accepts the asymmetric distribution of a valuable resource now and in the future through acquired sources of information. In addition, it is critical to examine how company resources are interrelated rather than identifying them in an individual way (Salazar, 2017). Further, organisations are also able to outsmart their rivals if their management can provide an approximation of the future value of their resource base better than their rivals. Dynamic capabilities theory emphasizes on resource reconfiguration into new resources and their adaptability to change in the environment (Carrick, 2016).

Dynamic capabilities theory enables companies to further create new resources from existing resources. Companies can also transform their ordinary assets into rare and inimitable processes; hence consideration can be made to link company resources with company success (Kabue & Kilika, 2016). Dynamic capabilities theory also assists firms to achieve organisational competitiveness and recognises the critical role management play in the development of good organisational processes that achieve competitive advantage.

Dynamic capabilities theory assists companies to craft novel offerings in accordance with the fluctuating demands of customers to achieve competitive advantage through the enhancement, combination and transformation of the company's assets (Akenroye, Owens, Elbaz & Durowoju, 2020). The motivation of the study is that in the restaurant industry, it can be challenging to keep a competitive edge. Within the first five years of business, many restaurants close (Otengei, 2017).

Myriad of challenges faced by restaurants include increased competition, low development of dynamic capabilities, low innovation efforts, lack of competitiveness, inadequately skilled strategic human capital, and rapidly changing customer preferences which makes them difficult to sustain in the long term. Thus, understanding how they can secure a competitive edge through the development of a dynamic capability is essential for their future existence. In Kenya, restaurants play a key role in reducing poverty, creating jobs and economic development.

The last survey conducted on Kenyan MSMEs in the year 2016 represented that 1.66 million, or 11.6% of Kenyans were working for restaurants (KNBS, 2021). The sector supports the government of Kenya's initiatives to increase nutrition and food security through the implementation of green practices such as the use of environmentally friendly food packaging methods, disclosure of core ingredients in menu development and conversation of energy in food production. Globally, restaurants have not been spared by the negative effects of the COVID-19 pandemic. The pandemic has hurt all industries with the hospitality industry, being the most affected locally and globally.

Restaurants being the cornerstone of global and local economies have been forced to close due to the large number of restrictions placed upon them by various governments to limit the disease's spread (UNWTO, 2020). The closure of restaurants has resulted in massive job losses as restaurants are now restricted on the number of patrons they can host at any time. Other measures affecting restaurants globally and locally include social distancing rules; compliance with World Health Organisation (WHO) pandemic statutes; tele commuting; restrictions to grab and go service which have been unsustainable for restaurants (Bartik et al., 2020).

According to Lock (2020), the hospitality industry generated job losses amounting to 100.8 million by the end of the year 2020; 63.4 million in the Asia Pacific and 13 million in Europe. A GDP loss of USD 1.04 trillion in the Asia Pacific was the highest in the world. According to the economic survey carried out by (KBNS, 2021) on the hospitality industry in Kenya, the survival and competitive advantage of the hospitality business, particularly the restaurant sector, have been harmed by COVID- 19 pandemic health and safety regulations, which have resulted in job losses, early closures, and a Ksh. 97.1 billion decreases in earnings in 2020.

To achieve a competitive advantage, restaurants which are a subset of the hospitality industry need to re-modify, re-build a combination of their abilities, and manpower resources and focus on producing a combination of different firm innovation outputs to support survival, recovery, and achievement of the restaurants' competitive advantage (World Bank, 2020).

1.1.1 Dynamic Capabilities

Capabilities, fundamental concepts of a dynamic capability framework involve the delivery of offerings through the utilisation of. a company's rich resource in its activities. Two main categories of capabilities are found in the literature. First are ordinary capabilities that involve support functions performed by an organisation to implement a task. Ordinary capabilities comprise of systems and processes that a company uses to enable its strategic human capital to conduct the company's business activities (Teece, 2018).

The higher the company's ordinary activities, the greater the level of efficiency of the company even if the company's business plan may not be relevant in the future. Utilising ordinally capabilities, the company relies on conducting benchmarks to enable them to replicate the best practices observed by other companies which may not be suitable for the achievement of a competitive edge in quickly changing business environments (Teece, 2016). The drawback of utilising ordinary capabilities is that companies may not be able to respond to rapid changes in the environment when an abnormal situation arises which may threaten the company's survival.

In rapidly changing environments, ordinary capabilities are insufficient to achieve a competitive edge, thus the need for companies to embrace the second category, dynamic capabilities. Dynamic capabilities require an organisation's involvement in the performance of high-level tasks that promote greater yields or returns. The first definition of dynamic capabilities is the integration, building and configuration of company resources, competencies, to address swift environmental change from both internal and external perspectives (Teece et al., 1997).

Dynamic capabilities have been recognized in this study because of their widespread use and research on them (Teece, 2018). Dynamic capabilities help businesses sense, seize, build, coordinate, and integrate their resources and capabilities to cope with external shocks and gain a competitive advantage in the face of accelerating change in the business environment where companies are susceptible to external threats (Mikalef & Pettali, 2016).

Dynamic capabilities are a company's capabilities in the creation, extension and modification of its intangible and tangible assets which can be owned, controlled, or accessed based on preference (Schilke et al., 2018). Modification of a company's asset determines an organisation's ability to build strong dynamic capabilities over its rivals, hence companies need to prioritise firm innovation over efficiency and focus on upgrading and reconstructing their key dynamic capabilities to achieve a competitive edge over their rivals. Dynamic capabilities identify how companies improve their asset base and how they react to operational capabilities (Teece, 2018).

The knowledge inherent in a company's asset base, in particular strategic human capital, is critical for the understanding of dynamic capabilities as it can configure company processes and assist the company management to prioritise and build specific capabilities relevant to its existing environment (Oliveira, Curado, Balle & Kianto, 2020). Dynamic capabilities can assist company managers to prevent organisational rigidity, to achieve evolutionary fitness and create an understanding of how companies can remain competitive through the creation of dynamic capabilities and their response to environmental changes (Teece, 2018).

A discerning attribute of dynamic capabilities is the patterned way it brings about strategic change in a company. Activities are performed reliably, and repeatedly through consistent management effort and allocation of resources and time. Thus, organisations may be able to build their dynamic capabilities over a while. To configure organisational assets, dynamic capabilities can assist organisations to achieve a competitive edge if they are employed faster, swiftly, and sooner than the competition (Teece, 2016).

Dynamic capabilities transform organisational capabilities and asset base into deliverables such as superior products, services and processes that satisfy customer needs in response to changes in an environment and achieve competitive advantage (Mousavi, Bossink & van Vliet, 2018). Pavlou and Sawy (2011) piloted a dynamic capabilities model that grouped dynamic capabilities variables into sensing, learning, co-ordinating and integrating capabilities. Businesses with strong sensing capabilities are more proactive than their competitors in scanning, examining, and interpreting environmental data, which enables businesses to look for possibilities across industries.

The data collected from the market can be used by company managers to observe its existing environment, highlight company problems, and recognise new business opportunities (Hernández-Linares, Kellermanns & López-Fernández, 2021). A company's capacity for learning enables it to carry out tasks successfully through experimentation and practice, generating new knowledge that guides the invention of novel goods, services, and processes. Companies with strong coordination skills can plan and orchestrate activities, assign the appropriate resources and personnel, and create synergies between resources and activities (Ali et al., 2016).

Effectively combining, representing, and disseminating an individual's knowledge throughout an organization is necessary to develop a shared understanding. Integration capability emphasizes technology and information optimization in a company's units of operations where knowledge sharing is facilitated through technological transfer where a company may transform its resources into innovative outputs through integrating its activities such as markets, new technologies and the knowledge of its customers (Darawong, 2018).

1.1.2 Firm Innovation

The historical roots of firm innovation was developed by Joseph Schumpeter who argued that the creation of innovations can be created using an organization's underused knowledge rather than having to be derived from new knowledge (Schumpenter,1952). As a strategy for accomplishing organizational transformation in response to environmental change, firm innovation is envisaged. Product, service, and process innovations are the three categories that Hall (2009) uses to categorize firm innovation. Products that have been considerably enhanced or created by a company are examples of product innovation.

A business may concentrate on enhancing or developing new product features and using new materials throughout production. Services that are significantly improved or novel to the market, such as new methods of delivering them, the use of technology, and novel methods of involving customers in their creation, are examples of firm innovation (Ilmudeen, Alharbi & Zubair, 2020). Process innovation inside a company refers to work done to improve and enhance services using more affordable delivery methods to boost productivity and efficiency.

Process innovation also entails changes done in processes to improve the delivery of existing and new products and services. The beneficial changes are carried out by support departments such as the information communication and technology (ICT) department to improve efficiency and productivity (Raymond et al., 2018). Process innovation focuses on operational processes aimed at achieving organisational competitiveness through the implementation of efficient methods of delivery; product and service enhancement and reduced production costs better than rivals (Muharam, Andria & 2020).

Other scholars have viewed process innovation as the achievement of economies of scale and an increase in market share (Pérez, Geldes, Kunc & Flores, 2019). Among the tasks could be the purchase of new equipment, automation upgrades, and the acquisition of fresh energy sources (Matitz & Chaerki, 2018). Smaller firms are deemed to embrace firm innovation better than larger ones due to their decentralised structures and increased flexibility in decision-making (Mahmutaj & Krasniqi, 2020). According to studies, firm innovation is a major driver of an organization's competitiveness (Lee, 2016).

Additionally, idea generation is essential to the process of developing innovative businesses for companies which comes from within a company's employees or research and development conducted outside the company. Obtaining ideas from other external origins such as customers, and suppliers has also been deemed by companies to be a crucial component of the firm innovation process (Simao & Franco, 2018). SMEs in the Korean Science and Technology sector considered customers, their internal research and development and manufacturing departments (R&D), affiliates and employees to be their best sources of innovative ideas (Lee, Park, Yoo & Park, 2010).

These sources of firm innovation were also supported by (Chen, Liu & Wu, 2016) who perceived that combining research and development done both inside the company and outside the company produced greater firm innovation outputs in Chinese firms. Pippel (2014) indicated that organisations can also copy their competitors' ideas and exploit their internal competitiveness to develop better products, services, and process innovations. The current pandemic has changed the organisation's view of firm innovation. Previously, the theoretical and empirical research on firm innovation had primarily focused on normal operating environments. Minimal research has been put on disruptive environments from an empirical perspective (Furreret et al., 2020).

Due to the diversity of the various types of firm innovation, there is a need for further exploration of dynamic capabilities to determine the methods that can equip companies with newer capabilities and to determine how to reframe and achieve firm innovation to respond to disruptive environments such as pandemics (Heinonen & Strandvik, 2020). After the infancy of the pandemic, many companies regarded firm innovation to be a forced activity instead of an independent choice they could make to operate and sustain in a fluid environment (Heinonenn & Strandvik, 2020).

Companies needed not to choose to be innovative, nonetheless were required to adopt innovativeness to make it in a fluid environment which makes innovative efforts a strategic issue in the organisations of today. Imposed firm innovation negates environmental velocities by making people change their inclinations and inducing managers to pursue company prospects that were unlikely to be valued highly in a typical commercial setting (Nenonen & Storbacka, 2020).

Firm innovation is a major response that is practiced in response to startling and obligatory disruptions that require innovative offerings that make use of reasonably priced resources. Nevertheless, existing literature on firm innovations views firm innovation as a company’s willingness to achieve a superior advantage over its competitors and with less urgency. As organisations strive to innovate to achieve competitiveness in the rapidly changing business environment, the barriers faced by companies from implementing firm innovation cannot be overlooked.

For example, inadequate resources and capabilities experienced by smaller companies limit them from fully embracing firm innovation compared to larger companies (Joratgatham, 2017). Some of the firm innovation barriers encompass high costs of sustaining firm innovation; inadequate support from the government; high cost of implementing various types of firms' innovation; imitation of ideas and firm innovations by competitors; expensive technology and inadequate knowledge of newer technologies (Belas, Ivanova, Rozsa & Schonfeld, 2018).

Resistance to change is higher in larger organisations compared to smaller companies as smaller companies enjoy the benefits of decentralised structures and lesser bureaucracies which enables smaller companies to generate closer relationships among CEO/Owner, management, employees, and their stakeholders. The closer relationships developed by smaller companies enable them to exchange ideas and information that increase firm innovation outcomes (Joratgatham, 2017). Company managers have provided their strategic human capital with opportunities where employees can give insights on how to enhance firm innovation within their companies which when implemented can improve the company's competitiveness.

Company Managers who also recognise their strategic human capital's new ideas and have rewarded them for the noble ideas generated have changed their strategic human capital's behaviours and have benefited from improved firm innovation outcomes and have achieved competitive advantage (Do & Shipton, 2019).

1.1.3 Strategic Human Capital

Researchers in strategic management recognise the critical role of strategic human capital in the development and maintenance of competitive advantage. However, most researchers have focused their research from an individual's perspective. Wright and McMahan (2011), Coff and Krscynski (2011) indicated that the differing conceptualisations of strategic human capital have created a weak paradigm in research hence creating difficulties in knowledge building from previous research.

To address the drawbacks, various researchers have called for the enhancement and clarification of constructs and recognise that accumulation of knowledge, skills, and experiences results in a higher likelihood of a company to gain from the acquisition of firm-specific capabilities that can maintain competitiveness (Crook et al., 2011). Onkelinx, Manolova, and Edel-man (2016) characterised strategic human capital as a person's innate knowledge, skills, and experience.

Crook et al. (2011) described strategic human capital as the accumulation of talents, knowledge, skills, and experiences in human resource-built overtime to achieve a company's objective. Other scholars have defined it as the combination and aggregation of elements to enhance value such as the achievement of firm innovation in an organisation (Fonseca, Faria, & Lima, 2019). Unlike financial and other physical resources, strategic human capital is inseparable from the people who own them.

Wright and McMahan (2011) emphasised its interpretation by other scholars as knowledge, and skills that, unlike physical and financial capital, cannot be separated from the person who owns them. Strategic human capital can also be thought of as the degree to which individuals inside a company possess the abilities and drive necessary to function well (Yukl, 2008). Hence, it should be correctly managed so that their knowledge, skills, and abilities are in harmony with the organisation's goals. For instance, a business that views firm innovation as the primary factor in obtaining competitive advantage will give strategic human capital more attention if they have proven to have the best capacity for innovation (Wright, Coff & Moliterno, 2014).

Thus, strategic human capital with exceptional levels of knowledge, talent, and experience that challenge the established organizational norms and produce novel lines of reasoning is what leads to the production of new ideas (Nieves & Quintana, 2018). Wright and McMahan (2011) argued that the acquisition of skills and motivation by strategic human capital cannot be separated and that these are critical for the effective delivery of work allocated to them within the organisation, hence should be linked to strategy to achieve a competitive edge (AlQershi, Abas & Mokhtar, 2019).

Strategic human capital practices that are critical for achieving competitiveness include training, recruitment, selection, and compensation. The sequence in which they are implemented represents the increase in strategic human capital value and competitiveness. Organisations, therefore, need to invest in them to enhance the achievement of a competitive advantage. For example, training improve employee productivity, and performance and enable the development of new expertise and abilities that are appropriate for an organization (Wright & McMahan, 2011).

Some researchers have recognised the use of individual performance appraisal as a means of identification of training opportunities that company managers could invest in to improve the cognitive ability of their strategic human capital to achieve company goals (Bao et al., 2021). Company managers could send their strategic human capital for training that the company is offering or send them for pieces of training outside the company that could meet the company's needs. Most company benefits such as the achievement of firm innovation outputs could also be achieved when strategic human capital is retained by companies in departments where they have been developed (Hamadamin & Atan, 2019).

Other strategic human capital practices that impact on knowledge levels of new employees include recruitment, selection, and compensation processes where onboarding of new employees with the potential to be industrious are prioritised (Khan, 2018). Moreover, to increase firm innovation, companies must also develop a good compensation and reward system that recognises strategic human capital productivity and propels them to generate new good ideas which can improve a company's competitiveness (Do & Shipton, 2019).

Studies have shown that companies may invest in the right strategic human capital to improve their firm innovation efforts that increase newer products and services and achieve competitive advantage. Strategic human capital practices may be aligned to the existing company’s human resource policies, the company’s vision, and strategic objectives where the company's top and functional managers can positively influence the company subordinates to collaborate and be actively engaged in the execution of the prioritised strategic human capital practices, to achieve the company's long-term competitiveness (Bao et al., 2021).

1.1.4 Competitive Advantage

Competitive advantage investigations have primarily focused on the elements that enable a corporation to sustain its competitive advantage, such as firm innovation (Barrett & Sexton, 2006) and dynamic capacities (Macher & Mowery, 2009). If a company has a stronger market position in a certain industry than its rivals, according to supporters of Industrial Organization (IO), it will be able to gain a competitive advantage. Alternately, RBV experts like (Barney, 1991) contend that a firm's ability to maintain a competitive advantage results from its possession of resources and skills that have a specific set of qualities (VRIN). The literature likewise organizes competitive advantage around two main paradigms; efficiency and the environment. Environmental models assert that economic rents result from a corporation establishing a privileged position in the market. The two main viewpoints are the competing forces (Porter, 1980) and the strategic conflict theory within the environmental models (Spanos & Lioukas, 2001).

The efficiency theory contends that fundamental firm-level efficiency benefits lead to economic rent and are founded on examining the company's advantages and disadvantages to develop long-lasting competitive advantages through efficiency and effectiveness. The two main efficiency model-based techniques are the resource-based view and dynamic capabilities approaches. These strategies assume that enterprises may have resource heterogeneity, and that the heterogeneity may persist since resources are not fully transferable across firms, leading to sustained competitive advantage (Peteraf & Barney, 2003). This study will hence be based on efficiency models specifically the dynamic capabilities and RBV approaches that consider temporary competitive advantages which in future can become sustainable over a period.

In the dynamically changing business environment, every company aims to outwit its competition and draw closer to its customers to entice them to continuously purchase its offerings. An organization can gain a competitive edge by providing superior offerings to those of its rivals in order to command a larger share of the market (Udriyah, Tham & Azam, 2019). Lee et al. (2016) defined competitive advantage as strategy execution that is distinct from rivals. Other studies have defined competitive advantage in terms of uniqueness in the company strategies that cannot be easily imitated by the company where a company leaps better benefits from the employed strategies compared to the strategies employed by their competitors (Anwar, Khan & Khan, 2018).

Finding a company's unique capability leads to the determination of its competitive advantage that it can use to create value to succeed in the market over its competitors. Hence a company's management is central to the development of a work environment that supports idea generation, creation of firm innovation activities and sharing of knowledge as ways of gaining a competitive edge. Consequently, businesses must concentrate on their resources and competencies to gain a competitive edge and to identify their unique value-adding activities (Azeem, Ahmed, Haider & Sajjad, 2021).

Research on various aspects that enhance a company's competitive advantage has been carried out by various scholars such as Fabrizio, Kaczam, de Moura, da Silva and da Veiga (2021) who researched on dynamic capability and competitive advantage; Distanont and Khongmalai (2020) who investigated firm innovation and competitive advantage while Hamdani, Maulani, Tete and Supriyadi (2020) investigated strategic human capital and competitive advantage.

According to Urbancova (2013), a company should strive to outperform its rivals and draw in potential customers for its goods and services to survive in a turbulent and rapidly changing commercial operating environment. Udriyah, Tham and Azam (2019) indicated that companies need to adopt the required capabilities to effectively provide superior offerings better than their competitors. Thus, to adapt to the increasing changes in customer needs, global competition, rapidly changing business environment, and newer emerging technologies, companies need to pursue new avenues of achieving competitiveness.

Competitive advantage and performance are used by scholars interchangeably but the two terminologies are conceived differently. Performance entails accrued income received and recognised by a company when its strategies have been executed. The competitive advantage concept was developed by Porter (1985) who established that companies can implement cost-based or differentiation-based competitive advantages where companies maximise their ability to be efficient in their processes and to produce a superior product and service quality that enhances customer satisfaction (Distanont & Khongmalai, 2020).

An organisation achieves competitiveness through creation of additional economic value better and faster than its rivals by producing distinct offerings that are superior to its competitors at the same cost, often known as differentiation- based competitive advantage. Alternatively, the same quality products or services can be produced at a lower cost often known as a cost-based competitive advantage (Udriyah, Tham & Azam, 2019). Companies that implement differentiation and cost-based competitive advantages focus on the development of attributes that achieve superior quality products and superior service quality.

The companies also utilise inexpensive sources of energy and focus on recruitment and development of highly skilled strategic human capital that can produce the products and services that outsmart the competition. The companies embrace technology and innovation in their production and development processes; are reliable and are conscious of their reputation and brand image to ensure they are inimitable to their competitors. The companies are fast in developing marketing and advertising programmes to promote their quality offerings to ensure that superior customer service is provided to their customers (Wang et al., 2011).

When organisations achieve a competitive edge, they obtain higher financial gains than their rivals. Tan et al. (2007) indicated that the competitive edge of a company can be achieved and maintained by the establishment and creation of company additional valued-added activities through the embracement of process innovation. Process innovations involve the utilisation of cost-effective methods of production, process and delivery of offerings to customers in a time that is cost-effective.

Thus, for a company to achieve a cost-based competitive advantage, process innovation needs to be utilised and maintained in the company over time. Saunila et al. (2014) indicated that companies that embrace firm innovation have a greater chance of achieving competitiveness through financial and non-financial measures of competitive advantage. However, concerns have been raised by company managers on how to achieve competitiveness, more so by managers of smaller companies as they experience more challenges in surviving in turbulent environments than larger companies (Otengei, 2017).

Academics have employed financial and non-financial competitive advantage criteria to quantify competitive advantage. For instance, Anwar (2018) measured the competitive edge of SMEs in Pakistan using characteristics of distinctiveness, low-cost leadership, and firm innovation. Obeidat, Obeidat, Alrowwad, Alshurideh, Masadeh and Abuhashesh (2021) employed competitive advantage dimensions from RBV as value, inimitable, and company support and rarity to measure the competitive advantage of telecommunications companies in Jordan.

Mostafiz, Hughes and Sambasivan (2021) used the time to market, dependability, lower cost, and customisation to measure the competitive advantage of family businesses in Malaysia. Research in the restaurant industry has used competitive advantage measures that focus on product and service quality and reduction of lower operational costs due to their synchronisation effects. Porter (1985) posited that the elements of competitive advantage maximise a company's efficiency to lower costs in its production and to produce superior offerings than its rivals to enhance customer satisfaction.

Differentiation and lower cost dimensions of competitive advantage have been used by studies conducted in restaurants due to the difficulty in obtaining financial data that measures competitive advantage such as higher revenues, and higher return on investments among others. Competitive advantage dimensions of lower operational costs, superior product quality and superior service quality used by (Li & Liu, 2014; Chang, 2011) have been chosen to measure competitive advantage in this study as restaurants operate in a dynamically changing business environment where prioritisation of quality of products and services and efficiency has become a mutual concern between the customers and restaurants managers (Sharma & Bhat, 2020).

1.1.5 Hospitality Industry in Kenya

A part of the tourism industry is Kenya's hospitality industry which is major for boosting social and economic development and growth in GDP across the globe and in Kenya. The industry has largely contributed to poverty alleviation, and growth in capital investment and has created many jobs for the youth (UNWTO, 2020). The hospitality industry employs many people (in millions) and generates billions of revenues for governments due to the proliferation of many popular full-service, fine dining and fast-food outlets across the globe (Dube, Nhamo & Chikodzi, 2021).

Davidson et.al. (2011) established that it is one of the largest employing industries across the globe with every 13th employee in Europe being employed in the hospitality industry and every 8th person being employed in the US economy. Langford and Weissenberg (2018) also indicated that the industry indirectly contributed to a global GDP of 10.2% making it the world's highest contributor to GDP for low- and middle-income economies. Globally in the year 2019, the hospitality industry contributed 2.9 trillion US dollars in GDP and employed 10% of every job created, which means that one in every ten jobs created globally, originated from it.

In Africa, the hospitality industry is one of the strongest economic pillars with a GDP contribution of 194.2 billion, US dollars in 2018 and accounted for 6.7 % (24.3 million) of jobs created (World Bank, 2020). In Kenya, the hospitality industry has had an enormous impact on Kenya's economic development due to its increased contribution to foreign exchange earnings and job creation (Deegan, 2020). Şenel and Yilmaz (2020) classified the hospitality industry as restaurant outlets, bars, hotels that provide food and beverage, and accommodation services.

In Kenya, the hospitality industry has been classified by the Ministry of Tourism and Wildlife as hotels, restaurants, clubs, and bars; conference and accommodation services (KNBS, 2021). Since they contribute significantly to the nation's economic growth and employ most Kenyans in both the formal and informal sectors, conducting research in restaurants is important compared to the other sectors within the industry (Muragu, Nyadera & Mbugua, 2021). Restaurants in Kenya have also demonstrated high resilience amidst the current pandemic; hence it is vital to mitigate them against its negative effects by identifying and building the right dynamic capabilities and resources which would result in the achievement of the restaurant's firm innovations outcomes and its competitive advantage.

The hospitality industry has experienced steady growth in performance since the year 2017 with earnings of 1.48 million in 2017 to 2.02 million in 2018. There was further increase of 2.05 million earnings in 2019 mainly from increased conference tourism, increased marketing efforts, improved aviation industry where local and international tourists utilised the tourism-dependent facilities such as hotels, restaurants, and conferences (KNBS, 2021).

Despite the hospitality industry being fast-growing, it is also highly vulnerable to external shocks compared to other industries. For example, the current pandemic has led to many hospitality businesses being closed, loss of jobs and has caused high financial distress to many hospitality businesses, particularly restaurants (Kim, Kim & Wang. 2020). According to the Job Quality Index (JQI, 2020), the restaurant business was affected the most globally, with 10.8 million job losses in the year 2020.

The hospitality industry lost monthly revenues of 3.4billion USD dollars from stopped travel; 145 billion from cancelled contracts and 113 billion from grounded airlines. In Kenya, the industry earnings dropped by 43% in the year 2020 (KNBS, 2021). It is envisaged by (World Bank, 2020) that the negative effects of the pandemic will have a long-term negative effect on the industry's growth due to a predictable upcoming global recession envisaged to negatively reduce the African and East African GDP by 2.9% and 2.1% respectively (World Bank, 2020).

Due to the importance of the hospitality industry in economic development, employment and poverty alleviation, various countries around the world are implementing measures to help the industry recover from the pandemic such as the development of new skills such as resilience; favourable tax subsidies and waivers, firm innovation initiatives, economic stimulus programmes and private-public partnerships.

The measures were implemented in consideration of the hospitality industry as a central tenet in the development of COVID-19 recovery strategies due to its multiplier effects (Dube, Nhamo & Chikodzi, 2021). Despite the pandemic's negative effects, the hospitality industry has demonstrated resilience through the embracement of firm innovation strategies spearheaded by UNWTO where innovators are being invited to publish ideas that can assist the hospitality industry recover and enable the hospitality industry players to provide superior product and service offerings.

1.1.6 Restaurants in Nairobi City County

Restaurants are classified under the hospitality industry and play a critical role in the economic development of a country, poverty alleviation and creation of jobs for the youth. A restaurant is perceived as an establishment where people visit and purchase food and drink (Najib et al., 2020). Studies have classified restaurants under SMEs and established that restaurants fail within their five years of operations mainly due to many internal and external factors such as a constant change in customer needs, limited dynamic capabilities and resources and high competition.

The need to identify and build capabilities and resources such as strategic human capital that can assist restaurants to produce innovative products and services that can assist them to achieve competitive advantage (Madeira, Palrão, & Mendes, 2020). Information about the division of restaurants in the City County of Nairobi is carried out by the City Counsil who arranges them according to sitting clients, licenses and regulates restaurants as per the Hotel and Restaurants Act of 1986 (Cap 494). Restaurants that have 31-70 customers are restricted to large, 11-30 customers to medium restaurants ,1-10 to small restaurants

Previous studies have indicated that SME restaurants are mainly owned and operated by the owner or manager, thus the ability to develop dynamic capabilities, resources, offerings, that adapt to the rapidly shifting corporate environment and client expectation are wholly determined by the Owners and Managers of the restaurants (Najib, Septiani & Nurlaela, 2020). A small business is established to have between 10-49 employees while medium enterprises are considered to have between 10-59 employees while a large enterprise has over 100 employees (KNBS, 2020; World Bank, 2020).

To achieve a competitive advantage the restaurant management, may be intentional in building their dynamic capabilities and resources through the embracement of firm innovation to achieve the restaurant's competitive advantage. Provision of superior product quality and superior service quality are some of the most important measures used by restaurant owners and managers to measure and to achieve competitive advantage. Restaurant's survival may be determined by a customer's willingness to repurchase products such as food or recommend the services to another potential customer based on their previous experience (Rafdinal & Suhartanto, 2020).

Further, operational cost reduction has also become an area of concern for restaurant Owners or Managers as it determines the sustenance of provision of higher quality products and services better than competitors (Bungara, 2020). Studies that have measured restaurant competitiveness in terms of superior product quality, superior service quality and reduced operational cost include research studies carried out by (Suhartanto, Gunawan & Chen, 2020; Lee et al., 2018; Gong & Yi, 2018; Li & Liu, 2014).

Moreover, restaurants can be divided into service classes. Visitors to a full-service facility are warmly welcomed, offered a spot, presented with a wide-ranging selection, provided sustenance, and given a statement of charges following their repast (Filomena, Todorova, Mzembe, Sauer & Yankholmes, 2020). Quick-service eateries provide a restricted selection of items either in-person or in take-out boxes (Zemke, Tang, Raab, & Kim, 2020), whereas an haute cuisine restaurant provides an extensive range of premium dishes and amenities that make it apparent that a patron should anticipate a high level of service and will be spending a considerable sum for the food they eat (Tsaur & Lo, 2020).

The classification of restaurants into service categories is based on the intensity of service that restaurants provide to meet an acceptable level of good customer experience. Studies have shown that if a restaurant's service does not meet customer expectations, it is expected to fail (Rai & Anirvinna, 2019). Unlike other businesses, restaurants are heterogeneous, perishable, intangible and labour intensive. Restaurant heterogeneity is observed and experienced in production and service provision. Customer satisfaction is obtained from the provision of customised and personalised services (Jogaratnam, 2017).

Further, the rise of consumer health issues has changed food consuming habits among Kenyans in Nairobi City County. More people have become quality conscious, opting for fresh natural food cooked in fresh local spices. Green practices initiatives such as the provision and promotion of healthy meal options, creation of green ambience, and green product packaging by restaurants have necessitatesd increased business as customers are willing to pay more for businesses that advocate for these social changes (Wakasala, 2020).

One of the major critical issues affecting the restaurants in Nairobi City County is the negative effects of the COVID-19 pandemic that has caused a lot of turbulence in the restaurant business resulting in job losses and the closures to stop the infection from spreading. Recommended by World Health Organisation, measures such as cessations, responsible comingling, lockdowns, timebound limits, and telecommuting have effected declined business and led to unanticipated high immoderate operating costs (KNBS, 2021; Bartick et al., 202)

In favour of the positive outcome of the launch of the vaccine in the year 2021, the Government of Kenya phased opening of eateries to do minimal activities with minimal manpower (UNWTO, 2020). Pandemic also prompted restaurant management to pay attention to the welfare and needs of their customers and employees not ignoring the new firm innovations that have been created and executed (Heinonenn & Strandvik, 2020).

Hope was provided to the restaurateurs after the termination of the pandemic cessations as most restaurants were developing programmes to run their businesses with support from Government of Kenya. Some of the recovery initiatives being employed with the support from GoK include; re-designing the restaurants asset base, equipment, character as per the directives as well as revamping the restaurant business. Kabadayi et al. (2020) concluded that as restaurants recover from the effects of the pandemic, they are still expected to experience its long-term negative effects as the restaurant owners and managers make considerable changes to how their restaurant businesses shall operate in the new environment.

Restaurateurs are also expected to promote and demonstrate health and safety measures implemented to assure patrons, both existing and prospects, and persuade them to dine in their establishments (Gössling et al., 2020). In response to new environment, eatieries owners and managers across the globe may consider to embrace firm innovation by providing developed applications that bring their restaurant experience closer to their customers. Such applications may include virtual hangouts, virtual dining, and virtual bars among other firm innovations to improve their competitiveness (Heinonenn & Strandvik, 2020).

Embracement of firm innovation, developing high powered capabilities and linking strategic to human resource by restaurateurs is vital to enable the restaurants to respond to the dynamism and disruptions caused by the pandemic to achieve competitive advantage (KNBS, 2021).

1.2 Research Problem

The importance of strategic human capital, firm innovation, and dynamic capabilities in achieving a company's competitive edge has been consistently stressed in strategic management studies (Festing & Eidems, 2011; Teece, 2014). Companies have many difficulties in maintaining their dynamic capabilities current and relevant in the quickly changing business environment. To develop a variety of firm innovation outputs that respond to the dynamically changing environment and attain competitive advantage, company managers must decide which resources and capabilities to build, change, and reconfigure.

Hence strategic human capital is one of the primary assets essential for achieving a company's competitive edge (Hamadamin & Atan, 2019) which may be identified and developed further to increase their ability to recognize the problems and trends in the external environment and to sense and seize business opportunities faster than their rivals (Gutierrez-Gutierrez, Barrales-Molina & Kaynak, 2018). Competitive advantage can be achieved quicker when company management can create an internal environment that fosters the creation of firm innovation outputs. Hence to obtain competitiveness, higher order capability, strategic to human resource linkage and innovative outcomes need to co-exist. The hospitality industry in Kenya is a sector within the tourism industry and is critical for boosting social and economic development, job creation and growth in GDP.

Further, restaurants in Nairobi City County are classified under the hospitality industry in Kenya, are a major contributor to wealth creation and employ most Kenyans compared to the other sectors within the hospitality industry (Muragu, Nyadera & Mbugua, 2021). However, several studies have established that restaurants fail within their first five years of operations due to many factors including constant change in customer needs, rapidly changing business environment, limited dynamic capabilities, limited firm innovation activities, high competition, COVID-19 pandemic, and limited strategic human capital. The latter has had a negative impact on the restaurant business leading to financial losses, early closures, loss of jobs and increased cost of restaurant operations.

Restaurant customer needs and preferences have drastically changed as restaurants have challenges in identifying the dynamic capabilities within their establishment to remodify, reconfigure and the strategic human capital with relevant knowledge, skills, and experience to create novel goods and services that embrace firm innovation, are responsive to rapidly changing customer needs and are better than their competitors to gain a competitive edge (Madeira, Palro, & Mendes, 2020).

Current research on restaurants is increasingly focusing on the effects of the COVID-19 pandemic and effective ways restaurants can sustain themselves considering their significance in creating jobs and contributing to social-economic development (Li, Zhong, Zhang & Hua, 2021). However, limited studies have been carried out covering Nairobi City County restaurants on strategic human capital, Innovative outputs influence on the high order capability - competitive edge relationship.

Zhong, Zhang & Hua (2021) explored restaurants in China to identify the type of firm innovation activities carried out to respond to COVID-19 and the firm innovation strategies developed to sustain the restaurants post the COVID-19 period using content analysis. Nevertheless, the study did not link to dynamic capabilities and strategic human capital which are critical for a restaurant's response to a disruptive environment. Jogaratnam (2017) looked at the effects of strategic human capital, market orientation, and entrepreneurial orientation on the competitive advantage of US restaurants using structural equation models. However, the study did not link to dynamic capabilities and firm innovation which are essential for a restaurant's competitiveness. Chien and Tsai (2021) employed the survey method on fast food restaurant chains in Taiwan to ascertain how the shop managers' learning processes, performance, and entrepreneurial orientations affected the development of knowledge-based dynamic capabilities. Linkage of the study to firm innovation and strategic human capital would also have a significant influence in restaurants, hence the proposed study.

Kartika and Kaihatu (2020) explored adaptability, social networking, and competitive advantage in the SME restaurant industry in Indonesia using structural equation modelling. Nonetheless, the study did not link to higher order capability, strategic human capital and innovative outcomes which may effect a positive outcome on a restaurant's competitive edge. Otengei et al. (2017) employed an inductive approach to investigate the dynamic capabilities of ethnic restaurants in East Africa to gauge the level of internal internationalization of these establishments. Linkages of the study to strategic human capital, firm innovation to competitive advantage would also have a positive effect, hence the proposed study.

Using multinomial regression analysis, Kamau and Kalui (2020) investigated if non-technical food innovation models and value creation in eateries that were registered with the Tourism Regulatory Authority (TRA) were significantly linked. However, the study did not explore the dynamic capabilities, strategic human capital and competitive advantage linkages which are also important for restaurant's success. Asewe (2017) determined using inferential statistics the impact of an entrepreneurial mindset on Nairobi City's small- to medium-sized restaurant enterprises' performance. Nonetheless, the study did not link to higher order capability, strategic human capital, innovative outcomes in restaurants which are also key for a restaurant's attainment of competitiveness

Although the empirical studies reviewed were undertaken in restaurants in global, regional, and local contexts, they did not link to dynamic capabilities, strategic human capital, firm innovation, and competitive advantage which are essential for a restaurant's competitiveness and analysing data using other methodologies like the hierarchal regression models. From the foregoing review, competitive advantage might also result from firm innovation (Liu &Liu, 2014). Secondly, strategic human capital can influence how dynamic capabilities and firm innovation relate (Chatterji & Patro, 2014) and how firm innovation and competitive advantage relate (Wright et al., 2014). Lastly, dynamic capabilities and firm innovation can lead to competitive advantage (Zhou et al., 2019) hence these relationships are worthy of exploration through an empirical study hence the proposed study.

This study will, therefore, fill the contextual, conceptual and use existing methodologies by focusing on restaurants in Nairobi City County and seek answer to the research question under investigation: What is the influence of strategic human capital and firm innovation on the dynamic capabilities-competitive advantage relationship of restaurants in Nairobi City County?

1.3 Research Objectives

The study's research objective was to assess the influence of strategic human capital, firm innovation on the dynamic capabilities- competitive advantage relationship of restaurants in Nairobi City County?

