

**INFLUENCE OF TOP MANAGEMENT TEAM  
CHARACTERISTICS ON SUSTAINABLE COMPETITIVE  
ADVANTAGE OF CHINESE MULTINATIONAL  
CORPORATIONS IN KENYA**

**BY**

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## DECLARATION

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

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## **DEDICATION**

I dedicate this research thesis to my family members, my husband, Senior Engineer Li Duo, my son Hongyuan, my daughter Hanzhang, my mother Yang Shiji, my father You Rensheng, my mother in-law Liu Shuqing and father in-law Li Fuming. for their love, support, patience, encouragement and understanding. They gave me the will and determination to complete my studies.

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## **ABBREVIATIONS AND ACRONYMS**

<b>CEO</b>	Chief Executive Officer
<b>CMCs</b>	Chinese Multinational Corporations
<b>FDI</b>	Foreign Direct Investment
<b>JKIA</b>	Jomo Kenyatta International Airport
<b>KCETA</b>	Kenya China Economic and Trade Association
<b>NSE</b>	Nairobi Securities Exchange
<b>ROE</b>	Return on Equity
<b>SCA</b>	Sustainable Competitive Advantage
<b>SDM</b>	Strategic Decision Making
<b>SEZ</b>	Special Economic Zone
<b>SMEs</b>	Small and Medium Enterprises
<b>SOE</b>	State Owned Enterprises
<b>TMT</b>	Top Management Team

## ABSTRACT

The main purpose of this study was to determine the influence of external environmental and managerial discretion on the relationship between Top Management Team (TMT) characteristics and Sustainable Competitive Advantage (SCA) of Chinese Multinational Corporations (CMCs) in Kenya. The empirical studies conducted on TMT characteristics influence on SCA have produced mixed results some agreeing and others disagreeing, thus these empirical studies are inconclusive. On the same line, there is no agreement on the moderating influence of external environment on the relationship between TMT characteristics and SCA. The intervening influence of managerial discretion on the relationship between TMT characteristics and SCA is also not conclusive. Thus, there was a need to establish that existence of these association between and among these variables. The present study covered CMCs in Kenya and the broad objective of this study was establish the influence external environmental and managerial discretion on the relationship between TMT characteristics and SCA of CMCs in Kenya. From the broad objective, the study specifically had four objectives, which were to assess the influence of TMT characteristics on SCA; determine the influence of external environment on the connection between TMT and SCA; assess the influence of TMT characteristics and managerial discretion on SCA; and the joint influence of TMT characteristics, external environment, managerial discretion on SCA of CMCs in Kenya. A cross-sectional design was employed where data was gathered from 72 CMCs in Kenya using a semi-structured questionnaire. The respondents in the study were top managers in 72 CMCs operating in Kenya for more than three years. Two questionnaires were sent to each of the 72 CMCs adding up to a total of 144 questionnaires. Both descriptive and inferential statistics was employed to analyze the data and the formulated hypotheses were subjected to tests using Chi squares. The analysis of the findings revealed that TMT characteristics had a statistically significant influence on SCA of CMCs in Kenya. Similarly, on the moderating influence of external environment on the relationship between TMT characteristics on SCA and the intervening influence of managerial discretion on the relationship between TMT characteristics on SCA were found statistically significant. Further, the study revealed that when TMT characteristics, external environment and managerial discretion were combined all together, they statistically influence SCA of CMCs in Kenya. The findings of the study partially supported the agency, contingency, upper echelon and competitive advantage theories, respectively. This study gives to contributions in terms of knowledge to strategic management by influence of external environmental and managerial discretion on the relationship between TMT characteristics and SCA. The respective managers are to adopt the findings of the present study in ensuring that their firms embrace TMT characteristics to interpret the environment properly and formulate appropriate strategies for SCA and ensure that clear dimensions of managerial discretion are integrated in decision making process.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

In the 21<sup>st</sup> century there exist fierce competition in the global economy which is brought by globalization and internationalization of businesses where multinational corporations operate (Boschman, 2018). Therefore, from this respect top managers are required to select a conducive business environment to enable them make decisions which will contribute to the realization of their organizational potential (McAfee & McMillan, 2015). Hambrick and Finkelstein (1987) defined managerial discretion as extent of freedom of top management's decision powers. Organizations that operate in uncertain environment formulate decisions only by relying on the available data to achieve their Sustainable Competitive Advantage (SCA). The SCA is experienced when the organization acquires features that enable them to outpace its competitors in the market.

The study was guided by four thematic theories which included typology of competitive advantage, the upper echelon theory, contingency and agency theories. Typology of competitive advantage was pioneered by Porter(1985) and it attempt to demystify market structures and competitive advantage. On the same breadth, upper echelon theory by Hambrick and Mason(1984) is premised that top management construe the situation they face based on the respective experiences, personalities and value which in return affect decision making process. Contingency theory (Fiedler, 1958) examines the effectiveness of the leader which rely upon on their respective control, their style and circumstances while agency theory (Ross & Mitnick, 1973) indicate that principals and agents in an organisation play a very critical role in generating competitive advantage.

Therefore, the increment of uncertain environment has brought challenges to multinational corporations hence there is difficulties for these organizations to solely depend on Top Management Team (TMT) characteristics but also to include managerial discretion in realizing their SCA. Managerial discretion is perceived by managers to influence three thematic antecedents that is manager's cognitive complexity, the task environment and organizational agility in sum which contribute to SCA (Rensburg, VanDavis & Venter, 2014). The TMT characteristics of an organization contributes to the outcome of the organization (Hambrick, 2007).

Consequently, TMT characteristics is tasked with formulating strategic choices of an organization in regard to competitive advantage which largely contribute to the success of the firm and is determined by the background information of the team in place which include the demographics, experience of the members, tenure, levels of education, team diversity and personality traits. Thus, TMT characteristics is an important strategic resource for companies and organizations as they enable the stakeholders to understand the vision and mission set for their organizations and how this mission will be achieved by employing specific strategic choices like managerial discretion (Hunger & Wheelen, 2012). The upper echelon principle postulate that top executives interpret various positions through their respective personalized lenses that emanate from the individual abilities, morals, personality attributes and other various human components (Rothaermel, 2013). This influence the strategic modified inquiry of situations thus organizations are the reflections of their senior executives. Hence, TMT characteristics play a critical role in attaining a sustainable business environment for an organization.



Many leaders, institutions and organizations have a strong belief that TMT characteristics is very important and has got bottom-line benefits which leads to SCA (Ci-Rong, 2013). The TMT characteristics as a competitive advantage tool facilitate unique and creative procedures of solving problem in an organization which increases the creativity levels to translate to a superior performance (Brown & Duguid, 2001). Hence, the way the organization respond in terms of decision making processes, its effectiveness largely depends on how the top management triggers and interprets strategic issues (Chemengich, 2013).

Although several empirical investigations have been done on the effect of TMTs on organizational outcomes, the role of TMT characteristics on SCA is unclear (Tacheva, 2014). Moreover, despite a belief that TMT has a significant implication in terms of performance, the empirical results specifically in strategic management has produced mixed and inconclusive findings thereby producing academic debates on their associations. The studies which have produced positive results include (Marimuthu & Kolaindaisamy 2009; Kinuu 2014; Wasike, Machuki, Aosa & Ganesh, 2015) while those with negative association include (West & Schwerk, 1996) and those ones which have revealed no relationship at all (West & Schwerk, 1996). DiazFernandez, Gonzalez-Rodriguez and Pawlak (2014) established educational level variety to contain a negative result on corporate performance. Consequently, the uncertainty of the environment has made it impossible for organizations to solely depend on TMT characteristics. Thus, TMT characteristics cannot alone explain SCA. Hence, SCA can depend on other institutional and external factors for example managerial discretion and external environment.

The concept of external environment in an organization refers to those elements which are outside of the firm that influence or affect the ability of the organization to function. The respective organization has a little or no control on these factors but it needs to regularly monitor and acclimatize to the external changes (Alina, Belu, Parpandel, & Rizea, 2010). In the business environment, TMT characteristics are responsible in the understanding and constantly aligning the organization to the changing needs in the environment as it can hamper their organizational outcome. Organizations and institutions which line up well in their environment record high success hence results to a SCA (Haleblian & Finkelstein, 2002).

The TMT characteristics are usually assumed to largely contribute to sustainability of an organization of firms (Hambrick & Mason, 1984). Li (2018) established that TMT contained an inverted U-shaped connection to internalization. Various investigations have argued that top executives have a little effect on performance of firms because they are effected by other exterior forces (DiMaggio & Powell, 1983; Hannan & Freeman, 1977) but to settle the contradictory viewpoints, the perspective of upper echelons has brought a significant intervening variable called the managerial discretion which is referred to as the management's autonomy of action that result to the deep understanding to why top management should be considered more in some circumstances than in other situations of business environment (Hambrick, 2007). When TMT contain superior discretion, their effect on decision making and outcomes are stronger than when there is no discretion (Finkelstein & Hambrick, 1990). Therefore, discretion in management play a critical role on linking TMT features and SCA.

The primer features of TMT, managerial discretion, external environment, and SCA was documented by agency theory (Ross & Mitnick, 1970) upper echelon theory (Hambrick & Mason, 1984), contingency theory (Fiedler, 1986), and typology of competitive advantage (Porter, 1985). Agency theory describe that managers are obliged with various tasks which encourage the administration of various corporations while upper echelon theory expound on the outcome of the organization and its strategic choices are anticipated by respective TMT characteristics (Machuki & Aosa, 2011). The perspective of upper echelons advance that TMT characteristics can influence strategic decision-making which can contribute to the sustainability of an organization (Hambrick & Mason, 1984)

In addition, the theory of contingency underscore the connection which exist between external and internal setting of the organization. Consequently, the organization's SCA rely upon the ability of that organization to shift the internal variables in perspective to address the changing business environments (Hanson & Austin, 2003). Finally, the theory of competitive advantage illuminates on the reasons to why nations of the world involve themselves in the international trade despite the workers of one country being efficient in producing goods than workers in other nations. Present trade corporation between Kenya and China covers a number of issues, like the commerce, mining, forestry, construction, supply of capital equipment, manufactured goods and financial flow and oil exploration. Therefore, China is supporting their multinational companies to enter in the emerging economies for international trade. According to Kenya Investment Authority (2013), there are 18 Chinese companies set in the past two years while the Kenya China Economic and Trade Association (KCETA) (2019) indicate that there are more than 116 Chinese companies in Kenya and of these 95 of them are multinational corporations.

Therefore, the Chinese Multinational Corporations (CMCs) in Kenya need to have TMT characteristics, managerial discretion and a favorable environment that enables them to attain SCA. Like other African countries, Kenya has been able to seek for an assistance from China to develop its technologies and infrastructures including the railway that link Mombasa to Nairobi costing of \$3.2 billion which was opened in 2017. Chinese Foreign Direct Investment (FDI) has been accelerated by the low requirements in the licensing of the investments. The agreements of licensing enable firms to take full advantage of the new technologies to limit their risks in operations in payments of their royalties until fully developed (Ministry of Foreign Affairs, 2018).

### **1.1.1 Top Management Team Characteristics**

The team comprise a set of leaders tasked with the organizations' overall responsibility. The TMT entail a small group of individuals in an organization, entity or enterprise who consist senior executives tasked with essential decision making and the overall responsibility for the company or cooperation (Finkelstein, Hambrick, & Cannella, 2009). According to Irungu (2007), TMT refer to the characteristics of the members in the senior level of management, Chief Executive Officers (CEOs), principal operations officer, assistant manager, chief financial officer and the like who are responsible for availing the direction of the organisation. These senior executives report to the respective chief executive officer of the organisation (Mutuku, K'obonyo & Bolo, 2013). Top management teams are the ones responsible for translation of policies conveyed by the board on organisational strategies, objectives, goals, and projects intended for the success of the organization both in the current and future situations.

The team formulate decisions that affect every individual of the organization and its key departments; hence they can either make the organization succeed or fail (Mkalama, 2014). As the TMTs formulate strategic decisions in line with their cognition to the sharing of their experiences and values contribute to a greater organizational outcomes and the firm's SCA. Thus, TMT is fascinated in the strategic development of resolutions which are affected by the insights and interpretations of managers hence reproducing their rational base. TMT entail to the group of individuals who formulate and design a company's overall decisions. This group designate on how the formulated objectives will be achieved by the respective organization (Kor, 2006). This segment in the organization play a very critical role in coming up with major decisions for running the business (Rubio-Bañón & Aragón-Sánchez, 2009). They are in most cases considered as an asset of the organization where its inability can lead to organizational failure both in the short-term and long-term (Lerner & Almor, 2002).

Penrose (1959) among other scholars discovered that inability of management or gifted managers can limit the growth and development of an organization. She underscored that the managers in perspective are discrete elements in each individual organization to develop liable to their convenience and usage. In spite of differences in definitions, general agreement exists among scholars and academicians of the three distinct perspectives which include the demographics, behavioral and psychological. The first is the psychological characteristics which include the resilience, tenure, size of TMT, age, informational background, gender, and education levels (Tihanyi, Ellstrand, Daily & Dalton, 2000).

While other researchers indicate that behavioural features of TMT are the ones most preferred (Papadakis & Barwise, 2002), others for example Awino (2011) indicate that top managers have key aspects that is psychological and demographics. The features covered in strategic management literatures include competitive aggressiveness, social orientation, open mindedness, risk propensity, education, age, functional background, ethnicity, and tolerance for ambiguity (Kilduff, Angelmar & Mehra, 2000). For the sake of this study, scholars were drawn from the ones who pointed dimensions of TMT characteristics such as psychological, behavioural and demographics (Irungu, 2007; Kinuu, 2014). A number of features of TMT exist but the general agreement is on the three distinctive ones which include behavioral, demographic and psychological characteristics. Psychological features like emotional stability, optimism, resilience, self-esteem, locus of control, hope, and self-efficacy are usually used. The behavioral factors include openness, conscientiousness, extraversion and agreeableness (Goldberg, 2019).

Moreover, Bell (2008) describe the demographic features as personal attributes on data with regard to average size of family, education level, occupation, income level, religion, sex, birth rate, gender, age, marital status, age at marriage rate and the size of TMT characteristics (Tihanyi et al., 2000). For instance, with due consideration to age factor, an individual is anticipated to be very energetic and vibrant at an early stage of their respective employment (Adio, 2010). The researchers and scholars uphold that behavioral features are preferred (Papadakis & Barwise, 2002), others (Awino, 2011) postulate that the critical traits of TMT are psychological and demographics. For the purpose of this study, TMT characteristics demographics and psychological were used as parameters of measurements as these were dimensions drawn by Irungu, (2007) and Kinuu, (2014).

### **1.1.2 External Environment**

The concept of external business environment entails external forces, elements, components and institutions that are beyond the control of an enterprise and they influence the running of a business. These factors include, the economy, demographics, cultural and social factors, distributors, customers, suppliers, the economy, innovation and technological advancement, industry trends, substitutes and government regulation events (Fernando, 2017). The environment where an enterprise operates exert pressure to provoke various responses as the firm or organization search for validity so that to endure and flourish in same environment (Kinuu, 2014).

External environment encompasses the ecological, technological, economic, political, socio-cultural, regulators of the industry, suppliers, competitors, stakeholders, beneficiaries, human resources, market sectors, raw materials, and international sectors all of which contain a direct association to the organization in operations and decision making (Ogundele, 2005). The concept refers to a company's collective elements which is exogenous to an organization that is likely to influence SCA (Murgor, 2014). Irrespective of the sector of the economy where the firm compete, the aspects of external environment affect companies as they search for the strategic effectiveness and earning which is above the average yields (Hitt, Ireland, Sirmon & Trahms, 2011). Each and every company operate in an open system, hence referred to us as environment-serving organizations. The external environment offers companies with opportunities which they can use to change their production function through the use of internal processes, hence the production function is taken back to the respective business setting. Therefore, the operations in the business environment cannot single handedly controlled by a particular organization.

According to Palmer and Bob (2002) the concept of external environment encompasses those activities and forces which are external to the organization that influence the operations of the firm. These comprise of two interconnected sets of indicators that has a critical function to determine opportunities, constraints and threats that affect the sustainability of a company. The beyond company's operating variables consist of political, technological and socio-economic aspects which are referred to us as macro environment (Pearce & Robinson, 2007). The micro environment or industrial factors which influence the firm's immediate competitive situation consist of trade unions, customers, suppliers, labour markets, and creditors. The industrial environment comprises of five model forces which include rivalry among the firms, bargaining power, substitute products and services, and threats of new entrants. This element can either stimulate or hinder the organization from attaining the formulated objectives thereby affecting the critical functions of the firm and possibly goals and strategies (Gupta, 2009).

On the same line, Lehner, (2004) defined environmental conditions to include the number of relevant components in the environment, dynamism, uncertainty, interpersonal relationship between the environmental components and hostility. All these components are perceived to increase complexity in the management of an organization. Machuki and Aosa (2011) assert that the constructs with regard to environment should be treated to consist two expansive aspects that is the internal and external dimensions. Murgor (2014) indicate that it is difficult to investigate everything occurring in the business environment due to some elements may be pertinent to some institution or organizations than others. Therefore, from these observations, it is clear that most organizations operate in an external environment full of uncertainty (Welch & Welch, 2005).



The external environment act as an avenue of problems, contingencies and constraints as well as it acts as a source of opportunities on how a company conduct its businesses (Bourgeois, 1980). Scott (2008) argue that the institutional actors such as the managers are pivotal agents who have the capacity and ability in interpreting the strategic stimulus as well as crafting and implementing strategic responses. The activities conducted in a particular business environment can posture the SCA of an organization (Messah & Kariuki, 2011). The conditions from the business environment include political, economic, social, technological, ecological, and legitimacy which complicate the management of organizations (Lehner, 2004). This investigation measured external environment using politics, economics, sociology, technology, ecology, and legitimacy as the parameters of measurements. This are the factors that any organization cannot ignore and can determine the survival of an organization.

### **1.1.3 Managerial Discretion**

The term managerial discretion was coined by Berle and Means in the year 1932. These scholars believed that the objectives of managers vary from the company's aim of optimizing profits. Therefore, discretion in management is possibly negatively connected to SCA. According to Hambrick and Finkelstein (1987), define discretion in management as to the extent to which the executives in place determine the company's operating decisions and provide with the scope of CEO's decision formulation powers. Ponomareva and Uman (2015) postulate that managerial discretion entail administrators' range of activities of destination which influence and impact the ability of the organization in adjusting to the outside powers of the organization.

In this investigation, managerial discretion concept was grounded on Hambrick and Finkelstein (1987) who explained that the managers' autonomy has a vital role to play for organizational outcome. They described the concept as the capacity of managers impacting critical hierarchical results which include administrative qualities, elements of operational conditions and interior associations. The manager's autonomy on decision making process may be restricted or supported subject to the extent on which the respective force exists (Miller, Kets De Vries, & Toulouse, 1982). According to Caza (2012), managerial discretion differs from the selection of managers but it gives emphasis on liberty and the action to be conducted. That is whatever option accessible for the individual and its impact based on the selection is the outcome of managerial discretion and not the portion of the discretion.

The three forces which influence managerial discretion include managerial characteristics, internal organizational factor and the task environment (Hambrick & Finkelstein, 1987). The external environmental factors include the number of competitors, structure in the sector, growth in the industry, product differentiation and regulatory barriers. On the same breadth, elements affecting organizational characteristics include age in the industry, size of the firm, resource availability, culture and the patterns of relationship among the employees. Further, managerial features include strategic outcomes, confidence levels, aspirations, commitment levels, interpersonal skills and ambiguity. In the context of discretion, the flexibility to behave in a particular way is dependent on individuals irrespective of the functional position, or the rank in an organization. In this case, the amount of discretion and domain differs among various individuals and groups.