The specific objectives were to:

i. Establish the effect of Dynamic Capabilities on Firm Innovation.

ii. Determine the influence of Strategic Human Capital on the relationship between Dynamic Capabilities and Firm Innovation.

iii. Establish the effect of Firm Innovation on Competitive Advantage.

iv. Determine the influence of Strategic Human Capital on the relationship between Firm innovation and Competitive Advantage.

v. Establish the effect of Dynamic Capabilities -Competitive Advantage link

vi. Determine the intervening effect of Firm Innovation on the relationship between Dynamic Capabilities -Competitive Advantage link

1.4 Value of the Study

The relationships between various variables linked in the study provide scholars with additional knowledge and an in-depth understanding of their application in the global and Kenyan contexts. The empirical evidence and theoretical knowledge may be used by restaurants and other businesses to guide resource mobilization, building, allocation, deployment and exploitation of capabilities and resources to increase their level of competence and competitiveness.

The study results provide a guide on various types of firm innovation to embrace and develop during normal and disruptive business environments. The government of Kenya may use the study results to develop policies, funding mechanisms, and infrastructure and provide guidelines that promote embracement of firm innovation, and dynamic capabilities and that support the recovery of restaurants during upheaval**.** The government may also provide financial resources and award distinct innovative ideas provided by restaurant owners and managers through the development of partnerships with international organisations that sponsor such innovative ideas. The rewards may act as a motivation for restaurant owners and managers to be more proactive in considering how they can acquire distinct competencies.

This study assists scholars to significantly appreciate research conducted in restaurants due to the extraordinary changes and the negative effects the pandemic has had on the restaurants business and the investments the Government of Kenya has undertaken to salvage the restaurants due to their importance in job creation, poverty alleviation and social-economic development. Scholars focusing on restaurant research may focus on the development of research questions and propose solutions to the challenges presented by restaurants due to the COVID-19 pandemic.

Examples of solutions that may be proposed by scholars include the development of strategies to be implemented by restaurant owners and manages to win customers' trust to dine in their restaurants and enhancement of theories on crisis and disaster management. Other contributions by scholars may be on the development of frameworks that generate new knowledge that transforms restaurant operations based on customer behavioural change, and customer needs.

The research frameworks may include new concepts, theoretical frameworks, ideologies, noble and original approaches, solutions, and their practicability in restaurant research. The choice and proposed research methodologies that can solve the restaurant COVID-19 related problems may be critical for journal publishing companies to determine the kind of research articles to be published in their research journals. Future research conducted by scholars and researchers on post-pandemic may have solid methodologies that when tested contribute to the improvement of the restaurants in theory and practice.

Understanding how a combination of dynamic capabilities such as sensing, learning, integrating, and coordinating capabilities, may be constructed to accomplish firm innovation outputs and the realization of the restaurant's competitive advantage strengthens the underlying ideas of the study. To ascertain their impact on a dynamic capability- firm innovation link; a dynamic capability- competitive advantage link and usage of strategic human resource to moderate its effect also on a firm innovation-competitive advantage link is worthy of an area of exploration in a restaurant’s context.

The study enhances the understanding of dynamic capabilities theory by providing new insights that demonstrate the uniqueness of restaurants. The various results findings enhance and create new knowledge which may be used by researchers to fill future knowledge gaps and to address study limitations. The recommendations from the research may be used by restaurant owners and managers to identify the dynamic capabilities to build, the strategic human capital to acquire, and methods to focus on to achieve competitive advantage.

This study benefits the students by identifying the knowledge gaps they can use for future research and to develop new research topics. The research study may be used as a motivation for the students to appreciate the restaurant business and carry out more research on restaurants which currently is scanty. The students may also be able to publish journals that can benefit their fellow students, academicians, and the restaurant sector at large. The students and faculty may engage in collaborative research and create fundable projects that can benefit the students, and the academic institution as well.

This chapter looked at the study background of dynamic capabilities, strategic human capital, firm innovation, and competitive advantage. The study's background clarified the study's context, and it also revealed the study's motivation. The chapter also provided the definitions of the study concepts and identified the conceptual studies that supported the study concepts. The introduction of the hospitality industry in Kenya and restaurants in Nairobi City County was discussed as well and the research problem and the research question were also stated. Six research objectives were provided and the study’s value on theories and practices. The study's literature review is presented in the following chapter.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The theoretical frameworks supporting the study are presented in this chapter and include the theory of the resource-based view and dynamic capabilities theory. The theory of dynamic capabilities examines how dynamic capabilities have evolved through time, their historical foundations, how they are defined, and how they fit into other theories. Some of the examples of theories that are integrated into dynamic capabilities include agency theory and organisational learning, its operationalisation and measurability and how it has developed over time (Schilke & Helfat, 2018; Teece, 2018). Contrarily, the perspective of RBV discusses tangible and intangible resource assets which firms can acquire, develop, and utilise to achieve competitiveness (Barney, 2018). The stakeholder theory is one of the theories that supports the resource-based perspective. According to the RBV, resources must satisfy the VRIN requirements of being valuable, rare, inimitable, and non-substitutable. The most important resource that any organization can have, is identified by RBV as needing to be cultivated to increase the organization's competitiveness (Huang et al., 2015; Barney, 2018). The theory assumes that a company's goal is to maximise profits and that managers can be able to foresee and have an estimation of their assets' value better than rivals. Despite the resource-based view theory being prominent in strategic management research, limited rigorous methods have been employed in research studies which have argued without detail that scholars should be creative in the operationalization of their constructs and measure their research outcomes empirically (Armstron & Shimizu, 2007).

Further, this chapter also reviews empirical literature that has been carried out by other scholars on dynamic capabilities, strategic human capital, firm innovation, and competitive advantage with a discussion on relationships between the variables of the study. The empirical review also takes into consideration that not all variables may be discussed in one empirical study and this informs the identification of the knowledge gaps that the study intends to fill and the development of the conceptual framework and the study's hypothesis. The purpose is to appreciate the research findings from various scholars which the author of this study will use for comparison and contrast of the results based on this study's results.

2.2 Theoretical Foundation

A research study is guided, built, and supported by its theoretical foundation which consists of concepts and how they are interrelated. The theoretical foundation establishes the foundation for deriving the study hypothesis and the development of the conceptual framework and is developed from theories existing in literature which have undergone testing and validation by other researchers. Theories of quantitative research use applicable and existing theories to provide solutions to human problems and act as a platform for the identification of a solution to a problem. The solution to the problem is dependent on what is familiar in the problem area.

The theoretical foundation hence provides a base for integrating prior research and connecting the study to the larger body of knowledge in the specified problem area. Solutions to the identified problems begin with the use of deductive methods and conclude with the use of inductive methods which can increase the theory, and increase or limit the confidence in the theory. Speculations of the solution to the problem is posited in advance (Nenty, 2009).

2.2.1 Dynamic Capabilities Theory

Research on higher order capability has been broadened in several scopes such as how concepts are defined, different theory integration, procedures, dimensions functionalisation of dynamic capabilities concept and its development over time. The theory was earlier determined by the division of philosophical areas of Eisenhardt et al. (2000) and Teece et al. (1997) who differed on their description, assumptions, applicable boundary conditions and how firms can attain a competitive edge over others.

The approach considered by Teece et al. (1997) was acceptable in the world of Schumpeter where firms sought to obtain competitiveness by developing new firm innovations. Eisenhardt et al. (2000) found the theory to be a limited source of a competitive edge, is homogeneous and more applicable in high-velocity markets. There was a convergence between the two scholars on the significant part carried out by the company's Chief Executive Officer and company managers in making company decisions. According to Teece et al. (1997), a dynamic capability is a company's propensity to quickly adapt to environmental changes by reconfiguring, developing, and integrating its internal and external competencies.

A dynamic capability is also company’s propensity to address its challenges in a systematic manner, to sense market opportunities in an astute manner, and to make decisions that benefit the company (Barreto, 2010). Focus on product, service and process development, strategic alliances, and decision- making have also been defined as dynamic capabilities whose pursuits are homogenous across companies but are not the same across various industries (Eisenhardt & Martin, 2000).

This means that a company's capacity to concentrate on the growth, extension, and change of its resource base has not gone unnoticed (Helfat et al., 2007). In the realm of research on dynamic capabilities, many academics concur that Teece et al. (1997) definition of dynamic capabilities is the most trustworthy (Breznik & Hisrich, 2014). Dynamic capabilities description as the integration, building and reconfiguration of organisational competencies to deal with rapid environmental changes has increasingly been accepted and used by various scholars compared to other dynamic capabilities definitions (Schilke & Helfat, 2018).

Recent dynamic capabilities research has focused on decision-maker agency and bounded rationality in supporting strategic change. Other theories including the agency theory, evolutionary economics, behavioural theory, and organizational learning have been added to the dynamic capabilities theory to enhance it (Helfat et al., 2007). Over time, researchers have operationalized dynamic capacities into sensing, learning, integrating, and coordinating capabilities (Teece, 2018). Segarra-Oña et al. (2016) stated that companies with sensing capabilities effectively scan, search, and interpret data obtained from their external environment.

Learning capabilities include the effective performance of company activities through experiments that result in the creation of new knowledge that can be used for either the enhancement of current items or the creation of new ones. The ability to coordinate involves linkages of suitable resources to tasks. The ability to integrate involves the creation of a common organisation understanding through effective combination and dissemination of knowledge across the organisation (Zhou et al., 2019; Pavlov & Sawy, 2011).

Eisenhardt et al. (2000) defined it in terms of the functional domain such as mergers and acquisitions, and the development of new products. Other scholars operationalised dynamic capabilities in terms of the unit of analysis which included individuals, teams, and organisations (Heimeriks & Madsen, 2012). The diverse dimensions have greatly improved the mastery of the constituents of dynamic capabilities research and how it can be observed. Teece (2007) operationalisation of dynamic capabilities has been the most largely used by scholars in dynamic capabilities research to understand the business environment, how new opportunities are sensed and seized and how organizations are transformed to bring about strategic change (Schilke & Helfat, 2018).

Dynamic capabilities research has also been refocused from being conceptual to empirical studies with most researchers employing inductive and deductive methods in research. Like other theories, the dynamic capabilities theory has been critiqued by various scholars in terms of measurement and empirical evidence. Bromiley (2004) indicated that the theory's level of clarity was deficient; very simplistic, had limited empirical evidence and unaddressed measurement issues.

Other scholars differed on the context in which dynamic capabilities should be addressed such as high, moderate, and stable environments. Other scholars have differed on the distinctiveness or commonalities of dynamic capabilities hence the need to reach an understanding of the integration of commonalities while acknowledging the heterogeneity of dynamic capabilities and their impact on an organisation's competitive advantage (Brown, 2014). Challenges have arisen on the measurement of dynamic capabilities as an aggregated construct with the equal assignment of weights in its dimensions or multiplicative non-linear function could be employed for each dimension (Barreto, 2010).

Moreover, the theory did not address real-world events that are complex and whose development takes place over a certain period. Conversely, Helfat and Peteraf (2009) provided that there is more adequate empirical literature on dynamic capabilities than what is mentioned by Bromiley (2004). According to the dynamic capabilities theory, increasing a company's strategic human capital knowledge and skills can enhance firm innovation outputs and help the company to gain a competitive advantage. Asif (2020) indicated that dynamic capabilities is critical for the achievement of a competitive edge through the strategic renewal of a company's dynamic capabilities and assets.

Koukpaki et al. (2020) indicated that a company's competitiveness could be attained by developing its strategic man power and building of higher order capabilities. Companies can develop their higher order capability to produce innovative outcomes such as new products, services and processes that can have a favourable impact on their competitiveness (Zhou et al., 2019). Hence higher order capability, strategic human capital, innovative outcomes, and competitive edge are interlinked.

2.2.2 Resource-Based View

The theory focuses on the resource base that a company may control, such as capabilities, organizational processes, firm qualities, assets, knowledge, and information. RBV helps businesses create standards for gaining a sustained competitive advantage while utilizing their resources. The theory argues that an institution's competitiveness is achieved by acquiring and controlling assets and capabilities that are VRIN (Barney, 2018). An asset is valuable when it assists a company to be more effective and efficient and depends on an organisation's context (Armstrong & Shimizu, 2007). According to the theory, resources must conform to the assumptions of heterogeneity and immobility.

When enterprises in the same industry have distinct strategic resource bundles or have bundles of resources that are strategically relevant, this is known as heterogeneity. According to the theory, in immobility, a firm's resources are difficult to transfer, hence preserves the resource disparities (Barney, 1991). When a resource is also rare, the resource enables an organisation to reduce its parity thus, the combination of either the resource attribute or rareness and value strengthens a company's competitiveness. Rareness is also enhanced by inimitability which can be obtained through acquiring resources that are socially complex such as strategic human capital. In addition, organisations need to demonstrate an ability to take them in and use them (Kraaijenbrink et al., 2010).

The theory predicts strategic human capital to be the most valuable resource due to its social complexity, firm specificity, and difficulty to follow by competitors if it stays in the environment in which it was optimally developed (Barney, 2018). Strategic human capital, therefore, represents an avenue for deriving invaluable idiosyncratic characteristics in an organization. The restaurant industry, for example, is constrained by the acquisition of tangible assets such as equipment and infrastructure and therefore may focus on building intangible and inimitable assets such as knowledge embedded in its strategic human capital. The built knowledge can be integrated within the organisation to improve the services offered. The organisation's routines may be more imperative to develop feasible strategic options which assist the company to acquire a competitive edge (Peteraf & Barney, 2003; Barney, 2018). To grow specific strategic personnel expertise required by a company increases its productivity, limits its availability in the external market, and becomes non-substitutable unless a huge amount of adjustment costs are incurred by the company.

Having a highly skilled, educated, and experienced strategic human capital however does not guarantee high productivity. The requirement of high productivity in an organisation is met if strategic human capital is motivated through better compensation and is provided with the autonomy and resources to perform their jobs. According to Teece (2018), management methods like training can be utilized in a special way that is in line with a company's strategic direction for the development of strategic human capital. RBV also asserts that organizations will benefit from competitive advantages in cost savings and learning if they are better at acquiring, developing, and deploying their strategic human capital.

Increased acquisition of a firm's specific skills and knowledge increases the strategic human capital capability of producing an invaluable contribution to the company's learning performance, a pre-condition for achieving competitive advantage. Strategic human capital value is better understood by analysing its relationship with broader organizational strategy and design. Such synergistic relationships develop systems that are complex and inimitable (Siggelkow, 2002). RBV has received criticism for inadequately addressing its applicability and the condition of VRIN as being insufficient for achieving a sustainable competitive edge.

There is also the absence of connectivity between theory and how intangible variables are measured leaving some research questions inadequately addressed. Newbert (2007) and Denrell et al. (2003) indicated that one of the major critiques of RBV is the general term used by researchers to define a resource, thus making it difficult to identify a suitable methodology for its measurement. Several empirical studies lack rigour in the measurement of a resource due to the high fragmentation of RBV empirical studies.

These issues can be addressed by specifying specific resources to be measured in linkage to a particular operationalised construct (Armstrong & Shimizu, 2007). Fifty-five empirical studies utilising RBV theory were reviewed by Newbert (2007) who concluded that variation in the level of empirical support existed across all dimensions tested, such as capabilities, key competencies and their greater contribution to competitive advantage compared to those that focus on resources.

To address the challenges of measuring resources that cannot be observed, some researchers recommended the use of the target survey method to directly assess specific resources. In-depth, interviews were recommended to address issues related to the measurement of constructs (McEvily & Chakravarthy, 2002). Some schools of thought supported this view that research methods that utilise large samples should not be highlighted in RBV research but operationalisation of constructs should be creatively carried out and measured empirically to determine their outcomes to strengthen the theory (Levitus & Chi, 2002).

Hence research geared towards dynamic capabilities was recommended. Some of the common methodological recommendations provided by various scholars are the use of diligent methods to determine and explain competitive advantage in future studies (Priem & Butler, 2001). Further, other approaches such as mixed methods and phenomenology are recommended for new or unexplored industries (Molloy et al., 2011). RBV plays a critical role in the VRIN resources' identification that can be used to assist a business to get a competitive edge. Among the VRIN's resources is strategic human capital who need to be effectively managed to increase the effectiveness of the resources required to perform various activities that enable companies to achieve competitive advantage such as new firm innovations (Collins, 2021).

2.3 Dynamic Capabilities

Empirical studies to determine how firms build their capabilities to adapt to a rapid and dynamically changing environment and to respond to changing customer needs using dynamic capabilities can be found in the literature. However, very few have been carried out in restaurants. Otengei and Ahebwa (2021) used multiple case phenomenological approaches to determine how dynamic capabilities, influenced the inflow of tourists to specialised restaurants in East Africa (Kenya, Uganda, Burundi, Tanzania, Rwanda). His study findings established that embracement of technology, menu diversity, responsiveness to customer needs, and creative strategic human capital influenced the inflow of tourists to the African cuisine restaurants.

Chien and Tsai (2021) employed the survey method on fast food restaurant chains in Taiwan to ascertain how the shop managers' learning processes, performance, and entrepreneurial orientations affected the development of knowledge-based dynamic capabilities. They concluded that learning, entrepreneurial orientation, and knowledge-based dynamic capabilities had a favourable relationship. Additionally, knowledge-based dynamic capabilities directly benefited the operation of the restaurant. Zhou, Zhou, Feng & Jiang (2019) surveyed 204 Chinese firms to ascertain how company firm innovation affects the dynamic capabilities- firm performance linkage. Their research proved that firm innovation mediated the dynamic capabilities-performance relationship using structural equation modelling. Da Silva Souza and Takahashi (2019) conducted research to assess the impact of dynamic capabilities on an organisation's learning-organisation's ambidexterity relationship at Brazilian higher education establishments.

Their study's conclusions demonstrated a favourable impact of the dynamic capabilities' activities on the organisational learning-organisational ambidexterity relationship. Rodríguez, Barón and Martínez (2020) used a survey method for SME tourism clusters in Columbia to determine how dynamic capabilities influenced the functions of SMEs within their tourism clusters. Using structural equational modelling, their study findings revealed that dynamic capabilities interacted positively in the tourism clusters and that adaptive, absorptive, and innovative dynamic capabilities positively influenced the SME's functions and enabled managers to make decisions on actions to take to sustain their tourism firms.

2.4 Strategic Human Capital

Strategic human capital roles in achievement of a company's competitive edge has been studied empirically. For example, Jogaratnam (2018) used the survey method to determine how small independent restaurants in Australia exploited their strategic human capital capabilities to achieve competitiveness. Using structural equational modelling, Jogaratnam (2018) study findings revealed that strategic human capital skills, knowledge and competence enhanced the performance of small independent restaurants through a combination of factors such as the restaurant owner's mindset to achieve performance improvement through market focus, entrepreneurial orientation, and attitude. Lee et al. (2016) indicated that strategic human capital with existing and specific knowledge, experience about the restaurant customers and knowledge about their business competitive environment, enables a restaurant to reduce external threats and to seize potential opportunities that increase the achievement of the restaurant competitive advantage.

Moreover, other strategic human capital social skills such as the building of strong close customer relationship skills, problem-solving skills, and relevant technical skills can assist a restaurant to lessen customer anxieties in the choice of the restaurant's offerings. Such kind of strategic human capital social skills could also be developed through training to make the strategic human capital relevant to the restaurant's task-related requirements and to be able to adequately provide good customer relationships to the restaurant's targeted clientele. Sharma and Bhat (2020) examined whether strategic human capital activities predicted the achievement of service innovation in hotels located in the Kammu and Kashmir regions. Using structured equational modelling, their study findings revealed that firm innovation outputs that were achieved because of the hotel's service innovation and the hotel's competitiveness benefited from strategic human capital activities. Chang, Gong and Shum (2011) examined how strategic human capital practices such as training and selection were used to promote radical innovations in the hotel and restaurants in China.

Their study findings demonstrated that strategic human capital practices such as training and selection had a favourable impact on incremental innovations. Additionally, the hiring and training of multi-skilled front desk staff had a positive effect on both incremental and dramatic breakthroughs. To evaluate the strategic human capital practices-service innovation linkage in the Jordanian hospitality industry and the function it played as a mediator in that relationship, Mahmoud, Al-Mkhadmeh, and Alananzeh (2021) conducted a study. Their study's results, which were established using structural equation modelling, showed that there was a noteworthy correlation between the linkage between strategic human capital practices and service innovation and that it had an intervening influence on that relationship.

Oladipo and Danlami (2011) survey on manufacturing companies sought to establish whether strategic human capital practices had a favourable impact on the company's performance. Using the regression method, their study findings revealed that regular training, good compensation systems, innovation-based recruitment, and selection processes, positively influenced the manufacturing company's performance. Kabaru (2019) aimed to ascertain how strategic human capital methods affected the retention of staff in Kenya's public universities. His study's findings revealed that recruitment, selection and training processes are the most common strategic human capital practices utilised by public universities to manage public universities employee retention. In comparison to recruiting and selection, however, training showed the greatest potential to boost employee retention in public universities.

University personnel viewed training as a motivator and an indicator of gratitude by the university administration for improving their performance, which boosted their loyalty and the institution's overall performance. Mubarik, Chandran, and Devadason (2018) used a survey method on 100 SME specialists to find out how strategic human capital is quantified in small and medium manufacturing businesses and to calculate the overall human capital index (HCI). According to their study's conclusions, not all the strategic human capital's dimensions and subdimensions are important for HCI when applying the analytical hierarchy approach. The SHC, which has nine dimensions and 35 sub-dimensions, is the best representation of the HCI. The crucial components included education, training, abilities, skills, and experience. Indeed, the two primary sub-dimensions of experience are experience gained in the workplace and organizational longevity. Their study findings also point to the value of experience, education, and abilities.

2.5 Firm Innovation

Various scholars have explored the effect of firm innovation on the achievement of competitive advantage. For example, Li, Zhong, Zhang & Hua (2021) explored restaurants in China to identify the type of firm innovation activities carried out to respond to the current pandemic and the firm innovation strategies developed to sustain the restaurants post the COVID-19 period. Using a content analysis approach and memoic technique, their study findings revealed that management and marketing responses, community and government responses, government prevention and control mechanisms, and corporate and social responsibility (CSR) were firm innovation dimensions used by the restaurants for the pandemic emergency responses.

Moreover, customer service innovations, product innovations, third party co-operations, marketing strategy, firm innovations were used for the post-pandemic recovery period. Ribeiro and Cherubim (2017) established that the more complex and uncertain an external environment is, the higher a restaurant's nature and the degree in which eateries welcome corporate innovative outcomes. Hence a strong linkage exists between business firm innovation and environmental variables factors. Salleh et al. (2015) investigated the use of social media platforms by restaurants in Malaysia. Using web content analysis, their study findings established that the top restaurant brands may adopt but not immediately implement the use of Instagram social media platforms to achieve firm innovation. Lee et al. (2016) qualitative study on restaurants in Australia explored the key success factors that distinguished successful restaurants from unsuccessful ones. Using K-Means cluster analysis, their study findings revealed that restaurants that had embraced firm innovation had greater performance compared to those that did not embrace firm innovation.

Ivkov, Blešić, Simat, Demirović and Božić (2016) explored the various types of firm innovations embraced by owners and managers from full-service restaurants, fine dining and casual restaurants in Serbia, Slovenia, and England. Using the Anova method, their study findings established that technological innovations, infrastructural innovations, food and beverage innovations, responsible business firm innovations such as CSR, customer orientation and service climate determined a restaurant's level of competitiveness in the future. Yun, Park, Gaudio and Corte (2020) explored the importance of open innovations in improving the competitiveness of restaurants in Nepal, North Korea, and South Korea. Using the case method, their study findings established that use of open innovation in service, menu recipe development, and choice of menu ingredients improved a restaurant's competitiveness compared to those that embraced closed firm innovation strategies.

According to Ecker and Strüver (2022) study findings, there was no correlation between firm innovation adoption and resilience during the epidemic. Most restaurants were forced to prioritise innovative outcomes for the enhancement of the eateries turnover compared to building the restaurant's resilience. Njenga, Gichuhi and Koome (2021) determined the effect of millennials' level of firm innovation in influencing organisation change in the hospitality sector in Naivasha County. Using descriptive techniques, their study findings established that millennials' level of firm innovation had a favourable impact on organisational change. Kamau and Kalui (2020) determined whether a significant relationship existed between non-technical food innovation models and value creation in restaurants registered with Tourism Regulatory Authority (TRA).

Using multinomial regression analysis, their results showed no link between firm innovation models utilised by non-technological companies and the creation of value chains in restaurants. Considering the effects of product and service improvements, Owino (2018) assessed the financial performance of hotels and restaurants in Nairobi and showed no favourable correlation existed between customer experience innovations and the financial performance using ordinary least square methodologies. The dynamic capabilities view was utilized by Sabahi and Parast (2020) to assess the firm innovation -firm's responsiveness linkage to supply chain interruptions. According to his research, a creative environment makes a company more resistant to upheavals, because firm innovation helps firms reinforce dynamic capabilities, both directly and indirectly, and those dynamic capabilities mediate the firm innovation-supply chain disruptions relationship.

2.6 Competitive Advantage

Kartika and Kaihatu (2020) explored adaptability, social networking, and competitive advantage in the SME restaurant industry in Indonesia. Using structural equation modelling, their research findings revealed that increasing the restaurant's adaptability does not necessarily lead to an increase in competitive advantage and that building social networks had a strong association on the restaurant's adaptability -competitive advantage linkage. Yan, Ramayah, Soto-Acosta, Popa and Ai Ping (2014) explored the use of the web in building brand visibility, and awareness to increase competitive advantage in the hospitality sector in Indonesia. Using structural equation modelling, their study findings revealed that the use of the web increased brand awareness of the hospitality enterprises and had a positive impact on competitive advantage.

Gitia (2017) investigated competitive strategies that influence the performance of international fast-food outlets in Nairobi County. Using inferential statistics, the findings of this study showed that using competitive techniques improved performance with lower cost providing the highest positive impact and focus providing the lowest positive impact. Nafula (2015) explored global strategies implemented by Nairobi County's 5-star hotels to gain a competitive edge. Using inferential statistics, his study results established that the adoption of global strategies increased the hotel's competitive edge. Ismail, Rose, Uli and Abdullah (2012) explored how company assets, systems, and capabilities influenced the achievement of a competitive edge in the Malaysian manufacturing sector.

Their research findings using multiple linear regression analysis showed that the combination of assets, systems, and competencies had a favourable impact on an organization's ability to achieve competitiveness. In Kosovo's wholesale distributors of food and non-food, Berisha and Kutllovci (2015) investigated the strategic human capital roles of a company in achieving competitive advantage. The results of their study, which employed descriptive statistics, showed that strategic human capital positions did not significantly affect the accomplishment of the organization's competitive advantage. The research results also established that most of the firms did not have human resource departments that conducted human resources functions but mainly performed administration functions. Moreover, most did not have a human resource strategic plan, hence human resource matters were not an area of concern. Hence there is a need to understand the functions of strategic human capital as they are critical for the achievement of competitive advantage.

2.7 Dynamic Capabilities, Strategic Human Capital (Employees) and Firm Innovation

The linkage is in the development of its capabilities that enables it be a benefaction to a company's firm innovative outcomes. Vogel and Güttel (2013) and Schilke (2014) indicated that the dynamic capabilities developed must be distinct to enable company to make superior products and provide superior services to its competitors. Concerning strategic human capital (Employees), dynamic capabilities are conceptualised under learning capabilities. Key arguments within dynamic capabilities include the company's urge to obtain better higher order capability by utilising its expertise

Moreover, recognition of cognition as a micro foundation for dynamic capabilities can also not be overlooked (Teece, 2007) as they are rooted in a company's systems, processes, social interactions, routines and collective tasks done by personnel or groups of individuals in a company. The company activities are carried out to define the company strategy to be developed and implemented (Lewin, Massini & Peeters, 2011).

The higher order capability and strategic human capital (employees) have an indirect connection that examines how expertise gained through discovering new expertise can be adopted and woven into the business to make it better (Tsou & Chen, 2020). With the overarching objectives of boosting an entity's flexibility to evolve, achieve innovation outcomes in the business, and the cultivation of company-wide ability to learn, acquiring expertise can be carried out through strategic human capital (Employees) processes and structures (Chatterji & Patro, 2014).

The process of incorporating knowledge may be accomplished by utilizing the strategic human capital (employees) methods and frameworks. The objectives are to develop innovation in the business, flexibility for transition, and across the business's ability to learn. Higher order capability, strategic human capital (Employee), and innovative outcomes links have been established in former investigations. Such investigations include Zheng et al. (2011) who discovered higher order capability – innovative outcome linkages in Chinese domains that have networks. However, the investigation did not link to strategi human capital (Employees). Augier and Teece (2009) indicated that the competitiveness of a company is determined by the acquisition of skilled strategic human capital (Employees) with high coordinative and integrative capabilities but did not link the study to firm innovation. Other studies have established knowledge, skills, and experience to positively influence the higher order capability - innovative outcomes association.

Such studies include Nieves & Haller (2014) who indicated that company employees with additional knowledge, education and relevant experience have a higher contribution to firms' innovation outputs, have better skills to manage company resources and can efficiently monitor the company's results and predict the company's future outcomes. Across Europe, a higher proportion of highly educated workers has been proven to promote product innovation in different countries such as (Protogerou, et al., 2016) nevertheless the linkage of the study to dynamic capabilities is also significant. Consequently, the creation of new and additional knowledge and problem-solving skills of a company is determined by the company's strategic human capital (Employee) level of explicit and tacit knowledge (Nieves, 2018).

Further, indicators of dynamic capabilities such as a strategic human capital (Employees) role in the company may not be overlooked. Strategic human capital (Employees) intellectual capital will determine how dynamic capabilities may assist companies to be adaptive to radical technological changes that occur (Rothaermel & Hess, 2007). According to McKelvie and Davidsson (2009) research, the creation of a new company's product and process innovations was significantly positively correlated with the managerial experience and education of the founder but did not link the study to dynamic capabilities. Bourke and Crowley (2018) also found that managerial experience had favourable effect on firm innovation as measured by the variety of firm innovation activities and outputs the company engaged in but did not address the dynamic capabilities linkage.

Jogaratnam (2017) established that the appropriate background, expertise, and abilities of a restaurant owner impacted the growth of innovative business outputs, their competitive edge, and were vital for the recognition, advancement, and pursuit of novel market possibilities. However, the linkage of the study to dynamic capabilities was overlooked. Nieves (2018) indicated that Strategic human capital (Employees) with additional years of training, experience, and schooling boosted mental capacity, which raised the volume of innovative business outputs. Nevertheless, the linkage of the study to competitive advantage would also have significance influence. Unger et al. (2011) established that human resources with the prerequisite work-related experience and relevant job knowledge of the company customers and supply chains assisted the company to optimise the exploitation of market opportunities and reducing competitor threats.

Palmatier, Dant, Grewal and Evans (2006) indicated that having different good problem-solving and technical skills may be advantageous for effective navigation of the company's marketplace. For example, restaurants that offer a superior experience and reliable services may have the advantage of alleviating customer uneasiness generated by the insecurity of choosing a specific product or service. As a result, strategic human capital (Employees) is regarded as a strategic resource that facilitate companies to develop critical dynamic capability that makes them attain new inventions.

2.8 Firm Innovation, Strategic Human Capital (Practices) and Competitive Advantage

Deployment, mobilisation, integration and alignment of company assets and capabilities that support firm innovation are critical for the achievement of company competitiveness (Vu, 2020). Moreover, companies in emerging economies may struggle to locate a high-quality strategic human capital (Employees) to match the level of company requirements to innovate. As a result, strategic human capital (Practices) such as compensation, training, selection, and recruitment could be very helpful in advancing firm innovation and might be able to bridge the gap between the strategic human capital (Employees) generic knowledge acquired throughout their education and the one required by the company (Van Uden et al., 2017). Linkages between firm innovation, strategic human capital (Practices) and competitive advantage have been established in previous studies. Awino (2016) established that the linkage of firm innovation to performance was significant. Nevertheless, the study linkages to dynamic capabilities, strategic human capital (Practices) and competitive advantage could also have a significant influence.

The competitive advantage of the online business-to-business industry in the United Kingdom is dependent on strategic human capital (Practices) ability to implement firm innovation well (Noorani, 2014). However, the study did not link to dynamic capabilities. Nwachukwu, Chladkova and Olatunji (2018) indicated that a company's competitive edge may be based on the development of product innovation capabilities. The study's link to dynamic capabilities and strategic human capital (Practices) could also provide new insights. Hoang and Ngoc (2019) and Lee and Xuan (2019) indicated that firm innovation had a strong association on a company's competitiveness. These studies did not link to dynamic capabilities and strategic human capital (Practices). The disruptions and the effects of the COVID-19 pandemic have disrupted how restaurants are redeveloping their firm innovations (Sheth, 2020). An assessment was made by strategic human capital (Practices) to determine its effect, employee needs and to maintain the restaurant's sustainability.

The pandemic's disruptive effects have also forced owners of restaurants to re-think their service innovation models beyond what was previously considered in previous research studies (Bartik et al. 2020). Service innovation is now an imposed activity in restaurants rather than a management discretion as restaurant owners and managers may have no choice but to innovate to remain relevant and survive during the pandemic period. Other studies have established the role strategic human capital practices in the firm innovation - competitive advantage relationship. Shipton et al. (2006) and Nieves and Quintana (2018) established that a significant relationship existed between training, recruitment, selection and compensation with enhanced firm innovation and competitive. Nevertheless, the study correlation to dynamic capabilities would also be determined.

Chang and Shum (2011) found that front-line personnel recruitment, training, and selection had a favourable influence on restaurants' incremental and radical innovation. However, the linkage of the strategic human capital (Practices) to competitive advantage is also critical According to Bell and Figueiredo (2012), enterprises in emerging economies should start with structured training programs to hone their inventive capabilities. The number of patent applications the company submitted increased because of on-the-job training, according to Gallié and Legros (2012) who used a range of metrics to demonstrate this. The benefits of on-the-job training on product innovation by Greek businesses during the crisis were highlighted by Caloghirou et al. (2017). The company's on-the-job training can make up for the knowledge embedded in highly educated strategic human capital by fostering internal and external knowledge flows within the company. Further, product innovation for emergent businesses in various European countries depends on on-the-job training. Ottenbacher and Harrington (2007) established that successful innovation in restaurants and well-implemented strategic human capital practices correlate positively and significantly although the study did not link to dynamic capabilities and strategic human capital (Practices) which would also have a positive impact.

Thus, training, recruitment, selection, and compensation practices may need to be well-coordinated by companies to achieve a company’s competitiveness. In Cyprus's five-star hotels, Harazneh et al. (2019) research revealed no significant or positive correlation between compensation and the achievement of competitive advantage. However, they did find a substantial and positive correlation between recruitment, selection, and training and competitive advantage.

According to Damanpour and Aravind (2012), when a company builds strategic human capital to achieve sustainable firm innovation outputs, the company resources become inimitable, making it difficult for competitors to copy unless they make significant investments to attract them. Furthermore, as a company's strategic human capital grows, so does their commitment, which leads to higher retention and lower turnover costs. Knowledge is also effectively transferred inside the company through human resource practices such as training, resulting in beneficial changes in strategic human capital behaviour and facilitating the attainment of the company's desired goals (Hamadamin & Atan, 2019).

2.9 Dynamic Capabilities, Firm Innovation and Competitive Advantage

To be efficient and competitive, firm innovation continues to be acknowledged by companies for their responsibility in achieving a competitive edge (Liu & Liu, 2014). Company alignment of its resource base is critical for the deployment, mobilisation, and integration of the resources to foster innovation and competitiveness (Yam, Lo, Tang & Lau, 2011). Service firms have successfully remained competitive through a combination of product, service, and process innovations. Dynamic capabilities are embedded in a company’s processes that alter its existing position and lead them to have a favourable effect on a company’s competitive edge (Schilke, 2018).

Linkages between higher order capability, innovative outcomes, and competitive edge have all been subject of scholarly investigation. For example, a study conducted on Mexican firms concluded that the continued existence of companies is determined by the company's embracement of firm innovation, adoption of technology change, and dynamic capabilities that assist them to compete in a dynamic environment (Aguirre, 2011). However, this study did not link to strategic human capital which is also critical.

As stated by Fainshmidt et al. (2019), dynamic capabilities enable differentiation and low-cost approaches to be combined, to yield a competitive edge. Nonetheless the study linkage to strategic human capital and firm innovation would also have a significant influence. Lee and Xuan (2019) established that product innovations had a favourable outcome on the achievement of increased company short-term productivity and long-term competitiveness although the study did not link to strategic human capital and dynamic capabilities which would have an impact. Further, MacInerney-May (2012) used dynamic capabilities to demonstrate how companies can adopt the strategic change to respond to environmental changes through the implementation of company initiatives that disempower highly competitive rivalry. Moreover, Agbim et al. (2014) and Granados (2015) indicated that companies whose firm innovation capabilities have been developed outsmart their rivals, and sustain themselves longer than those that did not develop their company dynamic capabilities. Nevertheless, the two studies did not link to strategic human capital which would also have a positive effect.

Heinonen and Strandvik (2020) established that companies from the sectors of food and beverage, retail, media, IT, Health, and fitness were the largest sectors that embraced firm innovation in response to the current pandemic and to achieve a competitive edge. Even so the study's linkage to strategic human capital and dynamic capabilities could also have an impact. Vu (2020) proposed a model that can be used to test the direct impact of dynamic capabilities, firm innovation, and entrepreneurial capabilities and how they can be used to foster the superior performance of SMEs across all industries in Vietnam and other countries. Ogunkoya, Hassan and Shobayo (2014) found that the dynamic capabilities -competitive advantage linkage in their research of Nigerian banks was inconsequential.

The study did not link to strategic human capital and firm innovation which is also critical. The study also showed that dynamic capabilities was dependent on the relationships that had already been created with other businesses and that the creation of original concepts did not always give businesses a competitive edge. Imposed service innovations created by companies to respond to the COVID-19 pandemic have forced company managers and owners to re-think new services including development of agile organisational capabilities in to survive in a disruptive environment (Helkkula & Tronvoll, 2018).

2.10 Summary of Empirical-Conceptual Studies and Knowledge Gaps

Knowledge gaps were extracted from previous empirical studies that have used similar variables as summarized in Table 2.1. Literature review identified gaps similar to the strategic human capital and firm innovation effects on dynamic capabilities and competitive advantage relationship in various contexts (Heinonenn & Strandvik, 2020; Nieves & Quintana, 2018; Bell & Figueiredo, 2012; Caloghirou et al., 2017; Harazneh et al. , 2019; Kihara, 2018; Fainshmidt et al., 2019; Agbim et al., 2014; Granados, 2015; Kabaru, 2019; Arvanitis, Seliger & Stucki, 2016; Crowley & Bourke, 2018; Sharma & Bhat, 2020 ; Bell & Figueiredo, 2016; Gyemang & Emeagwali, 2020; Jogaratnam, 2017; Liu & Liu , 2014; Noorani, 2014; Otengei et al., 2017; Ferreira, Coelho & Moutinho, 2020; Gyemang & Emeagwali, 2020; Tsou & Chen, 2020). In this study, previous empirical studies have been highlighted that show indicative relationships between the study variables. The previous study results are also indicated based on the empirical studies reviewed from which the knowledge gaps have been identified as per Table 1 below.

Table 1: Summary of Empirical-Conceptual Studies and Knowledge Gaps

Study	Focus of the Study	Methodology	Findings	Knowledge gaps	How the current study has filled the gaps
Heinonenn & Strandvik, (2020)	Imposed service innovation due to Covid -19	Content analysis using the application of elimination criteria method	Spatial flexibility, social and health outreach, and an embrace of technology are characteristics of forced service innovation as evaluated in their strategic scope and strategic stretch.	Does not link to SHC, DC and CA	Has linked to SHC, DC and CA
Nieves & Quintana (2018)	FI, SHC and SHC practices	Survey method using multiple linear regression analysis	SHC and SHC practices influenced FI,	Does not link to DC, CA	Has linked to DC and CA

Key: CA-Competitive Advantage; DC – Dynamic Capabilities; FI- Firm Innovation SHC – Strategic Human Capital

Table 1: Summary of Empirical-Conceptual Studies and Knowledge Gaps Cont'd

Study	Focus of the Study	Methodology	Findings	Knowledge gaps	How the current study has filled the gaps
Jogaratnam (2017)	Strategic human capital, entrepreneurship, market orientation competitive advantage	Survey method using the structural equation model	Strategic human capital, market, entrepreneur orientation aid competitive advantage	Does not link to firm innovation; dynamic capabilities	Has linked to dynamic capabilities and firm innovation
Tsou& Chien (2020)	DC on the strategic human capital-service innovation relationship	Survey method using the structural equation model	DC, service innovation relationship was affected by SHC	Does not link to CA	Has linked to CA
Ferreira et al. (2020)	DC, innovative capabilities CA	Survey method using the structural equation model	DC and innovative capabilities influenced CA	Does not link to FI, and SHC	Has linked to FI, and, SHC

Key: CA-Competitive Advantage; DC – Dynamic Capabilities; FI- Firm Innovation SHC – Strategic Human Capital

Table 1: Summary of Empirical-Conceptual Studies and Knowledge Gaps Cont'd

Study	Focus of the Study	Methodology	Findings	Knowledge gaps	How the current study has filled the gaps
Kihara (2018)	Do DC really matter when it comes to strategy execution and performance	Survey method using multiple regression analysis	DC had a positive impact on company performance	Does not link to FI, SHC and CA	Has linked to DC, FI, SHC and CA
Fainshmidt et al. (2019)	The effect strategic fit on the DC -CA relationship	Survey method using qualitative comparative analysis	DC and competitive advantage are related in a way that depends on how organizational and environmental elements fit together strategically.	Does not link to FI, and SHC	Has linked to FI, and SHC
Liu & Liu (2014)	DC, environment dynamism, CA	Survey method using PLS-SEM analysis	Competitive advantage and DC were significantly correlated.	Does not link to FI,	Has linked to FI,

Key: CA-Competitive Advantage; DC – Dynamic Capabilities; FI- Firm Innovation SHC – Strategic Human Capital

Table 1: Summary of Empirical-Conceptual Studies and Knowledge Gaps Cont'd

Study	Focus of the Study	Methodology	Findings	Knowledge gaps	How the current study has filled the gaps
Noorani (2014)	Service innovation and CA	Multiple regression analysis	Ability of a corporation to integrate service and process innovations determines its competitive edge.	Does not link to SHC	Has linked to SHC
Gallié & Legros (2012)	Research and development on the SHC -firm innovation relationship	Dynamic count data model estimation utilizing the pre-sample mean estimator.	Besides other indicators, SHC positively influences FI,	Does not link to DC and CA	Has linked to DC and CA
Van Uden et al. (2017)	SHC and firm innovation	utilizing logistic regression analysis in a survey	Firm innovation benefits from SHC	Does not link to DC and CA	Has linked to DC and CA
Arvanitis et al. (2016)	Importance of SHC practices and firm innovation	Survey using logit probit regression method.	Firm innovation propensity is positively impacted by SHC strategies more so than FI, success	Does not link to DC, and CA	Has linked to DC and CA

Key: CA-Competitive Advantage; DC – Dynamic Capabilities; FI- Firm Innovation SHC – Strategic Human Capital

Table 1: **Summary of Empirical-Conceptual Studies and Knowledge Gaps Cont'd**

Study	Focus of the Study	Methodology	Findings	Knowledge gaps	How the current study has filled the gaps
Otengei et al. (2017)	The internalisation of specialty restaurants using the perspective of DC	A qualitative study using the case study method	Knowledge absorption increased the levels of inward internationalisation	Does not link to firm innovation, CA and SHC	Has linked to firm innovation, CA and SHC
Kabaru (2019)	SHC Practices, Employee retention	Survey using descriptive and correlation analysis	Recruitment selection, training increased employee retention	Does not link to DC, FI,	Has linked to DC and FI,
Gyemang & Emeagwali (2020)	Firm innovation, company agility, Knowledge management, DC, Competitive performance	Survey method using structural equational modelling	Firm innovation, company agility, Knowledge management, DC, Competitive performance was inter-related	Does not link to SHC	Has linked to SHC
Sharma & Bhat (2020)	SHC, service innovation, CA	Survey method using Structural equational modelling	SHC innovations, service innovation and competitiveness had a strong linkage	Does not link to DC	Has linked to DC

Key: CA-Competitive Advantage; DC – Dynamic Capabilities; FI- Firm Innovation SHC – Strategic Human Capital

Table 1: Summary of Empirical-Conceptual Studies and Knowledge Gaps Cont'd

Study	Focus of the Study	Methodology	Findings	Knowledge gaps	How the current study has filled the gaps
Crowley & Bourke (2018)	The impact of the company manager on FI,	Survey Method	Management experience, techniques, incentives play a role in deciding innovative activities.	Does not link to DC, and CA	Has linked to DC, and CA
Yun, Park, Gaudio & Corte (2020)	Open innovation and CA	Case study method	Open innovations improved competitiveness compared to closed innovation strategies	Does not link to DC, SHC	Has linked to DC and SHC
Njenga, Gichuhi & Koome (2021)	Millennial level of innovation influence on organisational change	Survey method using descriptive statistics	Millennials level of innovative had a positive significant effect on organisational change.	Does not link to DC and CA	Has linked to DC and CA
Kamau & Kalui (2020)	Service models by non-technological food companies in building value creation	Survey method using regression analysis	a positive link exists between innovation models utilised by non - technological companies and creation of value chain	Does not link to DC and CA	Has linked to DC and CA
Nafula (2015)	Global strategies, CA	Survey method, inferential statistics	Global strategies increased CA	Does not link to DC	Has linked to DC

Source: Author, (2022)

The identified knowledge gaps were filled by this study, and additional research areas were highlighted that scholars may pursue in the future to extend existing theories and produce new knowledge. Limitations of the study were also identified which may be addressed by future researchers to improve their research processes and outputs. The findings of the studies gave fresh insights and knowledge that may be valuable to researchers conducting comparable research, practitioners in the hospitality business, and governments in the areas of policy creation, bill drafting, regulation, and project development.

2.11 Conceptual Model

The diagram in Figure 1 accentuated the associations between the variables. The operationalisation of variables was dependent on the empirical literature reviewed and the identification of knowledge gaps that this study intended to fill. The conceptual model indicated that dynamic capabilities linked directly to firm innovation where dynamic capabilities were the independent variable and firm innovation, the dependent variable. The positioning of the variables was justified by previous studies that supported a direct linkage in the dynamic capabilities- firm innovation relationship (Zheng et al., 2011). Strategic human capital (Employees) was positioned as an indirect link to dynamic capabilities and firm innovation relationship and treated as a moderating variable. Positioning of the strategic human capital as moderating variable on the independent- dependant relationship was justified by previous studies where strategic human capital knowledge and skills acquired through the learning aspect of dynamic capabilities were shown to have an indirect influence on the production of firm innovation outputs (Tsou & Chen, 2020).

Similarly, the model proposed that firm innovation has a direct linkage to competitive advantage where firm innovation was treated as an independent variable and competitive advantage as a dependent variable. The positioning of the variables was justified by previous studies that supported a direct linkage between firm innovation and competitive advantage (Hoang & Ngoc, 2019; Lee & Xuan, 2019). Strategic human capital (Practices) was positioned as an indirect link to firm innovation- competitive advantage relationship and treated as a moderating variable. Positioning of the strategic human capital as a moderating variable on the independent-dependant relationship was justified by previous studies where strategic human capital practices were observed to influence firm innovation- competitive advantage relationship (Nieves, 2018; Harazneh et al., 2019).

According to the model, where competitive advantage was considered as a dependent variable and dynamic capabilities as an independent variable, a direct association was observed on dynamic capabilities- competitive advantage link. Previous research that showed undeniable dynamic capabilities -competitive advantage association provided justification for the changing positioning (Fainshmidt et al., 2019). Previous studies where firm innovation was found to strengthen the dynamic capabilities-competitive advantage association through the development of firm innovation capabilities include (Agbim et al., 2014; Granados, 2015) which provided justification for the position of the firm innovation as an intervening variable on the independent-dependant relationship.

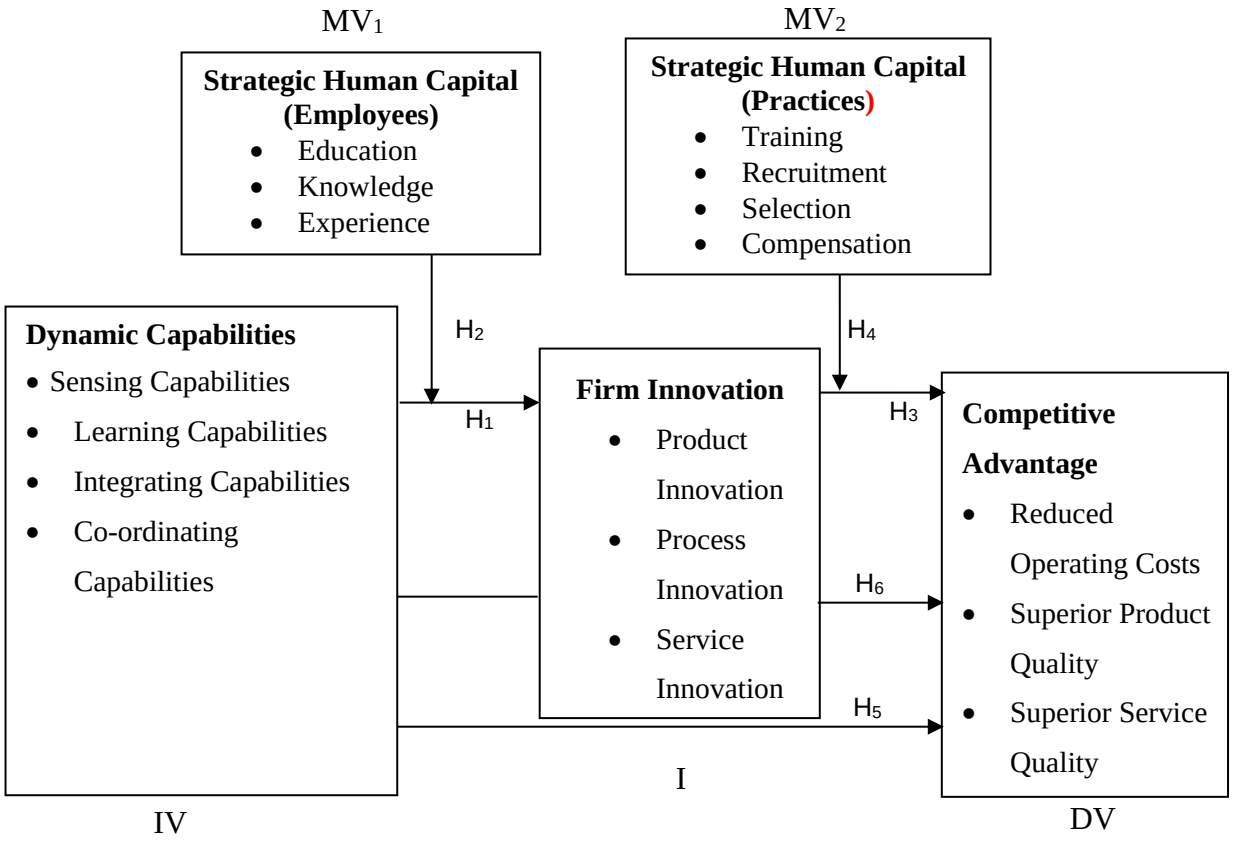

Figure 1: Conceptual Model

Source: Author, (2022)

Key: IV: Independent Variable

MV_1 and MV_2: Moderating Variables

I: Intervening Variable

DV: Dependant Variable

Based on Figure 1, Dynamic capabilities were place as the predictor variable, firm innovation as a mediating variable and competitive advantage as the dependent variable. Strategic human capital (Employees) was identified as the moderating variable which influenced the higher order capability – innovative outcomes linkage and strategic human capital (Practices) which influenced firm innovation-competitive advantage linkage. Two aspects of strategic human capital were operationalised which include strategic human capital focusing on employees and strategic human capital focusing on management.

2.12 Hypotheses of the Study

The hypothesis is a proposition that can be tested by the researcher to establish whether they are valid through a scientific method. They provide a path to which researcher thoughts and actions can be guided to provide solutions to an identified problem. Moreover, they are also derived from theory through which validation and invalidation can take place through research. To achieve validity, they must be based on facts, testable within an acceptable timeline, clear, easy to understand by other researchers and specific. Based on Figure 1, hypotheses were formulated as follows;

H_1: There is a positive relationship between dynamic capabilities and firm innovation in restaurants in Nairobi City County.

H_2: Strategic human capital (Employees) moderates the relationship between dynamic capabilities and firm innovation in restaurants in Nairobi City County.

H_3: There is a positive relationship between firm innovation and competitive advantage in restaurants in Nairobi City County.

H_4: Strategic human capital (Practices) moderates the relationship between firm innovation and competitive advantage in restaurants in Nairobi City County.

H_5: There is a positive relationship between dynamic capabilities and competitive advantage in restaurants in Nairobi City County.

H_6: Firm innovation intervenes in the relationship between dynamic capabilities and competitive advantage in restaurants in Nairobi City County.

The development of hypotheses assists the researcher in understanding the research problem better and to develop solutions using the data collected. Once stated, they guide the researcher on the researcher methodology to employ, data analysis and how the research results are to be interpreted and discussed. Data is collected in a structured manner such that useful interpretations are derived concerning the research problem and optimum conclusions drawn (Nenty, 2009).

An overview of the empirical research on Strategic human resources, business innovative outcomes, and the dynamic capabilities-competitive advantage relationship was presented in this chapter. Previous empirical studies were emphasized and revealed indicative correlations between research variables conducted in varied contexts, using distinct concepts, and methodological approaches, and producing different study conclusions. From the narrative review, knowledge gaps were pointed out, and a register of knowledge gaps was created (see Table 1), as well as a conceptual model (see Figure 1) that depicted the study variables' location and reasoning. The study's six hypotheses were generated, and the research technique employed was explained in Chapter 3 of this thesis.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research methodology includes a series of steps used by a researcher in carrying out the research. Research methodology derived meaning and provides justifications for the choice of research statistical techniques applied in the study and their relevance to the study problem (Sekaran, 2016). The choice of the techniques for this study was dependent on the type of problem studied. To enable the generalization of data to a larger population and to provide an answer to the research question, the research methodology explained and supported the study's research approach. The research methodology also included and supported the selection of the research design, the study's population, population sampling strategies, data gathering techniques, and the operationalization of the key research variables.

The hypothesis was tested, the degree of significance was determined, and conclusions on whether it was supported or not were reached, followed by comments. During the formation of the research design, sources of extraneous variability were controlled as its formation included identification and use of processes that explored and analysed relationships between variables of the study with minimised errors. Justification of the choice of a particular research design was pegged on recommendations made by other studies that used similar research design in their studies. Data analysis techniques applicable to the study were identified and justified with explanations provided on their choice (Kothari, 2004; Nenty, 2009).

3.2 Research Philosophy

Research philosophy is a group of concepts and assumptions that provide a framework to identify an underlying base for the construction of a scientific enquiry. The three main philosophies are positivism, phenomenology, and mixed methods research. Positivism was chosen for this study as it was dependent on observations that were quantified to obtain factual data that could be statistically analysed using the various statistical methods to produce results that were objective and verifiable, independent of the researcher's values and opinions. Positivism scholarly views are that knowledge obtained is factual and does come from human experience. Scholars believed that research philosophy emerged from interactions of concepts and categories in a subject area that was observed, predictable, and defined.

Furthermore, the chronology of the events and elements measured were seen as being unique and observable from an ontological standpoint (Collins, 2010). The only roles confined to positivistic research are objective data collection and interpretation. The rule of thumb in positivistic research is that there should be minimal interaction with research respondents during the study process, and the researcher's point of view should be exterior to reality. This research philosophy compares to the phenomenological approach which provides for the researcher's interaction with their research respondents and the view of the world as being internal to them. In positivistic research, the reasoning was induced, hypotheses statements were proposed, hypothesis testing was conducted, and logic was applied to explain and make judgments on the observations made after hypothesis testing (Mingers, 2011).

To allow for replication of the study, the researcher followed a research methodology that had a good structure to discover how variables interact with one another and apply research techniques to determine whether the suggested hypothesis is confirmed. Samples were chosen, parameters were established, information was examined, and conclusions were derived from the hypothesised relationships (Crowther & Lancaster, 2008). Examples of similar studies that have used positivism include Nieves and Quintana (2018), Jogaratnam (2017), and Awino (2016).

3.3 Research Design

A research design is a roadmap outlining how a study will go from the research purpose to the study outcomes, directing the research process. A thorough planning process for collecting and analysing data to better understand the study topic is known as research design (Abutabenjeh & Jaradat, 2018). A descriptive cross-sectional survey design was used in this study to increase the precision of the generalized study findings and to prevent bias. Babbie (2014) indicated that a descriptive cross-sectional design can capture respondents' data and record information observed at one point in time.

This research approach was chosen for this study because it allowed for uniform data collection and comparison among a significant number of respondents at one point in time. In survey research, questionnaires are used to collect a huge amount of data from a representative sample of the population efficiently. Data on restaurant characteristics was gathered.

During data analysis, the data obtained on restaurant characteristics were utilized to build descriptive statistics for the restaurants. Due to its resilience in collecting data features of populations in their natural states (O'Sullivan & Abela, 2007), this research design was also appropriate for testing the suggested study hypothesis and to elaborate how the variables are related as categorized as independent, moderating, intervening, and dependent variables. The variables were dynamic capabilities, competitive advantage, strategic human capital (Employees), strategic human capital (Practices) and firm innovation, respectively. How they were conceptualised is depicted in Figure 1.

3.4 Population of the Study

The Nairobi City County and Tourism Regulatory Authority are the two regulatory frameworks responsible for licencing restaurants in Nairobi City County. Nairobi City Council grants licenses as per the Hotel and Restaurants Act of 1986 (Cap 494), while the Tourism Regulatory Authority issues licences following the Tourism Act of 2011. As of August 2021, there were 75 restaurants licensed by the Tourism Regulatory Authority. The Nairobi City Council has licensed 1960 restaurants, classifying them as 267 large, 497 medium and 1196 small restaurants. Restaurants classified as large have between 31-70 customers, medium (11-30) and small (1-10). This study focused on large and medium restaurants with a population of 764 from the Nairobi City Council database as it was more relevant and adequate for the study. The restaurant formed the unit of analysis.

Restaurants were suggested as being more appropriate for this study because restaurants operate in a dynamically changing business environment which may require them to build dynamic capabilities and resources such as strategic human capital which may be used to generate outcomes for innovation in businesses and achieve competitive advantage. Furthermore, through the generation of jobs and contributions to the GDP of the nation, restaurants are also essential to the economic growth of Kenya. The restaurant's early closures as a result of undesirable business environmental changes have led to increased job losses and reduced economic development of the country. Hence considering how to enable the restaurants to survive and remain competitive by developing dynamic ability and personnel while embracing firm inventions is critical for Kenya’s economic development (UNWTO, 2020).

3.5 Sampling Design

The study grouped the restaurants in Nairobi City County into the 12 constituencies using stratified random selection and thereafter random selection of samples within the 12 constituencies which formed the strata. The number of restaurants in each stratum was then proportionately sampled using simple random sampling. A simple random sample is a subset of samples such as restaurants picked at random from a larger set of the population. Each restaurant was selected at random and wholly by chance so that each restaurant had the same chance of being selected at any point throughout the sampling process. Simple random sampling confirms that the number of elements in each stratum is proportional to the number of participants selected from each stratum (Nunkoo et al., 2018).

According to Sheth, Bhrambhatt and Macwan (2009) stratified random sampling technique is applicable when a researcher wants to obtain an adequate representative sample from the study's total population. Compared to the other sampling techniques, stratified random sampling reduces sampling errors and gives a greater statistical precision (Mahmud et al., 2020). Similar studies that used this kind of sampling include (Njenga, Gichuhi, & Koome, 2021) in their study on the effect of innovation from millennials on organisational change in the hospitality industry within the Naivasha sub-county.

Their study categorised heads of departments into classified departments and thereafter created sub-groups within each department. The establishment of representative sample size is important for results generalization and the reduction of sampling errors. Larger samples may have greater precision. However, it is the absolute and tentative sample size that matters. The sample size is determined by factors such as level of precision, statistical significance, non-response rate and population heterogeneity (Bryman & Bell, 2003). The minimum sample size, n, within each stratum was determined using Slovin's sample size formular for scaled data as shown in Equation (3.1). Similar studies that have used the equation include Ardian and Syairudin (2018) in their study on the development of culinary business strategies using blue ocean strategies. Based on Yamane (1967) book on the Slovin's sample size was calculated as 263 as shown below;

$$n = \frac{764}{1+764(0.05)^2} = 263 \qquad (3.2)$$

The sample size of 263 restaurants was correctly chosen based on the sample size of restaurants from the 12 constituencies of Nairobi City County, as can be shown in Table 2 below. Within the strata, the restaurant sample sizes were chosen at random.

Table 2: Sample size

Name of Constituency	No. of Restaurants	Percentage	Sample
Dagoretti North	176	23.0	61
Dagoretti South	3	0.4	1
Embakasi East	13	1.7	4
Embakasi South	16	2.1	6
Kamukunji	3	0.4	1
Kasarani	6	0.8	2
Kibra	28	3.7	10
Lang'ata	99	13.0	34
Makadara	3	0.4	1
Roysambu	12	1.6	4
Starehe	90	11.8	31
Westlands	315	41.2	108
Total	**764**		**263**

Source: Nairobi City Council (2021)

3.6 Sampling Frame

Population frame provides a record of segments in the population from which samples are obtained. The sampling frames include databases, directories, and registers. The accuracy of the sampling frame from which samples are drawn from determined the level of results reliability and generalisation (Bryan & Bell, 2003). Researchers are also encouraged to use other methods comprehensively described in their report in situations where sampling frames are non-existent or have limited resources to compile one (Sekaran, 2016).

For this study, the sampling frame was the list of licensed restaurants by Nairobi City Council. Similar studies that have used these kinds of databases include Jogaratnam (2017) who used a business database of restaurant owners in the United States to develop their study's sample size. Lee (2016) used the publicly archived business directories to develop a database of 4,219 restaurants in Australia.

3.7 Data Collection

Primary data was collected through researcher-administered questionnaires in the form of an interview with managers or owners of the restaurants. Due to the restaurant regulations provided by WHO and MOH on COVID-19 guidelines, the questionnaire was automated and administered to the Owners or Managers of restaurants using a smartphone and data was received in real-time. A similar approach was used by (Prahiawan et al., 2022) who administered online questionnaires to 120 millennial smartphone consumer respondents in Indonesia.

The questionnaire was administered to restaurant owners or managers since they were regarded as the most suitable and assumed to have the necessary information and knowledge about their restaurants. The restaurant Owner or Manager's views were obtained from the study variables. The questionnaire had five separate sections and was closed-ended. Section 1 of the questionnaire pursued to collect data on the restaurant's demographics; Section 2 captured information on dynamic capabilities dimensions. Section 3 captured information on the dimensions of strategic human capital.

Section 4 captured information on firm innovation and section five captured information on competitive advantage respectively. To check that the respondents understood the questions, the questionnaire was pretested on a small group of restaurant owners. This reduced any data collection errors that arose in future when administering the instrument. A Similar approach was used by (Nieves & Quintana, 2018; Jogaratnam, 2017; Lee 2016). All variables were measured using the Likert type scale where owners and managers were asked to rate how much they concur with the items with a response rate of 1= Strongly Disagree to 5= Strongly Agree. Supporting documents such as the Faculty of Business and Management Science introductory letter and Nacosti's research license were presented to the restaurant's owners and managers for ease of data collection and to communicate the research intent.

3.8 Operationalisation of Key Study Variables

All the study's key variables were measured using a 5-point Likert type scale where dynamic capabilities were operationalised using sensing, learning, integrating, and coordinating capabilities (Schilke & Helfat, 2018; Teece, 2018; Pavlou & El Sawy, 2011). Strategic human capital (employees) was operationalised using education, knowledge, and experience while strategic human capital (Practices) was operationalised into training, recruitment, selection, and compensation (Nieves, 2018; Jogaratnam, 2017). Firm innovation was operationalised using product, service, and process innovations (Nieves & Quintana, 2018; Lee et al., 2016; Hall, 2009). Competitive advantage was operationalised using non-financial measures of reduced operating costs, superior product quality and superior service quality (Liu & Liu, 2014, Chang, 2011).

The measuring instruments were adopted from other researchers measuring similar constructs of this study in strategic management research among other similar research areas. The control variables used were firm age and the size of the firm. Control variables are variables that may affect the study results by giving plausible alternative explanations for the study relationships. If used wrongly in a study, they can affect the level of significance and size estimates of the study variables and produce distorted outputs and fallacious research findings (Nielsen & Raswant, 2018). Empirical studies in hospitality research that adopted the use of control variables in restaurant studies included (Jogaratnam, 2017; Nieves, 2018 & Hall, 2009).

Table 3: Operationalisation of Key Research Variables

Key Study Variables	**Indicators**	**Supporting Literature**	**Measurement Scale**	**Research Questionnaire Section**
Dynamic Capabilities (Independent Variable)	Sensing capabilities, Learning Capabilities, Integration Capabilities, Co-ordinating, Capabilities	Schilke & Helfat (2018) Teece (2014) Pavlou & El Sawy (2011)	5-point Likert-type scale 1=strongly disagree 5= strongly agree	B (B1-B6)
Strategic Human Capital (Moderating Variable)	Knowledge Education Experience Recruitment Selection Training Compensation	Jogaratnam (2017) Nieves & Quintana (2018)	5-point Likert - type scale 1=strongly disagree 5= strongly agree	C (C1-C12)

Table 3: Operationalisation of Key Research Variables Cntd'

Firm Innovation (Intervening Variable)	Product Innovation Service innovation Process innovation	Lee et al. (2016) Nieves & Quintana (2018) Hall (2009)	5-point Likert-type scale 1=strongly disagree 5= strongly agree	D (D1-D13)
Competitive Advantage (Dependent Variable)	Reduced Operating Costs Superior Product Quality Superior Service Quality	Chang (2011) Liu & Liu (2014)	5-point Likert-type scale 1=strongly disagree 5= strongly agree	E (E1-E10)

Source: Literature Review (2021)

3.9 Reliability Tests

Reliability assessments evaluate the uniformity of the scales' performance in gauging an idea (Chan & Indris, 2017). For instance, if repeated measurements made under the same circumstances produce the same result, the reliability test is said to be dependable. The importance of reliability testing is because it relates to the consistent measurement of the research instrument's constituent parts (Huck, 2007).

High internal consistency refers to a scale's ability to measure the same thing across all its items and to accurately reflect the study constructs (Robinson, 2010). The internal consistency statistic with the highest usage rate is the Cronbach Alpha coefficient (Taherdoost, 2016). The use of Likert-type scales for this study's research instrument suggested their acceptance as a reliable measure, and so the Cronbach Alpha coefficient was utilized to examine the inter-item consistency of the instrument.

Although internal consistency has no set standards, its internal consistency coefficient should be at least 0.70 and higher, according to the majority of experts (Garson, 2012). Values above 0.7 indicated a better level of internal consistency of the scale, indicating that the scale's items accurately represented the study constructs.

3.10 Validity Tests

Validity tests define the accuracy of the results obtained, test whether the results adequately represent the research study variables and confirm if the inference made from a study is accurate and significant (Taherdoost, 2016). Validity is a term used to describe how well the data collected is pertinent to the region being studied. (Ghauri & Gronhaug, 2005). The measures of validity include content, construct, criterion- and face validities (Sekaran, 2016). This study measured validity using content and construct validity tests hence will be discussed further. Content validity provides for adequacy, delineation, and representation of elements of the concept to which the instrument is applied in a broad sense (Straub & Boudreau et al., 2004).

Content validity was assured through the adoption of research instruments developed by other scholars who have done similar research on the study constructs. The scholars include (Pavlou & El Sawy, 2011; Nieves & Quintana, 2018: Lee et al., 2016; Liu & Liu, 2014) as presented in Table 3 of this study. Construct validity measures whether the variables described in the study represent the theoretical assumptions they are intended for (Leedy & Ormod, 2005). When there is consistency of the measurement with theoretical assumptions, the data is confirmed to have construct validity.

To evaluate the constructs' dimensions-dynamic capabilities, firm innovation, competitive advantage, strategic human capital (employees), and strategic human capital (Practices), factor analysis was used in this study. The studies were done to verify that the scales did, in fact, have a dominating one-factor structure and that the amount of variance they were able to explain was adequate.

For each variable, the Kaiser-Meyer Olkin (KMO) test formed the basis for establishing if the sample size was adequate. Bartlett test was run to ascertain that indeed the data could be subject to factor analysis (Ottenbacher, Shaw & Lockwood, 2006; Kim, Tang& Bosselman, 2018; Kosar & Besen, 2019). KMO statistics, which ranges between 0 and 1, gives the proportion of variance in study variables attributed to some underlying factors. The closer the value to 1, the greater the evidence of the validity of the research instrument. A minimum range of 0.5 is recommended as proof of the validity of an instrument. Bartlett's test of sphericity focuses on the significance of the relationship among the variables. A P-Value must be less than 0.05 which demonstrates that there are adequate correlations among the study variables, to perform factor analysis (Kosar & Besen, 2019).

3.11 Data Analysis

The diagnostic procedures included tests for linearity, multicollinearity, homoscedasticity, and normality. Tests for normality provide an assumption that data distribution is normal. When the normality assumptions are violated, the inferences made about a population and data interpretation may be unreliable and invalid (Razali et al., 2011).

Descriptive methods such as kurtosis, skewness and given that the sample size is less than 2,000. Using the Shapiro-Wilk test, normality was evaluated (Garson, 2012) which was utilized for this investigation to provide evidence to conclude that the assumption of normality holds when W is equal to one. Tests for multi-collinearity used included tolerance and variance inflation factor. The multi-collinearity test is acceptable when VIF is not greater than ten and when the tolerance value is not less than 0.10 (Garson, 2012). Multi-collinearity tests also checked for the high correlation between independent variables. If the independent variables presented a correlation greater than 0.95, the variables shall be removed from the correlation matrix as the combined effects of the independent variables were not reliable (Zainodin et al., 2011). For this study, homoscedasticity tests were conducted through the application of the Levene statistical test where a P-value higher than 0.05 confirms that homoscedasticity assumption has been met. Because of homoscedasticity, it is presumable that the dependent variable will vary similarly throughout a range of independent variable values.

Testing for linearity was conducted through eta- the correlation ratio as it was important as regression models already assume linearity (Garson, 2012). The mean, kurtosis, skewness, and standard deviation were among the descriptive and inferential statistics utilized to assess the data. Strategic human capital, firm innovation, dynamic capabilities, and competitive advantage links linkages were examined using regression analysis to test the hypotheses. The coefficient of determination R^2 value served as a proxy for variation in the independent variable(s) attributed to the predictor variable. The Beta values represented the proportion of the independent variable's change that could be attributable to the predictor variable's change.

3.11.1 Hypothesis Testing

To ascertain the connection and intensity between the factors, as well as to evaluate hypothesized associations, simple linear and Baron and Kenny Regression analysis models for testing moderation and intervention were utilized. Using p-values and the t-test, the individual significance of the research variables was assessed, and the overall significance of the model was assessed using the F test. The hierarchical regression approach was used as presented in Equations 3.1 – 3.4 where independent, moderating, and dependent variables are represented as I, M and D, respectively.

$$D = \beta_{0.1} + \beta_{1.1} C + e \quad (3.1)$$

$$D = \beta_{0.2} + \beta_{1.2} C + \beta_{2.2} I + e \quad (3.2)$$

$$D = \beta_{0.3} + \beta_{1.3} C + \beta_{2.3} I + \beta_{3.3} M + e \quad (3.3)$$

$$D = \beta_{0.4} + \beta_{1.4} C + \beta_{2.4.} I + \beta_{3.4} IM + e \quad (3.4)$$

Where β_0 was the regression constant; β_1, β_2 and β_3 were regression coefficients corresponding to the control, independent and moderating variables, respectively; and e was the error term. Equation 3.1 established the control (C) and dependent (D) variables relationship. If $\beta_{1.1}$ was statistically significant, then a relationship was supported and the control variables were used for subsequent analyses. Equation 3.2 established the independent- dependent variables linkage. A relationship was supported when $\beta_{2.2}$ was statistically significant. Where no significant relationship existed between I and D, no further test was carried out to test for the moderating effect.

Equations 3.3 and 3.4 added the moderating variable, M. In Equation 3.3 M was treated like an independent variable, while Equation 3.4 captured the interaction effect between the moderating and the independent variables, IM. If $\beta_{2.3}$ was statistically significant, moderation was supported. When the moderating variable interactions were significant with the independent variable, it was concluded that it moderated the independent - dependent variables relationship A review of the change of the model strengthened as captured by R^2 determined the extent and direction of the moderation. If $\beta_{3.4}$ was not statistically significant and $\beta_{3.3}$ was, then M was not a moderating variable, but an independent variable.

Therefore, each hypothesis was tested as follows:

H_1: *There is a positive relationship between DC and FI in restaurants in Nairobi City County*

Proposition 1 was tested using the approach presented in Equation 3.1 and 3.2 where DC and FI were independent (I) and dependant (D) variables, respectively. The control variables (C) were firm size and age.

H_2: *Strategic human capital (Employees) moderates the relationship between DC and FI in restaurants in Nairobi City County*

Proposition 2 was tested using the approach presented in Equation 3.3 and 3.4 where, DC, FI and SHC (Employees) were independent (I) dependant (D) and moderating (M_1) variables, respectively.

H_3: *There is a positive relationship between firm innovation and competitive advantage in restaurants in Nairobi City County*

Hypothesis 3 was tested using the approach presented in Equation 3.1 and 3.2 where firm innovation and competitive advantage were independent (I) and dependant (D) variables, respectively. Similarly, firm size and age (C) was used as the control variables

H_4: *Strategic human capital (Practices) moderates the relationship between firm innovation and competitive advantage in restaurants in Nairobi City County*

Proposition 4 was tested using the approach presented in Equation 3.3 and 3.4 where firm innovation, competitive advantage, and strategic human capital (Practices) were independent (I) dependant (D) and moderating (M_2) variables, respectively.

H_5: *There is a positive relationship between dynamic capabilities and competitive advantage in restaurants in Nairobi City County*

Hypothesis 5 was tested using the approach presented in Equation 3.1 and 3.2 where dynamic capabilities and competitive advantage were independent (I) dependant (D) variables, respectively.

H_6: *FI intervenes in the relationship between DC and competitive advantage in restaurants in Nairobi City County*

Proposition 6 was tested using steps developed by Baron and Kenny (1986) for intervention. The following four regressions were performed in a hierarchal manner.

$$D = \beta_{0.5} + \beta_{1.5} C + e \quad (3.5)$$

$$D = \beta_{0.6} + \beta_{1.6} C + \beta_{2.5} I + e \quad (3.6)$$

$$IV = \beta_{0.7} + \beta_{1.7} C + \beta_{2.6} I + e \quad (3.7)$$

$$D = \beta_{0.8} + \beta_{1.8} C + \beta_{2.7} IV + e \quad (3.8)$$

$$D = \beta_{0.9} + \beta_{1.9} C + \beta_{2.8} I + \beta_{3.5} IV + e \quad (3.9)$$

Equation 3.5 established the relationship between the controls (C) on the dependent (D) variables. If $\beta_{1.5}$ was statistically significant then a relationship was supported and the control variables were used for subsequent analyses. Equation 3.6 established the dependent variable (D) and independent variable (I) relationship. A relationship was supported if $\beta_{2.5}$ was statistically significant. Equation 3.7 established the intervening variable (IV) on the independent variable relationship. A relationship was supported if $\beta_{2.6}$ was significant. If the relationship was not supported, then there was no intervention. Equation 3.8 establishes the response variable and the mediating variable relationship.