The concept of management discretion is subject to the discernment of personal flexibility of the conceived discretion and not only affected by objective discretion which result from the formal structures of the organization (Carpenter & Golden, 1997; Caza, 2012). A review by Wangrow, Schepker, and Barker (2014) denote that discretion in management is pivotal to organizational outcomes which include firm performance, competitive edge, commitment to organization's activities and reward of the CEOs. The empirical studies in connection to sustainable competitive advantage indicate that top executives play a vital role in explaining the outcome in an organization to ensure that the laid down strategy is well executed. Therefore, top executives who are not given discretion get constrained in strategy implementation resulting to poor performance. A high level of MD increases the ability of the CEO to influence firm performance directly as a high level of MD provide a variety of options for the CEO to choose from.

The empirical investigations conducted on managerial discretion and TMTs features contain mixed and inconclusive findings (Li & Tang, 2010; Wangrow, Schepker, & Barker, 2014; Hutzschenreuter & Kleindienst, 2013). Thus, the current study examined the role played by TMTs characteristics and managerial discretion on SCA. The influence of discretion in management on organization's SCA encompass a cost effect and returns effect concurrently and its impact on SCA is depended upon the nature of owners and the classification of the competition in the business context (Hitt, Ireland & Hoskisson, 2014). Managerial discretion is assessed indirectly by ownership dispersal, salary power and standardized position power indices (Feng, 2013).

Various studies have been conducted to indicate the negative influence of managerial discretion. These studies include Hambrick and Finkelstein, (1987) and Williams, Worley and Lawler, (2013). The positive effects of managerial discretion are indicated by Boycko, Shleifer and Vishny (1996) and Yin (2004) who deduced that a positive relationship exist between managerial discretion and SCA. However, the existing data on their connections is mixed and inconclusive. For the purpose of this examination, managerial discretion was measured using industry task environment, manager's characteristics, internal organization and salary power as the parameters of measurement. These were conceived as the most critical components to satisfactorily measure managerial discretion on SCA.

#### **1.1.4 Sustainable Competitive Advantage**

The term sustainable competitive advantage encompasses specific benefits that are accrued to a company by the application of value generating strategies currently not embraced by the competitors. This concept is connected to firm success which is achieved by strategies of differentiation (Cantele & Zardini, 2018). It comprises to the firm's ability to attain greater performance which is above the competitors (Pratano Darmasetiawan, Yudianto, & Jeong, 2019). It refers to the amount of organization performance that describe the economic welfare in an organization over the competitors due to its unique ways of operations, for example, introduction of green products and processes in producing goods and services. The famous indicators of sustainable competitive advantage comprise of enhanced revenues, economic success and customer satisfaction. For a company to be sustainable in the business context, it has to design and adopt effective strategies which will enable it to live above its current competitor in the business environment.

There are two prominent schools which attempt to expound the concept of sustainable competitive advantage. They include the internal and external views where the internal school of thought lay emphasis on the usage of specific generics that permit an organization to compete either through differentiated products and services or through lowering of prices of products. It can as well mix all the two strategies that is hybrid of differentiation and low cost (Walsh & Dodds, 2017). On the other hand, the external approach is connected to sustainable competitive advantage on how a company respond to the available opportunities and threats in the respective business environment. In line with this, the resource-based view postulate that a firm can develop its competitive advantage by differentiating its current capabilities and internal resources from the competitors. Both the two perspectives recommend that prudent management will generate long-term competition against the rivals who are not able to consider the potential resource impact.

The idea of sustainable competitive advantage was developed by Porter in the year 1985. Porter described various competitive strategies where differentiation, focus and cost leadership were used as the main components for attaining long-term competitive advantage (Hakkak & Ghodsi, 2015; Vinayan, Jayashree, & Marthandan, 2012). Hence, the subject of SCA has been since then pursued primarily for a company's competitive strategy and profit maximization (Hill & Jones, 2009). Although many empirical investigations have been undertaken on the subject of SCA, still there is lack of operational definitions for SCA. According to Hakkak and Ghodsi (2015), the SCA concept is connected with an organization's energies in establishing and preserving competitive advantages for a longer period of time. Hence, sustainable competitive advantage may be described as enduring benefits that come into the firm over a prolonged period of time.

This concept also refers to shielding of resources for a period of time to be used in the future (Grant, 2010; Thompson, Peteraf, Gamble, & Strickland, 2012). Though other grounds of SCA exist, core competencies comprise the most direct component of sustainable competitive advantage in which majority of scholars and academicians settle (Grant, 2010; Hill & Jones, 2009). On the same vein, Lynch (2009) describe core competencies as the distinct abilities, technologies and skills that help a company to offer particular value to clients in order to afford various goods and services in the market. Nevertheless, Montgomery and Porter (2009) upheld that the only means of sustaining competitive advantage is by upgrading it.

To attain sustainable competitive advantage as the strategy of doing business, a company has to deploy different resources where there is a direct control over it and these resources have to contain an ability to generate sustainable competitive advantage. According to Gupta, Woodside, Dubelaar, and Bradmore (2009), organizational capabilities and resources are not the only avenues to produce competitive advantage but also implement strategies which are not concurrently executed by any present potential competitor. Barney and Hesterly (2010) upheld that generally a company contain competitive edge when it able to generate greater economic value than rival companies. The competitive advantage is sustainable when the respective firm is able to derive from its unique, rare, non-substitutable, valuable, and inimitable resources and capabilities (Barney, 1991). Competitive advantage enables a firm in perspective to maximize on its profits and these profits draw the competition, hence, most of the competition is temporary attained for many organizations (Barney & Hesterly, 2010).

An organisation is termed as having sustainable competitive advantage if the respective competitors are not able to duplicate the sources of advantages or if no one perceives a better offering (Barney & Hesterly, 2008). Therefore, sustainable competitive advantage is where rival companies avail plans to copy the resources of the competitor (Grant, 2010) or when the barriers to copy are great (Hill & Jones, 2009). This depicts that in the time when the competitors are unable to copy or imitate particular products of a company, that is when it is counted that the respective organization contains sustainable competitive advantage. However, with the regular environmental changes, companies face challenges to align themselves to the business setting as they incline to concentrate more on strategy implementation during the periods of change.

Resources and capabilities incorporated in the firm generate customer value resulting into sustainable competitive advantage which results to superior performance of the firm. The activity drivers provide effectiveness, quality delivery of services, customer responsiveness and efficiency in which the respective activities are conducted (Hill & Jones, 2009). Hence, firms which contain resources that are greater than the competitors and apply these resources effectively to their operations, then they qualify to attain a viable competitive edge. Further, SCA can as well be described using the perspective of imitability and durability (Wheelen & Hunger, 2010; Haberberg & Rieple, 2008; Grant, 2010). SCA depends on the three thematic features of capabilities and resources which are durability, transferability and replicability. The term durability refers to the duration in which the competitive advantage is sustained. Transferability refers to the transmission of the highest sustainable competitive advantage. Further, replicability means that SCA cannot be imitated or purchased in the business market.

The more it takes competitors to access to imitation, the superior is the chances for the respective company to optimize on the core competencies or construct new ones to remain ahead of the competitors (Grant, 2010; Hill & Jones, 2009; Thompson et al., 2012). Subsequently, the organization's capacity to postpone replication of its viable resources is critical to derive an optimum benefit from any competitive position. Therefore, the strategies formulated and laid down should focus on utilizing these capabilities and resources in the company in order to attain SCA in the uncertain business environment.

Lacking an active leadership, constrain the capacity of a company from attaining a sustainable competitive advantage (Elenkov, 2008). Competitive advantage is sustained before it fades away due to the replication of value creating strategies of other existing companies in the market. Thus, the term of SCA does not denote on how long the duration of competitive advantage can take, rather, whether or not the competitive advantage is sustained rely upon the possibility of competitive replication. O'Shannassy (2008) assessed the concept of SCA on understanding the important strategy concept. Specifically, the investigation explored suitable definitions to describe the concept of competitive advantage, identify the basis of competition for companies and increase the overall understanding to why various sectors of the economy contain competitive advantage as a temporary aspect. According to the study results, it was revealed that company resources contributed to organizational performance and sustainable competitive advantage. Musebe (2012) examined on the resources, capability and sustainable competitive advantage. The study established that tangible (human capital and physical capital) and intangible resources (included the firm's organizational capital) influenced SCA of a firm.



Wang (2020) assessed on business analysis on sustainable competitive advantage. The research described what SCA entailed and what components are connected to sustainability. It also presented SCA from the resource-based and institutional perspectives. The research revealed that sustainability in competition was greatly subjected on the ability of a company to do its management in setting of institutional resource decisions. Sustainable competitive advantages were not solely connected to its internal setting, but they were also connected to its external business environment. Duncan, Ginter and Swayne (1998) assessed internal organizational assessment and competitive edge. The study findings, established that SCA was connected to internal organization assessment. However, all these investigations produced mixed and inconclusive results which prompted the current research.

Therefore, many organizations and corporations concentrate more on the changes of the environment, the limited resources and new entrants in the business as an effort of attaining SCA (Porter, 1980). In the same line, Porter (1987) attested that firms are able to attain competitive advantage if they are able to generate value for its buyers. Hence, competitiveness can be examined from various dimensions that is from the firm, industry and country levels. Competitiveness at organizational level is associated with the ability of the firm to design goods and services which are superior from those of their competitors. It is also possible to look at competitive advantage at lowering costs or goods and services that are associated with high prices. The critical competitive components entail flexibility, adaptability, agility, speed and capability. Competitiveness is also observed from the grounds of competency approach where the prominence is on the contribution of the internal elements (Hsu & Fang, 2010).

Hunt and Morgan (1995) classified SCA resources into rational resources, informational, legal, financial, organizational, physical and human resources. There are various factors that determine SCA (Porter, 2001). Among such factors are financial factors, such as return on investment, market share, and non-financial factors which include employee satisfaction, cost advantage, superior customer service, differentiation and corporate social responsibility. According to Rahimić and Uštović (2012) satisfaction of customers is also a vital element in attaining SCA. Further, the differentiation component gives the product a differential plus over SCA. The parameters used to assess SCA were return on investment, differentiation and customer satisfaction.

#### **1.1.5 Chinese Multinational Corporations in Kenya**

Multinational corporations (MNCs) contain a significant contribution to the global economy as these corporations generate additional revenues from abroad as well (Manyika, James, Birshan, & Nagpal, 2018). The multinational corporations refer to large firms or organizations which are set regionally and globally with a clear stipulated organizational structure. The term organizational structure refers to the categorized arrangement of lines of authority, rights, duties and communication channels for a company (Moss, 2015). Firms, specifically from the western world are virtually with undeniable command over the financial resources and necessary political ties which dictate businesses globally, are now being confronted by a host of emerging country corporations with China being inclusive. China is supporting its multinational companies in acquiring drive to capture the key resources and increase the market share across the developing economies. Therefore, Chinese firms are rapidly advancing as the influential corporate players particularly in the developing world (Feng, 2013).

Since January 2003, when President Kibaki came to power, Chinese firms expanded their economy to Kenya in a policy of to look east for developmental projects and aid. The bilateral relationship also developed into historical height after President Uhuru Kenyatta came into power in 2013. The Chinese firms are now upcoming in Kenya aiming to penetrate the bigger East African market which has increased its demand for goods and services (Feng, 2013). The Chinese producers are also building local manufacturing industries plants, signaling a shift of tactic in battling for the control of Kenyan consumer business market that they have served using direct imports. This is anticipated to generate massive employment opportunities for Kenyan youths but also intensify the battle in controlling the region's fast growing consumer business market which is also targeted by the Western firms. This has been contributed by the removal of trade barriers within the region which has attracted foreign investments. According to Kenya Investment Authority (2013), 18 Chinese companies was set in the past two years and KCETA (2019) said more than 116 Chinese companies were in Kenya and 95 of these were multinational corporations.

Majority of the Chinese firms are situated in Nairobi City County specifically, Mombasa road, Parklands, Upper Hill and Kilimani areas. Kenya and especially Nairobi has attracted a number of Multi-National Corporations (MNCs) because it is at the center in the east and central Africa, also, it has a pool of a fast growing skilled labor among other factors. Therefore, these firms have come in to help Kenya to boost its importance in regional economy and promote regional integration in East Africa by leveraging their world-leading expertise in engineering and infrastructural project management (KCETA, 2019).

## **1.2 Research Problem**

The key concern of firms or organizations, whether its public or private, whether it's for profit or not for profit has been on how to attain high performance. Organizational SCA is mirrored on the TMT characteristics (Hambrick & Mason, 1984). Writing has confirmed that the TMT characteristics influence SCA (Nielsen & Nielsen, 2013). However, it has also been described that TMT characteristics cannot alone influence performance but have to work together with other aspects for example external environment and managerial discretion to influence SCA.

Therefore, ventures increasingly have to embrace TMT Characteristics, managerial discretion, external environment to respond to the dynamic and rapidly unstable market environs to attain sustainable competitive advantage. Local firms in Kenya are extremely uneasy with the rate at which various worldwide Chinese firms are infiltrating the Kenyan market representing a danger to local industry sector (Mugeni, 2013). In 2015, China overpassed India and turned into the main exchange to collaborate with Kenya. The zone that draws most of the Chinese FDIs is the development business at 53.8 percent, trailed by industrialization at 18.1 percent and advancement industry at 12.4 percent in 2015. In business development, the real contractual workers are State Owned Enterprises (SOEs) from China. These SOEs have immense knowledge transfer, financial support and technological support. Unlike the structural integrity kept by Chinese systems, cleavages block compelling coordination among Kenyan Small and Medium Enterprises (SMEs), thus rendering them incapable to repel advertise rivalry brought by the Chinese (Aleksandra, 2008).

Kenya has gotten KShs 488.8 billion monetary help from China since 1964. The real arrangements that Chinese private financial specialists need is to place their cash into a few basic infrastructural activities including a 30-kilometer freeway running from Jomo Kenyatta International Airport (JKIA) crosswise over Westlands and for improvement of the Dongo Kundu mechanical Special Economic Zone (SEZ) in Mombasa. There are various local, regional and international research studies done on TMT characteristics, external environment and managerial discretion on SCA.

The international studies were done by Ali, Keskin and Byrne (2008) who focused on the moderating function of external environment on firm emotional ability and performance of firms in Turkey. The investigation adopted a survey questionnaire where managers and employees were targeted. The research conducted a survey of 356 persons from the 112 companies where hierarchical regression analysis was preferred. From the study findings, it was revealed that emotional capacity and performance of the firm were affected by environmental dynamism but the investigation did not examine managerial discretion and TMT features as the variables of the study which were covered by the current study .

Chang and Wong (2015) conducted a study on managerial discretion and performance of the listed firms in China. The survey method was preferred to assess the extent levels of managerial discretion and decision-making power in the Chinese listed companies. The study findings revealed that managerial discretion was correlated with firm performance of the state-owned enterprises. This study tested only managerial discretion dimensions on firm performance but omitted to assess aspects of SCA as the dependent variable. The present study also included TMTs as one of the variables of the study.

Feng (2013) conducted a study to examine the connection of managerial discretion and performance of high-tech firms. The inquiry sampled high-tech companies and traditional companies in Shenzhen and Shanghai Stock Exchanges respectively. The investigation covered 2007 and 2008. The research used 304 firm-year observations of the high-tech firms. The results of the findings showed that managerial discretion connected with performance across the studied companies both in the traditional and high-tech sector. Managerial discretion was negatively connected to performance of the traditional firms where in high-tech firms, managerial discretion was positively associated with firm performance. The study only used managerial discretion as compared to the current study where external environment and TMT were included to assess SCA.

Locally in Kenya, Musani (2012) conducted a study on capital structure and managerial discretion of the listed firms at NSE. The inquiry embraced descriptive research design where a census study of 47 listed firms were used. The study results revealed that managerial discretion did not affect capital structure of the listed firms. Also, the study only used one variable that is managerial discretion and omitted TMT characteristics and external environment on SCA. Ndanu (2014) did a study on top management demographics, macro-environment, SDM, and Kenya's State Corporations performance. He concluded that managerial discretion connected positively with firm performance. TMT demographics significantly influenced SDM but SDM did not influence firm performance. However, managerial discretion dimensions were not covered hence a gap sought by the current study.

Ogutu and Nyatichi (2012) undertook a study to cover the competitive strategies embraced by multinational banks in Kenya. The investigation employed a census survey method and data was gathered using a survey instrument. The gathered information was evaluated by the use of descriptive statistics. The study results indicated that the respective banks embraced broad differentiation strategy. Further, it was revealed that TMT demographics significantly influenced SDM but the study did not examine into external environment as one of the variables on SCA which was covered by the present study.

Machuki and Aosa (2011) conducted a study to examine external environment and corporate performance. The investigation adopted a survey of 23 firms listed in NSE. The research used three environmental measurements which included dynamism, munificence and complexity to describe Kenya's business environment. The study results indicated that natural dynamism didn't contain any effect on organizational performance. The study only examined into three dimensions of the environment which include dynamism, munificence and complexity but variables of TMT, managerial discretion were omitted which were covered by the current study as the variables. From the empirical studies reviewed, most of the studies focused on single facets of TMT features both in the private and public sectors. Therefore, there is no study known to the researcher which has been undertaken on the joint influence of TMT characteristics, external environment and managerial discretion on SCA of CMCs in Kenya. Hence, this investigation sought to answer the fundamental research question : What is the influence of external environment and managerial discretion on the connection of TMT characteristics and SCA of CMCs in Kenya?

### **1.3 Research Objectives**

The main research objective was to determine the influence of external environment and managerial discretion on the connection of TMT characteristics and SCA of CMCs in Kenya. The investigation covered the following specific objectives:

- (i) Assess the influence of TMT characteristics on SCA of CMCs in Kenya
- (ii) Determine the influence of external environment on the association between TMT characteristics and SCA of CMCs in Kenya
- (iii) Assess the influence of TMT characteristics and managerial discretion on SCA of CMCs in Kenya
- (iv) Analyze the joint influence of TMT characteristics, external environment, managerial discretion on SCA of CMCs in Kenya

### **1.4 Value of the Study**

In relation to theory, this study has added more knowledge to the existing theories of upper echelon, agency, contingency theories as well as the typology of competitive advantage. This is important in that it forms assumptions that were not put by the other initial proponents of these theories. Further, the findings of this study enable academicians to gain in-depth knowledge in the same field. In practice, this study enlightens and guides the CMCs in Kenya and specifically to managers and board of directors to gain information on the contribution of TMT characteristics, external environment, and managerial discretion in creating SCA and how it can be well managed to ensure that the real value is obtained for the business. The findings of this study help all multinational corporation operating in Kenya to develop strategies to form a foundation in which more in-depth studies be carried out in respect to the adoption of integrated information systems.



Further, the investigation bridges the prevailing knowledge gap in regard to TMTs features and sustainable competitive advantage of CMCs, an area that is inadequately covered in the previous conducted research. The findings also are important to the investors in the sector as it provides a basis of understanding what the industry practice is when it comes to the subject matter in response to ever changing business environment. The international FDI distributors also gains knowledge from this study as they can understand about TMT characteristics, external environment, and managerial discretion in creating SCA. The policy makers get direction from this study in that it provides guidelines on how to develop appropriate practical policies in the entire sector. The policies will also serve as guidelines for future problem solving, guidance and surveillance.

The study findings further offer with the empirical evidence to students and scholars on whether to exercise or practice TMT characteristics as an effective strategic tool for SCA. The respective students and scholars borrow from this study findings to enable them to acquire literatures for citations and identification of knowledge gaps to assist them in developing of themes to suggest for further studies. The students themselves employs findings to generate a basis for debate on the concepts of TMT characteristics, external environment, managerial discretion on SCA. Further, the findings of this study enable both the prospective investors and existing ones to make the necessary investment decisions on where is worth for investment. Specifically, this study is significant to CMCs in Kenya in their strategy formulation. Other government agencies and regulators finds the results useful in the formulation of future policies and regulations with regard to TMT characteristics and SCA to increase the investors' value.

### **1.5 Organization of Thesis**

The total chapters contained in this thesis were six starting from chapter one which outlined the background information and problem statement. This covered both contextual and conceptual backgrounds where the concepts of TMTs characteristics, external environment, managerial discretion and SCA were covered. The contextual background for the study was CMCs in Kenya. The objectives and value of the study were also covered in this chapter. Literature review and their subthemes were covered in chapter two which included theoretical backgrounds where theories underpinning the study were discussed, conceptual and empirical literatures were reviewed to support the concepts of TMT characteristics, external environment, managerial discretion on SCA. From the reviewed literature, the study was able to draw gaps in a tabular format. The chapter also drew the conceptual model where the research hypotheses emanated from this model.

Research methodology was also covered in chapter three of this study. Here, the study covered research philosophy to underline the assumptions upon which the study was based. The study design was also covered to show the procedures and techniques employed to answer the set questions. The target population, reliability, validity, data analysis and operationalization of key variables used were also covered in this chapter. Chapter four presented the analysis of the research findings whereby sub themes like response rates, reliability demographic information and descriptive statistics were presented. Diagnostics tests which covered normality tests, collinearity and multicollinearity were also undertaken. The inferential statistics employed were also analyzed where multiple and linear regression were examined to find the association among the studied variables.

Chapter five highlighted the hypotheses tested, hence it was meant to confirm the research objectives of the current study. The discussion of the findings was conducted on the specific objectives where the theory of the study was linked with past empirical studies. Finally, chapter six of this study covered summary of the research findings; conclusion; recommendations; and implications in theory, managerial practice and policy. Chapter six also covered the limitations and suggestions for further study.

The chapter covered background information where concepts of TMT features, external environment, managerial discretion on SCA were covered. The CMCs was also discussed as the context of this study. The research problem was also covered where the conceptual, contextual and methodological gaps were covered. The study aimed to find the effect of external environmental and managerial discretion on the association between TMT features and SCA of CMCs in Kenya. This was presented with four specific objectives which included the influence of TMT features on SCA; the effect of external environment on the connection between TMT and SCA of CMCs in Kenya; the influence of TMT features and managerial discretion on SCA of CMCs in Kenya; and the joint influence of TMT characteristics, external environment, managerial discretion on SCA of CMCs in Kenya. These objectives formed the basis for hypotheses formulation in chapter two. The study finally discussed the significance of the study to cover the contributions made to theory, policy makers, investors and managerial practice. The subsequent chapter presented a review of literature where both the theoretical and empirical literatures were covered. It is the same chapter where the conceptual model was highlighted.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The study aimed to investigate the influence of external environmental and managerial discretion on the association between top management team features and sustainable competitive advantage of Chinese Multinational Corporations in Kenya. The chapter gives a comprehensive literature review which described by Taylor and Procter (2008) as a synthesis of various publications to bring out the investigators' personalized interpretation of the reviewed literature and also the same information is published connected to the study. The synthesis gathers together the results from various studies describing the position of the investigator on the subject matter, giving an avenue to address the stipulated research question and hypothesis testing.

The Chapter is a review of literature based on the nexus between TMT characteristics and SCA. It started with the theories guiding the study, which are theory of competitive advantage, upper echelon theory, contingency theory, and agency theory. The investigation discussed their proponents, key tenets, main streams, the criticisms leveled against them and their implications to the study.

Further, the study discussed the empirical studies associated with TMT characteristics and SCA. Investigations on the association between TMT features, external environment and SCA have produced mixed results. Finally, it identifies the gaps associated with the reviewed studies and the possible propositions. However, unanswered questions with conceptual gaps, contextual gaps and methodological gaps still exist which necessitated this study to fill these identified gaps.

## **2.2 Theoretical Foundation**

The business concepts that have been traditionally employed by strategic management are those which influence performance but not sustainable competitive advantage. According to Osanloo (2014), theoretical framework provides a perspective on which to back one's thinking about the problem and analysis of data. It assists the investigators and researchers to establish and contextualize formal theories into their study (Ravitch & Carl, 2016). The research was grounded on Porter's (1985) typology of competitive advantage which outlined the five thematic forces to describe the rules and procedures pertaining to competition in the business environment. Porter postulated that a strategy formulated for purpose of competition, should originate from a deep understanding of the set rules of competition in the business market.

According to Barney (2011), the advantage in perspective requires that each individual entity gather novel assets and limits its business activities. Upper echelon theory by Hambrick and Mason's (1984) postulate that the cognitive and psychological features fundamentally on demographic measures form critical components to organization processes and the resultant decisions. They asserted that the long serving CEOs are less likely to initiate strategic changes in an organization. Therefore, greater emphasis should be offered on the data which is readily observable to reflect on the individual characteristics which include the social background of the managers, educational levels and professional backgrounds.

According to Juravich (2012), the respective line managers who possess professional experience are important to the organization in perspective come to act in accordance with the past experiences more so on individual attributes. Contingency theory by Fiedler (1964) formed also another theory which propounded this study. The theory argues that the prominent way to attain goals set by an organization rely heavily on the respective environment where the organization carry its operations (Fiedler, 1964). Therefore, the success of the organization is equal to its functional ability to suit its environmental eventualities. This theory proves that in various situations, solutions and strategies approve the most effective avenues of business operations (Dobak–Antal, 2010). This is accounted as one of the basic understandings of contingent theory, as it affirms various situations involved to different organizational strategies and structures (Baranyi, 2001).

Finally, agency theory by Ross and Mitnick (1970) describe the association between the principal and agent of the organization. Also, these association can be between the employer and its employees, between organization executives and shareholders and between buyers and sellers whose goals are not congruent with each other. This theory describes that ownership from control generates a problem of agency where managers operate the company aligned with their own interests but not the interests of shareholders (Jensen & Meckling, 1976). This afford the opportunity for the respective managers to spend company resources to optimize their own utilities other than the one for shareholders. Therefore, this thesis was guided by the typology of competitive advantage, upper echelon theory, contingency theory and agency theory. The linking of relevant variables, their tenets and criticism were also unearthed.

Sustainable competitive advantage infers the enactment of value generating strategy which is not currently executed by the competitors. Porter(1998) holds that sustainable competitive advantage strategy is the ability of a corporation to surpass the competitors on goal execution over a period of time. Four necessities are provided by Kurtz and Clow (1999) for a competitive advantage to qualify sustainability which include that: organization must possess resources and capacity to deliver competitive advantages to customers, items/services provided for must be valued by the buyers to lead to extra sales, it must be non-exchangeable, and finally it must not be imitable by customers. Porter(1985) recommended that sustainability could be achieved when the advantage withstands abrasion by competitive reactions. This was by virtue of the presence of impediments that make imitation difficult. Moreover, sustainability can only be attained when the resources and abilities are robust.

Kuncoro and Suriani (2017) explored on how to compete sustainably through the use of market drivers and product innovation. The inquiry examined the linkages of market drivers and product innovation, the linkages of market drivers and SCA and finally the linkages of product invention and SCA. The examination used Structural Equation Model (SEM) with Partial Least Square (PLS) program. The findings of study indicated that product improvement was related with SCA but the study was not covered in the Chinese multinational corporations in order to cover dimensions of TMT features, external environment and managerial discretion. This is the research gap in which the current study sought to bridge so that to answer the posed question.

### **2.2.1 Typology of Competitive Advantage**

This typology was introduced by Porter (1985) in an attempt to demystify the market structures and competitive advantage. This enables individuals to comprehend SCA of countries which participate in production and international trade. According to him, there are five thematic forces which define rules of competition in any sector of the economy. He affirms that competitive strategy should emanate from the refined understanding of the rules and guidelines which govern competition to determine the attractiveness of the industry. On the same line, Barney (2011) argue that the view on respective advantage of high ground requires that every individual firm gather novel assets and limits.

Porter (1985) sentiments is that the nation back home gives out the capacity and abilities of its companies in a particular sector to succeed. He came up with five forces in respect to this to demonstrate this and he postulated that the five respective forces describe the rules and procedures of competition in an industry. This model offers a simple perception to assess and analyze the strength of the competition of business organizations. Porter's competitive theory enlighten on the importance in understanding competitiveness of CMCs in various industries. This theory has a broad coverage although they miss a critical dimension to cover the national culture (Bosch & Prooijen, 1992). Michael Porter realize that many features with regard to the nation which include interpersonal norms of the interactions, management's attitude, social norms and attitudes in relation to the authority affect and contribute a lot on how the companies in place are organized and managed (Porter, 1990). This theory was appropriate to the current study as it enlightened on the importance to the understanding of competition of CMCs in various industries.



### **2.2.2 Upper Echelon Theory**

This theory was developed by Mason and Hambrick in the year 1984 and it is premised that top executives in any organization interpret their circumstances through their personalized and conceived lenses that result from their experiences, personality traits and values among the other human elements in the business environment (Rothaermel, 2013). All these stipulated human components influence their strategic direction; therefore, organizations and companies reflect their respective senior management. Expertise, experiences and skills permit the top executives to learn past experiences of their organizations. This theory is premised that organizational executives interpret their situations they encounter on the basis of values, experiences and personalities which in return influence their decisions (Hambrick & Mason, 1984).

Hambrick (2007) posited that top management are accountable for developing and implementing strategies in the organization giving them considerable influence over the structure and organizational performance. The presumption in which this theory is grounded is bounded rationality, the conception that in decision formulation-rationality of persons is controlled by their knowledge, time limitation and perception available in making of decisions (March & Simon, 1958). Hambrick and Filkeistein (1987) stipulate that the top-level executives contain a considerable function in generating and implementing of strategies in the organization thereby influencing performance of the firm. To understand the choices of a particular choice for the organization trail and their connected firm performance, the inclinations of their top management team must be well catered for.

Hambrick and Mason (1984) analysed the proposal that features of top management team decide how the company or the firm is to be structured. These features include socio-economic background, age, track record, cognitive dispositions, track record, academic qualifications and values. According to George and Jones (2008), respective managers obtain knowledge, skills, and experiences from colleagues in the work environment which result to them being good leaders in the overall organization they operate in. For top executives to actually use their qualities and personalities in examination of strategic circumstances, the company or organization in place should allow the discretion environment on its operations (Hambrick, 2007).

When an organization embrace managerial discretion, then this theory is capable to provide a sufficient direction and predictions of the results of organization in connection to discretion in management (Hambrick, 2007). Moreover, a business environment that permit discretion, then this theory is suitable and relevant as it operates in situations where top executives' perceptions is well considered. In circumstances where top executives are well rewarded through incentives, compensation and even empowered, it inspires them to be very effective in execution of the stipulated strategy in order to become good leaders of the organization in perspective (Rothaermel, 2013). In addition, he stipulates that strong leaders lead to intrinsic capabilities and learning which is further shaped by executive's personal experiences, values and circumstances. This theory deploys both human and personal features that influence decision making process and strategic choices. Hence, preferences connected with these features is a greater possibility.

Top management team with a long duration tenure for instance, may find out not suitable to embrace change but adopt innovation thereby affecting these executives to be obsolete (Henderson, Miller & Hambrick, 2006). The TMT characteristics is very necessary to any institution or organization (Kinuu, Murgor, Ongeti, Letting, Aosa & Machuki, 2012). The owners of an organization confer the obligation of using resources effectively in a manner to which will contribute to organization's SCA. It is TMT characteristics' responsibility to align the organization to its respective business environment (Miles & Snow, 1978) as an effort of responding appropriately to the requirements and needs of clients to ever changing business environment. Although the theory contributes a lot on TMT characteristics, it still requires more empirical data particularly on the different business contexts. In addition, the combination of TMT characteristics with other variables that is the external environment, and managerial discretion are necessary to strengthen this theory. The propositions by the upper echelon's theory apply to this study as it examines the understanding of TMT characteristics role on SCA.

### **2.2.3 Contingency Theory**

The theory of contingency was pioneered by Fred Fiedler in 1958 in his study of leader effectiveness. He argued that an individual's effectiveness in leadership is depended upon on their respective control of the leadership style and their situations. That is, the leader must find out what kind of leadership style and situation he or she thrives in. The theory of contingency, is an organizational theory that postulate that there is no best way to establish or organize, lead or make decisions for a company but instead is to contingent the organization in its internal or external situation of its environment (Fiedler, 1986).

Firms have adopted the discipline of contingency in organizational behavior to enable them better understand their respective employees in the business environment (Pratono, 2016). In the same line, Hayes (1977) supports that organizations should embrace contingency theory in the evaluation and assessment of an organization. He hypothesized three thematic contingencies which influence the performance which include the environment, the interdependency factors and internal factors. Moreover, studies and empirical investigations have established the influence of external factors on the business environment. In this case, it was revealed that external environment as the explanatory variable clearly explained on accounting data and organizational performance (Tillema, 2015).

The criticisms leveled against this theory of contingency are on its structure which is not defined, described or examined by the very changes in the contingencies (Child, 1972). Apart from the contingencies, strategic choice controlled by the decision makers of the firm, also play a very critical function in selecting types of structures and changes in contingencies decided by the organization in the business environments. Companies operate to highly uncertain environment, therefore a company retain its position in the market by the implementation of defense strategies to strengthening the existing markets and traditional markets by concentrating on higher quality products, lowering of prices and cost efficiency in its production (Pratono, 2016). The theory relates to the study because it highlights the importance of managing external environment. These qualities of a leader to cope, adapt and grow tighter with business environment may include their ability to motivate employees and inspire loyalty to the cause and finally the SCA of multinational corporations.

#### **2.2.4 Agency Theory**

The theory of agency came up during the period of 1970 on relation to issues in regard to money and the institutional theory. This was pioneered by Ross and Mitnick (1973). These authors originally gave a description of the dilemma in connection of an individual selecting a flavor of the ice-cream whose tastes he/she does not know (Mitnick, 2016). This theory stipulate that the respective principals and the said agents contain a specific essential responsibility in creating competitive edge. On the same breadth, Chang and Wong (2015) postulate that the strategic management of managerial discretion depends largely in comparing objectives of owners or investors to those of the managers in question. Though it is now clear that a well-grounded fact that the line management may have selfish interests, it is not a guarantee that restrictions with managerial discretion will better serve the goals and aims of the shareholder to maximize their performance (Chang & Wong, 2015).

The criticism leveled against this theory is that the agents postulated are the ones responsible in matters of decision making who turns to be self-centered in these decisions to serve their own interests. These agents again may end up conflicting each other that might result to risks of agency (Buchaman 1996). André, Karan and Reginald (2008) give recommendations on a more empirical studies to cover cross broader set of institutions and organizations, and rational aspects of how managers respond to expectations. The theory is useful to the study as it will bring into light and discuss discretion in management as the opportunity for top managers to cater their own set goals and objectives instead of the formulated objectives of the stakeholders controlling the firm by taking TMT characteristics and psychological features.

## **2.3 Empirical Literature Review**

This section provides a discussion of the association of the independent, moderating, intervening and dependent variables. They include TMT characteristics, external environment, managerial discretion and SCA, respectively. The sole purpose of this review was to avail the glaring gaps in literature, mixed and inconclusive findings in order to bridge these gaps through the current study.

### **2.3.1 Top Management Team Characteristics and Sustainable Competitive Advantage**

Zhou, Zhang, Zhao and Chen (2022) examined the effects of TMT features on patent strategic change and performance. The investigation gathered the information from 930 top executives in the 228 enterprises. The study was grounded on upper echelons theory to examine TMT features including the diversity of teams, safety climate, and emotional intelligence on strategic change of the organization. According to the analysis of the findings, it was revealed TMTs features played vital role in strategic change of the organization. On the same vein, Aboramadan (2020) analyzed top management teams characteristics and firms' performance. The research reviewed 33 empirical studies connected to TMTs and performance. The results indicated that the connection between TMTs (heterogeneity and demographics) and performance was positive. However, the investigations focused only the dimensions of TMT features and omitted sustainable competitive advantage components which were covered by the current study.

The behaviors and attitudes of top managers tend to result into competitive advantage thereby contributing to overall superior performance of the organization. In addition, demographic, psychological and, behavioral features have a significance on competitive advantage of a firm as they enable to strengthen the merits and organizational virtues for a period of time (Luthans , Avolio, Avey & Norman, 2007; Kong, Tsai, Tsai, Huang, & Shareena, 2018). Hence, these features and components contribute to superior organizational activities for the top executives resolve matters which are connected to other elements and capital and components for example the behaviours of workers (Avey Luthans, & Jensen, 2011). In this setting, both the top executives and entrepreneurs of the MNCs comprise of agents of the community creating consistent scripts, norms, cognitive and technical models and patterns of behavior (Déjean, Gond, & Leca, 2004).

The basic function played by leaders in an organization is to choose from the list of talented employees in adopting appropriate practices in multi-national corporations (Chen, 2017). They also ensure to generate the necessary system to safeguard valuable repository guide that can cater important variations in leadership that can inhibit progress in an organization. Therefore, majority of the formulated strategies focus on goals which are sustainable that would decrease negative environmental impacts of various business contexts where the MNCs conduct businesses. Thus, in organizations and companies, administrative functions should contemplate the elements which limit individuals' abilities and talents from progressing in the workplace setting. The current study arose to fill the knowledge gap by examining TMT features, external environment, managerial discretion and SCA of CMNCs in Kenya.

Kor and Mesko (2013) indicated that top executive team characteristics resulted into a prominent logic in the company that undertook tangible form of routines, procedures and capacities that affected execution of strategies and search for new choices for growth and innovation. The Empirical investigations which confirm this that there is a relationship include: Sirmon & Hitt, 2009; Castanias & Helfat, 2001; Barbero et al., 2011; Kearney et al., 2014; Carmeli & Tishler, 2004) but all these studies produced mixed and inconclusive findings hence created a research gap in which this study intended to fill. Studies on the influence of TMT characteristics on SCA has been widely inconsistent. Some researchers and academicians have contended that teams at work who have similar organizational tenure incline to be cohesive and high social integration (O'Reilly, Caldwell, & Barnett, 1989; Michael & Hambrick, 1992).

Pegels (2000) examined top management team effect the accumulation of strategic assets capabilities. The research examined top management team on the acquisition of strategic assets performance in the airline industry. The study evaluated 12 TMT features and established that three characteristics were positive and significant and four of them produced mixed and inconclusive results hence a gap sought to be bridged by the current study. Tihanyi, Ellstrand, Daily and Dalton (2004) investigated the effect of various top executives features on diversification of international firms. The study relied on 126 international firms which were in the electronics sector. From the results, it emerged that age, elite education, global experience, tenure heterogeneity was connected to international firm diversification. The study only examined TMT features but omitted other variables for example external environment and managerial discretion which were covered in this study.



Lohrke, Bedeian and Palmer (2004) examined the role TMTs framing and executing turnaround strategies. The study drew from various theories used in top management team features to guide the research in reviewing researches on how TMTs design and execute turnaround strategies. Researchers, scholars and business commentators have appreciated the critical role TMTs play in reversing the fortunes of failing firms. Limited studies have examined the significance of TMTs features in turnaround circumstances. According to the study findings, TMT subjects have received little attention in the turnaround reviews and therefore represented gaps and opportunities which were examined by this study.