A significant relationship is shown by a significant $\beta_{2.7}$ on the dependent and intervening variable. Equation 3.9 established the relationship between the dependent variable on the independent and intervening variable. Insignificant $\beta_{2.5}$ and/or $\beta_{2.6}$ is evidence of no mediation. Significance of $\beta_{2.5}$, $\beta_{2.6}$ and $\beta_{2.7}$ is evidence of partial mediation, while insignificant $\beta_{2.8}$ in Equation 3.9 shows full mediation. Dynamic capabilities, Firm innovation, competitive advantage was the independent (I), intervening (IV) and dependant (D) variables, respectively. A summary of hypothesis testing models was presented in Table 4.

Table 4: Summary of Hypothesis Testing Models

Hypothesis	**Analytical Model**	**Interpretation**
H_1	Model includes the control variables $D = \beta_{0.1} + \beta_{1.1} C + \boldsymbol{\varepsilon}$ Hierarchal multiple regression analysis $D = \beta_{0.2} + \beta_{1.2} C + \beta_{2.2} I + \boldsymbol{\varepsilon}$ Where: D= Aggregate mean of Firm Innovation $\beta_{0=}$ Regression constant $\beta_{1....}$ $\beta_{1.2.=}$ Regression coefficients C=Control Variables I= average of all measures of dynamic capabilities combined. **ε**- Error term	C is significant if p-value ≤ .05 R= .+1 perfectly related in a positive sense, -1= perfectly related in a negative sense The variation in firm innovation that is explained by dynamic capabilities is provided by R^2. The model is significant if p-value ≤ .05 if α is set at 0.05 t values for individual indicators are significant where P-value ≤ .05 F value = F ≥ F critical (statistic) confirms overall model significance

Table 4: Summary of Hypothesis Testing Models Cont'd

H_2	Baron & Kenny (1986) test for moderation Step 1: $D = \beta_{0.1} + \beta_{1.1} C + \boldsymbol{\varepsilon}$ Step 2: $D = \beta_{0.2} + \beta_{1.2} C + \beta_{2.2} I + \boldsymbol{\varepsilon}$ Step 3: $D = \beta_{0.3} + \beta_{1.3} C + \beta_{2.3} I + \beta_{3.3} M_1 + \boldsymbol{\varepsilon}$ Step 4: $D = \beta_{0.4} + \beta_{1.4} C + \beta_{2.4.} I + \beta_{3.4} (IM_1) + \boldsymbol{\varepsilon}$ Where: D= Aggregate mean of firm innovation $\beta_{0=}$ Regression constant $\beta_{1.1....}$ $\beta_{3.4.....=}$ Regression coefficients C= control variables I= average of all measures of dynamic capabilities combined. M_1= Average of all the measures of strategic human capital (Employees) combined IM_1= Interaction effect **ε**- Error term	R=. +1 perfectly related in a positive sense, - 1= perfectly related in a negative sense R^2 provides for the variation of FI explained by the incorporation of SHC as a moderating variable to moderate DC - FI relationship. Change in R^2 will determine the degree of moderation The model is significant if p-value ≤ .05 if α is set at 0.05 t values for individual indicators are significant where P-value ≤ .05 F value = F ≥ F critical (statistic) confirms overall model significance
H_3	Model: Includes the control variables $D = \beta_{0.5} + \beta_{1.5} C + \boldsymbol{\varepsilon}$ Hierarchal multiple regression analysis $D = \beta_{0.6} + \beta_{1.6} C + \beta_{2.5} I + \boldsymbol{\varepsilon}$ Where: D= Aggregate mean of competitive advantage $\beta_{0=}$ Regression constant $\beta_{1.5....}$ $\beta_{2.5.=}$ Regression coefficients C= Control Variables I= Aggregate mean of the combined indicators of firm innovation	R=. +1 perfectly related in a positive sense, - 1= perfectly related in a negative sense R^2 provides for the variation of competitive advantage explained by firm innovation The model is significant if p-value ≤ .05 if α is set at 0.05 t values for individual indicators are significant where P-value ≤ .05 F value = F ≥ F critical (statistic) confirms overall model significance

Table 4: Summary of Hypothesis Testing Models Cont'd

H_4	Baron & Kenny (1986) test for moderation Step 1: $D = \beta_{0.7} + \beta_{1.7} C + \varepsilon$ Step 2: $D = \beta_{0.8} + \beta_{1.8} C + \beta_{2.6} I + \varepsilon$ Step 3:$D = \beta_{0.9} + \beta_{1.9} C + \beta_{2.7} I + \beta_{3.5} M_2 + \varepsilon$ Step 4:$D = \beta_{0.10} + \beta_{1.10} C + \beta_{2.8} I + \beta_{3.6} (IM_2) + \varepsilon$ Where; D= Aggregate mean of competitive advantage $\beta_{0=}$ Regression constant $\beta_{0.7....}$ $\beta_{3.6.}$ = Regression coefficients C=Control Variables I= Aggregate mean of the combined indicators of firm innovation M_2= Aggregate mean of the combined indicators of strategic human capital (Management) IM_2= Interaction effect ε- Error term	R = .+1 perfectly related in a positive sense, -1= perfectly related in a negative sense R^2 provides for the variation of competitive advantage explained by the incorporation of strategic human capital as a moderating variable in firm innovation-competitive advantage relationship. Change in R^2 will determine the extent of moderation The model is significant if p-value $\leq .05$ if α is set at 0.05 t values for individual indicators are significant where P-value $\leq .05$ F value = F $\geq$ F critical (statistic) confirms overall model significance.

Table 4: Summary of Hypothesis Testing Models Cont'd

H_5	Model: Includes the control variables $D = \beta_{0.11} + \beta_{1.11} C + \boldsymbol{\varepsilon}$ Hierarchal multiple regression analysis $D = \beta_{0.12} + \beta_{1.12} C + \beta_{2.9} I + \boldsymbol{\varepsilon}$ Where: D= Aggregate mean of competitive advantage $\beta_{0=}$ Regression constant $\beta_{0.11....}$ $\beta_{2.9.=}$ Regression coefficients C= Control Variables I= average of all measures of dynamic capabilities combined.	R= .+1 perfectly related in a positive sense, - 1= perfectly related in a negative sense R^2 provides for the variance explained by DC on CA. The model is significant if p-value $\leq .05$ if α is set at 0.05 t values for individual indicators are significant where P-value $\leq .05$ F value = F $\geq$ F critical (statistic) confirms overall model significance
H_6	Baron & Kenny(1986) test for intervention Step 1: $D = \beta_{0.13} + \beta_{1.13} C + \boldsymbol{\varepsilon}$ Step 2: $D = \beta_{0.14} + \beta_{1.14} C + \beta_{2.10} I + \boldsymbol{\varepsilon}$ Step 3:$IV = \beta_{0.15} + \beta_{1.15} C + \beta_{2.11} I + \boldsymbol{\varepsilon}$ Step 4: $D = \beta_{0.16} + \beta_{1.15} C + \beta_{2.12} IV + \boldsymbol{\varepsilon}$ Step 5:$D = \beta_{0.17} + \beta_{1.16} C + \beta_{2.13} I + \beta_{3.8} IV + \boldsymbol{\varepsilon}$ Where; D= Aggregate mean of competitive advantage $\beta_{0=}$ Regression constant $\beta_{0.13....}$ $\beta_{3.8.}$ = Regression coefficients C=Control Variables I= average of all measures of dynamic capabilities combined. IV= average of all measures of firm innovation combined. $\boldsymbol{\varepsilon}$- Error term	For full intervention, the following conditions must be met 1.The predictor – dependant variables relationship must be significant without an intervening variable (R^2 , F-statistic, p-Value=$\leq$ 0.05) 2.The independent- intervening variable relationship must be significant (R^2 , F-statistic, p-Value=$\leq$ 0.05) 3. The mediating- dependent variables relationship must be significant 4. The independent- dependant variables relationship is insignificant in the presence of the mediator variable when one is controlling the effect of the mediating variable on the dependant variable (R^2 F-statistic, p-Value=$\leq$ 0.05

Source: Author (2022)

The research methodology was divided into numerous sub-sections that discussed how the research approach was applied. The research philosophy was covered in the first subsection followed by the population under study and the research design. Thereafter, the processes for data collection, sample size, and sampling design were all described. Table 3 summarizes the discussion of the operationalized key study variables. Data analysis which included descriptive, regression statistics for hypothesis testing was also discussed, as well as the study's reliability and validity tests. The next chapter considers the analysed data and its outcomes.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.1 Introduction

This chapter presents research findings which include the descriptive, inferential results and their interpretations to determine the extent to which they converge or diverge with data collection outputs that determine the level of significance of the relationship between variables of the study that the data represented. The authenticity and consistency of the research mechanism employed are also examined. Descriptive statistics respond to each study variable, while inferential results outline the meaning of the results from the descriptive statistics and the results from the testing of each hypothesis of the study. Moreover, the results of the diagnostic tests are also discussed.

4.2 Response Rate

Participants' willingness to respond to the research instrument administered to them by the researcher determines whether any meaningful results will be generated from the study. The goal of any researcher is to have a 100% response rate while administering the questionnaire. However, according to Rogelberg and Stanton (2007), this may be difficult to achieve unless the participants are coerced to fill the research instrument, which may not be practical. Response rate assesses the value of research outcomes based on how successfully the desired sample size was attained when conducting research (Baruch & Holtom, 2008). It was expressed as a ratio of the actual sample size to the actual number of responding units (Bryman & Bell, 2003). The sample size was calculated to be 263 employing Slovin's sample size formula for scaled data (Cochran, 1977). A total of 194 individuals responded to the survey questions.

According to Mugenda and Mugenda (2003), this amounted to a response rate of 73.8%, exceeding the threshold of 70%. A higher rate of response makes research outcomes more credible and increases the validity, reliability, and dependability of research findings because they have higher statistical power and a lesser confidence level around sample statistics (Hair et al., 2007). Due to the pandemic, some restaurants closed, primarily those in malls and the CBD some restaurants were also indifferent, accounting for 26.2% of the total non-response rate and incomplete questionnaires which the researcher did not include in the raw data.

4.3 Reliability Test

The test was performed to examine the accuracy of the study results. The test was critical in determining whether the study results adequately represented each study variable for ease of making inferences. The Reliability tests are also crucial in measuring the levels of consistency and accuracy scales' while measuring a concept, as outlined in Chapter Three of the thesis (Chan & Indris, 2017). Reliability tests determine the degree to which a research tool produces reliable results after numerous tests (Taherdoost, 2016). Presence of a random error signifies a deviation from a real assessment because of other issues not resolved adequately by the researcher hence a research instrument's reliability would be greatly reduced in this situation. With an acceptable threshold ranging from 0.70 and higher, Cronbach's alpha was used in this study to determine the reliability of all the study variables (Garson, 2012). Table 5 below displays the values for each study variable and the corresponding interpretation.

Table 5: Reliability Test

Variable	No of Questionnaire Items	Cronbach's Alpha	Comment
Dynamic Capabilities	16	0.932	Reliable
Strategic Human Capital (Employees)	5	0.838	Reliable
Strategic Human Capital (Practices)	7	0.807	Reliable
Firm Innovation	13	0.895	Reliable
Competitive Advantage	10	0.848	Reliable

Source: Primary Data (2022)

A high Cronbach's alpha co-efficient that ranges from 0.70 - 0.95 demonstrates high internal coherence of the scale (Garson, 2012). That is, for all variables between 0.807 and 0.932, the degree of internal consistency increases as the reliability coefficient approaches 1. In Table 5, all scores are far greater than 0.7, an indication of high reliability of the research instrument.

4.4 Validity Test

To determine whether the study results obtained would accurately and adequately represent the constructs being measured, construct validity tests were done using factor analysis (Taherdoost, 2016) on all questions under DC, SHC (Employees), SHC (Practices), F,I and /CA. These variables represented the independent, moderating, intervening and dependant variables from the conceptual model represented in Figure 1. Construct validity for each of the variable scales was done using Exploratory Factor Analysis (principal component), preceded by Kaiser-Meyer Olkin (KMO), Barlett's tests to determine sufficiency of the sample size and the appropriateness of the data for factor analyses, respectively. These tests examine whether variables used in a study measure what they are supposed to measure.

KMO statistics, which ranges between 0 and 1, gives the proportion of variance in study variables attributed to some underlying factors. The closer the value to 1, the greater the evidence of validity of research instrument (Gelman & Hill, 2006). Bartlett's test of sphericity focuses on the significance of the relationship among the variables with sphericity of less than 0.05 to demonstrate adequate correlation of variables to perform factor analysis. Bartlett's test of sphericity's statistical significance shows that there are adequate correlations between the variables to move forward with factor analysis. Table 6 displays the research findings.

Table 6: KMO and Bartlett's Test Summary

Study Variable	**KMO Measure of sampling adequacy**	**Bartlett's Test of Sphericity**		
		Approx. Chi-Square	**Df.**	**Sig.**
Dynamic Capabilities	.931	1815.978	120	.000
Strategic Human Capital (Employees)	.649	440.819	10	.000
Strategic Human Capital (Practices)	.756	565.981	21	.000
Firm Innovation	.852	1352.215	78	.000
Competitive Advantage	.838	879.368	45	.000

Primary Data (2022)

Table 6 results for the KMO and Bartlett's tests reveal that all of the research variables had KMO statistics above 0.5 from a maximum of 1, which supports the validity of the sample size and the suitability of the data for factor analysis. This inference is further supported by results for Bartlett's test of sphericity where the p-values on the study variables were ($P = 0.000 < 0.005$) supporting the use of factor analysis.

Specifically, dynamic capabilities (KMO=.931>0.5 and <1, Chi- Square =1815.938>2, P-Value =.000<0.05); Strategic human capital employees (KMO=.649>0.5 and <1, Chi- Square =440.819>2, P-Value =.000<0.05); Firm innovation (KMO=.852>0.5 and <1, Chi- Square =1352.215>2, P-Value =.000<0.05) Strategic human capital (Practices) (KMO=.756>0.5 and <1, Chi- Square =565.981>2, P-Value =.000<0.05); Competitive advantage (KMO=.838>0.5 and <1, Chi- Square =879.368>2, P-Value =.000<0.05). Additionally, the study variables display a range of factor loadings, showing that they accurately measure the dependent variable. Table 7 shows the research findings.

Table 7: Summary of Exploratory Factor Analysis (EFA)

	Initial Eigenvalues			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	**% of Vari-ance**	**Cumu-lative %**	**Total**	**% of Vari-ance**	**Cumu-lative %**	**Total**	**% of Vari-ance**	**Cumu-lative %**
Dynamic Capabilities B1-B16									
1	8.07	50.5%	50.5%	8.07	50.5%	50.5%	5.45	34.1%	34.1%
2	1.53	9.5%	60.0%	1.53	9.5%	60.0%	4.15	25.9%	60.0%
Strategic Human Capital (Employees) C1-C5									
1	3.06	61.3%	61.3%	3.06	61.3%	61.3%	3.06	61.3%	61.3%
Strategic Human Capital (Practices) C6-C12									
1	3.36	48.1%	48.1%	3.36	48.1%	48.1%	2.52	36.0%	36.0%
2	1.41	20.2%	68.3%	1.41	20.2%	68.3%	2.26	32.3%	68.3%
Firm Innovation D1-D10									
1	5.46	45.5%	45.5%	5.46	45.5%	45.5%	3.20	26.7%	26.7%
2	1.47	12.3%	57.8%	1.47	12.3%	57.8%	2.46	20.5%	47.2%
3	1.09	9.1%	66.9%	1.09	9.1%	66.9%	2.37	19.7%	66.9%
Competitive Advantage E1-E10									
1	4.32	43.2%	43.2%	4.32	43.2%	43.2%	3.26	32.6%	32.6%
2	2.05	20.5%	63.7%	2.05	20.5%	63.7%	3.10	31.0%	63.7%

Primary Data (2022)

As presented in Table 7, two factors were identified by EFA for dynamic capabilities with the one of them dominating and accounting for 50.5% of the variance. Factor loading for each of the component had Eigen values ranging from 0.57-0.80 except for a single component out of 16 that had an Eigen value of 0.46. The EFA for strategic human capital (Employees) had only a single factor with eigenvalues above 1, accounting for 61.3% of the variance. Factor loading on each of the components had eigenvalues between 0.72-0.81, confirming a single factor. A single dominant factor was also confirmed for strategic human capital (Practices) although two factors were revealed, the first one dominated accounting for 48.1% of the variance with factor loading eigenvalues for each component ranging from 0.59-0.76. EFA on firm innovation revealed three factors with eigenvalues above 1, with the first one dominating at 5.46 and accounting for 45.5% of the variance with factor loading eigen values for each component ranging from 0.58 -0.76. Finally, EFA on competitive advantage identified two factors, although one dominates accounting for 43.2% of the variance, with absolute values of eigenvalues ranging between 0.53-0.74. These results collectively demonstrate that the sample size was adequate for evaluating each of the scales and the validity of each of the scales that were either dominated or composed of a single factor, hence the research instrument was valid.

4.5 Characteristics of Respondents

Demographic data on the restaurants was collected on the type of respondent, the number of years the restaurant was in operation, the total number of employees, respondents' educational level, the restaurant's management, and its location within Nairobi City County, service category of the restaurant and the respondent’s level of decision-making process.

4.5.1 Type of Respondent

Data on the type of respondent was important since it dictated whether the respondent was in management and had the right information and knowledge about their respective restaurants. This information was summarized as shown in Figure 2.

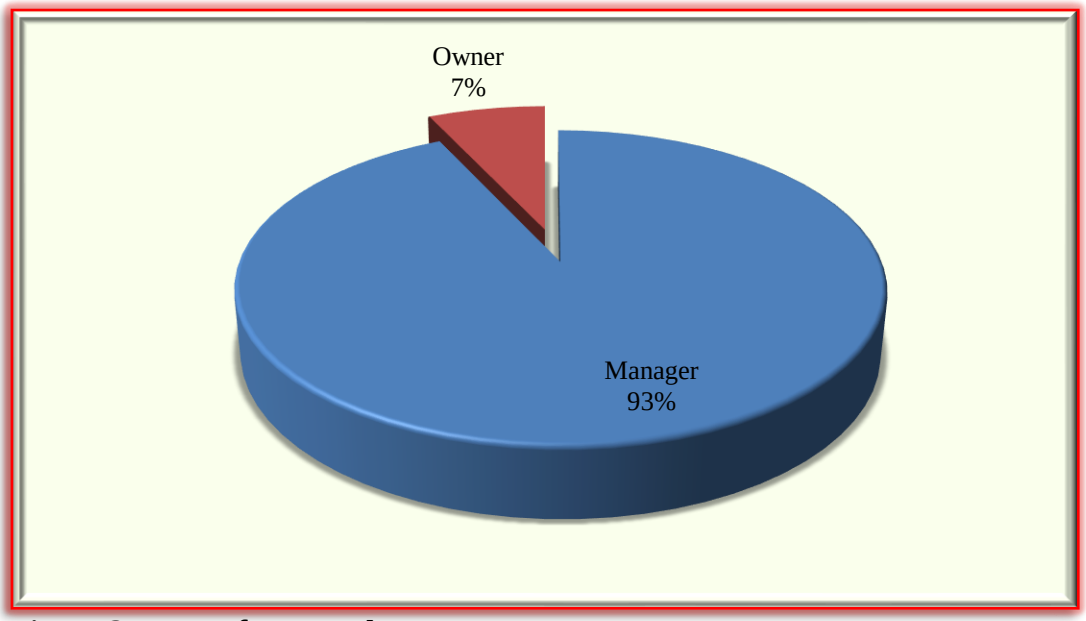

Figure 2: Type of Respondents

Source: Primary Data (2022)

According to figure 2, the results showed that the respondents interviewed were managers accounting for 93% of the respondents. Very few respondents were the owners of the restaurants accounting for 7% only hence the restaurants are mainly run by the manager employed.

4.5.2 Years of Operation by the Restaurants

On the years of operation, the responses were as shown in Figure 3.

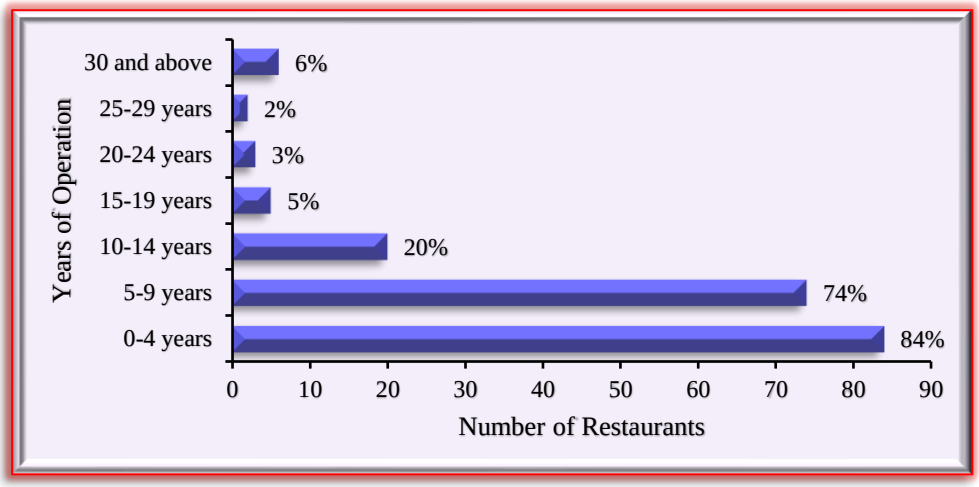

Figure 3: Years of Operation by the Restaurants

Source: Primary Data (2022)

Figure 3 shows that 84% of the restaurants had been in operation between 0-4 years accounting for 43% of the total restaurants sampled. Following closely, was the proportion of restaurants that have been operating between 5-9 years accounting for 38% of the total restaurants sampled. Only 6 restaurants were in operation for more than 30 years accounting for 3 % of the total restaurant's population. The findings indicated that majority of the restaurants were relatively young in business and most of them closed early due to a myriad of challenges that affected their sustainability.

4.5.3 Number of Employees Working in the Restaurants

The investigator endeavoured to investigate the amount of personnel in the chosen restaurants. The responses were grouped and summarized as shown in Figure 4.

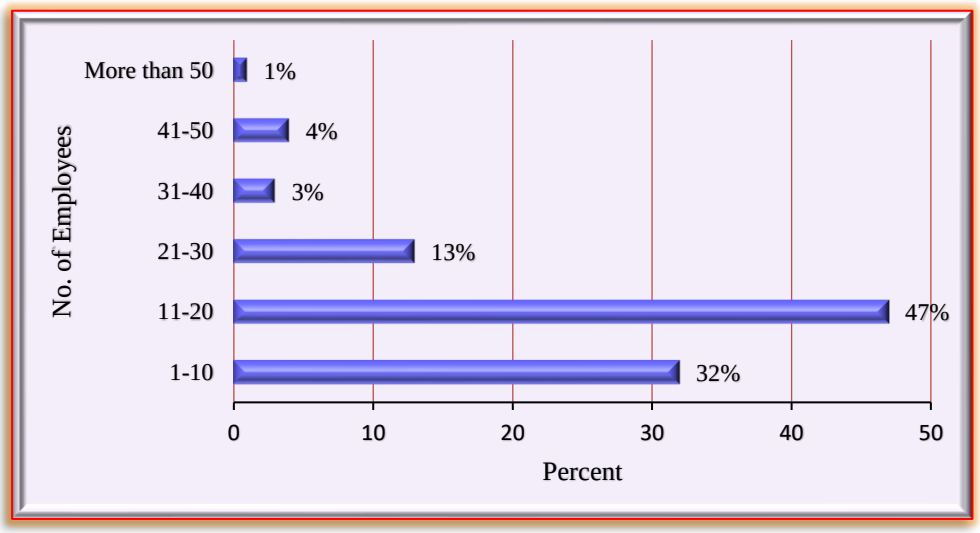

Figure 4: Number of Employees

Source: Primary Data (2022)

The study results indicate that most restaurants had between 11-20 employees accounting for more than 47% of the total restaurants sampled. Few restaurants had more than 31 employees accounting for 1% of the restaurants sampled. The results indicated that the restaurants were relatively small. The few employees may also have been as a result of the disruptions caused by the current pandemic, as many restaurants were forced to downsize some of their personnel and retain very few for business continuity and sustainability. The COVID-19 guidelines for restaurants issued by GOK, MOH and WHO may also have affected the number of employees in a restaurant at any particular time.

4.5.4 Highest Level of Education of Employees in the Restaurants

It was important to determine whether a respondent has acquired sufficient knowledge that would enable them to manage their restaurants even during challenging periods such as COVID-19 pandemic. Responses were summarized as show in Figure 5.

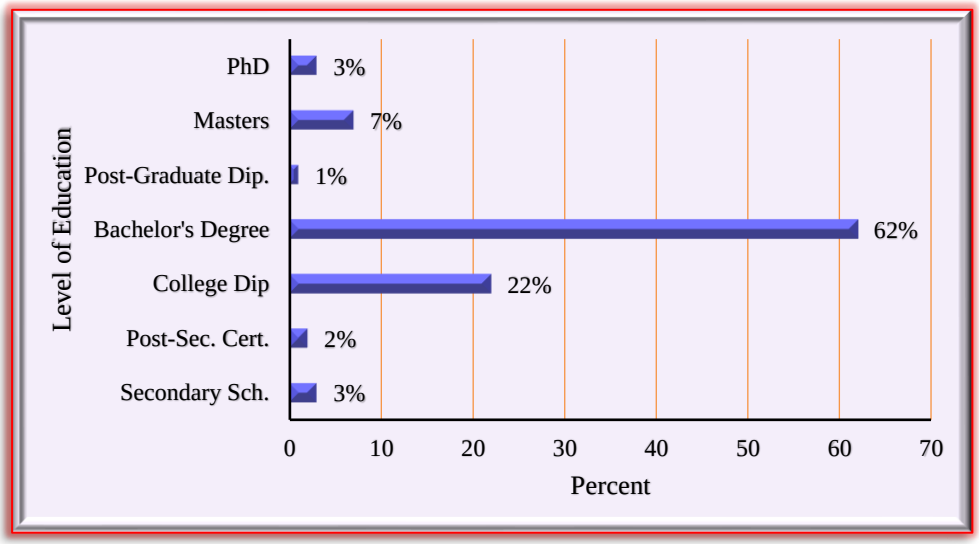

Figure 5: Highest Level of Education of Employees in the Restaurants

Source: Primary Data (2022)

It was determined that a bachelor's degree was the highest level of education held by more than 62% of restaurant owners and managers. Very few (less than 1%) had a Post Graduate Diploma. It is worth noting that at least 2 % of the respondents held PhD degrees which indicates that the responders had the necessary knowledge to successfully manage their restaurants.

4.5.5 Years of Experience of Employees of the Restaurants

Since the restaurant industry is very hands-on and a lot of knowledge is acquired and communicated through practice, years of experience were quite important in this context. Figure 6 displays the responses on the years of experience.

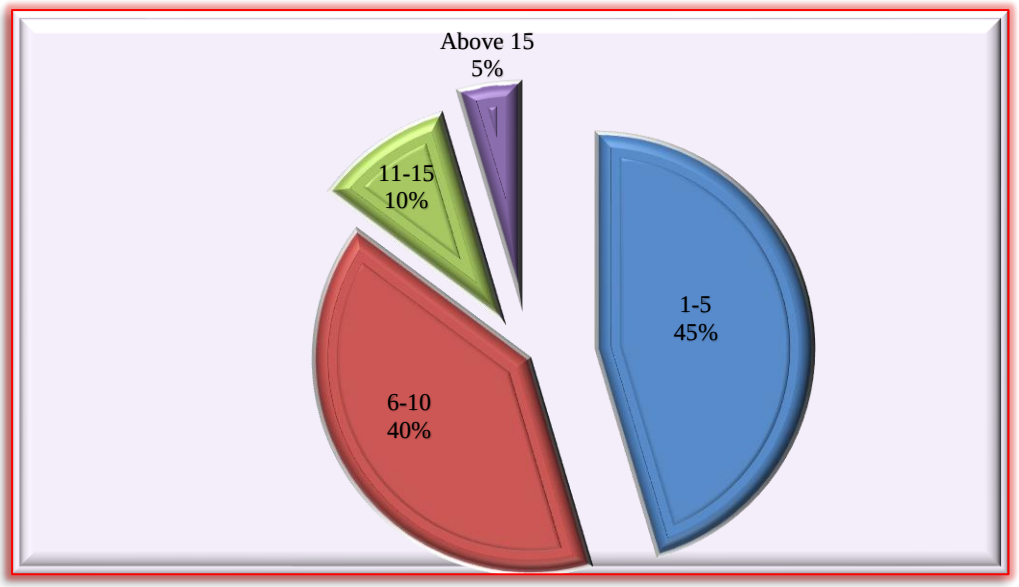

Figure 6: Years of Experience of Employees of the Restaurants

Source: Primary Data (2022)

Figure 6 indicated that 45% of the owners and managers of the restaurants had restaurant experience of between 1-5 years. Of the total responders, 40% of them also had work experience ranging from 6 to 10 years. Only 5% had more than 15 years of experience in the restaurant business which demonstrates that the restaurant owners and managers have adequate experience in the management of their restaurant's operations.

4.5.6 Service Categorisation of Restaurants in Kenya

The participants were asked to describe the services that their restaurant provided based on the categorization of the restaurants in the questionnaire which included, quick service, full service, fine dining and other. The definitions of the various classifications were also provided in the research instrument for ease of understanding and categorisation by each respondent. This information was critical to determine type of service provided by the restaurants. The outcomes are depicted in Figure 7.

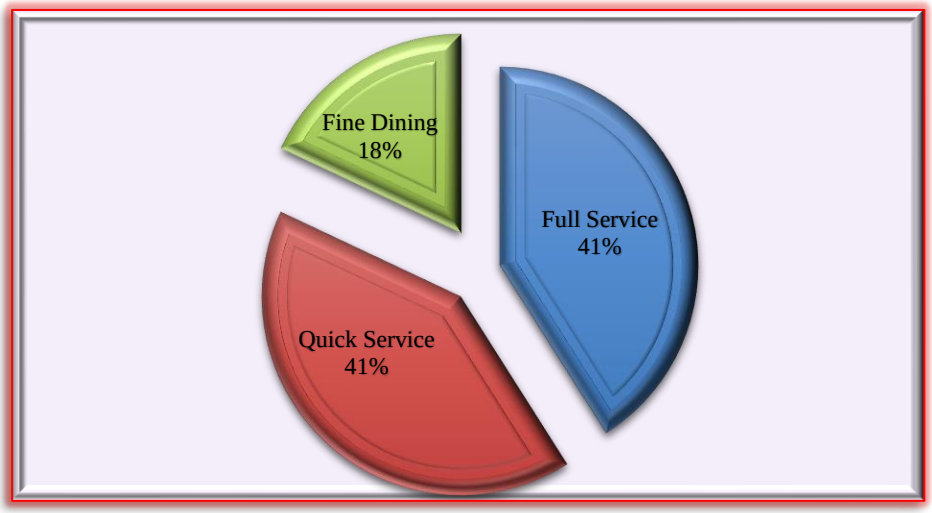

Figure 7: Category of Restaurant

Source: Primary Data (2022)

Results in Figure 7 indicated that an equal proportionate of most restaurants provided both full service at 41% and quick service at 41%. These research results showed that the majority of the restaurants offered both takeout and seated dining services. The decision by restaurant owners and managers to provide quick services may be justified by the guidelines issued by WHO and the Ministry of Health, Kenya, where restaurants were restricted to provide take-out services only during early months of COVID-19 pandemic. Few restaurants were, however categorized as fine dining restaurants representing, 18% of the restaurant's population.

4.5.7 Structure of the Restaurants in Kenya

The management structure of a company's operations has a big impact on how well a restaurant performs and how it gains a competitive edge daily. It is on this basis, that the researcher requested participants to state the personnel running the restaurant to know how management is structured. The findings of this question are as presented in Figure 8.

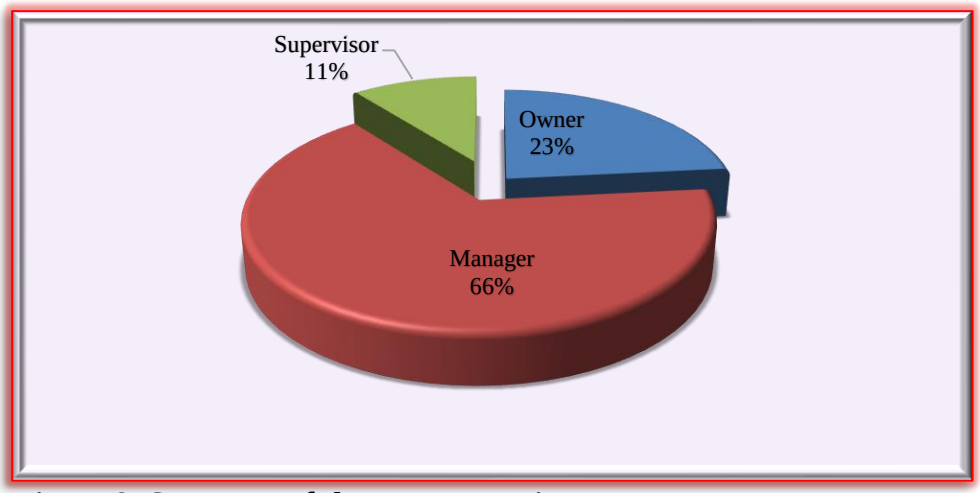

Figure 8: Structure of the Restaurant in Kenya

Source: Primary Data (2022)

Figure 8 shows that 66 per cent of the managers controlled the bulk of the restaurants while owners and supervisors handled just 23 per cent and 11 per cent, respectively. The numerous levels of management hierarchy were a sign that most restaurant owners oversaw the management of the restaurants with managers and supervisors managing a small number of them on a day-to-day basis. It was seen that owners would stop by the restaurants in the evening to review the day's transactions.

4.5.8 Level of Decision Making at the Restaurant in Kenya

The researcher determined that it was crucial to identify the level of decision-making processes in the restaurants because the research study concentrated on licensed restaurants, which are presumed to have formal structures and systems. The respondents were specifically questioned about their involvement in the restaurant's management decision-making process. Figure 9 displays the responses' outcomes.

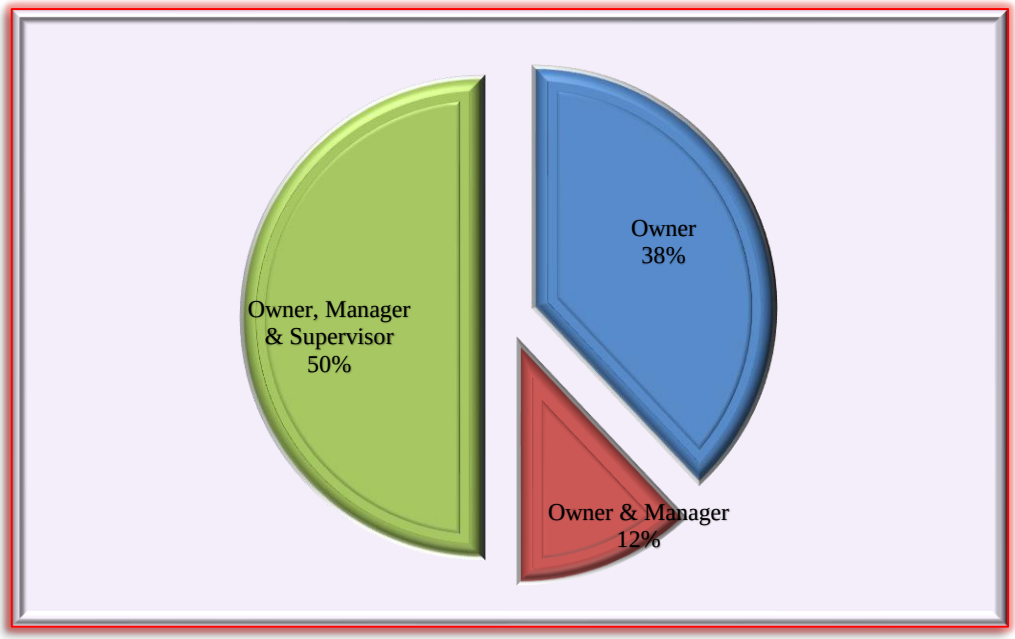

Figure 9: Levels of Decision Making at the Restaurant in Kenya

Source: Primary Data (2022)

As shown in Figure 9, decision making process is mainly carried out by owners, managers and supervisors representing 50% of the respondents. Owners only accounted for 38% while the owner/manager accounted for 12% only. This shows that most of the restaurants had formal structures in place where decision making is carried in consultation with various levels of personnel in the management hierarchy.

4.6 Descriptive Statistics on the Study Variables

The data given include the mean, SD, skewness, and kurtosis of the statements that reflected the aspects of DC, SHC (Employees), strategic human capital (Practices) and competitive advantage. The values in each statement were calculated using the average ratings of the given answers. As discussed in Chapter Three, with values ranging from 1 (Strongly disagree) to 5, (Strongly Agree), a five-point Type Likert Scale was employed.

For the results presented, the mean column gives the average of the ratings. Standard deviation measures variability or homogeneity of responses from or with respect to a central value, the mean. Skewness identifies the shape of the distribution of responses and determines whether it is symmetric or not. A negative value of skewness (when Sk is less than zero) indicates that responses are negatively skewed, while a positive value (when Sk is greater than zero) implies positively skewed responses.

Kurtosis values describe the nature of the peak of the distribution of responses. Based on Fisher (1925), kurtosis values greater than zero represents positive kurtosis (leptokurtic) in which the distribution is high and thin. Kurtosis values of less than zero represent a mesokurtic (normal distribution). Pearson kurtosis accepts values within the range of +3 to -3.

4.6.1 Responses on Dynamic Capabilities

Dynamic capabilities was represented with four key dimensions, which included sensing capabilities, learning capabilities, integrating capabilities and coordinating. For each aspect, statements were formulated which prompted respondents to express the degree of their agreement with the statements by employing a 5-Point Likert-Type Scale from 1 (Strongly Disagree) to 5 (Strongly Agree). In Table 8, a summary of the responses was displayed.