Carpenter, Geletkanycz, and Sanders (2004) adopted the upper echelons research to examine the elements of TMT composition. The study suggested to researchers and academicians to explore both practical and theoretical implications of top management team characteristics in relation to deeper presumed concepts, take into due consideration of the universality of TMT construct, re-examine the function of connection and inter-temporal group dynamic forces among other compositions and consequences of top executive team and also assimilate various components of managerial behavior and cognition into theorizing. The study covered TMT features as the critical component where managerial discretion and external environment on sustainable competitive advantage were not considered. Bredthauer, Dolinsky and Taylor (2020) analyzed on top management teams and investment decisions. The analysis employed factors like education levels, nationality diversity, age and the international experiences. The study confirmed that these demographics impacted decisions to invest in SSA countries. However, all these studies omitted other dimensions of managerial discretion and external environment which were covered by the current study.

Michalisin, Karau and Conrad (2006) examined TMT features as a strategic asset. The investigation looked into the capacity of TMT attraction in the operation as a strategic tool to result into sustainable competitive advantage. The investigation adopted longitudinal design of research of 83 simulation players at the top management of the competing firms in the airlines industry. Tolulope (2009) did a study to establish influence of top management team features on knowledge management of micro entrepreneurial firms. The study examined the age of TMT, levels of education and found that their presence influenced research and development (R&D) intensity. The TMT education was positively connected with R&D intensity. The findings of the study enriched the present literature on TMT features on R&D intensity, which ultimately affected performance of the firm. However, this study produced mixed and inconsistent findings hence its findings were not applicable to the current study.

Buyl Boone, Hendriks and Matthyssens (2010) examined diverse top management team and organizational performance. The research employed 33 Belgian and Dutch firms in the technology sector. The CEO features were employed as the moderating component which were shared experience, status and functional background. The study results revealed that TMT features related with the potential merits of the distributed TMT functional expertise. On the breadth, Wu, Orlando, & Zhang, (2019) examined top management team surface-level diversity, strategic change, and long-term firm performance. From the analysis of the findings, it emerged that TMT surface-level diversity increases rather than decreases strategic change frequency. However, all the investigations only examined other elements of TMT other than psychological and demographic features which were covered by this research.

Wood and Michalisin (2010) conducted a study on entrepreneurial ambition in the top executive team looking into firm performance and strategic choice. The investigation developed a theoretical model to determine the relationship of top executive team, strategic choices of TMT, entrepreneurial drive and performance in the sector. The study also formulated and tested hypotheses on the variables. The study employed strategic simulation model to gather the requisite information to test for a hypothesis. The results of the research findings strongly supported the formulated propositions that ambition of TMT positively was connected with greater performance and entrepreneurial orientation of the TMT's choice positively related with the superior performance of the industry but these findings cannot be generalized to the Chinese multi-national corporations which generated a gap in knowledge which the current study intended to bridge.

Talke Salomo and Rost (2010) conducted a research to establish how diversity of top executives affected innovativeness and firm performance using strategic choice as the moderating variable. The research also built on the upper echelon theory which assessed the idiosyncrasies of top executive team. It was hypothesized that diversity in top management contributed to greater performance which is being facilitated by innovation strategy that grow from the company's new product innovativeness portfolio. Therefore, from the empirical investigations, diverse top management team contain strong effect on strategic choice on firms to emphasize on the innovation fields. However, the investigation did not consider other variables for example managerial discretion and external environment and sustainable competitive advantage.

Armi (2011) did a study to establish top management team (TMT) features and companies strategy which specifically looked into a case study of firms in Sumatera. The study adopted qualitative techniques where functional background, gender, age, size, educational level tenure, heterogeneity and homogeneity of TMT firms were examined. The findings of the study revealed that age, tenure, size, homogeneity, heterogeneity and educational background influenced implementation of strategy of the studied firms. It was established that the study only adopted TMT characteristics and omitted other components for example external environment and managerial discretion to influence sustainable competitive advantage. This gap led to the current study to establish external environment and discretion in management on the association of top executive team features and SCA of CMCs.

Abudho Nyanja and Ochieng (2013) determined the influence of organizational features on sustainable competitive advantage in strategic change in the Airline industry. Companies operating the airline industry use capabilities and resources in building their sustainable competitive advantage. Specifically, the research investigated on the organizational features which made up the organization including culture, structure, business processes and how are contained in the period of strategic change in the construction of SCA. From the analysis of the findings, it was concluded that the three components used that is culture, structure and business processes were connected to each other. Therefore, it was recommended that managers and policy makers in the industry to build on organization features to result on to their sustainable competitive advantage. The knowledge gap resulted to examine external environment and managerial discretion on connection of TMT features and SCA of Chinese MNCs.

Umans (2013) investigated the influence of various cultures in the top leaders on performance of the organization. The research used a survey questionnaire where 82 respondents from Sweden and Danish listed corporations filled the questionnaires. The study examined the linkages of two listed firms through the dependency model, where the company ambidextrous orientation served as the intervening variable. The study findings showed that cultural diversity of TMT contributed to performance of firms. The findings of the research cannot be applicable to the current study thus generating a gap in literature which was sought to be filled by the current study.

Felício (2013) conducted a study to examine effects of TMT features on the strategic options of companies in various sectors of the economy. The study employed 191 medium-sized firms from metallomechanics and metallurgy. The study used upper echelon theory where the findings of the study showed that various relations existed between strategic options and manager features depended on the activity of firms. These associations differed over time both in the social and economic context thus a gap sought to be filled by the present research. Yang and Wang (2014) conducted a research to evaluate top management team features on entrepreneurial strategic orientation using corporate ownership and industrial environment as the moderating variables. The study used data from Chinese Small and Medium-sized enterprise board for the period 2006-2010. From the study findings, it was established that board of directors and entrepreneurial strategic orientation influenced corporate ownership and industrial environment but TMT heterogeneity had no significant connection on entrepreneurial strategic orientation which contained a gap sought by the current study.

A study done by Irja (2016) covered functions played by TMTs on management of projects in an organization. In addition, organizational factors in relation to efficiency of implementing a strategy were covered. The study used a case study approaches where it was indicated that clear classification of functions and responsibilities contributed greatly to governance and management of projects. The research gap of the study has led to more investigative approach to TMT characteristics and SCA of MC. Salleh Yusoff and Saad (2015) examined top executive diversity and organizational performance. The assimilation of various capacities and resources in the top management team using diversity component is very critical for the success of an organization. The findings of these investigations cannot be applicable to the current study of Chinese MNCs in Kenya. Therefore, this contained a gap for the study.

A part from that, the significance of social and environment concerns has been confirmed in contributing to sustainable company performance. Hence, containing different TMTs is important to performance of an organization and it has to be assessed through environment, financial and social aspects in order to attain sustainable performance. García-Carbonell Martín-Alcázar and Sánchez-Gardey,(2015) assessed on elements of top executive's abilities in the identification of core employees. The investigation explored ability of top management on the two main attributes which included value orientation and cognitive skills. The proposed model indicated that to effectively fully create the entire process, top executives are required to blend both creative and rational abilities as well as collectivistic orientation. Despite this, there was mixed and inconclusive findings with knowledge gaps sought by the current study.

Wasike and Owino (2015) examined strategy implementation, TMT characteristics on performance of tea factory firms in Kenya. A survey instrument was adopted to collect the data used by the study. The study results indicated that TMT features were related with organizational performance of the studied companies. Also, it was established that strategy implementation mediated the connection of TMT features and organization performance. Hence, the study deduced that performance of the organization was as a result of active TMTs with right skills and accumulated experience in executing of strategies. However, the study covered different components where external environment and managerial discretion were omitted.

Kasomi (2015) analyzed strategic choice, top executive diversity, compensation schemes for management, and state corporations' performance in Kenya. Kenya like other emerging economies has gone into a tremendous evolution in this period of globalization whereby many of the citizens are now getting educated up to the university level in diverse areas. This technological advancement has brought about people earning new skills in their respective areas of specialization including the independent regulatory agencies operating in the Kenyan soil. However, with all these, there still exist mixed and inconclusive findings from various researches on how TMT features diversity influence performance of the organization. Thus, the study assessed the effect of top executives' demographics on firm performance of regulatory agencies operating in Kenya. From the study results, it emerged that function background, age of the executive, levels of education, tenure, and gender influenced firm performance. However, the investigation was covered in other setting other than sustainable competitive advantage at Chinese multi-corporations presenting a gap covered by the current study.

Li (2016) assessed top management teams' knowledge, strategic decisions and expertise performance. The research examined the effect of TMTs' heterogeneity background and their international experience on internationalization and innovation and also the association of performance, internationalization and innovation of the Taiwan listed firms. The study findings demonstrated a significant and positive association on heterogeneity background and firm's innovation. The study did not consider other variables for example managerial discretion and external environment on sustainable competitive advantage. Jimenez and Fuentes (2016) conducted a study on innovation, gender diversity of top executives and management ability in small-medium enterprises which was an empirical investigation for SMEs in the technology sector. The investigation adopted a sample size of 205 SMEs in Spain and employed hierarchical regression to test the formulated hypotheses. The study results confirmed that capacities of management influenced innovation of both product and process respectively. The investigation did not consider other variables for instance external environment on SCA of MNCs in Kenya.

García-Carbonell (2017) investigated on the factors used by top executive in identifying fundamental workers and employees. The recommended model assessed the way top executive ability recognized essential employees which was conditioned on the two human capital components of their membership that is cognitive and value orientation skills. The research revealed that human capital studied influenced identification of core workers. The model indicated that to efficiently and effectively improve the process, it is required by the TMT in place to combine both rational and creative abilities beside the collectivistic orientation. This gap led to the current research on external environment and discretion in management on TMT features and SCA of Chinese MNCs in Kenya.



Collins and Clark (2017) assessed top management team social networks, strategic practices human resource and performance of the firm. Precisely, the research assessed the association of internal social networks of TMTs, HR practices, network-building, and organizational performance. The results of the research revealed that the associations of human resource practices and performance which was assessed by stock growth and sales growth were arbitrated through top management social networks. This gap led to the current study to establish external environment and discretion in management on the association of top executive team features and sustainable competitive advantage.

Wu, Wu, Tsai and Li (2017) analyzed top management teams' characteristics and strategic decision formulation. The study adopted structural equation modeling to assess the survey questionnaires on strategic decision-making and TMTs features and analyzed the mediating influence of mental models and risk perceptions where psychological ownership was employed as the moderating variable. The study employed 289 survey questionnaires in Chinese enterprises and established that mental models and risk perceptions served as the mediating variables and were influenced by features of top management and decision-making. It was also established that psychological ownership moderated decision-making and TMTs' characteristics. Moreover, Zhang (2016) examined the influence of CEO succession with gender change on performance of the firm. The study targeted all the Chinese publicly listed firms from 1997 to 2010. The study found that gender differences in executive leadership positions, affected post-succession firm performance. These gaps led to the present investigation on external environment and discretion in management on connection of TMT features and SCA of Chinese Multinational Corporations.

Ko Lee and Ming-Liu (2017) did a study to establish how firms with management ability promoted sustainable competitive advantages. The study employed both secondary sources and primary sources of data where a survey instrument was adopted to collect the information from 181 Taiwanese firms. The research results revealed that competitive advantage was influenced by management ability. The study further revealed that entrepreneurial strategy making (ESM) significantly mediated the influence of the indirect effects. Gachugu, Awino, Iraki, and Machuki, (2018) examined the value diversity of TMT in driving strategic leadership, change and their effect on firm performance. By using other components of strategic leadership, external environment and strategic change, it was revealed that the study outcome varied over a period of time as TMT interacted over years although no empirical investigations have been conducted directly to analyze this association thus a research gap sought by the present study.

Mugure, Koech and Kipkorir (2018) explored the effect of top executive demography, group process on the strategic consensus in an organization. Theories used included upper echelon which emphasis on importance of individual top manager's character and linked it with organization performance. Resource-Based View (RBV) theory laid emphasis on capabilities and resource allocation, Top Management Team are the major decision makers on allocation of these resource and proper distribution of the organization capabilities. The empirical review indicated trend in diversity of organizations and performance on the contrary less has been done on strategic consensus. The gap generated in conceptual review allow further study on top management features, external environment, MD on SCA of CMCs.

Lee and Liu (2018) conducted a study on how the firm's management ability contributed to competitive advantage using an integrated model of entrepreneurship and internal resources. The research used both secondary and primary sources of data and the information was gathered from 181 public firms in Taiwan. The study results of this investigation indicated that greater management ability contributed to organization's competitive advantage through the studied mechanisms. The study found that entrepreneurial strategy making (ESM) positively mediated these associations. The study was conducted in Taiwan which differed with political, social, technological, and economic contexts. Also, the study did not embrace other measurements for example managerial discretion and external environment which were employed by the current study. Hence, the investigation's findings were not applicable to the current study.

Mugwang'a, Awino, Ogutu and Maalu (2018) examined corporate governance, top executive features, and CSR activities. The research employed stakeholder, upper echelons and organization performance theories to examine the variables of the study. Both descriptive and inferential statistics were adopted to evaluate the collected data. The study results revealed that corporate governance, CSR activities, and synergy of TMT features influenced organizational performance. Therefore, manufacturing firms attained superior performance through the incorporation of corporate governance. Naranjo-Gil (2015) analyzed the function of top management teams on strategic change of hospitals. The study results revealed that top management teams facilitated strategic change in an organization. However, these studies examined TMT dimensions and omitted other parameters of external environment and managerial discretion on sustainable competitive advantage-a gap sought by the current investigation.

Bui (2019) examined top management team and core competence using entrepreneurial orientation and absorptive capacity. The investigation compiled a literature on core competence, entrepreneurial orientation, TMT features, absorptive capacity and managerial performance. The study results revealed that top management team diversity and educational background significantly influenced entrepreneurial orientation. This gap led to the current study to establish external environment and discretion in management on the association of top executive team features and SCA of CMCs.

Okello and Ngala (2019) examined on top executive team features and strategic results of performance of supermarkets in Nairobi County, Kenya. Precisely, the investigation was set to explore the influence of behavioral features of top executive team on the strategic outcome. The features used were top executive cognitive features, size of top management team, and demographic features on strategic change outcomes. It emerged that there existed a significant and positive association of demographic, cognitive characteristics, behavioral features of top management on strategic change outcomes. However, the study did consider external environment and managerial discretion on SCA of CMCs. Huang, Nakagawa & Li (2019) explored the effect of top executive team features on corporate charitable activity in the Chinese listed firms. The study assessed educational background, heterogeneities, top management team tenure, and age of the participants. The findings revealed that top management team tended to contribute to the execution of the strategy. Then top management team homogeneity and heterogeneity contributed to execution of the strategy. These studies did not consider other variables for example managerial discretion and external environment on SCA. Hence, the knowledge gap which was covered by the current study.

Chu, Ji, Lee and Lin (2019) examined on attributes of top executives, psychological resources, and effectiveness of green accounting in the public-private partnership setting. The findings of the research established that top management features influenced the adoption of critical firm practices. The study did not consider other variables and parameters for example external environment and managerial discretion on SCA which were intended to be covered by the current study.

Wasike and Odhiambo (2020) examined top management team features, competitive environment and strategy execution. The investigation employed cross-sectional survey which was descriptive in nature. Regression analysis was used to process the collected data whereby the study results revealed that top executive features contained a positive influence on strategy execution. Therefore, it was concluded that firms executing strategy in certain competitive business environment contained a foreseeable execution of planned strategy. Consensus among researchers on demographic and psychological characteristics of TMT characteristics lead to SCA is yet to be attained. Therefore, the study investigated on both demographic characteristics and psychological characteristics of TMT characteristics on SCA. Kumar (2020) examined the features of age demographics of top executive team as the drivers of company's environmental business management(EBM) strategy. The study employed publicly listed companies using a panel data regression of 3,251 dataset company year observations. From the study results, it was revealed that top executives aging supported beyond the submission compared to only compliance EM strategies. Top management team age diversity was found not critical in driving away of initiatives of compliance. Therefore, this was a gap in literature which was sought by the current study.

Meng Yan and Cao (2019) analyzed top executive heterogeneity and FDI in the listed firms in China. The research adopted panel data of the listed firms in China and covered a period of 2008 to 2014. The study results confirmed that TMT heterogeneity positively influenced outward FDI as the diversification of TMT members enriched the team's information learning of team contributed to improve of decision making ability on the overseas expansion. This gap led to the current study which analyzed external environment and managerial discretion on the connection of TMT features and SCA.

Day (2020) conducted a study which examined the function of top executives in comprehending the innovation ability and family businesses sustainability. The research examined on the innovation ability influence by involvement and features of top executives of family businesses. The study used components of age of the firm, family involvement, and other demographic features. The research used inventive activities, for example patents, product development, research and development as an effort of understanding family-owned businesses. From the study results, it arose that top executives enabled firms to understand their innovation capacity which contributed to the sustainability of family businesses. Nevertheless, the research did not cover other crucial elements for example managerial discretion on SCA. Previous empirical investigations and literatures have recognized that strategic management evolution are very critical for employee identification (Joyce & Slocum, 2012; Collings & Mellahi, 2009). Their respective features regulate a successful strategic formulation touching the efficiency of strategic creation dynamics (Hambrick & Mason, 1984).

From this line of reasoning, it was deduced that to totally comprehend on how the organizations identified their core workers, it is vital to plainly contemplate human capital configuration of the senior management team. These generated a gap in literature sought by the present study. Due to consideration that individuals are the critical source of competitive advantage because of their ability to generate core competencies, then their identification processes by the human resource(HR) should be complex and be operationalized well (Lopez-Cabrales, Vale, & Herrero, 2006; Chen & Chang, 2010). Top executives are unlikely to contain the capacity to inspect all the respective employees in the organization (Mellahi & Collings, 2010).

Hence, to critically examine the value and uniqueness of human capital, it is vital to possess objective information in regard to employees of the organization (Harris, Adolphs, Camerer & Rangel, 2011). In this breadth, HR executive involvement is a very critical component for the success of any organization including the multi-national corporations (Wiblen, Kristine, & Grant, 2012).). They are directly involved in the process of selection to contribute in policy formulation which is referred to as the expert power (Bunderson, 2003). Therefore, the senior management in an organization are the best placed to independently gather data to assess the applicable human capital, strategic value and uniqueness of the employees in perspective. Despite this, these studies only covered TMT dimensions and left out other elements of external environment and managerial discretion which were deemed as critical components of sustainable competitive advantage. This gap was filled by analyzing external environment and managerial discretion on association of top executive team features and SCA and CMCs.

To get this information, Harris *et al.* (2011) argued that senior management are required to understand the specific tools and metrics to generate specialized job analysis (Stevens, 2013). Hence, they conceived employee assessment of their competencies as an activity which is technical but not deliberative as the other stages of strategy formulation. Various empirical investigations conducted on the same idea, suggest that individualism nurture more effective processes for the classification of important human resources resulting to easiness to construct clear skill maps (Crossland & Hambrick, 2007). These were gaps generated from these studies prompting to the current study on external environment and discretion in management on association of top executive team features and SCA and CMCs.

### **2.3.2 Top Management Team Characteristics, External Environment and Sustainable Competitive Advantage**

Across industries and businesses there are important differences in terms of the effect of environmental characteristics on firms. Studies on the variables have produced mixed results. Wasike and Odhiambo (2020) analyzed TMTs features, strategy execution and competitive environment. The research deduced that firms executing strategies in a certain business setting contained liable planned strategy and the respective marketing agencies decreased the influence of environmental factors in the competitive business setting which contributed greatly to the connection of top management team features and strategy execution. The study only examined dimensions of TMT features and external environment where dimensions of managerial discretion were ignored which were covered by the current study.