Table 8: Descriptive Statistics of Dynamic Capabilities

Dynamic Capabilities (n = 194)	Mean	SD	Sk	K
Sensing Capabilities				
Management scan environment to recognise new business	4.35	.69	-.77	.186
To create goods and services that address shifting client needs, management examines its processes.	4.40	.63	-.69	.131
Management aligns strengths to respond to changing customer needs	4.46	.61	-.94	1.28
Management scans environment to collect information on competitors & new technology	4.04	.97	-.96	.217
Management identifies changes in the environment before their competitors	4.19	.77	-.69	.040
Average Mean	**4.28**	**.73**	**-.81**	**0.3**
Learning Capabilities				
Management has effective systems to adopt new knowledge	4.34	.65	-.69	.514
Management has systems that use existing knowledge to develop better processes, products and services	4.32	.69	-1.1	2.51
Average Mean	**4.33**	**.67**	**-.89**	**1.5**
Integrating Capabilities				
Employees proactively provide inputs to improve processes, process, products and services	4.33	.83	-1.6	2.93
Employees understand one another's responsibilities	4.56	.60	-1.2	1.11
Management knows specific knowledge and skills relevant to what the business does	4.52	.61	-1.2	1.67
Employees integrate their work to conform to the changing external business conditions	4.45	.66	-1.0	.854
Average Mean	**4.46**	**.67**	**-1.2**	**1.64**
Coordinating Capabilities				
Employees link tasks with employees in other sections	4.43	.66	-.84	.107
Management assigns tasks to employees they are best suited	4.52	.60	-.99	.707
Management provides required resources to activities	4.51	.61	-1.1	1.54
Management ensures employees skills are aligned to work	4.46	.59	-.74	.404
Management organizes tasks and activities to all employees	4.45	.65	-1.1	1.59
Average Mean	**4.47**	**.62**	**-.95**	**.86**

Source: Primary Data (2022)

Table 8 shows that the average means for each dimension are all higher than 4, which suggests that respondents preferred to concur with the statements listed under "dynamic capabilities. The highest mean score was observed on the dimension of coordinating capabilities which has an average mean score of 4.47. This observation means that the restaurant's management assigns tasks based on employee capability, provides resources to support restaurant activities and provides leadership on the job roles that must be carried out by the restaurant employees.

The least mean rating was observed on sensing capabilities with an average mean score of 4.2 where restaurant management often scan the business environment to identify new opportunities and to respond to the changing customer needs, which explains the highly competitive rivalry and the fragmentation in the restaurant business. The average mean of combined dimensions of dynamic capabilities was 4.3 which means that the restaurants developed and adopted dynamic capabilities. For the standard deviations, all the values were less than 1 (one), which showed that there was a high uniformity in all the responses. A low standard deviation shows that respondents unanimously agreed with the respective dimensions of dynamic capabilities.

The average standard deviation of the combined dynamic capabilities was .67 meaning that there was high homogeneity of responses. The uniformity of responses is further confirmed by the values of skewness, which was between -1.2 and -0.81. The average skewness of the combined capabilities was -0.96. A negative skewness implied that the responses tended to concentrate more on the left side of the distribution, indicating that the respondents agreed with the statements. For kurtosis, the distribution of responses tended not to have a high and thin distribution as kurtosis values were less than 3.

4.6.2 Responses on Strategic Human Capital of Employees

Strategic human capital focused on education, knowledge and experience of the restaurant employees. A five-point Likert -Type scale with a range of 1 (strongly disagree) to 5 (strongly agree) was used to gauge how far those who participated consented to each of the five assertions. An overview of the responses is shown in Table 9.

Table 9: Descriptive Statistics on Strategic Human Capital of Employees

Strategic Human Capital (Employees) (n = 194)	Mean	SD	Sk	K
All employees have formal training in restaurants	3.85	1.10	-.85	.292
All employees have relevant work experience in restaurants	4.09	.894	-.93	.290
All members of management have formal training in restaurants	4.08	.976	-1.0	.236
Our employees have relevant education for the job	4.06	.841	-1.1	1.40
Employees have relevant work experience for their job	4.32	.757	-1.4	2.62
Average Mean	**4.08**	**.913**	**-1.0**	**0.96**

Source: Primary Data (2022)

According to Table 9, the assertion that individuals had relevant work experience for their specific tasks and duties received the greatest average score of 4.32 which meant that the hands-on experience of the restaurant employees was critical for production and service delivery in restaurants. The least mean rating was observed on the statement that employees have formal training in restaurants with a mean score of 3.85 which was an indication that formal training was least mandatory for the restaurant employees as long as they had the relevant experience required for the job.

Given that the respondents' overall mean average rating was 4.08, it was clear that they all concurred with the statements, a proof of uniformity in the mean ratings. The average standard deviation average was 0.91 an indication of uniformity in all statements by the respondents. It was further observed that the statement with the least mean score of 3.85 had the highest standard deviation of 1.10, an indication that a sizable number of respondents agreed with the statement while others did not. The uniformity of responses was further confirmed by the values of skewness, which was -1.05 which implied that the responses concentrated more on the distribution's left side. The average Kurtosis value of 0.96, which was less than 1, was an indication that the responses did not portray a high and thin distribution curve.

4.6.3 Responses on Strategic Human Capital Practices

The focus was on training, recruitment, selection, and compensation. A five-point Likert -Type scale with a range of 1 (strongly disagree) to 5 (strongly agree) was used to gauge the level at which individuals concurred with each of the seven assertions. Table 10 provides a summary of the responses.

Table 10: Descriptive Statistics of Strategic Human Capital Practices

Strategic Human Capital-Practices (n = 194)	**Mean**	**SD**	**Sk**	**K**
Management provides employees with advanced training on key skills required for the job	4.09	.915	-1.2	1.45
Management attend /workshops to learn new knowledge relevant to their jobs	3.08	1.14	-.88	.149
Management takes employees for refresher courses	3.56	1.2	-.46	.984
Management plan on types of employee capabilities & skills required to achieve the restaurants objectives	4.33	.631	-1.0	2.79
Management employs thorough selection processes	4.35	.684	-.87	.752
When hiring management evaluates applicants' potential to work in a team	4.44	.635	-.83	.250
Management provides better salaries & benefits to their core employees than competitors	4.06	.805	-.60	.33
Average Mean	**3.98**	**0.85**	**-.83**	**0.95**

Source: Primary Data (2022)

The sentence with the highest average score from Table 10 was “when hiring, management evaluates the potential of applicants to work in a team” with an average mean of 4.44. This was an indication that the management of restaurants puts a lot of emphasis on checking personality traits such as the ability to work in a team in their recruitment and selection processes, a key success factor for a sustainable restaurant business.

The least mean rating was observed on the assertion that “management attends seminars, conferences/workshops to learn new knowledge relevant to their jobs” with an average mean of 3.08 which was an indication that attendance of seminars and/or workshops by management to learn new knowledge relevant to their jobs was a rare occurrence in the restaurants. The overall mean rating of the variable strategic human capital – management was 3.98, which was “Not Sure.”

The score was a result of a high variation among those restaurants that considered taking their management for seminars and workshops and to take employees for refresher courses with those restaurants that did not consider implementing the same as observed by the standard deviation values of 1.14 and 1.2, respectively. Overall, there was uniformity of responses on the statements with an average standard deviation of 0.85. The skewness of the data revealed average negative skewness of -0.83, an indication that the responses concentrated more on the left side of the distribution. The average Kurtosis value was 0.95 which is less than positive 1, an indication that the responses did not portray a high and thin distribution curve.

4.6.4 Responses on Firm Innovation

Firm innovation was explored using three aspects, which were product, service and process innovations. Under product innovation, the focus was on the role of management to introduce new products that meet current and new customer needs, modification of current products as per customer wants and creation of platforms where employees can provide feedback on new offerings that address customer wants.

Service innovation focused on determining the fitness of current services to meet the demands of customers in rapidly changing environments. It also considered management modifying customer current services to meet changing customer needs such as the use of online service and deliveries, the introduction of new services compared to competitors, and the provision of feedback by employees to management on new services required to meet customer needs. The feedback included the implementation of innovative ideas that are generated by some of the restaurant employees and the new knowledge transferred to the other employees.

Process innovation focused on the modification of processes to reduce the time taken to develop and deliver new products and services that meet changing customer needs cost-effectively. Process innovation may be carried out through the acquisition and integration of information technology for the restaurants' key processes, and the acquisition and upgrade of information technology to reduce product and service lead times. A five-point Likert -type scale with a range of 1 (strongly disagree) to 5 (strongly agree) was used to gauge the degree to which respondents agreed with each of the assertions. Table 11 provides a summary of the responses.

Table 11: Descriptive Statistics of Firm Innovation

Firm Innovation (n = 194)	Mean	SD	Sk	K
Product Innovation				
Management has been forced to introduce new products in response to Covid-19	3.86	1.136	-.836	.440
Employees provide feedback to management on new products that meet customers' changing needs.	4.22	.813	-1.23	1.61
Management has been forced to modify current products to changing customer needs.	4.10	.933	-1.21	1.17
Average Mean	**4.06**	**0.96**	**-1.0**	**1.07**
Services Innovation				
Management has been forced to modify its current services to meet the changing customer needs	4.45	.652	-1.47	4.33
Employees provide feedback on new services that meet customer needs	4.25	.795	-1.29	2.17
New services developed by employees are followed by others	3.98	.842	-.390	.351
Management introduces more services in the market than competitors	4.00	.858	-.548	.105
Management looks out for new services offered by competitors	3.89	.986	-.721	.422
Average Mean	**4.11**	**.826**	**-.883**	**1.47**
Process Innovation				
Management has changed its business process to reduce time taken to develop new products	4.20	.672	-.572	.522
Management often reviews and upgrades service delivery systems to reduce service lead times	4.32	.699	-1.09	2.35
Management often integrates technology to improve efficiency	4.13	.895	-1.28	1.81
Management often acquires and integrates IT in all key processes to improve service delivery	4.19	.844	-1.20	1.53
Average Mean	**4.21**	**.777**	**-1.03**	**1.55**

Source: Primary Data (2022)

From Table 11, a high mean rating was observed in process innovation with a mean score of 4.21. This implied that the respondents focused on service delivery systems and the integration of information technology to reduce the time taken to deliver products and services to their customers. The lowest mean rating, on the other hand, was observed on product innovation with a mean score of 4.06, an indication that restaurants least focused on the introduction of newer and improved products. From the combined firm innovations, the mean rating was 4.1 which means that the restaurant operations embraced firm innovation.

Uniformity of responses is evident by the average standard deviation value of 0.85 for all firm innovations, which means there was no variation of the dimensions among the respondent as the respondents unanimously agreed on all the statements. Skewness results show average negative skewness of -0.97, a further confirmation that all responses tended towards the negative side of the distribution the "*Agree*" side. The average kurtosis value was 1.36 which implies that the distribution curve did not depict a high and thin curve.

4.7 Responses on Competitive Advantage

The focus was on reduced operation cost, superior product quality and superior service quality. On each of the highlighted aspects, respondents were asked to score how much they agree with specific assertions. A five-point Likert- type scale with a range of "1 = Much lower" to "5 = Much higher" was employed for the operating cost component. The respondents were asked if they offered food production, recipe development, food delivery, coordination of different activities, and improvement of products, services and processes at costs lower than their competitors.

For product quality and service quality, a Five-point Likert Type Scale ranging from 1 (strongly disagree) to 5 (strongly agree) was used. Respondents were to give their ratings in comparison to their competitors whether they adjusted products to meet customer's needs, were responsive to customer demands for better quality products, introduced tastier menus, customers' dependency on them for timely delivery of food and provision of more reliable services better than their competitors. Table 12 provides a summary of the responses.

Table 12: Descriptive Statistics of Competitive Advantage

Competitive Advantage (n = 194)	Mean	SD	Sk	K
Reduced Operating Cost				
Lower cost of food production	1.40	.889	.741	.417
Lower cost of recipe development	1.48	.828	.823	.896
Lower cost of food delivery to customers	1.54	.905	.532	.272
Lower cost of coordinating, purchasing, marketing and hiring activities	1.22	.798	.455	.574
Lower cost of improving products, services & processes	1.13	.700	.359	.232
Average Mean	**1.35**	**.824**	**.582**	**.478**
Superior Product Quality				
Able to adjust products better than competitors	4.30	.738	-.74	.786
More responsive to customer demands for better quality products than competitors	4.36	.678	-.68	.591
Introduction of new and tasteful menus better than competitors	4.23	.757	-.76	.560
Average Mean	**4.29**	**.724**	**-.72**	**.645**
Superior Service Quality				
Customers can depend on them to deliver food faster than competitors	4.38	.712	-.72	1.055
Their services are more reliable than competitors	4.51	.638	-.64	1.049
Average Mean	**4.44**	**.675**	**-.68**	**1.052**

Source: Primary Data (2022)

Under operating cost dimension, it can be observed in Table 12 the respondents' mean score was 1.3 on average, suggesting that they tended towards "*Much lower*" as per the Likert scale. The results were also an indication that the restaurants operating costs were lower compared to their competitors. Similar observation was observed under the dimension of superior product quality and superior service quality where the average mean rating of the two dimensions was much higher in superior service quality with a mean score of 4.44 compared to superior product quality whose the average score was 4.29.

The outcomes demonstrate that the responders focussed more on service delivery compared to product quality than their competitors. The average standard deviation had values ranging from 0.675 to 0.824, which is evidence of homogeneity of the responses. In relation to skewness of data, the positive values under operating cost dimension showed that the responses were more inclined to the "*Much lower*" side of the distribution while the negative skewness under the dimension of superior product quality and superior service quality showed that the responses were more inclined towards the "*Agree*" side of the distribution. Kurtosis values for all the dimensions were less than 3 an indication that the distribution curve of the responses was not high and thin.

4.8 Regression Modelling

Hierarchical regression analysis was used to examine the study hypotheses where, the predictor variable was DC (IV), while competitive advantage was the response variable (DV). Moderating variables were strategic human capital (employees) (MV_1) and strategic human capital (Practices) (MV_2). Firm innovation was conceptualized as an intervening variable (I). For hypotheses H_1 and H_2, firm innovation was a dependent variable in the hypothesized relationships, while for hypotheses H_3, H_4, firm innovation was an independent variable and intervening variable in hypothesis H_6. Direct effects relationships evaluated independent variable - dependent variable relationship. According to the created conceptual model, indirect effect relationships studied the influence of strategic human capital on the independent - dependent variables interaction (Figure 2). Hierarchal regression analysis was performed for all the hypothesized relationships starting with diagnostic procedures as explained in chapter three of the methodology section. In the regression model, control variables were also examined first to determine their level of significance and determining their usage in the subsequent analysis.

4.8.1 Normality Test

The test assumes that data distribution is normal and when its assumption is violated, inferences made about a population become unreliable and invalid (Razali et al., 2011). The test looks at how much and how substantial any response departs from the normal distribution. Each study variable underwent a normality test in accordance with the conceptual model's guidelines.

The test was carried out using Shapiro-Wilk test, which yields Shapiro-Wilk statistic and its corresponding p-value. A value of one for the Shapiro-Wilk statistic denotes that the data are normally distributed. Table 13 displays the test's outcomes.

Table 13: Tests of Normality

	Kolmogorov -Smirnov			Shapiro-Wilk		
	Statistic	**Df.**	**Sig.**	**Statistic**	**Df.**	**Sig.**
Dynamic Capabilities	.916	194	.075	.915	194	.360
Strategic Human Capital (Employees)	.896	194	.255	.956	194	.155
Strategic Human Capital (Practices)	.924	194	.055	.941	194	.455
Firm Innovation	.901	194	.205	.939	194	.305
Competitive Advantage	.958	194	.115	.958	194	.225

Source: Primary Data (2022)

It can be seen from Table 13 that Shapiro-Wilk test statistics are less than one for all the variables. The number of observations was reflected in the degrees of freedom column. The five variables' associated p-values were higher than 0.05, indicating that the data was normally distributed. The alternative assertion that survey responses are not normally distributed is contrasted with the null hypothesis that they are normally distributed. Since the null hypothesis was not rejected in this study at the 0.05 level of significance, the condition of normality was met.

4.8.2 Linearity Test

The linearity test determines whether there is a link between the independent and dependent variables, which is one of the assumptions in regression analysis. The correlation ratio, eta, was used in this study's linearity test. One of the presumptions in regression analysis is that the independent and dependent variables are related; the linearity test checks if this is true. The linearity test in this study employed the correlation ratio, eta.

The statistics assess how closely the independent and dependent variables are related. Eta-squared calculates the amount of the dependent variable's variation that can be explained by changes in the independent variable (s). The range of the eta constant is 0 (zero) to 1 (one), with 0 (zero) denoting the absence of any linear relationship and 1 denoting a perfect linear relationship. The correlation coefficient, Pearson's (r), is equal to eta in a linear relationship. Table 14 displays the test's outcomes.

Table 14: Linearity Test Results

Variable		Value	Approx. Sig.
Dynamic Capabilities	Pearson's R	.195	.006
	Eta	.545	
	Eta-squared	.030	
Strategic Human Capital (Employees)	Pearson's R	.204	.004
	Eta	.349	
	Eta-squared	.122	
Strategic Human Capital (Practices)	Pearson's R	.312	.000
	Eta	.438	
	Eta-squared	.192	
Firm Innovation	Pearson's R	.443	.038
	Eta	.583	
	Eta-squared	.339	
Number of Valid Cases = 194			
Dependent Variable: Competitive Advantage			

Source: Primary Data (2022)

Results in Table 14 demonstrate a substantial linear association between each predictor variable and the dependent variable (competitive advantage). This inference is true since all the eta values are non-zero and the corresponding p-values are less than 0.05. For each of the predictor variable, the eta-squared values is a measure of the contribution of the individual terms. The fact that all eta values are significant at 5% significance level is evidence that the condition of linearity was satisfied (Gelman & Hill, 2007).

4.8.3 Multicollinearity Test

The intent of a multicollinearity test is to ascertain whether predictor variables exhibit inescapable connections with each other except the dependent variable (Garson, 2012). Any predictor variable in regression analysis that has an association with another predictor variable is typically disregarded because it boosts the standard error of the regression coefficients. The coefficients' significance is changed by this effect. Variance inflation factors (VIF) and tolerance values were utilised in identifying the presence of multicollinearity. Tolerance values considers the predictor variables corresponding to the other predictor variables and checks how they interact with one another including easy correlations.

When it is less than 0.20, multicollinearity is present according to (Field, 2009) as VIF is used in exchange for tolerance, so for variance inflation factor. VIF values of 1 demonstrate the lack of relationship between predictor variables. A signal of collinearity connected to that variable is defined as a VIF of at least 5. As per Field (2009), such variable(s) ought to be eliminated from the regression model because they may result in type 2 errors. Table 15 presents the multicollinearity test's outcomes.

Table 15: Multicollinearity Test Results

Predictor Variables	Collinearity Statistics		Comment
	Tolerance	VIF	
Dynamic Capabilities	.567	1.765	No multicollinearity
Firm Innovation	.545	1.836	No multicollinearity
Strategic Human Capital (Employees)	.571	1.751	No multicollinearity
Strategic Human Capital (Practices)	.372	2.688	No multicollinearity
Dependent Variable: Competitive Advantage			

Source: Primary Data (2022**)**

Table 15 illustrates that for every predictor variable, the VIFs were all less than 5 and the tolerance values were all exceeding 0.2. As specified in the column of the comment, these values pointed out that multicollinearity was lacking meaning that they cannot cause type 2 error and that their effects can be separated. The absence of multicollinearity demonstrated the significance of each predictor variable in the regression model and that their beta and R square interpretations can be relied upon.

4.8.4 Homoscedasticity Tests

As a prerequisite for regression modelling, homoscedasticity presupposes that the dependent variable's variance is constant at all levels of the predictor variables. The Levene test statistics were used to conduct the homoscedasticity test and is highly recommended and mainly used by scholars due to its robustness in quick indication of non-linearity compared to other tests such as Bartlett's test which is dependent on meeting the normality assumptions and to an extent has been succeeded by the Levene test. At 5% level of significance, homoscedasticity is shown by a P – value greater than 0.05 while heteroscedasticity is shown by p – value less than 0.05. Results for Levene's test was as shown Table 16.

Table 16: Homoscedasticity Test Results

	Levene's Statistics	df 1	df 2	Sig.
Dynamic Capabilities	0.631	4	189	.596
Firm Innovation	0.127	4	189	.981
Strategic Human Capital (Employees)	0.322	4	189	.701
Strategic Human Capital (Practices)	0.127	4	189	.973
Dependent List: Competitive Advantage				

Source: Author (2022)

Levene's statistics are presented in Table 16 for various predictor factors. Since a same Likert scale was employed, all degrees of freedom are the same. To the degree that all P-values exceed 0.05, further highlights the fact that the test's hypothesis was supported. This implies that the variance of the dependent variable at each level of the variables is equal, hence satisfying the homoscedasticity requirement. The acquired data could be used to evaluate the study hypotheses since it was suitable for regression analysis based on the findings of the diagnostic tests.

4.9 Test of the Research Hypotheses

Testing the hypotheses involved examining the relationships between variables and decisions made at 5% level of significance. Simple regression was used to test **H_1, H_3** and **H_5** (Figure 1). Baron and Kenny (1986) regression model steps for testing moderating and intervening effects were conducted on hypothesis **H_2, H_4** and **H_6** (Figure 1). Following the evaluation of the hypotheses, the R^2, F-statistic, and beta values were evaluated during the interpretation of the results in subsequent discussions.

Following the calculation of the coefficient of determination (R^2), the change in the independent variables was used to explain the change in the dependent variable. Furthermore, a higher F-statistic indicates a more potent model. The beta (β) and t-values, which ascertain the significance of specific variables, were utilized to explain whether the independent variable had a negative or positive effect on the response variable. The discoveries of the inquiry are disclosed in the sections that follow;

4.9.1 Dynamic Capabilities and Firm Innovation

The following supposition was evaluated;

H_1: *There is a positive relationship between dynamic capabilities and firm innovation in restaurants in Nairobi City County.*

In this case, the corresponding regression model was expressed as

$$FI = \beta_0 + \beta_1 DC + \varepsilon \quad (4.1)$$

Where FI is Firm Innovation (Dependent variable), DC is Dynamic capabilities (Independent variable) while β_0 and β_1 are regression coefficients for the constant term and the independent variable respectively. The relevance of the control variables on the dependent variable was first assessed, as seen in Table 4's hierarchical regression model of this thesis. Control variables are those that may have an impact on the strength and extent of the correlation between the research variables (Nielsen & Raswant, 2018).

The level of significance was set at a P-value of less than or equal to 0.05, and it was decided whether to keep the control variables for further analysis or discard them based on this. According to Table 4, the study explored using firm innovation as the dependent variable and age and the number of employees as the control variables. Regression output for the model explaining the effect of control factors on firm innovation is given in Table 17.

Table 17: Effect of Control Variables on Firm Innovation

Model Summary					
R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.057	.003	.007	1.00364	.311	.733

Regression Coefficients				
	Beta	Std. Error	t-statistics	Sig.
(Constant)	.174	.242	.721	.472
Number of Employees	-.050	.084	-.602	.548
Age of Business	-.039	.094	-.414	.680

ANOVA					
	Sum of Squares	**Df**	**Mean Squares**	**F- Statistic**	**Sig.**
Regression	.627	2	.313	.311	.733
Residual	192.395	191	1.007		
Total	193.022	193			

Dependent Variable: Firm Innovation
Predictors: (Constant), Number of Employees, Age of Business

Source: Primary Data (2022)

It can be observed from Table 17 that the control variables did not have any significant effect on the firm innovation and hence were dropped. This can be seen from the insignificant explained variation as well as the insignificant regression coefficients of the control variables. This is true since the corresponding p-values exceeded 0.05. Moreover, from the ANOVA results, the regression model relating to firm innovation and the control variables of firm age and size represented by the number of employees was insignificant at 0.05 level of significant (p-value = 0.733).

After dropping the insignificant control variables, hypothesis testing proceeded. Examining the dynamic capabilities - firm innovation relationship entailed conducting a simple linear regression analysis since only one independent variable was involved. The regression analysis yielded three main outputs namely the model summary, regression coefficients, and ANOVA results.

The overall dynamic capabilities and firm innovation relationship effect is provided in the model summary. The section on regression coefficients includes the regression coefficient(s) and corresponding p-values for each independent variable. The ANOVA section provides the overall model fitness. For hypothesis testing and regression analysis of the regressed model, the three outputs were produced and summarized as shown in Table 18.

Table 18: Dynamic Capabilities and Firm Innovation Relationship

Model Summary

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.575[a]	.330	.327	.82046	94.741	.000

Regression Coefficients

	Beta	Std. Error	t-statistics	Sig.
(Constant)	-.001	.059	-0.017	.992
Dynamic Capabilities	.575	.059	9.733	.000

ANOVA

	Sum of squares	Df	Mean Squares	F-statistic	Sig.
Regression	63.776	1	63.776	94.741	.000
Residual	129.246	192	.673		
Total	193.022	193			

Dependent Variable: Firm Innovation
Predictors: (Constant), Dynamic Capabilities

Source: Primary Data (2022)

How much of the variance in the dependent variable can be attributed to a change in the independent variable is shown in the model summary (s). This is determined using coefficient of determination or the R-Squared value. In Table 18, the observed R-squared was 0.330, with an F-statistic of 94.741. The value of R^2 implied that 33% of the total variations in firm innovation was attributed to changes in dynamic capabilities. This result further suggested that additional factors other than those in the model accounted for the remaining 67% of the total variability in the dependent variable. The associated standard error of this figure was established to be 0.82046.

The value of R^2 was significant, as indicated by the related p-value being less than 0.05. The coefficients for the constant term and dynamic capabilities (the independent variable) were found to be -0.001 (SE = 0.059) and 0.575 (SE = 0.59), respectively, in the regression coefficients section which indicates that dynamic capabilities had a high positive relationship on firm innovation. The corresponding t-statistics and p-values were obtained to be (-0.017, 0.992) and (9.733, 0.000). The ANOVA section, which measures the model fitness, gave the F-statistic and the corresponding p – value. It was observed that F-statistic was 94.741 and a p – value of 0.000 hence the overall model was significant. To test **H_1** at 5% level of significance, p – value for dynamic capabilities was used. The p-value was determined to be 0.000, which was less than 0.05, as indicated in Table 18. This finding implied that the hypothesised link was accepted at a 5% level of significance and led to the conclusion that DC and FI have a positive association in restaurants in Nairobi City County, hence **H_1** was accepted

Positive relationship was confirmed by the regression coefficient for dynamic capabilities which were greater than 0 (0.575 > 0). A similar decision can be made by comparing the observed t-statistics (= 9.733) and tabulated t-value at 193 degrees of freedom. By determining whether the observed t-statistics are higher than the tabulated t-value, one can decide whether the hypothesis is supported. The tabulated t value for this investigation was 1.972 ($t_{0.025,\,193} = 1.972$), which was less than 9.733, hence the hypothesis one was supported at 5% significance level. The positive relationship was further confirmed by overall model through the outputs shown from ANOVA model.

Based on the value of the regression coefficient (= 0.575) and the ANOVA results of (p – value = 0.000), the results indicated that dynamic capabilities in a restaurant in Nairobi City County positively influenced firm innovation by 0.575 units. Therefore, for this direct effect relationship, the corresponding model was expressed as

$$FI = - 0.001 + 0.575\ DC \quad (4.2)$$

4.9.2 Dynamic Capabilities, Strategic Human Capital (Employees), Firm Innovation

In this interaction, it was necessary to ascertain whether strategic human capital has an impact on the DC - FI link. The following hypothesis was investigated;

H_2: *Strategic human capital (Employees) moderates the relationship between DC and FI in restaurants in Nairobi City County*

This process involved examining the significance of the interaction between SHC(Employees) and DC using Baron and Kenny (1986) tests for moderation. The purpose was to determine whether strategic human capital was a moderating variable or was an independent variable. In the first model, the independent variables are dynamic capabilities and strategic human capital (Employees), while in the second model, the interaction term is included.

A regression model devoid of the interaction element was articulated as follows;

$$FI = \beta_0 + \beta_1\ DC + \beta_2\ SHC(E) + \varepsilon \quad (4.3)$$

Where FI is Firm Innovation (Dependent variable), DC is Dynamic Capabilities (Independent variable), SHC (E) represents Strategic Human Capital (Employees)

(Independent variable) while β_0, β_1 and β_2 are regression coefficients representing constant term, dynamic capabilities, and strategic human capital (Employees) and **ε** is the error term. The outputs for this process follow as portrayed in Table 19.

Table 19: The influence of Strategic Human Capital (Employees) on Dynamic Capabilities and Firm Innovation without Interaction

Model Summary

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.608	.369	.363	.79828	55.949	.000

Regression Coefficients

	Beta	Std. Error	t-statistics	Sig.
(Constant)	-.001	.057	-.018	.992
Dynamic Capabilities	.486	.063	7.699	.000
Strategic Human Capital (Employees)	.217	.063	3.438	.001

ANOVA

	Sum of squares	Df	Mean Squares	F-statistic	Sig.
Regression	71.307	2	35.653	55.949	.000
Residual	121.715	191	.637		
Total	193.022	193			

Dependant Variable: Firm Innovation
Predictors: (Constant), Dynamic Capabilities, Strategic Human Capital (Employees)

Source: Primary Data (2022)

Table 19 summarizes the outputs for regression analysis to determine whether strategic human capital (employees) was a moderating variable. As shown in the table, independent variables were DC and SHC (employees) was handled as predictor variable while dependent variable was firm innovation. Without including any interaction factors, it was observed that the variation explained was 36.9% (R-squared = 0.369).

This value of coefficient of determination indicates that the two variables jointly accounted for 36.9% of the total variability in firm innovation. That is to say, factors not taken into account in this model were responsible for the remaining 63.1 percent of the overall variation in firm innovation. Given that the corresponding p-value was less

than 0.05 (P<0.05), the explained variance was determined to be significant. This was an indication that despite the extent of explained variation, the effect was still significant. Significance of this effect is also evident in the significance of the independent variables.

As shown in Table 19, regression coefficients for DC and SHC (employees) were observed to be 0.486 and 0.217 correspondingly. The regression coefficients were both observed to be significant at 5% level of significance since the respective p – values were observed to be less than 0.05 (P<0.05). The ANOVA results showed that the obtained regression model of firm innovation on dynamic capabilities and strategic human capital (Employees) correctly fitted the collected data with a F – statistic of 55.949. Moreover, this was confirmed to be true since the observed F-statistics was significant at 0.05 level of significance. Therefore, for this indirect effect relationship, the corresponding model was expressed as;

$$FI = - 0.001 + 0.486\ DC + 0.217\ SHC(E) \quad (4.4)$$

According to the regression model, strategic human capital (employees), dynamic capabilities both had an advantageous effect on firm innovation by 0.486 and 0.217 units, respectively. However, this model does not adequately capture the impact of the interaction between strategic human capital and dynamic capabilities (employees). The model confirmed that strategic human capital (Employees) was in deed a moderating variable and not an independent variable.

The interaction variable was included and tested using the Baron and Kenny (1986) test for moderation technique to see if strategic human capital (Employees) has an interaction effect on the DC- FI link. Output for this interacted effect was carried out as a second step and presented as shown in Table 20.

Table 20: The Influence of Strategic Human Capital (Employees) on Dynamic Capabilities and Firm Innovation with Interaction

Model Summary

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.623	.388	.379	.78831	40.201	.000

Regression Coefficients

	Beta	Std. Error	t-statistics	Sig.
(Constant)	-.001	.057	-.018	.992
Dynamic Capabilities	.511	.063	8.092	.000
Strategic human Capital (Employees)	.182	.064	2.845	.005
Interaction	.142	.059	2.421	.016

ANOVA

	Sum of squares	Df	Mean Squares	F-statistic	Sig.
Regression	74.948	3	24.983	40.201	.000
Residual	118.073	190	.621		
Total	193.022	193			

Dependant Variable: Firm Innovation
Predictors: (Constant), Dynamic Capabilities, Strategic Human Capital (Employees), Interaction

Source: Primary (2022)

The model shown in Table 20 shows that DC and SHC (Employees) and the interaction term as the independent variables. The model summary shows that the explained variation was 38.8% with a corresponding standard error of 0. 78831. The value of explained variation shows that inclusion of the interaction effect increased the explained variation from 36.9% to 38.8% an indication of some level of interaction. This increased value of R-squared was found to be significant at 5% level of significance ($p<0.05$).

Observed regression coefficients for DC and SHC (Employees), their interaction term and corresponding standard errors were observed to be 0.511 (SE = 0.063), 0.182 (SE = 0.064) and 0.142 (SE = 0.059). At a 5% level of significance, all these predictors were found to be significant. The ANOVA portion proved that the constructed model successfully matched the collected data because the F-statistics were significant at the 5% level of significance ($P<0.05$). The corresponding regression model was expressed as follows;

$$FI = - 0.001 + 0.511\ DC + 0.182\ SHC(E) + 0.142\ I \quad (4.5)$$

Where I is the interaction term. The model shows that dynamic capabilities, strategic human capital (employees) and the interaction term influenced firm innovation by 0.511, 0.182 and 0.142 units respectively. Testing of the hypothesis 2 as outlined in section 2.12 involved using p – values and variations explained before and after moderation. According to Baron and Kenny (1986), a variable has a substantial moderating impact if there is a surge in stated variation following the inclusion of an interaction term. This clarified variation had to be substantial in both situations, and the study's findings supported this. Additionally, a variable has a moderating effect if the interaction term is of significance and if it is noteworthy in both scenarios irrespective of the interaction. Moreover, SHC (employees) is a significant moderating variable if the independent variable is significant in both models. All these conditions are satisfied from the regression outputs as shown in Table 19 and Table 20 respectively. Therefore, it can be concluded that SHC Employees) influenced the DC- FI link in restaurants in Nairobi City County due to the significant increase of variation after testing for interaction effect, hence hypothesis $\mathbf{H_2}$ is accepted.

4.9.3 Firm Innovation and Competitive Advantage

This relationship involved testing whether firm innovation had a direct effect on competitive advantage. The following hypothesis was, thus, tested.

H_3: *There is a positive relationship between firm innovation and competitive advantage in restaurants in Nairobi City County.*

The corresponding regression model for this hypothesis was expressed as

$$CA = \beta_0 + \beta_1 FI + \varepsilon \quad (4.6)$$

Where CA is competitive advantage, FI is firm innovation and β_0 and β_1 are regression coefficients for constant term and firm innovation respectively, while **ε** is the error term. The dependent variable was competitive advantage, while independent variable was firm innovation. Table 21 provides an overview of the regression analysis for this test.

Table 21: Firm Innovation and Competitive Advantage Relationship

Model Summary

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.443	.196	.192	.89914	46.795	.000

Regression Coefficients

	Beta	Std. Error	t-statistics	Sig.
(Constant)	.001	.065	0.015	.991
Firm Innovation	.442	.065	6.841	.000

ANOVA

	Sum of squares	Df	Mean Squares	F-statistic	Sig.
Regression	37.832	1	37.832	46.795	.000
Residual	155.223	192	.808		
Total	193.055	193			

Dependent Variable: Competitive Advantage
Predictors: (Constant), Firm Innovation

Source: Primary Data (2022)

From Table 21, R-squared was observed to be 0.196 which translates to 19.6% and a corresponding F-statistic of 46.795. Standard error for the correlation coefficient was observed to be 0.89914. According to the R^2 value, the model only accounts for 19.6% of the total variation in the dependent variables. This data further suggests that variables excluded from the regression model account for the remaining 80.4% of all variability in the dependent variable. Given that the corresponding p-value for the correlation coefficient was less than 0.05 ($P<0.05$), it was determined that this explained variance was significant. The constant term was determined to be 0.001 (SE = 0.065, t = 0.015) based on the observed regression coefficients. Since the corresponding P-value was more than 0.05 ($P > 0.05$), the constant term was not significant at the 5% level of significance. The regression coefficient for firm innovation was observed to be 0.442 (SE = 0.065, t = 6.841) which indicates that firm innovation had a moderate positive relationship on firm innovation.

The P– values for the constant term and firm innovation was found to be 0.991 and 0.000. The computed F-ratio was significant at the 5% level of significance ($P<0.05$),), which indicated that the resulting model correctly suited the data. The outcomes of an ANOVA on the model fitness served as evidence for this. This observation led to the validation of the regression model, which allowed for the assessment of whether there is a link between FI and CA. To test $\mathbf{H_3}$ at 5% level of significance, p – value for was used. The P-value was determined to be 0.000, which was less than 0.05, as indicated in Table 21. This finding implied that the association between the two variables was accepted at a 5% level of significance. Thus, this study concluded that firm innovation and competitive advantage in Nairobi City County restaurants are positively correlated.

The same inference was also made using the t-statistics value. At 193 degrees of freedom and 5% level of significance, the tabulated t-value is 1.972. ($t_{0.025,\ 193} = 1.972$). By comparing 6.841 and the tabulated t-score (1.972), Because the calculated t-value of 1.972 is smaller than the t-statistic (6.841 > 1.972), the determination is to accept the hypothesis. Therefore, based on the conclusions drawn from the two tests that were done, there is convincing proof that firm innovation had a beneficial effect on competitive advantage in Nairobi City County.

The model can be expressed as,

$$CA = - 0.001 + 0.442\ FI \qquad (4.7)$$

Where the model implies that firm innovation positively influenced competitive advantage by 0.442 units.

4.9.4 Firm Innovation, Strategic Human Capital (Practices) and Competitive Advantage

The influence of strategic human capital on the relationship between firm innovation and competitive advantage was hypothesised as;

H_4: *Strategic human capital (Practices) moderates the relationship between firm innovation and competitive advantage in restaurants in Nairobi City County*

This procedure involved examining the significance of the interaction between strategic human capital (management) and firm innovation using two regression models, where the first model did not have interaction term and the other model with interaction term using the (Baron & Kenny, 1986) steps for moderation.