Child (1972) examined external environment, structure of the organization and firm performance where the study used strategic choice as the moderating variable. The adopted models offered interpretation of the structure primarily as the product of economic constraints which the setting components were presumed to impose. This strategic choice usually contained not only creation of structural practices but also manipulation of attributes of environment and choice of pertinent standards of performance. The study omitted other variables for example managerial discretion hence created a gap sought by the current study.

Bluedorn, Johnson and Cartwright, (1994) examined the convergence and interface of strategic management on environment domains of the organization. Analyzing contingency theory of the environment, the investigation examined strategic management study which was conducted in the year 1980-1993 that precisely dealt with environmental domain. The literature reviewed six subsets of strategic leadership and upper echelons on institutional theory, inter-organizational relationships, strategic control, evaluation, scanning and organizational alignment. The study deduced that strategic management affected organizational environment domains. Okeyo (2014) explored complexity, environmental dynamism and munificence on Small and Medium Enterprises performance in Kenya. The examination revealed that the business environment contained the overall influence of firm performance especially on the studied components of munificence, complexity and dynamism which had a direct influence on the enterprises. The gap prompted to establish external environment and discretion in management on the association of top executive team features and sustainable competitive advantage of CMCs.

A study done by Jiao, Ilan and Yu (2010) studied on environmental dynamism, innovation and competitive advantage in China. Empirical results established that innovation strategy built and upgrade dynamic capabilities in both stable and uncertain environments. Methodological gap showed that international dominant logic and hypotheses to be tested. Contextual gap showed that managers should develop diverse TMT characteristics in order to develop effective TMT characteristics internationally and have higher performance. A study conducted in Croatia by Shaojie, Griffith, Cavusgil, & Dabic (2006) covered the effect of cultural environmental components on transfer of technology on the local subsidiaries and foreign MNCs. A survey questionnaire targeted 131 managers of the Multinational corporations . The results of this investigation indicated that there was a direct effect of cultural and environmental factors and transfer of international technology where dynamism of the market was found to influence more on market environmental factor than competitive intensity.

Machuki and Aosa, (2011) did a study on the external environment and firm performance of the quoted firms in Kenya. The investigation surveyed 23 firms which were listed in the Nairobi Securities Exchange. Three measurements of environment were used which included dynamism, complexity and munificence to give a description of Kenya's business environment. The investigation established that the studied firms had various levels of munificence, dynamism and complexity which inclined to be manifested mostly in the market, regulatory, economic factors, technological, threat to new entrants, and competitive rivalry were statistically not significant. This knowledge gap resulted to establish the influence of external environment and managerial discretion in managing the connection of top executive team features and SCA on CMCs in Kenya.

Feng, Wang and Wang (2012) analyzed innovation strategy on organizational performance where environmental dynamism was employed as the moderating variable. The investigation adopted descriptive and inferential techniques to do the analysis. From the study results, it was revealed that environmental dynamism moderated innovation strategy and firm performance. Therefore, it was deduced that environmental concerns had a substantial effect on innovation strategy and firm performance but the study omitted other variables for example managerial discretion and TMT features thus a gap which was covered by the current study.

Chadee and Roxas, (2013) examined innovation capacity, institutional environment and organizational performance. The investigation employed structural equation modelling and collected information from 787 large-scale companies in Russia. The survey was undertaken in 2009 by World Bank. The study results indicated that corruption, regulatory quality and rule of law were negatively related with performance and innovation capacity. The study results also established that innovation capacity mediated institutions and organizational performance. Chadee and Roxas(2013) examined institutional environment, innovation capacity and firm performance in Russia. The study results indicated that corruption, rule of law, and regulatory quality contained a strong direct and negative impacts on both the innovation capacity and performance of firms, and that innovation capacity strongly mediates the effects of institutions on firm performance. These studies only covered aspects of institutional environment on organizational performance but omitted other variables like managerial discretion, TMT features on sustainable competitive advantage which created a knowledge gap covered by the current study.

Cingoz, Asuman and Akdogan (2013) examined on strategic flexibility, environmental dynamism, and innovation performance. A new environment of competition is prerequisite for businesses to adjust the shifting conditions in order for them to be strategically flexible in responding and adapting changes in the environment. This flexibility will enable the respective firms to take advantages in the business environment. For instance, by improving in terms of innovations and developing competitive edge, it contributes to superior performance for the respective firm. The investigation analyzed the associations of innovation performance, flexibility and environmental dynamism of the 69 sampled firms in Kayseri (Turkey). The study confirmed a correlation among the variables under investigation which included strategic flexibility , environmental dynamism on innovation performance. The study only considered external environmental aspects and left out TMT features which were covered by the present study.

Murgor, (2014) examined strategic choice, firm capabilities, external environment responses and firm performance of large scale manufacturing companies. A cross-sectional research was adopted where a survey instrument was adopted to gather data from 81 firms from the manufacturing sector in Kenya. The study results indicated that external environment positively affected the indicators used for performance. The findings of the independent effect of firm capabilities statistically showed a significant influence of manufacturing technology, management information systems, marketing, human resources, research and development and strategic responses. The study results also indicated a positive connection between strategic choice variables and external environment dimensions but did not consider TMT features and managerial discretion as the variables of the study. Therefore, this was the gap the study sought to fill.

Ombaka (2014) analyzed innovation, external environment resources and performance of insurance firms in Kenya. The study adopted both primary and secondary sources of information which was gathered from 46 targeted insurance firms in Kenya. Primary sources of data were gathered using a survey instrument where secondary information was gathered from annual reports of 2011 and 2012. The study employed descriptive, correlation and multiple regression as the techniques of data analysis. The study results showed that intangible and tangible resources contained positive influence on nonfinancial performance. The investigation omitted managerial discretion and TMT characteristics on SCA which were covered by the present study.

Kinuu (2014) did a research on team processes, institutional environment, top management team psychological features and performance of firms listed at NSE. The research targeted 61 firms listed in Nairobi Securities Exchange whereby 46 firms were used as the sample size. The research adopted structural equation model, descriptive, multivariate regression as the techniques of data analysis. The analysis of the findings revealed that non-financial performance was positively influenced by top executive team features on performance of shares. Further, the findings of the study showed that institutional environment moderated management team psychological features and firm performance. Makini, Awino, Ogollah, and Magutu (2020) explored whether corporate governance, operating environment and top management team characteristics jointly influence the performance of companies listed at Nairobi securities exchange in Kenya. However, all the covered studies failed to incorporate managerial discretion as the variable of the study, hence the gap sought to be filled by this study.

Mkalama (2014) conducted a study on macro-environment, strategic decisions, TMT demographics and performance of SCs in Kenya. The investigation used cross-sectional survey research design where information was gathered from the 96 corporations by the use of a semi-structured questionnaire. Both descriptive and inferential techniques were adopted to analyze the information. The formulated hypotheses were tested using both the simple and multivariate regression techniques while hierarchical regression, Baron and Kenny model were employed to test for the moderating and intervening effects. The study results revealed that top executive management contained a significant effect on SCs' success in Kenya. It was against this gap in literature that this inquiry arose to explore the influence of external environment and managerial discretion on the connection of top executive team features and SCA on CMCs in Kenya.

Kraja and Osmani (2015) conducted a study on the significance of external and internal environments in generating SMEs competitive advantage. The study employed both qualitative and quantitative research techniques. Tangible and intangible assets were examined to assess the extent they were used to contribute to competitive advantage. The study used a sample of 460 respondents from various small and medium enterprises in Northern Albanian region. The study used regression analysis techniques. Both internal and external factors contained a positive and significant relationship with competitive advantages of SMEs. This was the knowledge gap which resulted to establish the influence of external environment and managerial discretion on the connection of top executive team features and SCA on CMCs in Kenya.

Njoroge (2015) analyzed on external environment, performance contracting, strategy implementation and Kenya state corporations' performance. The research targeted 108 corporations where 98 corporations were used as the sample size. The information was gathered using a survey questionnaire and it was cleaned and sorted based on hierarchical regression, descriptive statistics, and multivariate analysis. From the study results, it emerged that strategy execution significantly affected the indicators used to measure performance in the research. From the research findings, it was deduced that corporations' performance in Kenya remained a multidimensional and multifaceted in nature, therefore, it can be affected by more than one individual variable. Also, the study deduced that indicators of external environment positively impacted the association of strategy execution and firm performance but omitted managerial discretion as the variable of the study, hence a gap sought to be filled.

Varanavicius and Navikait (2016) did an investigation on the linkages of environmental sustainability and competitive advantage. The investigation results indicated that a linkage existed between competitive advantage and environmental activities. Hofer and Dai (2012) approve that firms are deploying environmental activities in order to be viable and competitive in the uncertain business context. They postulate that the industry leadership where there is poor performance, it results to awkward positioning of a company. Li and Liu (2014) examined on dynamic capabilities, environmental dynamism, and competitive advantage in China. The study results indicated that dynamic capabilities significantly and positively affected competitive advantage, and environmental dynamism was a driver for the relationship. Therefore, bridging this gap of performance is critical specifically considering growing emphasis put on the business environment.

Otieno, Ogutu, Ndemo and Pokhariyal (2019) did a research on macro environment, top management demographics, risk management of an enterprise and firm performance of the Kenyan State-Owned Corporations. The investigation adopted macro environment as the moderating variable on the association between enterprise risk management and firm performance. The legal, technology, economic, social, environmental and political factors were used as the indicators of macro environment to affect performance independently. The study results revealed that macro environment was insignificant on the association of organizational performance and enterprise risk management. This knowledge gap resulted to establish the influence of external environment and managerial discretion in management on the connection of top executive team features and SCA on CMCs in Kenya.

Ndegwa, Kilika and Muathe (2019) conducted a study on resource isolating mechanism and sustainable competitive advantage where external environment was employed as the moderating variable. The study used both explanatory and descriptive research design where all the commercial banks of Kenya were targeted for data collection. The investigation adopted a survey questionnaire to gather the data. Descriptive techniques were adopted to analyze the data. The study results established that external environment did not have a moderating influence on the connection between resource isolating mechanism and SCA. This study varied from the current study as it was conducted on Kenyan commercial banks context which is different from the multinational corporations. The study also did not consider other parameters for example top management team features and managerial discretion. Therefore, the current study adopted these variables.



Marichova (2019) did a study on external environment dynamics on construction firm behavior. The findings of the study revealed that competitive advantage is based from the two ground components which included external environment dynamics, change and development of company competences and resources under external changes. The investigation established that four variables which included firm resources, strategic behavior, distinctive competencies and environmental dynamics contributed to competitive advantages and firm performance of the organization. Thus, bridging this gap in literature is crucial to the Chinese Multinational Corporations in Kenya.

Oketch, Kilika and Kinyua (2020) did a study on TMT features and firm performance of the regulatory setting in Kenya where legal environment was employed as the moderating variable. A cross-sectional study design was embraced where 23 state regulatory agencies were targeted. Descriptive techniques were employed to summarize the surveyed information into frequencies percentages mean and standard deviations. From the study results, it was indicated that legal environment as the moderating variable was positive and significant on the connection of TMT features and performance of the independent regulatory agencies in Kenya. Ondari (2015) examined the effects of top management team diversity and competitive environment on the relationship among diversification strategy and performance of companies listed in NSE. The study results indicated a statistical significance influence of diversification strategy on non-financial measures of firm performance. However, the examination omitted other vital components for example managerial discretion on SCA. This study therefore bridged this knowledge gap by incorporating managerial discretion dimensions as the intervening component to influence TMT features and SCA.

Jaya, Nasir and Dewi, (2021) examined the impact of external environment on competitive advantage using the differentiation strategy of SMEs. The study aimed to assess the effect of external environment on differentiation strategy, and the influence of external environment on competitive advantage. The study employed causal research design where quantitative techniques of research were adopted. The investigation used 180 SMEs as the sample size and the information used was gathered using a survey questionnaire. Partial Least Square (PLS) was employed for analyzing data. According to the study results, it was revealed that there was a positive influence of external environment influence on differentiation strategy and that external influence significantly impacted competitive advantage. This gap in literature prompted the current study to investigate the influence of external environment and managerial discretion on TMT features and SCA in CMCs in Kenya.

### **2.3.3 Top Management Team Characteristics, Managerial Discretion and Sustainable Competitive Advantage**

Youssef and Da-Teng (2021) examined on discretion of management and corporate governance. The inquiry adopted various theoretical frameworks and 93 empirical investigations with regard to discretion and corporate governance. From the study results, it emerged that the scholarship regarding to corporate governance cannot progress without embracing managerial discretion as it guided board of directors and shareholders on the extents of liberty and powers to be given to top management team considering a number of dimensions of both internal and external business setting. The investigation failed to incorporate other variables for example TMT features and external environment on sustainable competitive advantage.

Theodore, Kasali, Balqiah and Sudhartio (2017) analyzed the functions conceived with regard to managerial discretion on strategy execution and its effects on performance. The study established that agility, task environment and cognitive complexity influenced managerial discretion. However, other dimensions of TMT features were ignored which were intended to be covered by the current study. A study conducted by Hambrick and Finkelstein (1987) endeavored to address challenges of division distortion on population ecology through using strategic choice as explanatory variable of firm outcomes. The investigation developed a model explaining the outcomes as the functions of managerial discretion. Managerial discretion comprised of the tripartite effect of business environment, managerial characteristics and internal organization. Thus, environment conditions shaped the discretion of the available top executives (Boone & De Brabander, 2012). However, the study did not cover the three variables concurrently which created the gap in knowledge which was investigated by the current study.

Day and Nedungadi (1998) examined managerial representations and competitive advantage. The research selected 190 businesses whereby senior executives were used. Four various types of representations of competitive advantage were used. The research indicated that the type of representation was positively and strongly connected with controlled patterns of data and usage. It also increased the probability that is vital for simplification and reduction of perspectives which may arise as a result of cost bias and callousness encounters from startling directions. Also, it was established that relative financial performance and completeness of the managerial representation were correlated which supported the interrelated studies on profitability of market orientation. However, the investigation omitted other variables like TMT features and external environment.

Wangrow, Schepker and Barker (2014) did a study to cover managerial discretion on organizational performance. The study results showed that managerial discretion contributed to organizational outcome. It was revealed that those executives who failed to be discretion constrained their ability in strategy execution without seeking approval, thereby limiting speed in the implementation of strategies. This gap led to the establishment of the influence of external environment and managerial discretion on the connection between TMT features and SCA on CMCs in Kenya.

In the same vein, Wilsa, Rhenald, Balqiah and Sudhartio (2017) covered the function of conceived managerial discretion on implementing of strategy and its effects on performance of the organization. The study found that the model was supposed to be tested by the use of mixed methods. The gap in literature resulted to the examination of external environment and managerial discretion on connection of TMT features and SCA on CMCs in Kenya. Moreover, Eric and Sonia (2003) studied managerial discretion and performance of the organization by using the listed Chinese firms. The study results showed that there was higher ownership concentration but no connection between managerial discretion and performance of the organization. On the same breadth, Musani (2012) studied on the connection of managerial discretion on capital structure of companies at NSE. The study results attested that there was no significant association on managerial discretion and capital structure of the studied firms. The studies analyzing the TMT characteristics, level of discretion perceived by TMT characteristics in the organization and SCA remain scanty. Therefore, this investigation endeavored to establish role of perceived TMT features, managerial discretion and its implications on SCA.

Peteraf and Ree (2007) analyzed internal alignment and managerial discretion in the restrained regulatory change. The study results proposed that when the respective managers' discretion is inadequate then is in one realm of choice that they reward by the use of their greater degree of discretion to attain their internal fit of the organization. The study results indicated that pursuing fit matters in the intellect of containing assessable efficiencies best practice in the business setting. From this perspective, then the study results validate the contingency perspective pertaining to internal fit. Hence, a knowledge gap sought to be filled by the present study.

Kayhan, (2008) did a study to analyze capital structure dynamics and managerial discretion. The analysis of the findings indicated that decisions with regard to financing was majorly preferred by managers with more discretion in the issuance of equity over debt. The investigation pertaining leverage proposed that increment in debt ratios because of the positive and negative deficits of finance were greater for those managers of high discretion. Moreover, when the respective managers contain greater discretion, shifting of debt seemed to be subtle to issuance actions than to repurchase activities. For the high degree discretion managers, the market timing events that is issuance of equities following increment in stock prices and inactive response to stock price increases, end in high declines in debt ratios. Finally, while companies incline to rebalance in their capital structure over time irrespective of their degree of managerial, the speed of target adjustment is much slower than for high - discretion managers. The investigation only emphasized on managerial discretion which generated a gap in knowledge to examine other variables for example external environment and TMT features on SCA of Chinese MNCs in Kenya.

Goll, Brown Johnson, and Rasheed (2008) investigated on business strategy, top management team demographic features and performance of US airline industry where managerial discretion was used as the moderating variable. The research was a longitudinal where data of 1972-1995 was used. The study results indicated that there existed positive association of management demographics and business strategy. It was also established that business strategy was significant with firm performance but omitted other variables of TMT features and managerial discretion. Thus, a gap sought by the current study. Phillips, Berman, Elmn and Johnson-Cramer, (2010) conducted a study to evaluate on strategy and managerial discretion. Extant strategy literature reviewed recognized the axiom through orientation to managerial discretion. Other streams of research included the individual stakeholders. Neither the subsection of strategy literature sufficiently addresses dynamics of the two concepts that is stakeholder behavior and managerial discretion. This was the gap which led to the establishment of the effect of external environment and managerial discretion on the connection between TMT features and SCA on CMCs in Kenya.

Chen, Zheng and Wu (2011) analyzed managerial discretion, senior manager overconfidence on dividend policy of the listed firms in China. The research tested whether managerial discretion components such as market growth, cash flow and duality moderated the association using 745 firms as the sample size. The findings of the study revealed that the Western nations, over confidence, senior managers and dividend policy were negatively connected and that the association was strengthened by cash flow and duality. This knowledge gap led to the examination of external environment, managerial discretion, TMT features on SCA.

Adenikinju (2012) analyzed corporate governance, managerial characteristics and firm performance of Nigerian listed firms. Both individual group and joint effect of corporate governance, managerial features ownership structure on firm performance were examined. The study established that measurement of performance issues depended on two aspects that in some areas various findings used Tobin's Q while others used return on assets (ROA). Further, it was established that governance type in the environment where the firm operated had implications on firm performance. This created a knowledge gap which was sought to be filled by the present study. Cho (2013) conducted an investigation to determine the effect of organizational form on managerial discretion. The research adopted multiple-case, inductive design which considered two kinds of physician-hospital activities and adopted a model of private practice. This research design enabled to investigate how physician discretion varies across hospital boundaries and understand what organizational costs are incurred after integration. The study found the effect of ownership type (for-profit, government, and not-for-profit) on managerial discretion.

Zhang (2016) analyzed the effects of manipulation of managerial discretion on compensation of executives which was a comparative study between senior CEOs and fresh CEOs. The study adopted hierarchical models, multiple linear regression and correlation techniques. The study investigated on how managerial discretion manipulated senior and fresh CEOs respectively. The study used CEO pay-performance sensitivity, executive-employee compensation gap, executive compensation gap, and executive compensation level as the dimensions of executive compensation. From the comparative perspective where data was drawn from listed firms China and only managerial discretion was covered.

According to the analysis of the findings, it was revealed that senior CEOs and fresh CEOs had intentions in motivating abilities to manipulate each component of the executive compensation. The research also established that fresh CEOs had greater firm-serving motives when manipulated in every dimension of the executive compensation in performing managerial discretion, while experienced CEOs displayed relatively greater self-serving motivation. This knowledge gap prompted the present study to examine on external environment and managerial discretion on connection between TMT features and SCA on CMCs in Kenya. Shahzad, Rutherford and Sharfman, (2016) did a study on stakeholder management and financial performance using managerial discretion as the moderating variable. The research formulated and tested hypothesis on whether the respective managers acted as good citizens or engaged in self-dealing when permitted greater discretion. The study used a sample of 806 firms operating in United States of America. The study results revealed that a nuanced effect existed between managerial discretion setting on the SM-FP association.

Theodore, Kasali, Balqiah and Sudhartio (2017) did a research to examine the function of managerial discretion on strategy execution and its effects on firm performance. The literatures reviewed, indicated that cognitive complexity, organizational agility and task environment influenced managerial discretion, and confirmed that strategy execution acted as the mediating variable of the managerial discretion of the middle level management and firm performance. This gap resulted to the examination of external environment and managerial discretion on connection of TMT features and SCA on CMCs in Kenya.



Sirén, Patel, Örtqvist and Wincent (2018) analyzed managerial discretion, CEO burnout and organizational performance. The research examined on organizational factors, structural power, CEO locus of control. The research used 156 CEOs as the sample size of the Swedish companies. The results of the findings indicated a negative association of CEOs who reported greater burnout and performance of firms. The findings of the study revealed that resource availability, CEO duality and firm size aggravated the negative connection between firm performance and CEO burnout. On the contrary, it was revealed that CEO tenure, age of the firm, and CEO locus of control were insignificant. Ponomareva (2016) explored into the costs and benefits of delegation where managerial discretion was used as the bridge between strategic management and corporate governance. The results suggested that the effect of governance dimension of managerial discretion on a firm's performance was contingent on the strategic dimension of discretion. However, the studies did not consider external environment as the variable of the study. This was the knowledge gap sought by the current research.

Zhanglan, Awino and Ogolla (2019) examined on macro environment, managerial discretion, TMT and competitive advantage. The investigation was guided by agency, open system, upper echelon and competitive advantage theories. These theories posit that top management perceive their situations through lens of profound of customized focal points of all human components. According to the research findings, it was demonstrated that TMT heterogeneity resulted in intra-gathering clash and association should start edging on building programs for example, preparation of grants and at work preparing to conquer the difficulties of rivalry. The study was covered in a different setting other than the Chinese MNCs in Kenya.

Blanche, Hatchuel and Starkey (2020) assessed on the value allocation and partnering influence of discretion of management in the captain industry. In this study, the historical case was built to deliberate how stakeholder theory and corporate law were connected to value allocation and discretion in management. The comparison was adopted to present a new way of considering impacts of managerial discretion. Once the stakeholders permit managerial discretion by spotting authority of management, they become symbiotic by partnering effect of discretion in management. This gap led to the establishment of the effect of external environment and managerial discretion on the connection between TMT features and SCA on CMCs in Kenya.

#### **2.3.4 Top Management Team Characteristics, External Environment, Managerial Discretion and Sustainable Competitive Advantage**

Haleblian and Finkelstein (1993) analyzed size of top management, CEO dominance and firm performance. The data was gathered in the 47 firms with CEOs who dominated resulting to worse performance in uncertain business environment. Likewise, the connection of team size, CEO dominance and organizational performance was significant and positive in the business environment that permitted the top managers big discretion in formulating strategic choices but this was not the case in a low discretion business environment. Goll, Johnson and Rasheed (2008) explored on TMT features, business strategy and firm performance where managerial discretion was incorporated. The study results indicated that managerial discretion and business strategy contributed to organizational performance. This gap in knowledge resulted to the examination of external environment and managerial discretion on connection between TMT features and SCA on CMCs in Kenya.

According to Rajagopalan and Finkelstein, (1992) the complexity and dynamisms of the environment contribute to greater processing of information required by managers. In stable environments, there is a systematic situation in problem solving (Haleblian &Finkelstein, 1993). Cho (1999) conducted an investigation to explore the effects of enlarged managerial discretion on attention, compensation and top management composition on strategic change and firm performance. The research adopted the 1978 airline deregulation as the setting where the study results revealed that appropriate alignment between TMT characteristics in all the three facets with the strategic changes were necessary to achieve superior performance. This study was conducted in a different setting other than the Chinese MNCs therefore its findings cannot be generalized; this prompted to the current study on external environment and managerial discretion on the connection between TMT features and SCA on CMCs in Kenya.

Syafarudin (2010) did a study on the effect of both external and internal environments on competitive strategy. The study used both descriptive and explanatory surveys in analyzing the data. The study targeted 140 respondents of the West Sumatra SMEs where the participants were clustered proportionately. The partial least square technique was used for analysis. The study established that both external and internal environments positively influenced competitive strategy. It was indicated internal environment greatly affected competitive strategy than external environment. Both the internal environment and external environment as well as competitive strategy, and partnership strategy simultaneously influenced competitive advantage.

Suzuki (2014) examined on TMT characteristics, organizational slack, and organizational performance. Building on prior upper echelons study, the research found that slack of the organization significantly affected innovation to the degree that respective members of TMT had a greater level of education, most job functions of the organization were output oriented, or short organizational tenure. The study omitted managerial discretion and TMT features on SCA of the Chinese MNCs which were covered in the current study.

By contrast, Ndanu (2014) studied top management demographics macro-environment, SDM, and Kenyan SCs performance. The investigation adopted cross-sectional survey and the information was gathered from the 96 organizations. A semi-structured structured survey instrument was employed. The study results showed that TMT demographics significantly influenced Kenyan SCs performance. Top management demographics significantly influenced SDM but SDM did not statistically influence performance. However, the study omitted managerial discretion as the variable of the study which created the gap sought by the current study.

Wasike, Ambula and Kariuki (2016) did a study on competitive environment, strategy execution, TMT features and firm performance. From the study results, it was revealed that TMT and firm performance were moderated by competitive environment. It was also established that strategy execution was a significant component as it acted as the intervening variable between TMT features and firm performance. However, the investigation failed to incorporate managerial discretion among the variables covered. This was the knowledge gap the current study examined where managerial discretion was used as the intervening variable on the connection of TMT features and SCA.

Mbaya (2017) analyzed strategy in leadership, knowledge transfer, TMT features and firm performance. The research analyzed the connection of knowledge transfer, leadership strategies, top management teams and the four theories that is resource based view of the firm, trait theory of leadership, upper echelons theory, and fielders contingency theory. From these literatures, it was revealed that knowledge transfer, leadership strategy and top management team were connected to each other but did consider external environment and managerial discretion which were covered by the present investigation.

Liem and Nguyen (2019) explored the effect of CEO's psychology features, dynamic environment on the application of management accounting system. The research was grounded on upper echelons theory and it analyzed vibrant environment on CEO's psychology features. Simultaneously, the research took into account internal locus control as the moderating variable to find some associations. The research was conducted in big manufacturing firm in Viet Nam whereby CEOs were targeted as the respondents. PLS-SEM was adopted to test the formulated hypotheses where the study findings confirmed that all the tests were significant.

Petrus (2019) analyzed environmental dynamism, its implications for operational and dynamic capabilities. The results indicated that operational and dynamic capabilities have different performance effects in high-dynamic and low-dynamic environments. market dynamism. The study omitted external environment and managerial discretion on SCA of the Chinese MNCs which were covered in the current study.

## **2.4 Summary of Empirical Studies and Knowledge Gaps**

From the literature reviewed confirm that the variables used in this investigation have been employed and examined elsewhere. However, still unanswered questions which comprise conceptual, contextual and methodological gaps existed. First, a more in-depth examination was required with regard to top management team features and their effect on sustainable competitive advantage. Secondly, the unique setting in the African continent where the Multinational corporations operate was full of uncertainty. Also, a weak legal framework and lack of market controls exist which affect businesses in perspective and also the TMT features (Ongeti, 2014). Inquiries on the current variables has been narrow in scope, scale and reflected to be early stages of development (Kajola, 2008). Moreover, multinational corporations have been researched ut the Chinese ones operating in Kenya have been ignored resulting to the current study.

The empirical investigation on the association among the TMT characteristics, external environment, managerial discretion and SCA of CMCs have recognized causal connection among the variables. Past studies provide methodological, theoretical and contextual gaps. The agency theory postulate that by removing ownership from control generate conflicts of interests where theory of competitive advantage originates from the insight information on the rules and competition in the business environment. Porter postulated that a strategy formulated for purpose of competition, should originate from a deep understanding of the set rules of competition. On the same breadth, upper echelon theory asserted that slight chances exist for long serving TMT to initiate changes because of their selfish interests.

Agency theory posit that dividing ownership from control generate conflicts of interests whereas in both stewardship and stakeholder theories no such conflicts are envisaged. Majority of the past have reviewed the association among two or three of the components with mixed and inconclusive results. Containing sustainable competitive advantage is vital for the organization to compete in the business environment. But what is significant is whether the said competitive advantage is sustainable in the long run. Various empirical studies have described sustainable competitive advantage as when the firm in perspective create a value strategy constantly not being executed by any prospective competitor and when the respective competitors are not able to replicate the benefits associated with the formulated strategy (Gongera, 2007).

From the literature review, there is a clear demonstration of the ideas in this study have been utilized in different studies. In any case, there are yet unanswered issues which comprise theoretical, logical and methodological information gaps. The variables appear to have been considered after some time, yet logical inconsistencies exist on a portion of the connections while different connections are yet to be tried empirically. The contextual gaps incorporate those in regards to how the factors have theoretically related in past studies.

The contextual gaps incorporate gaps on CMCs in Kenya while methodological gaps are the flaws uncovered on the past study designs, population, testing, investigation and analysis of the findings. Table 2.1 below provide summary of the reviewed empirical studies on TMT characteristics, external environment, managerial discretion and SCA of multinational corporations demonstrating the research findings and research gaps.

**Table 2.1: Summary of Empirical Studies and Knowledge Gaps**

<b>Author (s)</b>	<b>Title</b>	<b>Methodology</b>	<b>Findings</b>	<b>Research Gaps</b>	<b>Focus of current study</b>
Wilsa et al. (2017)	A conceptual model on managerial discretion and implementation of strategy and its effects on firm performance.	The study analyzed journals, and books which resulted to the designing of empirical investigation using mixed methods where middle level management was used to give the information.	The study found that managerial discretion influenced implementation of strategy which affected performance of the firm.	The study only used managerial discretion as one of the variables. But TMT characteristics and environmental dynamism not used and the current study intends to use.	TMT characteristics and external environment were studied and multiple linear regression models were used.
Syafarudin (2010)	The effect strategy partnership, competitive strategy, external environment and its influence on sustainable competitive advantage on the performance SMEs in West Sumatra.	Both descriptive and explanatory survey methods were employed. The study targeted 140 respondents. Proportionate cluster random sampling was used.	From the study results, it was revealed that both external and internal environment significantly influenced competitive advantage of SMEs.	TMT characteristics and MD not considered. Multiple linear regressions not used.	TMT characteristics and MD were considered. Multiple linear regression models were used.
Feng (2013)	The connection of discretion in management on performance of the organization in high-tech firms.	The research used a cross-sectional survey on secondary sources of data was adopted.	The study results showed that managerial discretion connected negatively with performance with traditional companies. The higher the managerial discretion the higher the performance of high-tech firms.	Methodological gap is that showed that managerial discretion may use more suitable indicators. The listed firms may not produce the same results. TMT are not studied.	First hand data and data from listed and non-listed CMCs were collected. External environment and MT characteristics were considered.



**Table 2.1: Summary of Conceptual, Empirical Studies and Knowledge Gaps Contd’...**

<b>Author (s)</b>	<b>Title</b>	<b>Methodology</b>	<b>Findings</b>	<b>Research Gaps</b>	<b>Focus of Current Study</b>
Irja (2016)	Top management and project management of the organization in implementing of the strategy.	A case study was used for the targeted organizations.	The study results indicated that description of responsibilities of top management influenced governance of projects.	The study only used top management and Project Management as the variables using a case study of business organizations.	The present study examined into external environment and managerial discretion as one of the variables of SCA.
Mfanasibili Ngwenya (2017)	Achieving sustained competitive advantage in the Telecommunication sector in South Africa.	The study employed SERVQUAL model to test variables employed in the research.	The study results indicated that in the Telkom sector, relational capital was the most significant variable followed human capital and lastly structural capital to influencing intellectual capital.	The study was carried out in South African Telecommunication industry and it omitted other variables for example TMTC, managerial discretion and external environment.	The current study analyzed TMT features, external environment, managerial discretion on Chinese Multinational Corporations in Kenya.
Huang et al.,(2019)	Influence of TMT features on corporate charitable activity in the listed firms in China.	The study used upper echelons and corporate social responsibility which analyzed data from Chinese economy.	From the findings of the study, it was confirmed top management team characteristics were associated with corporate charitable activity.	The research was conducted using data from China which is different in socio-cultural context, economy and technology.	The current study was conducted on Chinese Multinational corporations in Kenya. The study also analyzed external environment and managerial discretion.

**Table 2.1: Summary of Conceptual, Empirical Studies and Knowledge Gaps Contd’...**

<b>Author (s)</b>	<b>Title</b>	<b>Methodology</b>	<b>Findings</b>	<b>Research Gaps</b>	<b>Focus of current study</b>
Odundo (2012)	Examined environmental setting, strategic plans execution and performance state corporations in Kenya.	A cross sectional survey was adopted where 83 corporations were covered in different sectors.	The study results showed that political support and will affected the connection of strategic plan implementation and firm performance of corporations.	The study only studied external environment and omitted other factors for example TMTs features and managerial discretion.	The study looked into both TMTs features and managerial discretion on SCA of CMCs.
Murgor (2014)	Conducted a study to look into external environment, strategic responses, firm capabilities and firm performance of large scale manufacturing firms.	Six hundred and fifty five large scale manufacturing firms were used for the study.	From the study results, it was established that external environment positively influenced firm performance of large manufacturing firms.	The study was conducted in large scale manufacturing firms. The study omitted other components like managerial discretion and TMTC.	The current study was conducted in Chinese Multi-national corporations whereby TMTC and managerial discretion were included as the variables of the study.
Kamau (2014)	Established diversity in TMT on performance of Kenya’s commercial banks.	The investigation embraced a descriptive research design where six major commercial banks were targeted.	The results revealed that TMT characteristics diversity contained no significant effect on organizational performance. Only one TMT characteristics factor.	This study only used only top management diversity but it did also look into external environment and managerial discretion. Also, it was undertaken in Kenyan Commercial banks.	Chinese multinational companies from different sectors were studied using both demographical and psychological characteristics.

**Table 2.1: Summary of Conceptual, Empirical Studies and Knowledge Gaps Contd'...**

<b>Author (s)</b>	<b>Title</b>	<b>Methodology</b>	<b>Findings</b>	<b>Research Gaps</b>	<b>Focus of current study</b>
Ndanu (2014),  Kisung'u (2017)	Studied on the demographics of top management in formulating of decisions, macro-environment and state corporations performance in Kenya.  Examined the role played by strategic leadership on SCA of public and private universities	The study utilized a cross sectional research where 96 SCs were targeted.  The study used cross-section survey research design where quantitative methods of data was adopted. The study used stratified sampling to select 57 Universities.	The study results revealed that demographics of the top management significantly influenced performance of Kenyan SCs. TMT characteristics also influenced SDM.  The study results showed that organizational culture shaped sustainable competitive advantage of the studied private and public universities in Kenya.	The study only used a cross sectional survey research design and not a descriptive design. The study did not look into managerial discretion as a variable in the study.  The study omitted other components like top management team features, external environment and managerial discretion.	Both demographical and psychological characteristics were researched and external environment was considered as the moderating variable.  The current study considered TMT characteristics, EE, MD as the variables of the study.
Mbaya (2017)	Examined TMTs, knowledge Transfer, leadership strategy, and performance	The study reviewed literatures on the triadic association of TMT, their strategies on leadership and knowledge transfer.	From the findings of the study, there was a connection of TMT, leadership strategies and knowledge transfer.	The study did not include external environment, managerial discretion on sustainable competitive advantage.	The current study used both EE and MD as the variables of the study.

**Table 2.1: Summary of Conceptual, Empirical Studies and Knowledge Gaps Contd'...**

<b>Author (s)</b>	<b>Title</b>	<b>Methodology</b>	<b>Findings</b>	<b>Research Gaps</b>	<b>Focus of current study</b>
Wu et al,(2017)	Examined on top executive teams, features and strategic formulation of decisions where risk perceptions mediated the study.	The inquiry used 289 participants as the sample size. The survey questionnaire was employed to gather the primary sources of data.	The investigation established that mental models used and risk perceptions served as the mediating variables and were influenced by TMTs features and decision making processes.	The research only examined top management team characteristics and omitted other variables of the study for example external environment and managerial discretion.	The current research employed both external environment and managerial discretion as the variables of the research on sustainable competitive advantage.
Zhanglan, Awino, & Ogolla, (2019).	Examined on managerial discretion, macro environment and top management team on competitive advantage.	The study was a review of literatures from various past empirical investigations.	The findings of the study confirmed that association existed among the studied variables.	The research only used qualitative methods of data hence these findings cannot be fully adopted to make the conclusion.	The current study embraced both qualitative and quantitative techniques of data analysis. The study was conducted in Chinese Multi-national corporations. The current study used both external environment and managerial discretion as the variables of the study competitive advantage.
Liem & Nguyen (2019)	CEO's psychology features, dynamic environment on the application of management accounting system.	The research was conducted in big manufacturing firms in Viet Nam whereby CEOs were targeted as the respondents.	The study findings confirmed that all the tests were significant.	The study omitted managerial discretion as the variable of the study.	The current study used both external environment and managerial discretion as the variables of the study competitive advantage.

**Table 2.1: Summary of Conceptual, Empirical Studies and Knowledge Gaps Contd'...**

<b>Author (s)</b>	<b>Title</b>	<b>Methodology</b>	<b>Findings</b>	<b>Research Gaps</b>	<b>Focus of current study</b>
Mugwang'a et al.(2018)	Examined TMT characteristics, corporate governance and corporate social responsibility of large manufacturing firms in Kenya.	The study employed descriptive survey research design to study large manufacturing firms.	From study results, it emerged that a significant relationship existed among the studied variables.	The investigation only used top management team characteristics and omitted other variables like external environment and managerial discretion on SCA.	The research employed both EE and managerial discretion as the variables of the research.
Blanche, Hatchuel & Starkey (2020)	assessed on value allocation and partnering effect of managerial discretion in the captain industry.	The study was a qualitative research.	The study established that value allocation affected managerial discretion.	The research only examined managerial discretion and omitted other variables for example top management characteristics and external environment	The study embraced TMT features and EE on sustainable competitive advantage.
Day (2020)	Function of top management team in the understanding of innovation capacity and sustainability of family companies.	Descriptive survey was embraced to conduct the research.	From the study finding, it was established that top management team features brought innovation capacity and sustainability of the family companies.	The study omitted other variables of the study for example external environment and managerial discretion.	The current study adopted MD and EE, TMT features to analyze sustainable competitive advantage.
Kumar (2020)	Features of age demographics of the top management team as the drivers of company's environmental management(EM).	The study used a sample of publicly listed companies using a panel data regression of 3,251 dataset company year observations.	According to the findings, it was revealed that top management team aging supported beyond the compliance as compared to compliance-only EM strategies.	The study omitted other parameters of external environment and managerial discretion.	The study examined TMTs features, managerial discretion, external environment on SCA.