In the first step, firm innovation, and strategic human capital (Practices) were treated as independent variables while in the second steps, interactive element was included in the model. Model without the interactive element was expressed as follows;

$$CA = \beta_0 + \beta_1 FI + \beta_2 SHC (P) + \varepsilon \quad (4.8)$$

Where CA is competitive advantage (dependent variable), FI is firm innovation (independent variable), SHC (M) is strategic human capital (Practices) (Independent variable), while β_0, β_1 and β_2 are the respective regression coefficients for the constant term, firm innovation, strategic human capital (Practices) and **ε** is the error term. Output for this process was summarized as shown in Table 22.

Table 22: The influence of Strategic Human Capital (Practices) on Firm Innovation and Competitive Advantage Without Interaction

Model Summary					
R	**R^2**	**Adjusted R^2**	**Std. Error**	**F Change**	**Sig.**
.445	.198	.189	.90049	23.541	.000

Regression Coefficients				
	Beta	Std. Error	t-statistics	Sig.
(Constant)	.001	.065	.015	.991
Firm Innovation	.408	.084	4.886	.000
Strategic Human Capital (Practices)	.055	.084	.653	.514

ANOVA					
	Sum of squares	**Df**	**Mean Squares**	**F-statistic**	**Sig.**
Regression	38.178	2	19.089	23.541	.000
Residual	154.877	191	.811		
Total	193.055	193			

Dependent Variable: Competitive Advantage
Predictors, (Constant), Firm Innovation, Human Capital (Practices)

Source: Primary Data (2022)

In Table 22, the independent variables for the model without interaction were FI and SHC (Practices), while competitive advantage was the dependent variable. In this model, the explained variation was observed to be 19.8% (R-squared = 0.198), which was significant at 5% level of significance (p – value = 0.00 < 0.05). This value of coefficient of determination shows that firm innovation and strategic human capital (Practices) jointly account for 19.8% of the total variability in competitive advantage.

This meant that factors not considered by the model account for the remaining 80.2%. In the regression coefficients section, firm innovation and strategic human capital (Practices) had regression coefficients were observed to be 0.408 and 0.055 correspondingly. From the significance column, only FI had a beneficial effect on CA of a restaurant since the corresponding p – value was less than 0.05 (P < 0.05). Strategic human capital (Practices) was, however, observed not to have a significant effect on competitive advantage of a restaurant in Nairobi City County since the corresponding p-value (0.514 > 0.05) was greater than 0.05.

Moreover, strategic human capital (Practices) was also confirmed not to be a moderator but an independent variable. Since the observed F-ratio was significant at the 0.05 level of significance, the ANOVA section demonstrated that the generated regression model of competitive advantage on firm innovation and strategic human capital (Practices) correctly fitted the gathered data. The regression model without interaction was therefore stated as,

$$CA = 0.001 + 0.408\ FI + 0.055\ SHC\ (P) \quad (4.9)$$

When interaction term of FI and SHC (practices) was included in the model as guided the steps of Baron and Kenny (1986), the output for the regression model which is the second step for testing for moderation was presented as shown in Table 23.

Table 23: The Influence of Strategic Human Capital (Practices) on Dynamic Capabilities and Firm Innovation with Interaction

Model Summary

R	**R^2**	**Adjusted R^2**	**Std. Error**	**F Change**	**Sig.**
.449	.202	.189	.90060	16.008	.000

Regression Coefficients

	Beta	Std. Error	t-statistics	Sig.
(Constant)	.001	.065	.015	.991
Firm Innovation	.400	.084	4.759	.000
Strategic Human Capital (Practices)	.064	.065	.976	.330
Interaction	.060	.084	.713	.477

ANOVA

	Sum of squares	**Df**	**Mean Squares**	**F-statistic**	**Sig.**
Regression	38.950	3	12.983	16.008	.000
Residual	154.105	190	.811		
Total	193.055	193			

Dependent Variable: Competitive Advantage
Predictors: (Constant), Firm Innovation, Human Capital (Practices), Interaction

Source: Primary Data (2022)

Table 23 shows the interaction term is included in the model as an independent variable. In this model, the explained variation was 20.2% with a standard error of 0.9006 which, based on the associated p-value of 0.000 < 0.05, was determined to be significant at the 5% threshold of significance. In the regression coefficients, only firm innovation (β = 0.400, SE = 0.084) was observed to have a significant influence on competitive advantage of a restaurant as it had p – value = 0.000 < 0.05. Both strategic human capital (Practices) (β = 0.640, SE = 0.065) and Interaction term (β = 0.600, SE = 0.084) had p – values 0.330 and 0.477 respectively.

Since both p–values > 0.05, it implied that strategic human capital (Practices) and the interaction term had no discernible impact on competitive advantage of a restaurant in Nairobi City County. Since the F-ratio was significant at the 5% level of significance (P < 0.05), the ANOVA section revealed that the developed model accurately suited the data provided. As stated in hypothesis **H_2**, If an interaction term elevates explained variation, if the explained variation varies significantly in both models (with and without interaction), and if the interaction term is substantial, then the variable had a significant moderating effect.

Using this condition, it was observed that the moderating variable is not significant in both models. It can be observed that the interaction term is also not significant. Further, there is reduction is the regression coefficient for firm innovation. Based on these observations, it can be concluded that strategic human capital (Practices) does not moderate the firm innovation- competitive advantage link in restaurants in Nairobi City County hence proposition H_4 is rejected.

4.9.5 Dynamic Capabilities and Competitive Advantage

As shown in Table 4 of this thesis, the first step was to assess the relevance of the control variables on the dependent variable before assessing the dynamic capabilities - firm innovation linkage. To ascertain whether the control variables had any impact on competitive advantage and whether they were suitable for further research, the level of significance was set at a P-value of equal to 0.05. The dependent variable in the study was competitive advantage, with firm age and employee numbers acting as the control variables. Table 24 contains the regression output for the model that describes how the size of the company and its age affect its competitive advantage.

Table 24: Effect of Control Variables on Competitive Advantage

Model Summary					
R	**R^2**	**Adjusted R^2**	**Std. Error**	**F Change**	**Sig.**
.108	.012	.001	.99953	1.119	.329

Regression Coefficients				
	Beta	Std. Error	t-statistics	Sig.
(Constant)	.036	.241	.149	.882
Number of Employees	.096	.083	1.152	.251
Age of Business	-.105	.094	-1.115	.266

ANOVA					
	Sum of squares	**Df**	**Mean Squares**	**F-statistic**	**Sig.**
Regression	2.235	2	1.118	1.119	.329
Residual	190.820	191	.999		
Total	193.055	193			

Dependent Variable: Competitive Advantage
Predictors (Constant), Number of Employees, Age of Business

Source: Primary Data (2022)

Table 24 shows that the control variables did not have any significant effect on competitive advantage. This is evident in the insignificant explained variation of 0.12% as well as the insignificant regression coefficients of the control variables. This is accurate because the associated p-values exceeded 0.05. ANOVA results further confirmed that the regression model relating competitive advantage and the control variables was insignificant at 0.05 level of significant (p-value = 0.329).

Because the control variables had no discernible impact on competitive advantage, they were removed from the analysis and were not utilized in the subsequent analysis. After dropping the insignificant control variables, hypothesis testing proceeded to determine whether dynamic capabilities and competitive advantage had any significant association.

The following hypothesis was, thus, tested;

H_5: *There is a positive relationship between dynamic capabilities and competitive advantage in restaurants in Nairobi City County*

And the corresponding model was expressed as follows

$$CA = \beta_0 + \beta_1 DC + \varepsilon \quad (4.10)$$

Where CA is competitive advantage (dependent variable), DC is dynamic capabilities (independent variable), while β_0 and β_1 are the respective regression coefficients for the constant term and dynamic capability and **ε** is the error term. The output of this process was presented as shown in Table 25.

Table 25: Dynamic Capabilities and Competitive Advantage Relationship

Model Summary

R	**R^2**	**Adjusted R^2**	**Std. Error**	**F Change**	**Sig.**
.195	.038	.033	.98350	7.586	.006

Regression Coefficients

	Beta	Std. Error	t-statistics	Sig.
(Constant)	.001	.071	.014	.989
Dynamic Capabilities	.195	.071	2.754	.006

ANOVA

	Sum of squares	**Df**	**Mean Squares**	**F-statistic**	**Sig.**
Regression	7.338	1	7.338	7.586	.006
Residual	185.718	192	.967		
Total	193.055	193			

Dependent Variable: Competitive Advantage
Predictors: (Constant), Dynamic Capabilities

Source: Primary Data (2022)

Table 25 shows that the explained variation given by R-squared was found to be 0.38 with a corresponding standard error of 0.9835 and F-statistic of 7.586. The value of R-squared translates to 38%. The value of R^2, the model elaborates just 38% of the total variation in the dependent variable, with other factors beyond the model's purview accounting for the other 62%. The resulting p-value was 0.006 ($P < 0.05$), which indicated that the explained variation was significant at 5%. The regression coefficients section shows that the observed coefficients and statistics for the constant term and dynamic capabilities were 0.001 (SE = 0.071, t = 0.014) and 0.195 (SE = 0.071, t = 2.754) respectively which indicates that dynamic capabilities had a low positive relationship on CA. The p – value for the constant term was 0.989, while that of the independent variable was 0.006. The F-statistic and associated p-value are provided by the ANOVA results, which demonstrate that the model significantly fits the data because the p-value = 0.006 < 0.05. From Table 25, regression coefficient for dynamic capabilities was found to be 0.195 and a p – value of 0.006. This p – value is an indication that the regression coefficient is not equal to zero.

That is, the p – value, being less than 0.05, is an indication that dynamic capabilities - competitive advantage association in restaurants in Nairobi City County was significant. Since the regression coefficient was positive (0.195 > 0), it implies that the dynamic capabilities-competitive advantage linkage in a restaurant in Nairobi City County was favourable. Hypothesis H_5 was accepted at the 5% level of significance because this observation supports the claim in hypothesis H_3, which is based on the findings in Table 21. Similarly, comparison of observed t-statistic (2.754) and the tabulated t-value (= 1.972) is further evidence that the hypothesis is supported due to the observation that the t-value that was calculated is less than the t-statistic.

From the results it can be said that a unit increase in a restaurant's dynamic capabilities results in an increase in the restaurant's competitive advantage by 0.195 units. The data accurately fit by the model, according to the ANOVA results, and a restaurant's competitive edge is greatly determined by its dynamic capability.

4.9.6 Dynamic Capabilities, Firm Innovation and Competitive Advantage

Hypothesis regarding dynamic capabilities-competitive advantage relationship was constructed to ascertain whether firm innovation had an intervening influence. Hence the following hypothesis was tested;

H_6: *FI intervenes in the relationship between DC and CA in restaurants in Nairobi City County*

Intervening effect of firm innovation was tested using the Baron and Kenny (1986) steps for intervention. With this method, associations between the variables were created and their significance was evaluated.

Existence of a non-significant relationship was an indication of absence of mediation and the mediating steps were summarized as follows in a hierarchal manner:

1. To perform a simple regression of DC predicting CA
2. Running a simple regression with DC as the independent variable and FI as the intervening variable.
3. Running a simple regression with FI as the intervening variable and CA as the dependent variable.
4. Conducting a multiple regression with DC and FI as the independent and intervening variables and CA as the dependent variable.

Regression model for Step 1 was carried out under hypothesis **H_5**, model for Step 2 was carried out under **H_1** while model for Step 3 was carried out under hypothesis **H_3**. For Step 4, the test was conducted and the output was shown in Table 26.

Table 26: Effect of Dynamic Capabilities and Firm Innovation on Competitive Advantage

Model Summary					
R	**R^2**	**Adjusted R^2**	**Std. Error**	**F Change**	**Sig.**
.449	.201	.193	.89852	24.062	.000

Regression Coefficients				
	Beta	Std. Error	t-statistics	Sig.
(Constant)	.001	.065	0.011	.991
Dynamic Capabilities	.097	.049	1.980	.042
Firm Innovation	.494	.079	6.248	.000

ANOVA					
	Sum of squares	**Df**	**Mean Squares**	**F-statistic**	**Sig.**
Regression	38.853	2	19.426	24.062	.000
Residual	154.203	191	.807		
Total	193.055	193			

Dependent Variable: Competitive Advantage
Predictors: (Constant), Dynamic Capabilities, Firm Innovation

Source: Primary Data (2022)

Table 26 shows that dynamic capabilities and firm innovation jointly accounted for 20.1% of the total variations in competitive advantage of a restaurant since R-squared was observed to be 0.201 with a standard error of 0.89852. This explained variation was worth noticing at 5% level of significance (p–value < 0.05). < 0.05). In this model, regression coefficients for dynamic capabilities and firm innovation were observed to be 0.097 (SE = 0.049) and 0.494 (SE = 0.079) respectively. The constant term was found to be 0.001 with a standard error of 0.065. The corresponding p-values for dynamic capabilities and firm innovation were found to be 0.042 and 0.000, while that of the constant coefficient was observed to be 0.991.

The respective t-statistics for constant term, dynamic capabilities and firm innovation were observed to be 0.011, 1.98 and 6.248 respectively. The p-values demonstrated a strong joint impact of DC, FI on CA. The same inference was also made using the t-statistics value. At 193 degrees of freedom and 5% level of significance, the tabulated t-value is 1.972. ($t_{0.025,\,193} = 1.972$).

By comparing 1.980 and 6.248 and the tabulated t-score (1.972), the calculated t-value (1.972) is smaller than the observed t-statistic (1.980 > 1.972); 6.248 > 1.972, the determination is to accept the hypothesis. The results also confirmed that firm innovation had some level of intervention on the dynamic capabilities - competitive advantage relationship. In the ANOVA segment, the p-value of under 0.05 showed that the model was noteworthy at 5%. This signified that the model was significant and correctly fitted the data. Using the results in the four steps, the regression coefficients and the corresponding p-values were extracted and compiled as depicted in Table 27.

Table 27: Intervening Effect of Firm Innovation on Dynamic Capabilities and Competitive Advantage

Steps		**Dynamic Capabilities**	**Firm Innovation**	R^2
Step 1	Coefficient	0.195	-	
(Base Model)	P-Value	0.006	-	0.038
Step 2	Coefficient	0.575	-	
	P-Value	0.000	-	0.330
Step 3	Coefficient	-	0.442	
	P-Value	-	0.000	0.196
Step 4	Coefficient	0.097	0.494	
	P-Value	0.042	0.000	0.201
Change Significance		P-value = 0.042, change significant at $\alpha = 0.05$	P-value = 0.000, change significant at $\alpha = 0.05$	0.163 (0.201-0.038)

Source: Primary Data (2022)

In Table 27, the base model (Step 1) showed the regression of competitive advantage on dynamic capabilities. The composite independent variable's regression coefficient for this model was observed to be 0.195, which was positive, and a corresponding p-value of 0.006 was registered. This effect was significant at 5% level of significance since 0.000 < 0.05. For this model, the explained variation was observed to be 3.8% (R^2 = 0.038). Step 2 model expressed firm innovation as a function of dynamic capabilities. It can be observed that dynamic capabilities- firm innovation association in a restaurant was positive. This is due to the fact that the regression coefficient for this model was observed to be 0.575, implying a positive effect. The associated p-value was 0.000 (< 0.05), indicating that this effect was significant at the 5% level of significance and a significant explained variation of 33.0% (R^2 = 0.330).

Step 3 model examined how firm innovation influences competitive advantage of a restaurant. Having a 5 percent significance level, the coefficient in this model was positive. (β = 0.442, p – value = 0.000) and an explained variation of 19.6% (R^2 = 0.196). Step 4 model explained how dynamic capabilities, firm innovation influenced competitive advantage in the restaurants. In this model, the respective regression coefficients were 0.097 and 0.494, which, at the 5% level of significance, were both positive and noteworthy. In this multiple regression model, the explained variation was found to be 20.1% (R^2 = 0.201). Testing for the significance of the intervening effect of firm innovation, regression coefficients and the corresponding p – values and R^2 of the base model (before mediation) and step 4 model (following mediation) were applied. From Table 27, the coefficient of dynamic capabilities before mediation decreases from 0.195 to 0.097 after mediation effect on this relationship.

In each instance, the coefficients were also significant at 0.05 level of significance. Further, coefficient of firm innovation in the Step 4 model was found to be significant at a 5% level of significance. Comparing the two models' explained variations demonstrates that both models' explained variation not only grows but also becomes substantial. A demonstration of the intervening effect is the fact that dynamic capabilities significantly influenced firm innovation, which also significantly influenced competitive advantage. More proof that the dynamic capabilities-competitive advantage link was impacted by firm innovation in Nairobi City County restaurants can be seen in the fact that all regression coefficients in the four phases were significant. Because of this, hypothesis H_6 was accepted.

To determine whether the mediation is full or partial, models for Step 1- 3 were used. Full mediation occurs when the independent variable significantly influences the dependent variable only if the mediating variable is absent. Partial mediation occurs when all three models are significant. That is, a variable has a partial mediating impact if the regression models of the dependent variable- independent variable, mediating variable- independent variable and dependent variable- mediating variable are all significant. The fact that both DC and FI are significant in the model in Step 4 rules out the existence of full mediation (see Table 27). That is, the mediation would have been full if by bringing in firm innovation, dynamic capabilities become insignificant. On the other hand, from Table 27, dynamic capabilities significantly influence competitive advantage (Step 1 Model) and firm innovation (Step 2 Model). Also, firm innovation significantly predicts competitive advantage (Step 3 Model). Since the three conditions for the existence of partial mediation were satisfied, it can be inferred that the FI has a partial mediating outcome on the DC- CA link.

Further, when the coefficients in the Step 4 model and the base model are substantial, partial mediation takes place (Baron & Kenny, 1986), the independent variable's coefficient decreases after mediation, and the dependent variable's coefficient rises after mediation (Rise in R^2). Each of these requirements has been met, as shown in Table 27. As a result, the DC- CA link in Nairobi City County restaurants was partially affected by firm innovation.

4.10 Summary of Hypothesis Testing

The tested hypothesis of the main variables of the study as outside in chapter two of this thesis is summarised in this section. Table 28 displays its outcomes.

Table 28: Summary of the Hypothesis Tests Conducted

Study Objectives	Hypothesis	Empirical Evidence
Establish the effect of DC on FI	$H_{1:}$ There is a positive relationship between DC and FI in restaurants in Nairobi City County.	Accepted
Determine the influence of SHC on the relationship between DC and FI	$H_{2:}$ SHC (Employees) moderates the relationship between DC and FI in restaurants in Nairobi City County.	Accepted
Establish the effect of FI on CA	$H_{3:}$ There is a positive relationship between FI and CA in restaurants in Nairobi City County.	Accepted
Determine the influence of SHC on the relationship between FI and CA	$H_{4:}$ SHC (Practices) moderates the relationship between FI and CA in restaurants in Nairobi City County.	Rejected
Establish the effect of DC on CA	$H_{5:}$ There is a positive relationship between DC and CA in restaurants in Nairobi City County.	Accepted
Determine the intervening effect of FI on the relationship between DC and CA	H_6: FI intervenes in the relationship between DC and CA in restaurants in Nairobi City County.	Accepted

Source: Primary Data (2022)

In chapter 4 of this study, the research discoveries were showcased and assessed. The methods for calculating the average, standard deviation, skewness, and kurtosis were utilised in the illustrative measurements of the study variables and meaningful conclusions drawn from the observed variables. Hierarchical regression analysis was conducted on the six hypotheses as outlined in chapter two of this thesis. The regression analysis began with performing diagnostic steps and thereafter hierarchical regression methods were carried out, observational data were analysed, and relevant conclusions were made to confirm or refute the study hypothesis. The next chapter presents the discussion of the research results.

CHAPTER FIVE

DISCUSSION OF RESULTS

5.1 Introduction

This chapter addresses the research results as per its objectives and the formulated hypothesis. The study objective was to determine the influence of the strategic human capital, firm innovation on the dynamic capabilities- competitive advantage relationship in restaurants in Nairobi City County. Based on existing literature, the study objectives and hypotheses were developed, leading to the creation of a conceptual model that described the variables' relationships. Based on the hypothesis outlined in chapter 2, section 2.12 of this thesis, this chapter reviewed the findings, provided explanations for them, and assessed the degree to which they were compatible or inconsistent with earlier empirical research or theoretical claims. Hierarchical regression models were employed to test the research hypotheses on the hypothesised associations, where simple linear regression analysis was performed to test hypotheses one, three and five (H_1, H_3, H_5).

To evaluate the moderating effects of hypotheses two and four (H_2, H_4) as well as the intervening effect of hypothesis 6 (H_6), Baron and Kenny regression models were utilized. Following the diagnostic tests, the regression analysis was carried out (Normality, Linearity, Multicollinearity and Homoscedasticity tests). The study objectives, type of data, and measurement scales all influenced the regression model and statistical methods that were utilized.

Based on the p-values, a hypothesis was either rejected or not, where $p< 0.05$ denotes that the study did not successfully reject the stated hypothesis and $p>0.05$ denotes that the study did successfully reject the stated hypotheses. The hypotheses were investigated, and conclusions were drawn at a 5% level of significance. The results showed that dynamic capabilities - competitive advantage relationship had a strong association. Additionally, the study's findings demonstrated that strategic human capital had an effect on how restaurants in Nairobi City County's DC and FI interacted and not on how firm innovation and competitive advantage interacted. Details of the results are discussed in the next section.

5.2 Dynamic Capabilities and Firm Innovation

The goal was to establish the effect of dynamic capabilities on firm innovation. The study hypothesis derived from this study objective is prescribed in chapter two of this thesis. To assess their effect on firm innovation, the dynamic capabilities dimensions listed in Table 3 of the methodology section were applied. The study first determined the effect of control variable on firm innovation as mentioned in Table 2. The study results presented in table 17 were presented by correlation co-efficient, co-efficient of determination, F-statistic and the P -values that was greater than 0.05 ($R=.057$, $R^2 = .003$, $F= .311$, $\beta = -.050; -.039$, $t = -.602, -.414$, P-value = .548, .680) respectively. The inconsequential P-value of larger than 0.05 (P-value= 0.733) and the insignificant regression coefficient of the study's findings suggested that the control variables had no discernible impact on firm innovation; as a result, the input parameters were not included in the analysis that followed.

The next step the study tested hypothesis one as shown in table 18 where the study results indicated that dynamic capabilities- firm innovation relationship was significant as shown by the correlation co-efficient, co-efficient of determination, strong F-statistic and the P value that was lesser than 0.05 (R=.575 R^2 = .330, F= 94.741, β = .575, t = 9.733, p-value = 0.000). The high coefficient of determination (R^2) of 33% implied that dynamic capabilities positively and strongly influenced the achievement of firm innovation outputs. The results indicate that firm innovation is achieved when companies frequently build and modify their dynamic capabilities and prioritise innovation over efficiency to respond to the changing customer needs. Existing literature has shown significant dynamic capabilities - firm innovation linkage and that firm innovation outputs were dependent on the extent to which the company developed its dynamic capabilities. The findings support Danneels' (2011) claim that businesses' attempts to generate firm innovative outputs suffer if they are not prepared to capitalize on, alter, and configure their dynamic capabilities.

The research results also concur given the outcomes of Zheng et al. (2011) study, which showed that DC- FI linkages was positive in China's domains that have networks. However, Zeng et al. (2011) study focused on dynamic capabilities aspects that focused on knowledge acquisition generation and combination to determine their effect on firm innovation. The study results were also consistent with Liao, Kickkul & Ma (2009) study on internet-based companies in the US whose findings indicated that for a company to achieve firm innovation output, there is a need to dynamically align the company's DC to the possibilities in its surroundings in order produce firm innovation outputs.

Similarly, Dannels (2020) in his study on the largest typewriter manufacturing company in the US (Smith-Corona) found that businesses' capacity to invent and deliver improved, more innovative goods was constrained when they did not succeed to improve on and broaden their higher order capabilities. Dimensions of dynamic capability used in his study were leveraged on company resources and included new resource creation, access from external markets and the release of the resource.

The results also agree with the theoretical predictions of dynamic capabilities which indicates that the goal of a company is to transform its resource base and capabilities into newer firm innovation outputs through the development of its integrating capabilities that integrate activities such as markets, newer technologies, customer knowledge to better comprehend clients wants and to react appropriately in unique situations (Darawong, 2018). Hence remodification of dynamic capabilities increases the achievement of firm innovation. To conclude, development of dynamic capabilities is critical for the achievement of firm innovation.

5.3 Dynamic Capabilities, Strategic Human Capital (Employees) and Firm Innovation

The second study objective was to ascertain how strategic human capital (Employees) affected the dynamic capabilities-firm innovation relationship in Nairobi City County restaurants. The study hypothesis derived from this study objective is prescribed in chapter two of this thesis. To assess its effect on the relationship, its dimensions as listed in Table 3 of the methodology section were applied. The hypothesis results as shown in table 19 were first presented without the interaction effect as guided by the Baron and Kenny (1986) steps for testing moderating effect of variables.

The research findings confirmed that strategic human capital was a moderating variable as presented by co-efficient of determination, strong F-statistic, and the P -value that was lesser than 0.05 (R=.608, R^2 = .369, F= 55.949, β = .486; .217, t = 7.699; 3.438, P-value = .000; .001 respectively). Without interaction, the results demonstrated that dynamic capabilities, strategic human capital (employees) jointly contributed to firm innovation outputs.

After inclusion of the interaction effect as shown in table 20, the results show that SHC (employees) influenced the DC-FI relationship as presented by the increased variation (36% to 38%) co-efficient correlation, co-efficient of determination , strong F-statistic and the P value that was lesser than 0.05 (R=.623, R^2 = .388, F= 40.201, β = .511; .182; .142, t = 8.092; 2.845; 2.421, P-value = .000; .005; .016 respectively). The overall model was also significant with a P value of lesser that .005.

The co-efficient of determination (R^2) of 38.8% implied that strategic human capital (Employees) had a positive and a strong moderating effect on the relationship. The results can also be seen from the positive values of the interaction term (β = .142, t = 2.421, P-value lesser than .005). The study results indicated that the operationalised variables (education, knowledge, experience) influenced how dynamic capabilities are built and modified to achieve firm innovation. Moreover, strategic human capital (Employees) with higher capabilities can study company assets to identify what assets require to be modified and to be implemented to respond to environmental change.

Further, the achievement of successful innovations by a company is dependent on strategic human capital with the knowledge, skills and experience to be able to sense, learn, coordinate and integrate the company's assets (Augier & Teece, 2009). The study results also agreed with Nieves (2018) who indicated company leadership with broader expertise had a higher mental capacity to develop firm innovation outputs. Consequently, the creation of new and additional knowledge and problem-solving skills of a company was determined by the company's strategic human capital level of explicit and tacit knowledge. The study findings also agreed with those of Arvanitis et al. (2016) who indicated that a higher proportion of highly educated workers had been proven to promote product innovation in different countries across Europe such as Protogerou, Caloghirou, and Vonortas. How dynamic development of dynamic capabilities may help companies to respond to major technology developments is also determined by strategic human capital intellectual abilities (Rothaermel & Hess, 2007).

Other studies that agreed with the findings of the results include McKelvie and Davidsson (2009) who discovered that the company's founder's managerial experience and education had a strong favourable impact on the creation of novel products and processes. Bourke and Crowley (2018) and Jogaratnam (2017) also agreed that owners and managerial experience, knowledge and relevant skills had a favourable influence on firm innovation. The study's findings are consistent with predictions made about dynamic capabilities theory including how company management can set up their processes to develop capabilities that are receptive to customer needs and the importance of knowledge inherent in assets like strategic human capital in supporting a company's dynamic capabilities.

These include learning, coordinating, and integrating skills, where new information and abilities can direct creation of offerings and direct the assignment of tasks to the appropriate personnel. Additionally, an organization might employ a personnel's expertise to create new products through innovation (Oliveira, Curado, Balle & Kianto 2020; Ali et al., 2016), hence strategic human capital (Employees) influences the dynamic capabilities-firm innovation relationship. To conclude, the findings indicate its influential effect is dependent on how the strategic human capital abilities can be taken in and combined into the company processes, and systems to increase dynamic learning capabilities, to increase companywide learning capabilities that result to the development and achievement of firm innovation (Tsou & Chen, 2020; Chatterji & Patro, 2014).

5.4 Firm Innovation and Competitive Advantage

The third goal was to determine the outcome of firm innovation on competitive advantage. The study hypothesis derived from this study objective is prescribed in chapter two of this thesis. To assess their effect on competitive advantage, firm innovation dimensions listed in Table 3 of the methodology section were applied. As evidenced by the correlation coefficient and coefficient of determination, the study's findings, which are presented in Table 21, suggested that firm innovation -competitive advantage association was positive and significant. There was also strong F-statistic and the P-value that was less than 0.05 ($R=.443$, $R^2 = 196$, $F= 46.795$, $\beta = .442$, $t = 6.841$, P-value = 0.000).

The coefficient of determination (R^2) of 19.6 % implied that dynamic capabilities positively and moderately influenced the achievement of competitive advantage. The study results confirm the role firm innovation play in the achievement of a company's competitiveness through the production of superior product quality, superior quality service and reduced operational costs. The study results concur with the study findings of Batat (2020) who revealed that restaurant managers are employing e-commerce tools for their production, supply chain, customer management and service delivery processes to mitigate against the COVID-19 effects to survive and maintain their competitiveness the future. The study findings also agree with those of Noorani (2014) who indicated that the achievement of competitive advantage of B-to-B businesses in the UK was dependent on their ability to effectively implement their service and process innovations well.

Ivkov et al. (2016) study findings established that firm innovation determined a restaurant's level of competitiveness in the future. However, their study findings focused on other types of firm innovations which included technological innovations, infrastructural innovations, food and beverage innovations, and responsible business innovations such as CSR, customer orientation and service climate and not the dimensions being measured in this study. According to Nwachukwu, Chladkova, and Olatunji (2018), a company's competitive edge could be founded on the growth of product innovation capabilities. Similar findings were established by Hoang and Ngoc (2019), and Lee and Xuan (2019), who found that firm innovation has a considerable influence on a firm's competitiveness.

The theory agrees with the predictions of RBV which is proclaims that a competitive edge depends on a company's better internal resources which are achieved through firm innovation rather than the structural characteristics of the market and industry (Kumlu, 2014). If a business can provide superior services and high-quality goods at cheaper costs than its rivals, it is considered to have a competitive advantage (Aziz & Samad, 2016). As a result, embracement of firm innovation may enable the achievement of competitive advantage. In conclusion, companies are developing product, process and service innovations to address changing customer preferences and to survive in a highly competitive environment. Generation of innovative ideas from a company's strategic capital is being used by the company's management to continually improve company products, processes, and services innovations.

5.5 Firm Innovation, Strategic Human Capital (Practices) and Competitive Advantage

The fourth study objective was to determine if strategic human capital (Practices) affected the firm innovation- competitive advantage relationship. The study hypothesis derived from this study objective is prescribed in chapter two of this thesis. To assess its effect on the relationship, strategic human capital dimensions listed in Table 3 of the methodology section were applied. The hypothesis results as highlighted in Table 22 were first presented without the interaction effect (Baron & Kenny, 1986). Strategic human capital (Practices) was not confirmed to be a moderating variable as presented by co-efficient of determination, F-statistic, and the P-value higher than 0.05 (R=.445, R^2 = .198, F= 23.541, β = .055, t = .653, P-value =.514 which was greater than 0.05) respectively.

Without interaction, the results demonstrated that only competitive advantage was significantly impacted by firm innovation with a P-value lesser than 0.05 (P-value =.000) while strategic human capital did not have a significant effect on competitive advantage with a P-value higher than 0.05 (P-value=.514). After inclusion of the interaction effect as shown in table 23, the research findings indicate that strategic human capital (Practices) did not have any effect on the firm innovation -competitive advantage link. The outcomes were presented by co-efficient correlation, coefficient of determination, F-statistic and the P-value higher than 0.05 (R=.449, R^2 = .202, F= 16.008, β = .064, t=.976, P-value = .330 which was greater than 0.05) respectively. The results can further be explained by the positive values of the interaction term (β = .060, t = .084, P-value =.477 which was greater than 0.05).

Generally, the study results indicate that strategic human capital practices (training, recruitment, selection, compensation) did not have any influence on how firm innovation affected the achievement of a company's competitive advantage. Even though SHR practices are important in influencing a company's capacity to innovate, they may not have any influence on the firm innovation- competitive advantage relationship. The results contrast with Shipton et al. (2006) and Nieves & Quintana (2018) who found out that there was a link between training, recruitment, selection and compensation with increased firm innovation -competitive advantage relationship as the scholars used strategic human capital (Practices) for mediation and not as a moderation as used in this study. The study results also contrast with the findings of Bell and Figueiredo (2012) who found out that company training activities may be the first step that emerging economy companies needed to improve their firm innovative skills.

However, Figueiredo (2012) study investigated one aspect of human capital practices i.e training. The same argument was supported by Caloghirou et al. (2017) and Gallié and Legros (2012) who indicated that training on the job enhanced achievement of product innovations across European states and that it compensated the knowledge stock of educated strategic human capital by fostering internal and external knowledge flows within companies. However, Figueiredo (2012) and Caloghirou et al. (2017) and Gallié and Legros (2012) used strategic human capital (Practices) to test a direct effect of a relationship between two variables and not for moderation as used in this study.

The results contrast with the RBV theory that indicates strategic human capital to be the most invaluable resource and represents an avenue for deriving invaluable idiosyncratic characteristics which can be used to achieve a competitive edge in organisations (Barney, 2001; 2018). Hence strategic human capital (Practices) is deemed to have more direct effects to firm innovation, on competitive edge and not moderation on the firm innovation- competitive advantage relationship.

This study concludes that strategic human capital (Practices) may play more of a direct effect than a moderating role in the firm innovation-competitive relationship as the growth of firm innovation and the realization of a company's competitive edge are strongly influenced by strategic human activities such as training, hiring, and selection of the best personnel, as well as the provision of alluring remuneration packages as shown by studies such as (Chang, Gong, & Shum, 2011).

5.6 Dynamic Capabilities and Competitive Advantage

The effect of dynamic capabilities on competitive advantage was the study's fifth objective. The study hypothesis derived from this study objective is prescribed in chapter two of this thesis. To assess their effect on competitive advantage, dynamic capabilities dimensions listed in Table 3 of the methodology section were applied. The study determined the effect of control variables on competitive edge as mentioned in Table 2.

The study results presented in table 24 were presented by correlation co-efficient, co-efficient of determination, F-statistic and the P -values that was greater than 0.05 ($R=.108$, $R^2 = .012$, $F=1.119$, $\beta = -.096; -.105$, $t = 1.152, -1.115$, P-value = .251, .266) respectively. The study's findings showed that the control variables had no discernible impact on competitive advantage as shown by the insignificant PV-value which were greater than 0.05 (P-value= 0.329) and the insignificant regression co-efficient, hence the control factors were dropped.

The study then proceeded to test hypothesis five, as given in Table 25, and the dynamic capabilities-competitive advantage association was revealed by the research as demonstrated by correlation co-efficient, co-efficient of determination (R^2), strong statistic and the P value that was lesser than 0.05 ($R=.195$, $R^2 = .038$, $F= 7.586$, $\beta = .195$, $t = 2.754$, P-value = 0.006). The coefficient of determination (R^2) of 38 % implied that a dynamic capability - competitive advantage linkage was positive. Results indicate that dynamic capabilities was a key player in the achievement of a company's competitiveness.

The dynamic capabilities developed become integrated into a company's processes, and improves their existing position and have favourable effect on a firm’s competitiveness (Schilke, 2018). The research results support Fainshmidt et al. (2019) study findings, which asserted that dynamic capabilities enable the merging of differentiation and low-cost strategies in dynamic settings, which results in the realization of a business's competitive edge. The study's conclusions concur with those of Liu & Liu (2014), who found a link between growing Chinese economies' dynamic capacities and competitive edge. Similarly, by implementing corporate efforts that weaken intense competitive rivalry, MacInerney-May (2012) indicated how companies might employ dynamic capabilities to embrace strategic change in response to environmental changes.

The study findings also agreed with Vu (2020) who provided an example of how companies may utilise a dynamic capability to support outstanding performance and to gain competitiveness. The study results are consistent with dynamic capabilities predictions that predict that for companies to create and maintain a competitive edge, dynamic capabilities need to be simultaneously developed and applied (Teece, 2007). Additionally, dynamic capabilities can also be a source of a competitive edge as, notwithstanding the capacity to identify, comprehend and alter them may not be scarce (Eisenhardt and Martin, 2000), there is variance in how often and with what proficiency organizations conduct such activities (Teece, 2014). To conclude, dynamic capabilities are critical for achieving a company’s competitive edge. The extent of competitiveness may be determined by the strength of the dynamic capabilities developed hence it may be important, or companies to develop a combination of several dynamic capabilities that adequately respond to turbulence instead of focusing on a single capability (Teece, 2014).

5.7 Dynamic Capabilities, Firm Innovation and Competitive Advantage

Understanding how the connection between dynamic capabilities and competitive advantage is impacted by firm innovation was the sixth study objective. The study hypothesis derived from this study objective is prescribed in chapter two of this thesis. The hypothesis results as highlighted in table 26 were guided by the Baron and Kenny (1986) steps for testing the intervening effect of variables where the presence of relationships among variables is established and their level of significance is evaluated. Moreover, a lack of mediation is an indication of the existence of an insignificant relationship. The steps carried out are as outlined in section 4.9.6 of chapter 4 of this thesis. The coefficient of determination (R^2) of 20.1 % implied that DC and FI positively and moderately influenced the achievement of a company's competitive edge.

The study results confirm that a company's embracement of firm innovations may influence the dynamic capabilities - competitive advantage relationship in a positive manner. Moreover, to deploy, mobilize, and integrate company resources in a way that promotes firm innovation, a company's resource base may also be adequately aligned to foster the achievement of competitive advantage (Yam, Lo, Tang & Lau, 2011). The study results in table 26 showed that dynamic capabilities, firm innovation jointly had a noteworthy and positive effect relationship on competitive advantage. This was presented by co-efficient correlation, coefficient of determination, F-statistic and the P-value that was lesser than 0.05 ($R=.449$, $R^2 = .201$, $F= 24.062$, $\beta = .097, .494$, $t=.1.980; 6.248$, P-value = .042; .000) and that firm innovation was an intervening variable respectively.