**Source: Review of Various Articles by the Researcher (2020)**

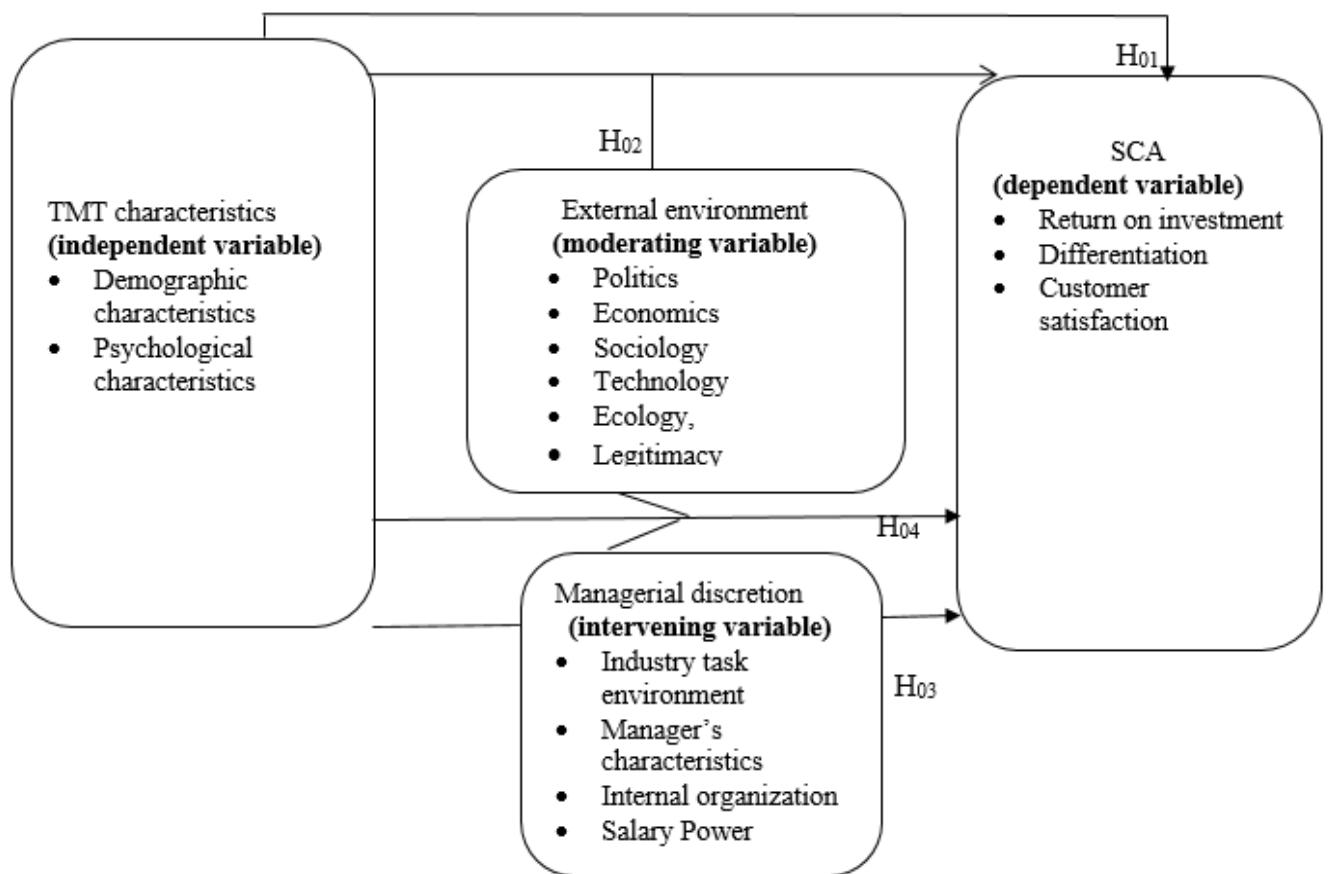
## **2.5 Conceptual Framework**

A conceptual framework describes the path of a research and grounds it firmly in theoretical constructs. The overall aim of this framework is to make research findings more meaningful, acceptable to the theoretical constructs in the research field and ensures generalizability. Figure 2.1 provide a clear presentation of a conceptual framework to show the association of top executives, managerial discretion, external environment and SCA. The conceptual framework illustrates that top executive features influence SCA in various ways. First, TMT features can directly influence SCA of CMCs. In other words, when the top management team members are able to exercise prudently their leadership roles it is likely to result to sustainable competitive advantage. This proposition is supported by Upper echelon theory by Hambrick and Mason, (1984) as illustrated in hypothesis one in the figure 2.1. The proposition has been researched on the association between top executive features and SCA but with mixed and inconclusive findings.

On the same vein, top features can influence SCA through the moderation of external environment. Therefore, external environment was used as the moderating variable and assessed by indicators like politics, economics, sociology, technology, ecology, and legitimacy. The second hypothesis therefore proposed that external environment does not have significant moderating effect of TMT features on SCA of CMCs. Top management team characteristics can indirectly influence sustainable competitive advantage through managerial discretion. Therefore, managerial discretion was used as the intervening variable and was measured by industry task environment, manager's characteristics and internal organization.

The proposition formulated was that managerial discretion does not have significant intervening effect of TMT features on SCA of CMCs. The proposition has been researched on but with mixed and inconclusive findings. Top management team characteristics, external environment could jointly influence sustainable competitive advantage of CMCs. From the previous empirical investigations each of these variables by various scholars revealed some influence (positive, negative or none) on sustainable competitive advantage of CMCs. Those with mixed findings were revealed by Marimuthu and Kolaindaisamy (2009), Kinuu (2014), Wasike, Machuki, and Aosa and Ganesh, (2015); those indicated negative association included West and Schwerk, (1996) while those ones which indicated no association at all were led by West and Schwerk, (1996). The joint effect of the variables has also been investigated by few scholars. This formed the fourth hypothesis that no significant effect of TMT characteristics, external environment and managerial discretion on SCA of CMCs.

Therefore, from the literature review, the framework was developed as indicated in Figure 2.1 below, where MT characteristics is the independent variable, managerial discretion is the intervening variable, external environment is the moderating variable and SCA is the dependent variable. TMT characteristics would be explained by demographic characteristics and psychological characteristics; external environment would be explained by politics, economics, sociology, technology, ecology and legitimacy. Managerial discretion would be explained by industrial task environment, manager's characteristics, internal organization and salary. The SCA would be explained by return on investment, differentiation and customer satisfaction.



**Figure 2.1:** Conceptual Framework  
**Source:** Researcher (2020)

In Figure 2.1 suggests that SCA is influenced directly or indirectly by TMT features, external environment and managerial discretion. The figure reflects that TMT features is the independent variable, managerial discretion as the intervening variable, external environment as the moderating variable and SCA as dependent variable. The conceptual relationships of the study variables includes: TMT characteristics and its influence on SCA of Multinational corporations ; external environment and TMT characteristics influence on SCA of CMs ; the relationship between managerial discretion and TMT features influence on SCA of CMCs ; the connection between top executive demographics and psychological attributes and finally the relationship between TMT characteristics, external environment and managerial discretion influence on SCA of Multinational corporations .



## **2.6 Research Hypotheses**

From the conceptual framework (Figure 2.1) various empirical studies have been done where majority of these studies have either examined direct influence on the variables and SCA, or joint interactions of several variables on SCA. The research findings of these investigations inform the hypothesis linkages and emerging trends from the association in the conceptual framework in Figure 2.1 above, it resulted to the formulation of hypotheses as indicated below:

**H<sub>01</sub>:**TMT features had no significant effect on SCA of CMCs.

**H<sub>02</sub>:**External environment did not contain a significant moderating effect of TMT features on SCA of CMCs.

**H<sub>03</sub>:** Managerial discretion did not contain a significant intervening effect of TMT features on SCA of CMCs.

**H<sub>04</sub>:**There is no significant effect of TMT features, external environment and managerial discretion on SCA of CMCs.

This chapter has discussed theoretical foundation, the empirical literature, and the conceptual model to depict the relationship among the variables studied. The section also synthesized the empirical and conceptual reviews on top management team characteristics, external environment, managerial discretion and sustainable competitive advantage. The gaps emerged included theoretical, conceptual and methodological spheres. A summary of various empirical studies was presented with various glaring knowledge gaps to be filled. Chapter three presents the methodology embraced for the study.

Through an extensive literature review of prior studies, examining the conceptual associations of the variables, a number of flaws along theoretical, conceptual and methodological spheres were identified. This chapter reviewed theoretical foundations where respective theories propounding the study were discussed in details. These theories included typology of competitive advantage, upper echelon theory, contingency theory and agency theory. The empirical literature has been also discussed on various studies to indicate the nature of associations among the investigated variables. Further, the review showed a mixed and inconclusive finding in form of gaps which resulted into a conceptual model showing four thematic hypotheses formulated for testing.

Therefore, the chapter has examined the theoretical foundation, empirical literature whereby a conceptual framework was formulated. The next chapter discussed methodology employed in the study. This included philosophical orientation, research design, target population, data collection, reliability and validity and operationalization of the key study variables. Moreover, the chapter examined the diagnostic tests where linearity, normality, multicollinearity, and homoscedasticity were analyzed. Further, the chapter presented data analysis procedures and techniques where both descriptive and inferential statistics were highlighted.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

Research methodology entail the researcher's logical understanding on the methods to be used in solving a factual problem (Cooper & Schindler, 2008). Therefore, various methods and approaches were adopted for various concepts and contexts. Thus, the current methods emanated from different studies documented on TMTs features, external environment, managerial discretion and sustainable competitive advantage. These studies have produced mixed and inconclusive findings hence the researcher taught it wise to further examine these variables. This resulted to the researcher to formulate a research problem question that stated- what is the influence of external environment and managerial discretion on the relationship of TMT characteristics and SCA of CMCs in Kenya?

The current study hypothesized that TMT features had no significant influence on SCA of CMCs; external environment does not have significant moderating effect of TMT features on SCA of CMCs; managerial discretion does not have significant intervening effect of TMT features on SCA of CMCs; and there is no significant effect of TMT features, external environment and managerial discretion on SCA of CMCs. Therefore, this section provides the research methodology and approaches adopted for conducting this research. It described a detailed philosophy, study design, population, and also data collection procedures. In addition, methods of data collection, reliability and validity of the variables were discussed. Further, this section presented the diagnostic tests and data analysis techniques that were used in the study.

### **3.2 Philosophical Orientation**

The present research was premised upon positivism philosophy because the investigation was grounded on theory in which the hypotheses were formulated. Information was gathered from the field using a survey instrument and it was analyzed using quantitative techniques. The formulated hypotheses were verified empirically with a sole aim for either rejecting or failing to reject the hypotheses. The investigator was independent of the research and did not influence the outcome of the study rather the results were determined by conducting an empirical investigation of the operationalized variables. Scientific investigations have been guided by two basic paradigms that include positivism (quantitative in nature) and phenomenology (qualitative in nature) (Saunders, Lewis & Thornhill, 2009).

Phenomenological study describes the immediate experience obtained by the investigator in perspective to draw meanings and inferences by affording interpretations of the studied phenomena observed during field work (Blau, 1964). It enables the investigator to attain insights of a particular situation under the investigation. Phenomena observations for example case studies give qualitative information describing and explore the in-depth of the phenomenon thereby providing more practical and solid results (Zikmund, 2003). Positivism philosophy is an approach which is objective and it is used for testing hypothesis with an intention of either rejecting or not rejecting the null hypothesis under investigation (Mugenda & Mugenda, 2003). This approach is based on methods which are very objective for operationalization of variables or concepts under study, the generalization of the study findings and replicability (Cooper & Schindler, 2008). In social science research positivism and social phenomenology are two main philosophical traditions used (Saunders, Lewis & Thornhill, 2009).

This philosophy (positivism) attempt to find the empirical regularities which are connected among the elements or variables of the study. This approach of positivism enables definitions and predictions to be made in regard to the laws guiding the study. Therefore, this philosophy of positivism is mainly grounded on quantitative techniques which mainly employ numerical methods in its analysis. Moreover, the positivism approach is very objective in advocating the methods and procedures adopted by natural scientists which include testing of validity, seeking the reality of the social phenomena and maintaining the independent position of the study. Thus, the subjectivity of the respondents is reduced (Easter-Smith, Thorpe & Lowe 2004). Positivism approach is embraced because of its objectivity and it is used for testing hypotheses with an intention of either rejecting or not rejecting the null hypotheses under investigation.

### **3.3 Research Design**

This study embraced a cross-sectional survey to examine the influence of TMT characteristics, external environment, managerial discretion on SCA of CMCs in Kenya. The design sought to capture both qualitative and quantitative aspects. Using the descriptive research design, the investigator was capable to provide a clear description of the variables of the research resulting to prediction of regression models used for prediction of the studied variables. Majorly, this design was the most suitable for the present study as it permitted the investigator to describe the strategies employed by the multinational corporations. Through the adopted model, the study was able to assess on how much is the change caused by the variables of prediction and whether the influence was positive and significant.

The design for research presents a map or a snap shot of components or variables in a huge number of subjects at a specific point in time (Cooper & Schindler, 2008). It gives a description of studied variables or concepts and observable phenomena of population. The decisions and governance of a strategy are controlled at the top level which entailed the unit of analysis of the study. It is also stipulated that strategy decisions give impetus for the respective managers to invest in projects that lead to greater returns for stakeholders to improve performance. The design was appropriate because of the purpose and scope of the current study, nature of data that was collected and the type of analysis performed (Coopers & Schindler, 2016).

### **3.4 Population of the Study**

The population of the study comprised of 72 CMCs working in Kenya, for example, business, mining, development and capital equipment supplies. To study the sustainability of competitive advantage, the research targeted CMCs working in Kenya for more than 3 years (KCETA, 2019). A census study was therefore done for TMT characteristics of the 72 CMCs in Kenya.

The context was picked on the grounds that CMCs in Kenya had gained SCA over their Kenyan and different partners and carrying social monetary advancement to the nation. The SCA picked up by CMCs in Kenya can improve performance of its partners. So as to accomplish superior, CMCs must have TMT characteristics with the correct demographics and psychological features that empowered them (TMT characteristics) translate the requirements of nature accurately to create a competitive advantage. The unit of study was 72 CMCs in Kenya.

### **3.5 Data Collection**

The research gathered both primary sources and secondary sources of data. Approval from the University of Nairobi was sought before commencing data collection exercise. The investigator with the help of research assistants administered the survey questionnaire mainly through e-mail method, drop and pick later method at the CMCs in Kenya. Primary data was collected by the researcher using a structured self-administered questionnaire in person. The respondents in the study were top managers in the 72 CMCs operating in Kenya for more than three years. Two questionnaires were sent to each of the 72 CMCs adding up to a total of 144 questionnaires. For the purposes of estimation, an average score of the items used to proxy variables of the two questionnaire administered to one firm was computed. The study collected quantitative data on a Likert type scale of one to five as indicated in sections I and IV.

The survey questionnaire was generated through using relevant research questions from a related study which was designed by the researcher. The Chinese firms are known to be relatively conservative; hence the meetings were arranged through referrals. A five point Likert scale questions was adopted where the level of agreement or disagreement were used. The study used close-ended questions approach as it enabled the researcher to cover wide area as the respondents immediately responded to the set questions. Moreover, the responses from the closed-ended questions were easier to analyze by the researcher. Sproul (2008) affirmed this by his explanation that a survey questionnaire is the solely way to produce self-report on the participants' beliefs, opinions, and values.

### **3.6 Reliability Tests**

According to Mugenda and Mugenda (2003), reliability refer to the degree in which data collected results into consistent findings. It establishes whether the measure resulted into similar findings, or same observations as by other researchers and scholars bearing in mind that there was transparency of the raw data used. For the current study, reliability was employed to assess the internal consistency of the collected data. The Cronbach alpha coefficient was used to determine internal consistency of the generated items. The alpha coefficients start from zero indicating no internal consistency while one indicating a complete internal consistency. The greater the coefficient, the greater is the reliability of the measurement scale. According to Nunnally (1978), if you find out that values are too low, then is either the generated items in the questionnaire were few or the generated items were not common, hence he proposed of .70 and above internal consistency as sufficient to assess reliability.

In this study, Cronbach Alpha was used to measure the internal consistency of the measurement instrument. As opined by Nunnaly (1978), a coefficient that is greater than 0.7 is said to be a better and a very strong indicator of reliability. The study fully adopted a Cronbach alpha that is greater than 0.7. The study carried out both the construct and content validity and a pre-test was carried out just before it was administered to the respondents. In Mugenda and Mugenda (2003) arguments, pretesting permits detection of errors prior the actual data collection kicks off. Moreover, the 10 percent of the sample size was deemed adequate especially for the pilot study.



### **3.7 Validity Test**

The validity of data collection instrument refers to the measure of what is required to be measured (Cooper & Schindler, 2006). Validity tests are categorized into content, criterion, face and construct validity. Content validity is tested where the investigator reviewed literature and classified the items under investigation to ensure that the research questions have covered all the aspects of the studied variables. In addition, the investigator conducted piloting of the survey questionnaire to cover 10% of the Chinese multinational corporations which were randomly selected and excluded from the final study.

Validity is weak at the beginning but it is eventually supported by pre-testing of survey instruments. The construct of an instrument is covered by the process of content validity. Criterion validity on the other hand can be described as the extent of the scores of people at which measurements are done by correlation with different variables which there is an expectation of same correlation. Also, sorting, editing, coding and data cleaning was conducted for validation and confidentiality.

### **3.8 Operationalization of the Study Variables**

Operationalization of variables is very significant as it allows the investigator to assess the phenomenon quantitatively hence enabling him/her in testing the generated research hypotheses (Munyoki, 2007). The study variables were operationalized based on research objectives. The examined variables in this study included TMT characteristics, external environment, managerial discretion, and SCA. The TMT characteristics was operationalized in terms of demographic and psychological features while external environment covered political dimensions, economics, social, technology, ecology and legal dimensions.

Managerial discretion was operationalized as industry task environment, manager's characteristics, internal organization and salary power. Competitive advantage was operationalized using return on investment, differentiation strategy, and customers satisfaction as shown in Table 3.1 below. A composite value was used to measure the dependent variable with the average score of indicators. Zikmund (2003) describe the operationalization of concepts and variables as the technique used by scholars and academicians to give meaning and to show the specific indicators of measurement.

On the same breadth, Kothari (2004) suggests that in the Likert scale, the participants respond to each statement set in the research instrument considering several degrees particularly a five-point Likert questions indicating levels of agreement or disagreement. This technique allocates a scale value to each of the variables under investigation in five point scale responses showing favorableness or not favourable and then a summation of all score.

**Table 3.1: Operationalization of the Study Variables**

<b>Variables</b>	<b>Operationalization Indicators</b>	<b>Measurement Scale</b>	<b>Questions</b>	<b>Supporting Literature</b>
<b>TMT characteristics (independent variable)</b>	<ul style="list-style-type: none"> <li>• Demographic characteristics</li> <li>• Psychological characteristics</li> </ul>	5 point Likert type scale	Section two(questions i-xvi)	Irja (2016) Syafarudin (2010)
<b>External environment (moderating variable)</b>	<ul style="list-style-type: none"> <li>• Political, economics</li> <li>• Social, technology</li> <li>• Ecology, legal</li> </ul>	5 point Likert type scale	Section three (questions i-xiv)	Jiao et al. (2010) Wangrow et al. (2014)
<b>Managerial discretion (intervening variable)</b>	<ul style="list-style-type: none"> <li>• Industry task environment</li> <li>• Manager's characteristics</li> <li>• Internal organization</li> <li>• Salary power</li> </ul>	5 point Likert type scale	Section four (questions i-x)	Wilsa et al. (2017) Musani (2012)
<b>SCA (dependent variable)</b>	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Differentiation</li> <li>• Customer satisfaction</li> </ul>	5 point Likert type scale	Section five (questions i-vii)	Ndanu (2014) Kamau (2014)

**Source:** Researcher, 2020

### 3.9 Diagnostic Tests

This study tested for linearity, normality, multicollinearity, and homoscedasticity assumptions. Test of linearity was used to test the existence of a linear relationship between the dependent and independent variables. Linearity test was carried out using scatter diagram. Normality test checks on whether the set of data is symmetrical normally distributed or asymmetrical was based on Shapiro-Wilk test (if p-value  $\geq 0.05$  this shows that distribution is normal while p-value  $< 0.05$  shows that the distribution is asymmetrical).