The extracted data in table 27 shows that the dynamic capabilities regression co-efficient decreased from 0.195 as shown in table 19 to 0.097 as shown in Table 28. Their P-values were also significant at a 0.05 level of significant (0.006, 0.042). The increased coefficient of determination of the two models as shown in tables 19 and 28 by 0.163 (0.201-0.03) and the attained level of significance in both models with a P-value of lesser than 0.05 indicated that firm innovation had a partial mediating effect on the DC-CA link. The intervening impact was illustrated by the significant coefficient in the base model and after testing for mediation, the decreased coefficient value of the independent variable after mediation and the increased R^2 after testing for mediation.

The study results agree with the studies of Aguirre (2011) who indicated that companies' abilities to remain competitive is dependent on how openly the company embraces firm innovation, accepts technological change, and builds dynamic capabilities. Achievement of firm innovation outputs is determined by how well companies develop their dynamic capabilities that increases their abilities to develop improved firm innovations. The study results also agree with study findings of Agbim et al. (2014) and Granados (2015), who indicated that companies with developed firm innovation capabilities outperform their competitors, deliver greater results, and last longer than those without such capabilities. The research findings concurred with the Heinonen and Strandvik (2020) who established that companies that largely embraced firm innovation achieved a competitive edge. The study also concurs with the study findings of Helkkula and Tronvoll (2018) who established that company managers and owners are obliged to re-consider new product and service offerings and rebuild organizational capabilities in order to thrive in a disruptive environment.

Hence disruptive environments demand companies to reconfigure their DC, embrace FI and achieve CA. The study findings also agree with Yam, Lo, Tang, and Lau (2011) who suggested that companies resource base may be aligned to deploy, mobilize, and integrate firm innovation to promote a company competitiveness. The study results agree with the theoretical predictions of dynamic capabilities that companies may prioritize firm innovation over efficiency and concentrate on upgrading and reconstructing their key dynamic capabilities to gain a competitive edge. Hence, ability to modify their assets is determined by their capacity to develop strong dynamic capabilities over their competitors. Moreover, through firm innovation, company managers can prevent organizational rigidity, achieve evolutionary fitness, and stay competitive by utilizing dynamic capabilities (Teece, 2016). Hence firm innovation can have an outcome on a dynamic capability -competitive edge link.

5.8 Revised Conceptual Framework

The results of the data analysis mentioned in Chapter 4 were used to construct the conceptual model that was initially developed as shown in Figure 1 and revised as shown in Fig 10. The revised model only displays the associations confirmed to be supported and those that were insignificant were dropped from the conceptual model. From the results, H_1 from section 2.12 of this thesis was supported by the data and kept in the model, as evidenced by a substantial P value, R^2, and regression coefficient, as shown in table 19 and presented in Fig 10 below (R^2=.330 β=.575, Sig=.000).The next hypothesis, H_2, which was also provided in section 2.12 of this thesis, was supported, and kept in the model because table 20's P value, R^2 and regression coefficient revealed substantial correlations as shown in Fig. 10. (R^2=.388, β=.182, .142; Sig=.005,.016).

H_3, which is illustrated in section 2.12, was also supported, and kept in this model, as evidenced by their substantial P value, R^2, and regression co-efficient, which are all displayed in Table 21 and Fig 10 respectively (R^2=.196 β=.442, Sig=.000). H_4 was removed from the model since it had no appreciable impact on the related independent-dependent linkage, as demonstrated in Table 23 and as described in section 2.12 of this thesis.

Due to the linked variables' remarkable importance as evidenced by their P value, R^2 and regression coefficient, as given in table 25 and Fig 10 below (R^2=.038, β =.195, Sig=.006), H_5 was kept. Finally, H_6 was retained as well after the significance of the related variables was shown by their P value, R^2, and regression co-efficient (R^2=.201 β=.494, Sig=.000). The hypothesis agreed with the theory predictions of the study and similar empirical literature reviewed.

To conclude, for a company to be able to adapt to a dynamic setting, development of capabilities that support achievement of firm innovation outputs is essential. Firm innovation has been deemed necessary for the survival and competitiveness of companies given the problems that companies confront today, and its advantages far outweigh the cost in creating the capabilities that are responsible for its execution (Cabral, 2010).

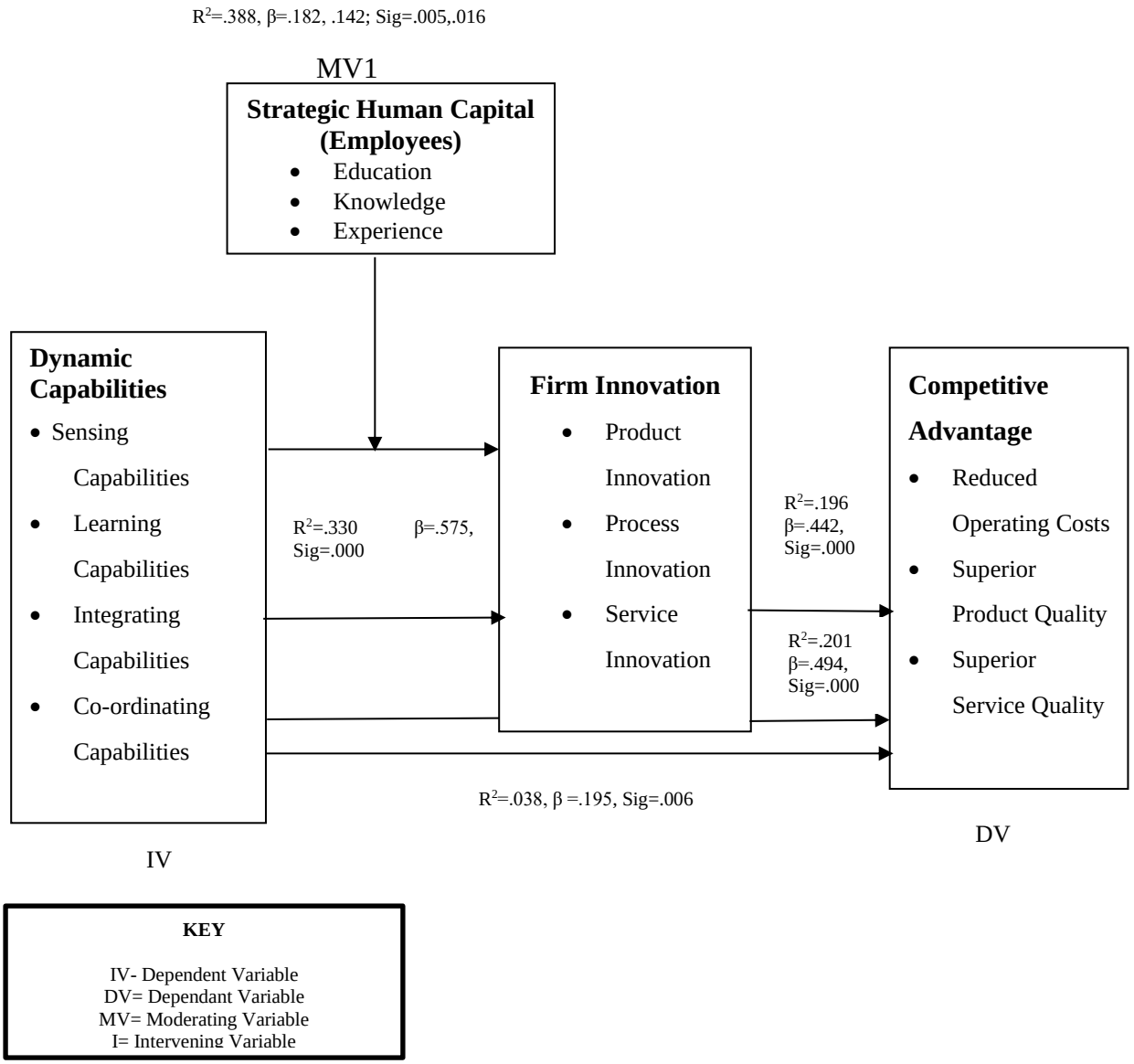

Figure 10: Revised Conceptual Model

Source: Author (2022)

This chapter examined the study findings after hypothesis testing and confirming the formulated research hypothesis and the research goals. Using a 0.05 significance threshold, regression analysis was utilized to evaluate the hypotheses. Six different hypotheses were examined in all. Three hypotheses were used to test the direct links, two to test the moderating effects, and one to test the intervening effects. Except for hypothesis 4, which was not supported, and hypothesis 6, which was somewhat supported, the findings totally supported all four primary hypotheses.

The study's findings demonstrated a statistically significant link between DC -CA, DC-FI and FI-CA relationships. The study's findings also demonstrated a statistical significant association of SHC (Employees) on DC -FI link and no statistical significant relationship was established by SHC (Practices) on FI- CA relationship. Furthermore, it was discovered that firm innovation had a relatively partial intervening effect on the dynamic capabilities -competitive advantage linkage.

The chapter concluded by discussing the study's findings in relation to previous theoretical and empirical research. The study results found that, with the exception of some areas, the majority of the results were consistent with those of earlier research, except results of hypothesis four as highlighted in Table 23. The summary, conclusion, research implications, study limitations, and suggested areas for additional study are summarized in the next chapter.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This study aimed to determine the dynamic capabilities-competitive advantage link in Nairobi City County restaurants and how strategic human capital and firm innovation affected that relationship. The conclusions of the study objectives, as determined by the analysis of the field data are summarized in this chapter to establish whether the results accurately reflect the respondents' opinions of the sampled restaurants. The study's conclusions, backed by study results, and their implication on theory, practice, and policy, are well laid out and supported in light of both current and foreseeable theory management, and policy issues. This chapter concludes with a presentation of the research limitations, recommendations of areas requiring additional investigation, and a discussion of the benefaction this study has to the knowledge corpus.

6.2 Summary of the Thesis

Six specific research objectives were considered, leading to the creation and testing of six study hypotheses. A structured questionnaire administered by the researcher was used to obtain primary information and descriptive analytics were calculated to analyse the characteristics of the research factors. Regression analysis, including simple, multiple, and hierarchical analyses were utilized to assess each of the stated hypotheses and conclusions were derived. Tables were used to present and discuss the study results in an easy-to-understand manner. The study findings supported hypotheses 1, 2, 3, and 5, while they did not support hypothesis 4 and partially supported hypothesis six.

Hypotheses 1, 2, 3, and 5 were found to significantly and favourably influence firm innovation and competitive advantage. Hypothesis 6 was found to be somewhat influencing competitive advantage as detailed in the sections below. According to the study, strategic human capital significantly affects this relationship.

6.2.1 First Objective

Sensing, Learning, Co-ordinating, and Integrating capabilities were the dimensions used under the concept of dynamic capability. The effects of the control variables on firm innovation were assessed and discovered that they had no bearing on firm innovation hence were dropped. The dynamic capabilities' combined dimensions showed strong representations in the surveyed restaurants in Nairobi City County and were crucial in determining firm innovation. Additionally, the study was based on hypothesis one as indicated in chapter 2, section 2.12 of this thesis and proposition one was examined. The study's conclusions proved that hypothesis one is supported. The findings are supported by current research which shows that there is a substantial correlation between dynamic capabilities-firm innovation relationship.

6.2.2 Second Objective

The dimensions of strategic human capital (Employees) used were education, knowledge and experience. Additionally, the study was based on hypothesis as indicated in chapter 2, section 2.12 of this thesis. Hypothesis two was supported as assessed using Baron and Kenny's (1986) stages for moderation. The findings are corroborated by a body of research that demonstrates its importance in moderating the dynamic capabilities - firm innovation linkage.

6.2.3 Third Objective

Product, service, and process innovations were the dimensions used in the study under the concept of firm innovation. The study first looked at the effects of the control variables on competitive advantage and discovered that they had no bearing on competitive advantage, hence were dropped. The firm innovation combined dimensions showed strong representations in the surveyed restaurants in Nairobi City County and were crucial in determining competitive advantage. Additionally, the study was based on hypothesis three as indicated in chapter 2, section 2.12 of this thesis and hypothesis three was examined. The study's conclusions proved that hypothesis three, was supported. The findings are supported by the body of literature, which shows a substantial linkage between firm innovation- competitive advantage.

6.2.4 Fourth Objective

Dimensions of strategic human capital (Practices) used were training, recruitment, selection, and compensation. Additionally, the study was based on hypothesis four as indicated in chapter 2 section 2.12 of this thesis. Hypothesis four was not supported as assessed using Baron and Kenny's (1986) stages for moderation. The findings are contradicted by a body of research that demonstrates the importance of strategic human capital (Practices) on moderating firm innovation-competitive advantage linkage.

6.2.5 Fifth Objective

The dynamic capabilities employed have the same dimensions as those used to measure the concept of dynamic capabilities under hypothesis one. The dynamic capabilities combined dimensions showed strong representations in the surveyed restaurants in Nairobi City County and were crucial in determining competitive advantage.

Additionally, the study was based on hypothesis five as indicated in chapter 2 section 2.12 of this thesis and hypothesis five was examined. The study's conclusions proved that hypothesis five was supported. The findings are supported by the body of literature, which shows a substantial dynamic capability- competitive advantage linkage.

6.2.6 Sixth Objective

The dimensions of firm innovation used were the same as those used in hypothesis three. Additionally, the study was based on hypothesis six as indicated in chapter 2 section 2.12 of this thesis. Hypothesis six was supported based as assessed using Baron and Kenny's (1986) four stages of intervention. The four stages showed that all the four conditions for testing for intervening effect were satisfied. However, the significance of the relationship was partial. The findings are corroborated by a body of research that demonstrates the importance of FI in intervening the DC-CA linkage which means that for companies to attain a competitive edge, they may need to rebuild capabilities that foster firm innovation outputs.

6.3 Conclusion

The overall research intent was to ascertain whether strategic human capital, firm innovation had any effect on the dynamic capabilities-competitive advantage relationship. The study prepared a conceptual framework that was used to test this relationship. Data was gathered from a cross-section of the sample restaurants' owners or managers in Nairobi City County which assisted in model. Testing. The outcomes portrayed that proposition 1 as outlined in Section 2.12, in chapter 2 of this thesis was supported and that the first objective as per Section 1.3 of chapter 1 was determined.

The outcomes of the study corresponded with the theoretical forecasts of the higher order capability framework that takes into account the worth of innovation by companies in the quest of novel insights (obtained from dynamic capabilities) or in the invention of non-evolutionary goods and services. (Teece, 2018; Schelke, 2018). Moreover sensing, learning, coordinating integrating dynamic capabilities are higher dynamic capabilities that encompass unique management decisions that are used to develop unique products, services and processes (firm innovation).

The study results hence concluded that a combination of different dynamic capabilities had a favourable direct effect on different types of firm innovations (product, service and process innovations (Teece, 2016). This research also established that hypothesis two as outlined in Section 2.12 in chapter 2 of this thesis was supported and that the second objective as listed in Section 1.3 of Chapter 1 was assessed. The study findings suggest that strategic human capital (Employees) can change the direction in which dynamic capabilities affects the achievement of FI in the county

The role of strategic human capital (Employees) agrees with the theoretical predictions of the resource-based view theory which depicts that strategic human capital (employees) offers a way for a company to develop priceless idiosyncratic traits that can affect a company's capability to achieve firm innovation. This study's findings concluded that strategic human capital (Employees) plays a moderating role on the dynamic capabilities- firm innovation relationship. This research also established that hypothesis three as listed in Section 2.12 of Chapter 2 of this thesis was supported and that the third objective as listed in Section 1.3 of Chapter 1 was assessed.

The study results of hypothesis three suggest that achievement of competitive advantage can be enhanced when companies embrace firm innovation. Research results agree with the theoretical prediction of RBV which holds that a competitive edge depends on the use of a company's internal assets to create new firm innovations rather than depend on the structural qualities of the market and industry (Kumlu, 2014). Moreover, RBV depicts that if a business can provide superior services and high-quality goods at cheaper prices than its rivals, it is considered to be competitive. Hence businesses should embrace firm innovation to achieve competitive advantage. The outcomes also provide credence to the dynamic capabilities theory that depicts the building of firm innovation which is a "vital element" of dynamic capabilities (Wang & Ahmed, 2007). The study hence concludes that firm innovation has a positive direct effect on competitive advantage. The study results of hypothesis four as shown in Table 23 was not supported. The study objective as listed in Section 1.3 of Chapter 1 was also determined.

The study results were found to be contradictory to the dynamic capability theory and RBV whose notation depicts that efficient resource leveraging can help a company obtain a competitive edge. This includes the use of strategic human capital, an intangible resource with social complexity that may have an impact on company competitiveness and on achieving firm innovation (Barney, 2018; Teece, 2018). For instance, a company that views firm innovation as the primary factor in obtaining competitive advantage will give strategic human capital practices such as recruitment, selection and training more attention if they have proven to have the best ability to innovate (Wright, Coff & Moliterno, 2014).

Additionally, businesses must have a good compensation and reward structure that recognizes strategic human capital productivity and encourages them to create new inventions that will boost their ability to compete (Do & Shipton, 2019). The results hence indicate that strategic human capital (Practices) may play more of a direct effect on firm innovation and on competitive advantage and not a moderating role on firm innovation-competitive advantage relationship. The study's findings of hypothesis 5 provided for in Section 2.12 of Chapter 2 of this thesis and the study objective number 5 as listed in Section 1.3 of Chapter 1 consents predictions of DC framework that acknowledges dynamic talents' importance in the pursuit of a competitive edge.

Dynamic capabilities, in the words of Teece (2007) "underpin enterprise-level competitive advantage in regimes of quick (technology) change." The study results hence established that a combination of different dynamic capabilities had a positive effect in achieving a competitive edge through a combination of differentiation and lower costs dimensions (superior product quality, superior quality service and lower cost of operations) in restaurants in Nairobi City County (Fainshmidt, Wenger, Pezeshkan & Mallon, 2019).

Depending on the environment in which an industry operates, dynamic capabilities can contribute to competitive advantage to varying degrees (Schilke, 2018). However, because environments are frequently complicated, a company must take into account both organizational variables, such as the strength of their existing dynamic capabilities, and environmental aspects, such as rivals' actions, to be unique. The study hence concludes that dynamic capabilities have a direct effect on competitive advantage.

The results also demonstrate that hypothesis 6 as outlined in Section 2.12 of Chapter 2 of this thesis was supported. The study objective has outlines in Section 1.3 of Chapter 1 of the thesis was also determined. The study results found a mediating role of FI on DC-CA link. The research results agree with the predictions of the theories of dynamic capabilities that indicate strong dynamic capabilities allow an organization to successfully develop and refresh resources both inside and outside of its physical bounds, reconfiguring them to innovate, react to business environment changes, and gain competitive advantage (Teece, 2007). Successful constructing powerful dynamic capabilities enables businesses to take on rivals who ignore changing client needs, prioritize efficiency over innovation, and value the status quo (Teece, 2016). Furthermore, the capacity to mould and control various dynamic capabilities enables the embracement of different elements of firm innovation outputs (product, process and service innovations) and the achievement of a combination of different competitive advantage elements (lower operational costs, superior service quality, superior product quality) (Fallon-Byrne & Harney 2017). The study hence concludes firm innovation has a partial intervening role on the dynamic capabilities- competitive advantage relationship.

6.4 Implications of the Study

The study objective was to assess strategic human capital, firm innovation effects on dynamic capabilities competitive advantage link in Nairobi restaurants. The research outcomes have various implications for strategic management theory, policy, practice which are explored below.

6.4.1 Theoretical Implications

The results of hypothesis one as highlighted in chapter four (Table 18) agreed with the the principle of higher order capability, which contends that businesses may adjust to the environment's abrupt shifts and promote firm innovation outputs by forming, reassembling, converting, and redesigning their different kinds of capacities (Helfat et al., 2007). These might include the ability to sense, learn, coordinate, and integrate. New knowledge and information obtained from the market provides prospect for newer inventions for companies in an environment that changes astutely.

Investigations already done shows that a company's expertise and capacity to evaluate fresh data from the market which they can employ to produce new firm innovation outputs are enhanced by research activities. Externally accessible data and resources can have an impact on all firm innovation efforts and determine a company’s ability to prosper (Vu, 2020). Development of learning capabilities acquired through experiments can be used to create discoveries that can be used to improve or acquire new firm innovations. Development of coordination capabilities can be used to link the resources to the right tasks to ensure the right firm innovation outputs are produced.

By sharing knowledge and technology inside a company the development of integration capabilities can promote learning, sharing of expertise, and knowledge which can be used to transform and produce new firm innovations (Teece, 2014). The measures of dynamic capabilities used by the restaurants in this study were selected based on those provided by Pavlov & Sawy (2011) and Teece (2014).

Hypothesis 2 results as high lightened in Chapter 4 (Table 20) agreed with the principles of higher order capability that asserts that strategic personnel is an intangible resource to be developed, reconfigured and the acquired new expertise can be diffused into the company to achieve firm innovation (Teece et al., 1997). Moreover, companies in dynamic contexts can depend on them (i.e., particularly human capital) to come up with alternative solutions and resolutely respond to markets changes in an astute manner. Rapid changes may occur as a result of shifting client demands, competition activity, or technological advancement (Tsou & Chen, 2020). Hence strategic human capital may be chosen wisely in terms of relevance in education, knowledge, skills and experience.

Yi, Han and Cha (2018) indicated that educated, knowledgeable, skilled and experienced strategic human resources may have favourable association in the evolution of a dynamic capability within a company. For example, mastering higher order capability in which firm innovation efforts may be correlated with the appropriate individuals and tasks that build a combination of firm innovation outcomes can be made better by getting the legitimate strategic human capital. Employee knowledge can be shared and incorporated into the business's systems to develop a consensus on the products, services, and procedures that need to be updated to achieve firm innovation. Augier & Teece (2009) indicated that strategic human capital capability may also help re-shape and use a company’s portfolio of abilities to achieve firm innovation. The measures of strategic human capital used by the restaurants in this study were selected based on those provided by (Nieves & Quintana, 2018).

The results of hypothesis three as highlighted in chapter four (Table 21) concurred with resource-based view theory (RBV) predictions which contends that firm innovations can gain a competitive edge by acquiring and utilizing corporate assets that meet customer needs in ways that are difficult to imitate or replace. The theoretical argument followed in this study is that firm innovation fosters competitiveness by producing superior products and services and adoption of lower operational costs than those of rivals. The argument concurs with RBV predictions that firm innovation is an evolutionary process built on the tenets that competition is the source of firm innovation and that businesses may identify, comprehend, develop, pick, implement, and change their strategies in response to the competitive environment (Holford, 2018).

Some of the strategies that can be changed include a focus on the provision of superior offerings and cost reduction which can only be adopted if firms embraced product, service and process innovations. Hypothesis 4 result as highlighted in Chapter 4 (Table 23) which established that strategic human capital (Practices) did not have any moderating effect on the firm innovation-competitive advantage relationship did not agree with the predictions of RBV which states that successful firm innovations are a result of the strategic human capital engaged, the contextual circumstances around its implementation and the benefits the firm innovation provides to stakeholders and the company. RBV also predicts that an intangible resource such as strategic human capital can lead to innovative business practices and achievement of a competitive edge. According to RBV, strategic human capital is an intangible resource that may be challenging to replicate if a company can effectively absorb them and keep them where they were best developed (Kraaijenbrink et al., 2010).

In this study, the aspects of strategic human capital used were recruitment, selection, training, and compensation. Hence this study makes determination that strategic human capital (management) plays more of a direct role on firm innovation and competitive advantage and not as a moderating role as suggested in this study. Hypothesis 5 results as highlighted in Chapter 4 (Table 26) which established that there was a positive link on the DC -CA link agreed with the predictions of higher order capability perspective theory, which contends that businesses can create, recombine, transform, and reconfigure their various capabilities dynamic skills to adjust to the environment's rapid change and to promote the achievement of a competitive edge.

The dynamic capabilities theory contends that a company's operating environment controls how much dynamic capabilities help you to gain a competitive edge (Schilke, 2018). The focus has typically been on dynamic settings since they demand that companies may adapt more frequently and provide more opportunities to exploit dynamic capabilities. According to Hsu and Wang (2012), RBV theory was supplemented with dynamic capabilities to explain how competitive advantage may be achieved in fast-changing situations. According to previous research, a dynamic environment encourages creation of firm innovation and the creation of distinctive resources, which in turn determines a firm's competitiveness (Nandakumar et al., 2011). Dynamic capabilities hence may serve as the foundation for a constant search for uniqueness that results in differentiated products, services, and processes and prevents further replication by competitors even though competitors have the same external resources at their disposal.

On the other hand, businesses can adopt a low-cost strategy by enhancing their dynamic capabilities, which increase their effectiveness and environment-friendliness (Fainshmidt et al., 2018). Hence companies can create a dynamic capability that create distinctness in the company offerings to achieve a competitive advantage since competitors have the access to the same market and resources. Hypothesis 6 results as heightened in Chapter 4 (Table 27) agree with dynamic capabilities theory which indicates that firm innovation can be used to achieve evolutionary fitness as organisations can prioritise firm innovation over efficiency to achieve competitive advantage.

Moreover, company managers may be obliged to reconsider provision of new offerings and building of newer dynamic capabilities to thrive in a disruptive environment (Helkkula & Trnvoll, 2018). New dynamic capabilities may include dynamic learning capabilities which can be achieved through learning and practice. The new knowledge created internally in businesses can be used for generate newer firm innovations and aid in the achievement of an organisation's competitiveness.

6.4.2 Implication for Policy

According to the research, restaurants in Nairobi City County are important for economic growth, eradicating poverty, creating jobs, and achieving vision 2030, Kenya's development blue print. The competitive advantage of restaurants is critical to the policymakers in the development of policies that would ensure restaurants are able to develop their dynamic capabilities and embrace firm innovation in disruptive environments. The guidelines would also assist restaurants on how to operate to sustain

their business in quickly changing environments and to cushion their establishments against external shocks.

The study also would enable restaurant management to look into their processes and develop policies that determine how different dynamic capabilities can be combined to achieve a competitive edge. The study also observed that restaurants are adversely affected by high environmental turbulence hence GOK may review restaurants human resource policies for re-skilling programmes to develop workforce with relevant knowledge and expertise that can be utilised to increase growth and competitiveness of restaurants from current GDP of Ksh.147342(M) in the year 2023 to Ksh. 224,013 (M) in 2028 considering 10% annual increase (Knbs, 2023).

The skills would also be used in re-modifying and re-configuring restaurant's dynamic capabilities, and the development of improved firm innovation output strategies that can be implemented to assist restaurants to adapt to the changing customer needs in a rapidly changing business environment.

6.4.3 Implication for Practice

The study's conclusions demonstrated how positively growing dynamic capabilities impacted firm innovation. The study findings enable restaurant owners or managers to identify the dynamic capabilities they can remodify, reconfigure and recombine in order to create outcomes related to business creativity and to adjust to sudden environmental changes. Further, the study findings that established the results can be used by Restaurateurs may apply the results to concentrate on the key human capital traits which impact attaining firm innovation and strengthening restaurants' higher order capabilities.

Employee professional training might be assigned thoughtful consideration as a means to make certain that expertise is successfully exchanged, transmitted, and assimilated throughout restaurant systems in order boost dynamic capabilities and accomplish firm innovative efforts. The restaurant's strategic human capital may assess their potential customer needs and utilise their knowledge, skills and experience to offer goods and services that are more cost-effective than their rivals and better able to satisfy customer expectations. The study findings that revealed a favourable firm innovation - competitive advantage linkage indicate that it is essential for restaurant management to prioritize embracement of firm innovation which leads to the provision of goods and services that are more cost-effective than their rivals and to satisfy customer expectations.

Firm innovation can help restaurants improve performance, lower costs, and improve quality as restaurants benefit from a continual firm innovation process that raises obstacles to imitation, keeps their portfolio in front of the competition, and creates a competitive edge (Lee et al., 2016). The study results also revealed that strategic human capital had no influence on the firm innovation- competitive advantage relationship. The results reveal that restaurant owners and managers may need to equally prioritise the implementation of all the SHC aspects that influence building of firm innovation and achievement of competitive advantage. Adequate and relevant training of personnel, rigorous recruitment, selection of the right personnel and compensation programmes that motivate the strategic human capital to generate and implement good innovative ideas may lead to the achievement of a restaurant competitiveness.

Existing research indicates that strategic human resource selection, recruiting, and training had a favourable impact on firm innovation, which ultimately resulted in the realization of a competitive edge. Moreover, a good compensation programme may be implemented that recognises the strategic human capital efforts and propel them to be innovative which can improve a restaurant's competitiveness (Sharma & Bhat, 2020; Do & Shipton, 2019). The favourable dynamic capabilities-competitive advantage linkage may assist restaurant owners or managers to focus on a combination of various dynamic capabilities to enhance competitiveness, adequately respond to astute environment changes and customer wants instead of focusing on a singular capability which can expose the restaurant to competitive rivalry and limit its competitiveness.

The study findings of firm innovation having a partial intervening outcome on the dynamic capabilities-competitive advantage link is an indication to restaurant owners or managers that even if the increase of DC directly improve CA, embracement and implementation of FI outputs can enhance the achievement of a restaurant's competitiveness through the development of a restaurant's dynamic capabilities. The study results indicate that restaurants may focus on the adoption newer inventions as all are critical to the achievement of a superior product, superior service and lower costs of operations.

6.5 Recommendations of the Study

According to the research findings, restaurant owners and managers should give exceptional product quality just as much importance as they do to service quality. This is because providing great products and services in the restaurant sector are interdependent and complement one another. In other words, consumers would evaluate whether or not the products and services provided to clients match expectations in an equal manner to how they perceive the quality-of-service delivery. A similar finding was made regarding restaurants' adoption of firm innovation, where product innovation was given less weight by restaurants than process and service innovations. The identification of the product to develop is crucial in a restaurant setting, thus it is essential for restaurateurs to pay attention to the development of product innovation. It is impossible to separate the creation of products from the supply of the same products to the customer. The realization of competitive advantage would be greatly and significantly impacted by these combined innovations.

The formal education of employees should be given great consideration throughout the recruiting and selection process, together with the experience and personality features of applicants, to ensure that the knowledge learned is shared and successfully incorporated within the systems of the restaurant. As a result, this may positively affect the development of restaurants' dynamic capabilities in achieving firm innovation. In this study, it was also found that, when compared to other management procedures like hiring, selecting, and compensating employees, employee training received the lowest priority.

According to the literature, when a company develops the strategic human capital skills and knowledge it needs, productivity increases, its availability in the outside market is limited, and it becomes non-substitutable unless the company incurs a significant amount of adjustment costs (Barney, 2018). The study thus advises restaurant owners and managers to give employee training top priority to achieve competitiveness in the future. The ability of employees to accomplish firm goals is improved by training of strategic personnel (Bao et al., 2021).

Therefore, it is important to regularly train restaurants' strategic personnel to uphold the delivery of high-quality goods and services. The demographic findings show that managers are mostly in charge of managing the day-to-day operations of restaurants. A couple of the restaurants are owner-operated. To promote firm innovation and the provision of superior goods and services, this study suggests that restaurant owners should also be actively involved in the management of the establishments.

The long-term viability of the restaurant may also be increased by the owner's active participation in idea generation, presentation of restaurant challenges and provision of solutions to policymakers and government that may be implemented for increased sustenance of the restaurants. To academics and researchers, more studies may be done on restaurants to guide the restaurants' future direction in light of the positive social and economic effects restaurants have on the nation, including job creation, poverty reduction, and GDP growth.

6.6 Contribution of the Study to New Knowledge

This study has considerably contributed to new knowledge by elaborating the relevance of dynamic capabilities theory, through the indicators of dynamic capabilities (Sensing, Learning, Co-ordinating, Integrating) and their role in achieving firm innovation by developing and testing a dynamic capabilities model in restaurants in Nairobi City County which has not been tested in the literature that indicated that the modification of several dynamic capabilities increased the achievement of firm innovation. The study also contributed to new knowledge by arguing that strategic human capital elements such as relevant education, knowledge and experience of employees had a positive influence on how knowledge is utilised to remodify and integrate dynamic capabilities that increase firm innovation activities and outputs in restaurants in Nairobi City County. The study also contributed to new knowledge by indicating the usefulness of firm innovation in the achievement of a competitive edge for restaurants by developing and testing a competitive model for them which determined that provision of superior offerings and reduced operation costs enables restaurants to be more efficient and better than their rivals.

Moreover, the study confirms firm innovation outputs of product, service and process innovation are adequate for the achievement of competitive advantage in restaurants without the implementation of SHC practices by the restaurant management which is contrary to what was observed in previous studies. A researcher may argue that organisation contexts, type of product and services offered, and business strategy may determine the strategic human elements to implement in an institution. This is because strategic human capital (Practices) (recruitment, selection, training, compensation) did not have an impact on the firm's innovation-competitive advantage relationship.

6.7 Limitations of the Study

Despite the study's numerous contributions, there were several drawbacks experienced in the study. To begin with, the operationalisation of key study variables was based on reviewed literature carried out before the invasion of the COVID-19 pandemic. Some new dimensions of the key study variables have been developed and operationalised by researchers in response to the pandemic. Subjective measures were used to measure competitive advantage in restaurants in Nairobi City County as adopted in previous studies since objective measures of competitive advantage were not available in public archives in Kenya. In terms of the study context, this study focused only on restaurants in Nairobi City County and did not take into consideration other counties in Kenya and similar contexts like the hotel industry' whose operating environment, challenges and how they respond to environmental changes may be different. The influence of strategic human capital was evaluated from a moderating effect only. Other outcomes could be explored.

In terms of the research methodology, the study adopted a positivism research philosophy which has its own limitations of not considering in-depth issues in the research process. A descriptive cross-sectional survey design was used to increase the generalisation of results and to evaluate the relationships between the study variables at one point in time which is limited in terms of obtaining more information and knowledge on the relationships between study variables. Further, the data was obtained only from one respondent that is manager or owner of the restaurant.

Nonetheless respondent's choice was based on the research purpose, obtaining data from one respondent could have resulted in biased responses being provided in favour of the restaurants. To provide the links between the variables' additional context, the viewpoints of the employees could be evaluated based on their familiarity with the restaurants. The study also focused on the use of regression analysis for hypothesis testing. Other inferential statistical analyses could also have been explored to obtain additional meaningful results. The data collection process took place during the COVID-19 pandemic when the GoK had issued restrictive measures and new laws on restaurant operations hence data was conducted using online application tools.

6.8 Suggested Areas of Further Research

The study variables could be operationalized into other dimensions relevant to the restaurants' current business environment i.e Post Covid-19 pandemic that has not been operationalised, measured and discussed in this study. In each restaurant, the owner or manager was the only respondent to the study's variables, and data were gathered from just that one person. Future studies might think about including additional participants from various restaurant departments.

Future studies can adopt objective measures of competitive advantage or a mix of quantitative and subjective measurements to make the study findings more robust. Scholars can conduct a comparable investigation in other countries and international chain restaurants in the research areas pertinent to strategic management. To ascertain whether the research can be repeated, the correlations between the study variables can be evaluated in other comparable hospitality service industries, such as hotels, tours and travel, and airlines.

Considering the extra information gathered regarding the kind of service the restaurant provides, comparative studies can also be made based on the categorisation of restaurants into service to determine if the results would be the same. Methodologically, besides positivism, other research philosophies such as mixed methods and phenomenological approaches can be adopted to examine the study variables. Phenomenological approaches can be used to assess one independent aspect of the research study variables such as product, service or process innovation such as a product innovation development process. Mixed methods can also be employed as some elements of data analysis would make more meaningful sense if a combination of quantitative and qualitative techniques were employed for data analysis.

On the type of research design, longitudinal studies can be employed where a greater understanding of the relationships of the study variables can be obtained and where lower levels of management can be interviewed to obtain more meaningful relationships from the data. The study can explore other statistical analyses to obtain additional and meaningful results from the data. The study's findings, conclusions, and recommendations were summarized in this chapter. The chapter covered the summary of the study's discussions based on the study's objectives and the tested hypotheses, where some of the hypotheses received partial, no support or full support. The study's conclusion was also discussed. The chapter also covered the study's theoretical, policy and practical implications Additional, the study's shortcomings were disclosed and areas for additional investigation were identified and recommended for future research.

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APPENDICES

Appendix I: Introductory Letter for Research

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

Telephone: 4184160/1-5 Ext. 231
Email: dean-business@uonbi.ac.ke

P.O. Box 30197
Nairobi, Kenya

20 January 2021

National Commission for Science Technology and Innovation,
P. O. Box 30623, 00100.
Nairobi, KENYA.

INTRODUCTORY LETTER FOR RESEARCH
BELINDA KANANA MURIUKI-REG. No: D80/50306/2016

The above named is a registered PhD candidate at the University of Nairobi, School of Business. She is conducting research on ***"The Influence of Strategy Capital on the Relationship among Dynamic Capabilities, Firm Innovation and Competitive Advantage of Restaurants in Nairobi City County"***.

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the thesis. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

Prof. Mary Kinoti
Associate Dean, Graduate Business Studies
School of Business

MK/jkm

Appendix II: NACOSTI Research Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **728504**

Date of Issue: **02/February/2021**

RESEARCH LICENSE

This is to Certify that Ms.. Belinda Kanana Muriuki of University of Nairobi, has been licensed to conduct research in Nairobi on the topic: THE INFLUENCE OF STRATEGIC HUMAN CAPITAL ON THE RELATIONSHIP AMONG DYNAMIC CAPABILITIES, FIRM INNOVATION AND COMPETITIVE ADVANTAGE OF RESTAURANTS IN NAIROBI CITY COUNTY for the period ending : 02/February/2022.

License No: **NACOSTI/P/21/8689**

728504

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

The Grant of Research Licenses is Guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014

CONDITIONS

1. The License is valid for the proposed research, location and specified period
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Appendix III: Research Questionnaire

Guide the restaurant owner/manager through each of the questions, providing further explanations if not clear.

Section A: Demographic Information

Collects general demographic information on the restaurant and the owner/manager

A1. I am the:

The Owner ☐

The Manager ☐

A2. How many years has your restaurant been in operation?

A3. How many employees do you currently have?

A4. Select your highest level of formal education?

Primary School ☐

Secondary School ☐

Post-Secondary Certificate ☐

College Diploma ☐

University Degree ☐

Post-graduate Diploma ☐

Masters ☐

PhD ☐

A5. How many years of experience have you had in the restaurant industry?

A6. Where are you located in Nairobi?

A7. Select one category that best describes your restaurant

Full Service-Service that welcomes guests, seats, serves and provides a bill to customers after service ☐

Quick Service - Provides limited menus on site or packaged take away in a structured manner ☐

Fine dining - High end restaurants that provide sophisticated signature menus, wide variation of sophisticated beverages, high quality and personalized service ☐

A8. Who runs the restaurant on a day-to-day basis?

Owner ☐

Manager ☐

Supervisor ☐

A9. Indicate the levels of decision making in the restaurant

Owner only ☐

Owner and Manager ☐

Owner, Manager and Supervisor ☐

Section B: Capabilities of within the Restaurant

Ask the owner/manager the extent to which they agree or disagree with the following statements. Their choice of answer will range from strongly disagree to strongly agree.

B1. Management often scans the business operating environment to recognize new business opportunities and the needs of customers.

Strongly Disagree ☐

Disagree ☐

Neutral ☐

Agree ☐

Strongly Agree ☐

B2. Management frequently looks at their processes to develop their products and services to ensure they meet the changing customers' needs.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B3. Management aligns their strengths to respond to changing customer needs

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B4. Management often scans the business environment to collect information on their competitors and on new technology

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B5. Management can identify changes in the business environment before their competitors

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B6. Management have put in place effective systems to identify, put value to, and to adopt new knowledge into the restaurant.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B7. Management has put in place systems that can use existing knowledge within restaurant to develop better processes, products and services.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B8. Employees proactively provide their individual input to improve processes, products and services

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B9. Employees understand one another's jobs and responsibilities

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B10. Management knows the employees with specific knowledge and skills relevant to what the business does.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B11. Employees carefully integrate their work with one another to conform to the changing external business conditions

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B12. Employees manage to link their tasks with employees in other sections successfully

Strongly Disagree ☐

Disagree ☐

Neutral ☐

Agree ☐

Strongly Agree ☐

B13. Management assigns the employees to tasks they are best suited to.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B14. Management provides required resources to activities to be performed in the restaurant.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B15. Management makes sure that employees and skills are aligned to the restaurant work procedures.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

B16. Management organizes the tasks and activities done by all employees

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

Section C: Human Capital

Please select the most appropriate answer for each of the following questions

C1. All employees have formal training in the hotel and restaurant

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C2. All employees have work experience in the hotel and restaurant industry

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C3. All members of management have formal training in the hotel and restaurant industry

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C4. Our employees have the relevant education for the job

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C5. Our employees have the relevant experience required for their specific tasks and duties.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C6. Management allocates time to provide employees with advanced training on key skills required for their job

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C7. Management attends seminars, conferences or workshops to learn new knowledge relevant to their jobs

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C8. Management takes employees for refresher courses to improve their productivity and to learn new skills and knowledge

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C9. Management plans on the types of employees' capabilities and skills required to achieve the restaurants' objectives

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C10. Management employs a thorough process for selecting suitable employees for various roles

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C11. When hiring, Management evaluates applicants' potential to work in a team

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

C12. Management provides better salaries and benefits to their core employees than your competitors.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

Section D: Innovation

Please indicate the level to which you agree or disagree with the following questions by selecting the best suited answer

D1. Management has been forced to introduce new products in response to COVID-19 pandemic.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D2. Employees provide feedback to Management on new products that meet the changing needs of customers.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D3. Management has been forced to modify its current products to meet the changing needs of its customers during COVID-19 pandemic.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D4. Management has been forced to modify its current services to meet the changing needs of their customers during COVID-19 pandemic.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D5. Employees provide feedback to Management on new services that meet customer needs

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D6. New services that your employees develop have been followed by others

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D7. Management have introduced more services in the market than your competitors

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D8. Management continuously looks out for new services offered by competitors.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D9. Management has changed its business process to reduce the time taken to develop new products for its customers

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D10. Management often reviews and upgrades its service delivery systems to reduce service lead times.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D11. Management often integrates technology, such as energy saving infrastructure, to improve efficiency

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

D12. Management often acquires and integrates information technology in all its key processes to improve service delivery

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

Section E: Competitive Advantage

Please select the answer that best suits your restaurant as compared to your competitors

E1. The cost of producing food is lower

Much Lower ☐

Lower ☐

Similar ☐

Higher ☐

Much Higher ☐

E2. The cost of developing the food recipe is

Much Lower ☐

Lower ☐

Similar ☐

Higher ☐

Much Higher ☐

E3. The cost of food delivery to the customer is

Much Lower ☐

Lower ☐

Similar ☐

Higher ☐

Much Higher ☐

E4. The cost of coordinating different activities such as purchasing, marketing, hiring is

Much Lower ☐

Lower ☐

Similar ☐

Higher ☐

Much Higher ☐

E5. The cost of improving the restaurants products, services and processes is

Much Lower ☐

Lower ☐

Similar ☐

Higher ☐

Much Higher ☐

E6. You are able to adjust your products to meet customer requirements better than your competitors

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

E7. You are more responsive to customer demands for better quality products than your competitors.

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

E8. You introduce new tasteful menus in the market faster than your competitors

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

E9. Customers can depend on you to deliver food on time faster than your competitors

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

E10. Your services are more reliable than your competitors'

Strongly Disagree ☐

Disagree ☐

Not Sure ☐

Agree ☐

Strongly Agree ☐

Section F: Research Assistant Info

F1. For the Research Assistant: Please enter your ID number.

Thank the owner/manager for completing the survey.

Appendix IV: List of Restaurants in Nairobi City County

# 254 BAR AND RESTAURANT	BANDAS & GRILL LTD
360 DEGREES (ROSSLYN RIVIERA)	BAVARIA GARDENS
ABOUT THYME RESTAURANT	BCONCEPT LIMITED
ACCULOUNGE BAR AND RESTAURANT	BISTRO ADRENO
ACHIEVERS LOUNGE	BLACK STARS LOUNGE
AERO CLUB OF EAST AFRICA	BLACKBULL LOUNGE
AFRICANA GRILL LTD	BLACKYZ LOUNGE BAR AND RESTAURANT
AFRITOPIA LIMITED	BOHO LTD
AFRO-AMERICAN FOOD CO. LTD	BRAZILIAN RODIZIO LTD
AFROSAYARI LTD	BRILLIANT SELF HELP GROUP
AKAMUR COMPANY LIMITED	BUSH MARK VENTURE
ALAN BOBBE'S BISTRO LIMITED	CAFRE KENYA
ALEXANDRE CHOCOLATIER LTD	CAPRAIA LIMITED
AMAICA THE RESTAURANT	CEDARS RESTAURANT GIGIRI
AMBO GARDENS LTD	CHINA TOWN CHONGQING HOTSPOT INVESTMENT LIMITED
ANGHITI RESTAURANT LTD	CHINESE EAST GARDEN LIMITED
ANGLO AFRICAN PROPERTY HOLDINGS	CHOWPATY WESTLANDS LIMITED
ANKOLE GRILL LIMITED	CITIZEN CLUB VIBRO
APPLE GREEN RESTAURANT	CLEAR INTENTIONS
ARGWINGS ARCADE	COFFEE WORLD
ARTCAFE' COFFEE AND BAKERY LTD	COMTECH INTERNATIONAL LTD C/O UNDER THE RADAR RESTAURANT
ASIANA K LTD	CONFERENCE CATERERS
ASMARA BAR & RESTAURANT	COSMOPOLITAN BAR AND RESTAURANT
ASMARA ENTERTAINMENT LTD	CROWDADDYS BAR & RESTAURANT LTD
AVENIDA LOUNGE LTD	CURIE'S PLOT
BAMBOO CASK LOUNGE	DA JOSKI

DAMBUSTERS EAST AFRICA LTD	HANDI TWENTY-FOUR CARATS LTD
DARI RESTAURANT & COFFEE GARDEN	HARU RESTAURANT
DEJINA SMART VILLAGE BAR & RESTAURANT LTD	HASHTAG BIZ HUB LTD
DOME ROCK LIMITED T/A CALYPSO 2020 LOUNGE	HOME PORT LIMITED
DOUBLE TREE PUB & RESTAURANT	HOOK AND COOK BAR AND RESTAURANT LTD
DOVE CAGE HOTEL LIMITED	HYDAZ SPORTS CLUB
EAGLE PEAK LIMITED	HZIQUE TAVERN BAR & RESTAURANT
EDEN BLISS GARDENS	IBURY LOUNGE
EMPIRE LOUNGE & GRILL	ICON BEE FORTY LOUNGE
FENG ZE YUAN LIMITED	INTERSTRAT LTD T/A BIG SQUARE
FINE BREEZE BAR AND RESTAURANT	JAMBO GRILL RESTAURANT
FNKY BRGR, MSA RD (OZZBECO)	JERRY INVESTMENT LTD T/A NERKWO PUB
FNKY BURGER	JM DEVELOPERS LIMITED
FOOD FRESHI	KAI GLOBAL LIMITED
FOR YOU CHINESE RESTUARANT	KARATINA INTERNATIONAL LTD
FROST CAKERY LIMITED	KAREL LIMITED
GEMINI BISTRO LIMITED	KAREN KITCHEN RESTAURANT AND GRILL
GENOSSE VENTURES LTD	KATANAZI RESTAURANT LTD
GOLDENGATE HOTEL LTD	KAWEST BY PASS-VILLA
HAANDI TWENTY FOUR CARATS LTD	KENGELES HOLDINGS LIMITED
HABESHA ETHIOPIAN RESTAURANT	KIKATNY STORE RESTAURANT
HABIBI ORIENTALS	KINGSBURY GROUP LIMITED
HAGON RESTAURANTS	KINGSMAN INN

KITISURU ZERO TWENTY RESTAURANT AND LOUNGE	MEDITTERANEO RESTAURANT PIZZERIA (JUNCTION)
KOROGA & KOCKTAILS	MELADEN BAR & RESTAURANT
KUCHEKUCHE CASHLESS	MELLIFERA LIMITED
KUKU FOODS KENYA LIMITED	MEMPHIS
KWETU MERCHANTS LTD T/A CLUB SIDAI OLENG	MERCURY LOUNGE LTD
LAIBON CATERING SERVICES LIMITED	MICROTASK ENTERPRISES
LAIKIANA RESORTS AND LODGES LTD	MINTQUE COMPANY LIMITED T/A WILDLY COFFEE
LANGANO LIMITED	MIREMA COUNTRY GARDEN
LANGATA BOTANICAL GARDENS RESTAURANT AND CONFERENCE CENTRE	MISRANA LIMITED T/A SPICE LOUNGE
LE PALANKA LIMITED	MOO'S EATERIES LIMITED T/A NABO BISTRO
LEGEND KAREN LTD	MORIANKYS LOUNGE
LYONS HIGHLANDS ANNEXXE LIMITED	MOVENPIC CATERERS LTD
MAKUTANO GRILL LTD	MUSIC SHELTER LTD
MAMA ASHANTI LIMITED	NAIROBI AREA CANTEEN
MAMA'S KITCHEN	NATION STAFF CONSUMER CO-OPERATIVE SOCIETY LIMITED
MAMBO GANI LIMITED	NEGASI HOLDING LTD
MARIL COMPANY LIMITED TRADING AS CAFE DELI AND DELICATESSEN	NOSTALGIC FOODS LIMITED
MCHANA RESTAURANT LIMITED	NYAMA MAMA CAPITAL CENTER
MEAT LOVERS LIMITED	NYUMBANI TREASURES
OASIS HOTEL LIMITED	RIDGE VIEWS LTD
OKESI OLIECH RESTAURANT	RIVER CAFE

ONE FIFTY NINE BAR & RESTAURANT	ROAD HOUSE GRILL
ORCHID LOUNGE & GRILL	ROAST BY CARNIVORE
OSTERIA GROUP K LTD	ROBERTO CAVALLI NAIROBI
OYSTER CAFE LIMITED	ROOF TOP SPRINGS RESTAURANT
OZONE GRILL	ROOFTOP GENERAL SUPPLIES LTD
OZONE LOUNGE & BAR	ROYAL CASTLE RESTAURANT LIMITED
PALMS KITCHEN LIMITED	ROZINA HOUSE LIMITED
PALS RESTAURANT UPPERHILL	RUAI GARDENS
PANAROTTIS WATERFRONT	RUBIS ENERGY
PEN AND DEN LTD	SAAPE LIMITED
PHOENICA INVESTMENT LTD	SAFARI BOWLING GREEN RESTAURANT
PIGA MOJA LOUNGE AND GRILL LIMITED	SALT CLUB AND RESTAURANT
PINOTAGE BAR & RESTAURANT	SAMAKI SAMAKI FOOD COURT LIMITED
PINS ENTERTAIMENT LTD	SAMBA GRILL
PIONEER KINGS RESORT LTD	SAN VALENCIA LIMITED
PIZZA GARDEN RESTAURANT	SANDALS LOUNGE LIMITED
PLANET BASE LONGONOT BAR AND RESTAURANT LIMITED	SARAYA KENYA COMPANY LIMITED
POD APEK DELICACIES LIMITED	SAX AND VIOLINS LTD
PROGRESSIVE BAR & RESTAURANT	SEVEN DEGREES
PURPLE VALLEY LTD	SEVEN RESTAURANTS LTD
QUE PASA LTD	SHAMIAN BLISS LTD
QUICKCHEN RESTAURANT LTD	SHAMURAS KITCHEN LTD
RANALO FOODS LTD	SHUSHI SOO JAPANESE RESTAURANT LIMITED
REY SAREY	SIA QSR KENYA LIMITED/ BURGER KING

SIDE BAR & CRAFT LIMITED	TAURUS LOUNGE
SIERRA BRASSERIE RESTAURANT	TEXAS BAR & RESTAURANT
SIERRA TAPAS (OZZBECO)	THAMES VALLEY INVESTMENT LIMITED
SIMBISA BRANDS - GALITOS	THE AGE LOUNGE
SIMBISA BRANDS KENYA LIMITED-OCEAN BASKET	THE BARBOURNE MARA LIMITED
SIPPERS BAR AND RESTAURANT	THE BIG FISH
SKYVIEW LOUNGE LTD	THE BOSSDEN BAR AND RESTAURANT
SMOKE STACK LIMITED T/A PEPPERTREE	THE BOTTLE TOP BAR AND RESTAURANT
SMUFF WHISKY BAR & GRILL	THE BRONZE ROOF CAF LIMITED
SOFITEL RESTAURANT	THE CADELIS LOUNGE & GRILL
SONNAD BACK STREET PUB	THE CEDAR RESTAURANT LTD
SPASSO KENYA LIMITED	THE DREAM VILLAGE RESTAURANT
STACY BLOOMS	THE GRASSY KNOLL
STATION GRILLE RANGATA	THE GREENS WOOD GRILL AND LOUNGE
STRATFORD CATERING SERVICES LTD T/A BROOKLYN FAST FOOD & RESTAURANT	THE LOCAL (K) LIMITED
SUHANA VENTURES LTD	THE LORD ERROLL LIMITED
TAIDYS RESTAURANT LTD	THE MIAMI CONNECTIONS LIMITED
TAKE EAT EASY KENYA LTD	THE MORAN LOUNGE AND GRILL LTD
TAMARIND BRASSERIE	THE PEPPERCORN RESTAURANT LIMITED
TANGELO LOUNGE BAR & REST	THE PLACE SPORTS LOUNGE
TANGREN RESTAURANT MUTHAIGA	THE POMPEO LOUNGE AND GRILL
TAPAS	THE RABBIT HOLE COMPANY LTD

TATIZ BAR AND RESTAURANT LIMITED	THE SMART VOGUE CAFE
THE TUNNEL	XANANDU RESTAURANT LTD
THE WINES AND BOTTLE WESTLANDS	XIANG/ HAIDILAO RESTAURANT
THE WINNING POST LTD	YEJOKA GARDEN RESTAURANT
THREE STAIRS LINK	YIELDSOFT LIMITED T/A NAGALAS CHAKULA
TIMAM GRILL	YUE HAI CHINESE RESTAURANT
TIN TIN RESTAURANT LTD	YUJIN LIMITED
TIPSY CORNER LLP	ZINNIA SYSTEM SOLUTIONS LTD
TOKYO RESTAURANT (K) LTD	ZIPANG BAR & LOUNGE LTD
TRIBE 44 LIMITED	2020 LOUNGE
TUCASA GARDEN BAR AND GRILL	7-DAY CHINESE RESTAURANT LTD
TWITTER AND LIGHTS LTD	727 BAR RESTAURANT
TWOGRAPES LIMITED	ABEBOS LINK LIMITED
URBAN POINT RESTAURANT LIMITED	ABYSSINIA EXOTIC ETHIOPIAN RESTAURANT
VINE YARD GARDEN	ACBTC VENTURES LIMITED
WALK ABOUT	AETREUM INVESTMENTS LIMITED
WALLET TIME	AFRITAM TAM CORNER FOODS LIMITED
WAYMORE ENTERTAINMENT LIMITED	AHOY UNIQUE BAR & RESTAURANT
WEIYENA COMPANY LIMITED	AJ'S MARQUEE (K) LIMITED
WESTERN NOVA VENTURE LIMITED	AKWAABA RESTAURANT
WHISKEY BARRELS	AL BASHA RESTAURANT
WHITE MOON BUSINESS VENTURES LTD	ALASKA VILLAGE LIMITED
WHITE STAR RESTAURANT	ALFAJIRI KILIMANI GRILL LTD

WHITEFIELD RESTAURANT LTD	ALMASI LOUNGE LTD
WINE LIFE LIMITED	ALONIAB GENERAL TRADING LTD
WOODGREEN LIMITED	AMAKE RESTAURANT
WOW GARDENS LTD	AMANI CAFE
AMAZON PARK	BILLY KIKONDE MULI T/A MUTHURWA POLICE CANTEEN
AME`S BISTRO LIMITED	BISTRO BOX KENYA LTD
ANCHOR BISTRO BAR AND RESTAURANT	BITINGS AND WINES LIMITED
ANZANA GARDENS LIMITED	BLACK OAK
AO BAO XIANG HUI RESTAURANT HOTEL LIMITED	BLIND TIGER HOSPITALITY LLP
ARBOR PLACE LTD	BOMAS OF KENYA
ARCHERS RESORT	BONDS GARDEN RESTAURANT
ASHAKI GRILL AND BBQ	BOOS VENTURES LIMITED
AT ONE PERCENT LOUNGE LIMITED	BRAEBURN OPERATIONS
ATMOSPHERE LOUNGE	BRAND DISCOVERY LTD T/A DESI GALII
AURA FOOD SERVICES	BRENTLINK AGENCIES LTD
BABU LAUNCH	BRICKBAY MAKUTI
BAITA TRADING COMPANY LTD	BROOKHAVEN GARDENS
BAR AND RESTAURANT	BUSH PARK AND BISTRO
BAR IN THE BUSH LIMITED T/A THE CIRCLE	BWANA NJOGOLO INVESTMENT VENTURES LTD
BARAZA RESTAURANT	CADILLAC SPORTS BAR AND GRILL
BATIS LOUNGE	CAFE COLUMBIANA
BAVARDER INVESTMENTS LTD	CAFE DETOUR NAIROBI LIMITED
BEAN PLANT LTD	CAFE MACHIATO
BEATS LOUNGE KASARANI	CAFE SAFARI
BEE C COMPLEX LIMITED	CAFFE MACHIATO
BEEPEE INVESTMENT LTD	CAKEN INTERNATIONAL LTD
BEFRESH FOOD COURT LIMITED	CALIFORNIA STAR BUTCHERY

BELLA RESTAURANT	CALJEANS LIMITED
BILASHAKA TAP ROOM	CAPRICON GRAND LAC RESTAURANT
BILBAO RESTAURANT AND LOUNGE	CARRIBEAN RESTAURANT
CARRIBEAN WINES & RESTAURANT	COUNTY2COUNTY CHOMA GRILL
CATAYA LIMITED T/A STAKEOUT B	COYOTE
CATHOLIC BIBLICAL CENTRE FOR AFRICA AND MADAGASCAR	CREAM WINES
CHAIRMANS BAR & RESTAURANT	CREATIVE KITCHEN CO.LIMITED
CHAKULA TAYARI ENTERPRISES	CRUZ TWENTY FOUR
CHANCERY RESTAURANT LTD T/A CHINA PLATE	CRUZ VILLAGE
CHARIOT LOUNGE	CRYSTAL BREEZE LOZANGES BAR AND RESTAURANT
CHARM CAPITAL LOUNGE AND BAR	CRYSTAL CREEK BAR & RESTAURANT
CHECHE SQUARE ROUND LIMITED	CRYSTAL LOUNGE BAR & RESTAURANT
CHECKMATES INN	CYNDIR BAR & RESTAURANT
CHINESE CORNER LTD	D & D GLOBAL LIMITED
CHINESE WHISPERS LIMITED	DA VATICAN GRILL
CHUM CHUM	DAGOZ ARTIST VENUE
CLANDE'S BARBEQUE & GRILL	DALA BAR & RESTAURANT
CLAY OVEN LIMITED	DAM VIEW STOP OVER
CNY CAPITAL LIMITED	DANIEL WAINAINA AND OTHERS
COCO JAMBO ENTERPRISE	DAS BAYERN LOUNGE
COCO JAMBO KILIMANI RESTAURANT	DASO VENTURES LTD
COCOA AND COFFEE CAFE	DINNAZ LTD
COFCO LIMITED T/A CROSSROADS BISTRO	DOVE NEST LOUNGE
COGNAC STREET BBQ T/A GOODFELLAZ BAR AND RESTAURANT	DREAMLAND ENTERPRISES LTD T/A SEA WORLD RESTAURANT

CONNECTIONS LOUNGE & GRILL (COUNTER 2)	DUOL PALACE BAR & RESTAURANT
COUNTY INN DONHOLM	EAST PARK PUB & REST
EAST POCHA 254 LIMITED	FLEXICO COMPANY LIMITED T/A KAMBI LOUNGE KAREN
EAST STREET FOOD LTD	FLINSTONE RESTAURANT AND BAR
EAT 'N' GO LIMITED (HURLINGHAM)	FOOD AND BEYOND COMPANY LIMITED
EDGE LOUNGE LTD	FOOD CITY CARTERERS LTD
EGLOOS LOUNGE	FOOD MASTERS BY KOSEWE
EKO BASE ENTERPRISE LTD	FORTY FIVE DEGREES COMPANY LIMITED
EL CLASICO BAR AND RESTAURANT	FOURTY FINE ENTERPRISE
EMERGING FUTURES LIMITED	FRELAS RESTAURANT LIMITED
ENCORE NIGHTS LTD	FRESH AND MORE LIMITED
EPIC LOUNGE	FRIENDS PARADISE INNS BUTCHERY
ETERNITY LOVE SNACKS COMPANY LTD	FROZEN LEMON HOTEL
EUREKA FISH AND CHIPS MOI AVENUE	FURAHA CONNECTION
EVAN'S RESTAURANT AND CLUB	G SPORT BAR & GRILL
EVOLUTION PLACE	GAMERS LOCALE
EXPRESS CARE LIMITED	GARDEN INN GREEN
FANCY BAR AND RESTAURANT	GERMANS POINT LTD
FATHERS RESTAURANT	GICHANJA FAMILY
FEAST LIMITED	GIGI DONUM LTD
FEATHER RESTAURANT	GIMSWA BAR AND RESTAURANT
FEDHA BAR AND RESTAURANT	GINAS EVENTS & GOURMET COMPANY
FERNS	GISTLE RESTAURANT
FEVER TREE LOUNGE	GLEEN YARD GARDENS
FINE MOON BISTRO	GO HALISI LIMITED

FLAME TREE LOUNGE	GO HOME COMPANY LTD
GOLF MIKE ENTERPRISES LTD	ICONIC ROOM
GOODFELLAZ BAR AND RESTAURANT	IMBASH AND MUKIDZA LTD / TENTS LOUNGE
GREEN VILLAGE BAR AND REATUARANT	IMPRESSIONS INN
GREENROSE RESTAURANT	IMPRESSO ESPRESSO
GRILL SKILL RESTAURANT LTD	INDAXE LIMITED
GUSTO AND ARTE LIMITED	INDIAN KHAZANAH LIMITED
HALCYON KITILITE GROUP LIMITED	INDIGO FOODS AND LOUNGE
HAVIS BAR AND RESTAURANT	INSOMNIA VENTURES
HCK SUPPLIES LTD T/A TWISTED HOPS	IVORY LOTUS COMPANY LIMITED
HELIOPOLIS CATERING LIMITED T/A HQ CAFÉ	JADE LOTUS CHINESE RESTAURANT LIMITED
HEROS CORNER BAR AND RESTAURANT	JADILI HOUSE
HEYWOOD ENTERPRISES T/A CENTRAL POLICE CANTEEN	JAKALANDO DISHES LTD
HIGHPORT MERCHANTS LTD	JAM FILTER BAR AND RESTAURANT
HILLSIDE GRILL DOWNTOWN	JAMBO SNACK BAR
HONEY CUP LOUNGE	JATES BAR AND RESTAURANT
HONGHENG	JEATZ FOR TREATS
HORIENTERTAINMENT LIMITED T/A CHEKA JAPANESE IZAKAYA	JEFF'S PLACE
HOSPITALITY FOODS PRIVATE LIMITED	JIMGLAD ENTERPRISES
HOSSANA ORGANIC RESTAURANT	JINYA FOODS LTD
HOTSPOT VILLA BAR & GRILL	JOANNA'S KITCHEN
HQ MIREMA RESORT LIMITED	JOINT BILLION KENYA LTD
HUNTERS DEN/JOINT	JOOM CATERERS
HYDE PARK MEETING POINT LOUNGE	JOSEPHINE CARIBBEAN BARBECUE

JOSITA DREAMS MAKUTI	KIPEVU RESTAURANT LTD
JUKWAA LOUNGE	KISTA CAFE LIMITED
KAM TUNG TECHNOLOGY COMPANY LIMITED	KIYANA LTD T/A BISTRO BARRISTA
KAREN CORRIENTE DE LICOR LTD	KNEECAP BAR AND RESTAURANT
KAREN REEDS HOUSE	KOJA BISTRO RESTURANT AND LAUNGE
KATLEGO TRADERS LTD	KONGONIS STEAKHOUSE LOUNGE
KAY RESTAURANT	KOREANA CHICKEN
KEIKEI BAR & RESTAURANT	KWAHERI UNIT 11 PUB
KENGELES MARULA	LA BELLE EPOQUE
KENSIL BAR AND RESTAURANT	LA CANTINA RISTO PIZZA AND WINE
KEPPY BAR AND RESTAURANT	LA TESSARA ENTERTAINMENT
KERALA HOLDINGS LTD TRADING AS SWAAD RESTAURANT	LAKI BAR AND RESTAURANT
KERINGET DISNEY CLUB T/A DISNEY BAR AND RESTAURANT	LASGIDI FOOD LIMITED
KESI LIMITED	LAVELA PUB BAR AND RESTAURANT
KESINGTON GARDENS RESORT	LEVEL SEVEN SKY LOUNGE
KHAZANA INVESTMENTS LTD	LI'S CHINESE RESTAURANT (NAIROBI) LIMITED
KIFARU LOUNGE	LIBRARY RESTAURANT
KIFARU PLACE	LISHA EVENTS LTD
KILIHONG COMPANY LIMITED	LIV VIN LIMITED
KILIMANI BISTRO LIMITED	LOCAL OPTION ENTERPRISES LTD T/A GUVNOR
KIMENDE CAFE	LOCSHED BAR AND RESTAUTANT
KING DAVID PRIVATE MEMBERS CLUB	LOTOS CHINESE RESTAURANT LIMITED
KING DOME HOLDINGS LIMITED	LOVE CRAFT LIMITED

LOYALTY BAR & RESTAURANT & WINES SHOP	MILESTONE VILLA PUB MEMBLY
LUZIKI LOUNGE	MINT LEAF LIMITED
M.O. PARADISO RESTAURANT & BAR	MINT SHACK LIMITED
MADMAX KARTING LIMITED	MONROVIA GRILLS
MAG'S	MOONZ PLAZA RESTAURANT
MAJE INVESTMENTS LTD T/A COFFEECASA	MOOV CAFE & BISTRO
MAKUTI BAR AND RESTAURANT	MORPHEUS VENTURES LIMITED
MALACHITE LTD /TA SINA SHAKA	MUGAATHE GARDENS LIMITED
MALUKI WA NZUKI	MUKONO BAR AND RESTAURANT
MAMA ROCKS BURGER KITCHEN LTD	MUMS MAGIC LIMITE
MAMBA PLATINUM BAR $ RESTAURANT	MUNCH 254 LIMITED
MAMBO JAMBO ENTERPRISES	MUTHAIGA CENTRUM T/A CLARETT LOUNGE
MARIMBA HIDES SPORTS BAR & RESTAURANT	MWIKI PUB & RESTAURANT
MARKENA BAR AND RESTAURANT	MWIKO GARDENS LIMITED
MASALA TWIST LIMITED	NAS AIRPORT SERVICES LTD
MASARI OASIS LTD	NDURA VILLAGE
MAXLAND RESTAURANT	NEATESI HOLDINGS LIMITED / EMBARK
MEALWORLD AND LOUNGE	NEIGHBOURS BAR & RESTAURANT
MEMBREY GRILL	NEW BLACK AFRICA
MENELIK PLACE RESTAURANT	NEW CHAM GI WADU BAR
MEXICAN FOOD HOUSE LTD.	NEW DODGERS BAR AND RESTAURANT
MEZZA FOODS LIMITED	NEW GRANDYS BAR AND RESTAURANT
MIDAX BAR & BUTCHERY	NEW HAVEN
MIDWEST LOUNGE & GRILL	NEW KANGWANA

NEW LAND MAWE RAILWAY CLUB AND BUTCHERY	PANINIS CORNER LIMITED
NEW SALAMA RESTAURANT	PAPA ROTI LIMITED
NEW STAR GRILL LIMITED	PAPRIKA LIMITED
NEW STEP ONE BAR/RESTAURANT	PARAMOUNT CATERERS
NEW TRACKERS LOUNGE	PARIS LOUNGE & GRILL
NEW VILLA ROSA INN	PAUL CAFFE-SGR NRB
NEW WAZITO LOUNGE	PAUL CAFFE-USIU
NINETEEN DEGREES BISTRO	PIONEER GARDEN BAR & RESTAURANT
NOIR LUNA CREATION LTD	PIT STOP GRILLS
NON SOLO GELATO LTD	PLANET BASE LONGONOT BAR AND RESTAURANT LIMITED
NUMERO 5 LIMITED	PONDE LA UFAA BAR & RESTAURANT
NYUMBANI RESTAURANT	POPOTE INNOVATIONS GARDENS
OASIS ENTERTAINMENT	PORK MANENOS
OINEWN LIMITTED	PRIME CUT PALACE LIMITED
OLD TRAFFORD LOUNGE	PROFFESSIONAL CENTRE CUISINE
OLDRUM INN	PRONTO RESTAURANT
OLE OLTAU GRILL & LOUNGE	PULCINELLA LIMITED
OLE SWAFI BAR AND RESTAURANT	PUZZLES BAR AND GRILL
ON THE GRIND COFFEE BAR LIMITED	QUEENEEL BAR AND RESTAURANT
ONESTOP CARWASH AND SPORTS BAR	QUIET BAR & RESTAURANT
OPA`S TRADITIONAL DELICACIES LTD	QUILLS LOUNGE
OSIEPE FOODS LIMITED	RAFFLES @ CONNECTION INN RESTAURANT
OYWA MEETING POINT LIMITED	RAMSHA BAR AND GRILL
PALAZZO FOOD AND DRINKS	RAVEN TAVERN
PAMPKINS GRILL LIMITED	RAY SPOT
PAMS BAR AND RESTAURANT	REBY'S CUISINE AND BAR

RED GALAXY AND LOUNGE	SHAM ROCK BAR & RESTAURANT
REDWINE LOUNGE	SHEREHE PUB & RESTAURANT
RESTAURANT BONHEUR LIMITED	SHEREHEZ KITCHEN LIMITED
REX SPORTS LOUNGE	SHIVERS INN BAR & RESTAURANT
RICKY'S PUB & RESTAURANT	SHOOTERS INN RESTUARANT & BAR
RICOS TAPROOM	SHREE VEGI VECS LTD
RIVOLI RESTAURANT	SIMBISA BRANDS KENYA KENYA LTD-OLA LANGATA ROAD
ROBBITZ INN	SIMONIZ BAR AND RESTAURANT
ROCKSTORES KENYA LTD	SMART JOINT BAR & RESTAURANT
ROOF TOP FORTY HOLDINGS LTD	SMP INVESTMENT Q-LOUNGE QATARO
ROROS CO. LIMITED	SOBRAS LOUNGE
ROSMA AIR CAFE	SOCKET GARDENS
ROYAL BENTLEY LOUNGE	SOHOS BAR AND RESTAURANT
ROYKING HOLDINGS LIMITED	SOLFOOD BAR & RESTAURANT
SAAPE LTD	SOLO PIZZA LTD
SADDIES PLAZA	SOUL STATION RESTAURANT AND PUB
SALSA LOUNGE	SPARKTRADE INDUSTRIES LIMITED
SANA SANA FIRM LIMITED	SPICED BASIL LIMITED
SANTON VENTURE CAPITAL LIMITED	SPICED ROCKS LIQUOR MART LOUNGE
SANTURI LOUNGE & RESTAURANT LIMITED	SPIFFY LIMITED T/A NOTOS BAR & GRILL
SANVAC COMPANY LTD	SPINNERS WEB KENYA LTD
SARIVID PLACE	SPORT CITY
SCAPES RESTAURANT	SPUDS LTD
SEBULENI BAR & RESTAURANT	STONE COLD BAR AND RESTAURANT

SERAPH LADIES LOUNGE LIMITED	SUN DEVELOPERS LTD T/A GOLDEN TULIP
SETBISTRO BAR & RESTAURANT	SYKHDIYAS RESTAURANT LTD
SEVEN FORTY NINE LTD T/A 1824	T/A BEER GOOGLE
TABLE 49 - JKIA	THE DRUNK POSSUMS LTD
TAIDY`S TAVERN	THE ELMOLO GRILLE
TAMASHA LOUNGE	THE GOODEARTH GROUP YAYA (NYAMA MAMA EXPRESS)
TANATHI HOT SPOT 2016 LTD.	THE GRET CAFE
TEE TEE RESTAURANT	THE ISLE GARDENS LTD
TEMBOROCK INTERNATIONAL AGENCIES LIMITED	THE JUNCTION GRILL LOUNGE
TERAS VENTURES	THE LOCKDOWN VENTURES LTD
TESTY FOOD	THE LOCO KITCHEN
THE HOOD	THE MATER HOSPITAL RESTAURANT
THE ALTON LOUNGE	THE MAXY'S LOUNGE
THE ANCHOR WINES & SPIRITS LIMITED	THE MAYURA
THE BALCONY LOUNGE LIMITED	THE MERMAN FOOD & CATERING
THE BAR NEXT DOOR	THE NAIROBI BREAD COMPANY LIMITED
THE BASE RESTAURANTS T/A SHWADISTH GARDEN	THE PAVILION BAR & RESTAURANT
THE BELVEDERE GRILL LIMITED	THE POT BELLY
THE BLUES RESTAURANT	THE PUNDITS LOUNGE
THE BULL'S HEAD BAR AND RESTAURANT	THE SPOT
THE CK CAFE AND LOUNGE	THE STEEL BAR-REL LIMITED
THE CLUB COMFORT ZONE GRILLS LOUNNGE	THE TAVERN LTD
THE CRAVE LOUNGE LTD	THE XO BAR LIMITED
THE CRUZ LIQUOR STORE	THIONGO MOUNTAIN CLUB
THE DON BAR & GRILL	THIRSTY OAK LIMITED

THREE BEES LOUNGE	UMANG HOLDINGS LTD
THREE ONE FIVE TASTE LIMITED	UNPLUGGED BAR & KITCHEN LIMITED
THUMBSUP ENTERPRISES	UNSEEN NAIROBI LIMITED
TIANSHI INVESTMENT LIMITED	URBAN LOCAL
TIMBERLAND BUTCHERY AND RESTAURANT	TYLERS SPORTS BAR & GRILL
TIMES BAR AND RESTAURANT	URTH CAFFE
TIN-ROOF PRODUCTIONS LTD	VALLEY PARK LOUNGE LIMITED
TINKERS BAR AND RESTAURANT	VEGAS INN
TIWI SPORTS LOUNGE AND GARDENS	VESBA EATING HOUSE
TOPLINK CAPITAL LTD	VILLAGE MANYATTA COMPANY
TORTILA RESTAURANT	VINE OAK LOUNGE
TRACE LOUNGE	VISA PALACE
TRIPLE M BAR AND RESTAURANT	VOGUE CAFE
TRIPLEX LIMITED T/A THE TAP	WAWA GRILL & LOUNGE
TRIPPLE 2 PLACE	WESTWING JAZZ LOUNGE
TRITON GRILL	WHISPERING SPRINGS RESTAURANT
TROPEX BAR AND RESTAURANT	WHISTLE SPOT BAR & RESTAURANT
TRUCE LOUNGE & GRILL	YUNAITAS BAR & RESTAURANT
TULIPS FOOD PARLOUR	ZEST RESTAURANT LTD
TWO FOUR SEVEN HOTEL LIMITED	ZINOS ANNEX
TWO RIVERS THEME PARK LTD	ZODIAK PUB AND RESTAURANT

Source: Nairobi City Council (2021)