In multiple linear regression model, multicollinearity test is carried out to check on high correlation between the independent variables. Existence of high correlation makes the coefficients be unrealistic and biased. Multicollinearity test was based on Variance Inflation Factor (VIF), tolerance, condition number, and variance proportions. Acceptable range is of VIF less than 10, condition number less than 30, tolerance less than one, and variance proportions less than one (Keith, 2006). In order to test for homoscedasticity, Levene test was used.

### **3.10 Data Analysis**

The returned questionnaires were checked to ensure completeness where descriptive and inferential statistics were used to evaluate the information. Descriptive analysis included mean, standard deviation, percentages, and one sample t-test that specifically explored the underlying characteristics of both the studied corporations and respondents. The investigation analyzed inferential statistics which included coefficient of determination, multiple linear and simple linear regression analysis.

The investigation used simple linear regression analysis to test objective one. Specifically, the model was as  $SCA = \beta_0 + \beta_1 TMT + \varepsilon$ ; where, SCA is sustainable competitive advantage; TMT is top management team;  $\beta_0$  is intercept;  $\beta_1$  is coefficient of TMT; and  $\varepsilon$  is error term.

On objective two, which was to test the moderating influence of external environment on the connection between TMT characteristics and SCA of CMCs in Kenya. The study used the following linear multiple regression analysis  $SCA = \beta_0 + \beta_1 TMT + \beta_2 EE + \beta_3 TMT * EE + \varepsilon$ , where EE is external environment.

Objective three was to assess the intervening effect of managerial discretion on the connection between TMT features and SCA of CMCs. The study used four steps of Baron and Kenny (1986) model.

**Step 1:** Regress SCA on TMT characteristics ( $SCA = \beta_0 + \beta_1 TMT + \varepsilon$ ) and determined the significance of the model.

**Step 2:** Regress MD on TMT characteristics ( $MD = \beta_0 + \beta_1 TMT + \varepsilon$ ) and determine the significance of the model, where MD is managerial discretion

**Step 3:** Regress SCA on MD ( $SCA = \beta_0 + \beta_1 MD + \varepsilon$ ) and determine the significance of the model.

**Step 4:** Regress SCA on TMT characteristics and MD determine the significance of intervening variable. Intervention takes effect when controlling the effect of intervening variable on the dependent variable, the effect of independent variable become insignificant.

$$SCA = \beta_0 + \beta_1 TMT + \beta_2 MD + \varepsilon$$

Multiple linear regression model of  $SCA = \beta_0 + \beta_1 TMT + \beta_2 EE + \beta_3 MD + \varepsilon$  was adopted to test for the joint effect of TMT features, external environment, and managerial discretion on SCA of CMCs in Kenya. Table 3.2 below summarizes the analyses which were carried out to attain the four objectives of the study.

**Table 3.2: Summary of Statistical Tests of Hypotheses**

<b>Objectives</b>	<b>Hypotheses</b>	<b>Analytical Model</b>	<b>Interpretation</b>
<b>Objective 1:</b> Assess the influence of TMT characteristics on SCA of CMCs in Kenya	<b>H<sub>1</sub>:</b> The TMT characteristics do not significantly influence SCA of CMCs	Simple linear regression $SCA = \beta_0 + \beta_1 TMT + \varepsilon$ ;	R <sup>2</sup> for goodness-of-fit p-value test for overall and individual significance Marginal changes analysis
<b>Objective 2:</b> Determine the influence of external environment on the connection between TMT features and SCA of CMCs in Kenya	<b>H<sub>2</sub>:</b> External environment does not have significant moderating effect on TMT characteristics and SCA of CMCs	Multiple linear regression $SCA = \beta_0 + \beta_1 TMT + \beta_2 EE + \beta_3 TMT * EE + \varepsilon$	R <sup>2</sup> for goodness-of-fit p-value test for overall and individual significance Marginal changes analysis
<b>Objective 3:</b> Assess the influence of TMT features and managerial discretion on SCA of CMCs in Kenya	<b>H<sub>3</sub>:</b> Managerial discretion does not have significant intervening effect on TMT characteristics and SCA of CMCs	Multiple linear regression and Baron and Kenny (1986) test Step 1: $SCA = \beta_0 + \beta_1 TMT + \varepsilon$ Step 2: $MD = \beta_0 + \beta_1 TMT + \varepsilon$ Step 3: $SCA = \beta_0 + \beta_1 MD + \varepsilon$ Step 4: $Y_6 = \beta_0 + \beta_1 TMT + \beta_2 MD + \varepsilon$	R <sup>2</sup> for goodness-of-fit p-value test for overall and individual significance Marginal changes analysis
<b>Objective 4:</b> Establish the joint influence of TMT features, external environment, managerial discretion on SCA of CMCs in Kenya	<b>H<sub>4</sub>:</b> There was no significant effect of TMT characteristics, external environment and managerial discretion on SCA of CMCs	Multiple linear regression $SCA = \beta_0 + \beta_1 TMT + \beta_2 EE + \beta_3 MD + \varepsilon$	R <sup>2</sup> for goodness-of-fit p-value test for overall and individual significance Marginal changes analysis

**Source:** Researcher (2020)

Table 3.2 summarizes the statistical tests hypotheses. The objectives, hypotheses and related analytical model and interpretations are shown. Simple linear regression, stepwise multiple linear regression and multiple linear regression and Baron and Kenny tests were used. Interpretations of R<sup>2</sup> for goodness-of-fit, P-value test for overall and individual significance, marginal changes analysis were narrated.

This chapter described the methodology employed by the current investigation. The study philosophy explaining the positivistic approach, and design used were discussed. The research embraced positivism philosophy because it is objective to the conceived phenomenon and it is employed in testing the designed hypothesis solely with an aim of either accepting or rejecting it. A descriptive cross sectional survey research design was embraced because the information was gathered across a large number of Chinese Multinational Corporations in Kenya.

The target population was equally described where a census technique was employed to target 72 Chinese Multinational corporations operating in Kenya. The chapter further presented data collection procedures where a survey questionnaire was adopted to gather data from the respondents. The chapter also discussed operationalization of variables and data analysis procedures. The investigation operationalized the studied variables in details in order to describe them into a quantifiable element where the literatures in support was availed. Table 3.1 provided the variables operationalized where the studied objectives were outlined then the corresponding hypotheses and their respective analytical techniques. Further, reliability and validity of the survey instruments were highlighted and indicated on how they were tested.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

### 4.1 Introduction

This chapter presents the results and interpretation of the findings of the study. The study aimed at determining the influence of external environment and managerial discretion on the connection of TMT characteristics and SCA of CMCs in Kenya. Specifically, the chapter assessed the influence of TMT characteristics on SCA of CMCs in Kenya, the influence of external environment on the connection between TMT characteristics and SCA of CMCs in Kenya, the influence of TMT characteristics and managerial discretion on SCA of CMCs in Kenya and the joint influence of TMT characteristics, external environment, managerial discretion on SCA of CMCs in Kenya.

### 4.2 Reliability and Validity Tests

The reliability of the survey instrument was assessed using Cronbach' s alpha and Table 4.1 below shows the results.

**Table 4.1: Reliability Test Results**

Variable	Cronbach's Alpha	Number of Items
Top Management Team Characteristics	0.90	16
External Environment	0.84	14
Managerial Discretion	0.77	10
Sustainable Competitive Advantage	0.85	7

**Source:** Primary Data (2020)



Table 4.1 indicate the reliability results where TMT features had the highest internal consistency as shown by Cronbach's alpha of 0.90 followed by external environment (0.84), SCA (0.85) and managerial discretion (0.77). Therefore, through the questionnaire, reliable data was collected on the influence of external environment and managerial discretion on the connection of TMT characteristics and SCA of CMCs in.

The investigator conducted a pilot test of the survey questionnaire in the ten (10) CMCs in Kenya. This enabled the investigator to assess validity of the survey instrument including clarity, relevance, interpretation of the questions and time spent to fill the survey instrument and improved where it was necessary. Construct and content validity of the survey instrument were enhanced using expert opinion obtained during various proposal examination in the University of Nairobi in the open forum, doctoral committee and departmental presentations. Any unclear questions, double edged and ambiguous cases identified were immediately rectified.

### **4.3 Response Rate**

Out of 72 CMCs targeted, 62 CMCs replied. This resulted to a response rate of 86.1 percent. 61 CMCs replied with 2 questionnaires and 1 CMC replied with 1 questionnaire, adding up to 123 questionnaires in total. The response rate in the study was adequate enough for generalization of the study findings to the entire population of CMCs in Kenya (Mugenda & Mugenda, 2003). The study captured socio-demographic information both for the respondents and general information for CMCs in Kenya. The demographic information included gender, nationality, age, academic qualification, position in the organization and duration of work at the CMCs as shown in Table 4.2.

**Table 4.2: Distribution of Respondents Based Socio-Demographics Information**

Variable	Socio-Demographic	Frequency	Percentage
Gender	Male	49	79
	Female	13	21
	Total	62	100
Nationality	Kenyan	1	1.6
	Chinese	61	98.4
	Total	62	100.0
Age	20 to 30	8	12.9
	31 to 40	38	61.3
	41 to 50	13	21.0
	50 and above	3	4.8
	Total	62	100.0
Academic qualification	Diploma	5	8.1
	First degree	40	64.5
	Postgraduate	16	25.8
	PhD	1	1.6
	Total	62	100.0
Position in the organization	Senior manager/CEO	36	58.1
	Deputy manager/vice president	11	17.7
	Chief Finance Officers	15	24.2
	Total	62	100.0
Duration of work	6 months and below	3	4.8
	6 months to 1 year	8	12.9
	1 to 3 years	21	33.9
	4 to 6 years	12	19.4
	7 to 9 years	8	12.9
	More than 10 years	10	16.1
	Total	62	100.0

**Source:** Primary Data (2020)

Table 4.2 above shows that most of the participants comprised of males (79 percent) while only 21 percent comprised of the female respondents. Majority of the respondents were Chinese (98.4 percent) and the remaining 1.6 percent were Kenyans. The respondents were of different age groups with the majority ranging between 31 to 40 years of age (61.3 percent) followed by 41 to 50 years (21 percent), 20 to 30 years (12.9 percent) and 50 years and above (4.8 percent). In regard to academic qualification, majority of the respondents had first

university degrees (64.5 percent) followed by postgraduates (25.8 percent), diploma holders (8.1 percent) and PhD holders (1.6 percent). The respondents were top managers at CMCs with majority being senior managers or CEOs or presidents (58.1 percent) followed by deputy managers or vice presidents (17.7 percent) and Chief Finance Officers (CFOs) (24.2 percent). It emerged that most of the respondents had worked at CMCs for periods ranging between 1 to 3 years (33.9 percent), four to six years (19.4 percent), more than 10 years (16.1 percent), 6 months to 1 year (12.9 percent), seven to nine years (12.9 percent) and below six months (4.8 percent) respectively. On general information of CMCs, Table 4.3 below shows the responses.

**Table 4.3: General Information of the Chinese Multinational Corporations**

<b>Information</b>	<b>Particulars</b>	<b>Frequency</b>	<b>Percentage</b>
Duration of operation of the company since registration in Kenya	5 years and below	11	17.7
	6-10 years	15	24.2
	11-15 years	17	27.4
	15-20 years	19	30.7
	More than 20 years	0	0
	Total	62	100
Industry	Building and construction	34	9.7
	Manufacturing	6	9.7
	Information, software and communication technology	6	9.7
	Energy construction	7	11.3
	Retail and wholesale	3	4.8
	Mining	2	3.2
	Tourism	0	18
	Scientific research and technology service	0	18.2
	Logistic	2	3.2
	Agriculture, forestry, fishery	0	9
	Finance	1	1.6
	Consultancy	1	1.6
	Total	62	100

**Source:** Primary Data (2020)

Table 4.3 shows that majority of the firms (30.7 percent) had operated in Kenya for period ranging between 15 to 20 years since they were registered in the country indicating that they have experienced sustainable competitive advantage. The other firms who have operated in Kenya are as follows - 11 to 15 years (27.4 percent), six to 10 years (24.2 percent) and 5 years and below (17.7 percent).

In regard to the industries, majority of CMCs that participated in the study ventured into the building and construction (26.7 percent) manufacturing (9.7 percent), information, software and communication technology industries (9.7 percent), energy construction (11.3 percent), retail and wholesale (4.8 percent); mining (3.2 percent), tourism (1 percent), scientific research and technology service (18.2 percent), logistics (3.2 percent), agriculture, forestry and fishery (9 percent), finance (1.6 percent) and consultancy industries (1.6 percent).

#### **4.4 Top Management Team Characteristics**

This section presents descriptive statistics on the study variables, which included the frequency distribution, mean and standard deviation. The first objective of the study was to assess the influence of TMT features on SCA of CMCs in Kenya. The TMT characteristics included demographic and psychological characteristics. The respondents rated the extent to which the statements in Table 4.4 below in regard to TMT characteristics applied to their organizations. The participants rated using a five-point scale format where 1 meant not at all; 2 was less extent; 3 meant moderate extent; 4 = large extent and finally 5- meant very large extent. Table 4.4 below tabulates frequency distribution, the mean and standard.

**Table 4.4: Top Management Team Characteristics Descriptive Statistics**

Demographic Characteristics	Frequency Distribution					Mean	Standard Deviation
	1	2	3	4	5		
The element of age of members was measured as the key component of TMT in the organization.	2	8	29	20	3	3.05	0.77
Gender rule is taken in as a key factor of TMT when recruitment is done in the organization.	0	14	24	20	4	2.90	0.83
The education level of top management is considered while selecting top managers.	0	2	8	33	19	3.87	0.67
The past experience of employees is considered in the process of recruitment.	0	0	5	28	29	4.15	0.62
The organization consider the length of service in the recruitment process.	0	0	12	27	13	3.78	0.64
Expertise of top managers is well linked with organizational efficiency and effectiveness.	0	0	6	24	32	4.19	0.69
<b>Psychological Characteristics</b>							
There is high level of self-esteem in the organization of employees.	0	0	5	31	26	4.14	0.56
Employees are confident enough of the internal assignments and the place of work.	0	0	3	28	31	4.25	0.56
The designated employees are confident in communicating customers and suppliers outside the firm.	0	1	3	26	32	4.22	0.61
Employees can multi-task handling several activities at the workplace.	0	1	1	28	32	4.26	0.58
Employees are optimistic to achieve the stipulated objectives.	0	1	1	31	29	4.19	0.58
Employees are hopeful with regard to their job.	0	0	4	24	34	4.24	0.56
Employees don't interfere their work from other emotional attachments.	0	0	7	41	14	3.94	0.58
In circumstances where the things are not stated clearly with regard to job designation, employees always expect the best	0	1	6	31	24	4.09	0.65
The respective employees are able to I am able to manage most of their problems	0	0	2	35	25	4.18	0.56
The Golden mean in Confucianism assist me in Kenya.	1	5	30	23	3	3.12	0.71

**Source:** Primary Data (2020)

Table 4.4 with regard to demographic features show that most of the participants to a greater extent expertise of top managers was well linked with organizational efficiency and effectiveness (mean=4.19, standard deviation=0.69). The qualities considered were the past experience of employees in the process of recruitment (mean=4.15, standard deviation=0.62); education level of top management was also considered while selecting top managers (mean=3.87, standard deviation=0.67); and the length of service in the recruitment process (mean=3.78, standard deviation=0.64). The participants also revealed that to a moderate extent age of members was measured as the key component of TMT in the organization (mean=3.05, standard deviation=0.77); and gender rule was taken in as a key factor of TMT when recruitment was done in the organization (mean=2.90, standard deviation=0.83).

On the psychological characteristics, it was indicated that the respondents can grip as many things as possible at a time at their work (mean=4.26, standard deviation=0.58), that the respondents were confident in the internal assignments and place of work (mean=4.25, standard deviation=0.56), that always they were hopeful of things regarding their job (mean=4.24, standard deviation of =0.56), that they were confident in contacting suppliers and customers outside the company (mean=4.22, standard deviation=0.61), that they were optimistic in attaining organizational objectives (mean=4.19, standard deviation=0.58), that they were able to cope with most of their problems (mean=4.18, standard deviation of=0.56), that level of self-esteem in their organization was high (mean=4.14, standard deviation=0.56), that in their situations where things are not clear in regard to their job, they always expected the best (mean=4.09, standard deviation=0.65).

Further on psychological features, the study results revealed that majority of the respondents indicated that they did not interfere with their work with other emotional attachments (mean=3.94, standard deviation=0.58) and that the golden mean in Confucianism helped them in Kenya (mean=3.12, standard deviation=0.71). Therefore, the capacity for multinational corporations to formulate adequate decisions, future opportunities projection and other stakeholders influence was essential for the top executive team. From the research findings on TMT features and SCA, it has been revealed that both demographic and psychological attributes are important elements in defining the position of a company in any sector of the economy. Hence, those in top management will always contribute greatly with the ability for an organization to lead creativity among the workforce which will drive firm innovation to result into SCA.

All the standard deviations were below one. The standard deviation in this case was small from the mean indicating that the individual responses were not widely spread from the mean. Hence, this made the research to conclude that the views obtained from the participants comprised of the majority respondents. The second objective of this investigation was to establish the influence of external environment on the connection between TMT characteristics and SCA of CMCs in Kenya. Table 4.5 below indicates the frequency, the mean and the overall standard deviation.



**Table 4.5: External Environment Descriptive Statistics**

Statement	Frequency Distribution					Mean	Standard Deviation
	1	2	3	4	5		
Politically, the changes in Kenya are high	0	0	18	36	8	3.60	0.55
Economically, such as the fiscal policies, taxation policies, exchange rate, inflationary trends, the changes in Kenya are high	0	1	14	40	7	3.65	0.66
Competition in the market is fierce. The industrial structure your organization is in is high dynamic.	0	2	11	31	18	3.80	0.69
Social environment is dynamic in Kenya, such crime rates and terrorism, population growth rate, tribal conflicts	0	3	19	33	7	3.44	0.70
Technological changes in Kenya are versatile and pose challenges to your organization.	0	10	32	19	1	2.92	0.71
Legal and regulatory barriers pose challenges to your organization.	0	6	30	20	6	3.20	0.79
Ecologically, the natural environment for examples drought and rainy season, global warming; land, water and air pollution.	1	6	32	21	2	2.99	0.77
External environment is largely dependent on the perceived cognition of TMT characteristics.	0	5	25	29	3	3.22	0.63
External environment conducted internally in our firm vary from one individual to another, for formulating good policies from one season to another	1	2	27	28	4	3.29	0.70
External environment imposes higher business risk on organizational activities	0	1	25	33	3	3.44	0.59
Effective competition must engage in various innovative ventures in due considerations of riskier actions to generate high performance.	0	3	22	33	4	3.43	0.66
Companies with global mindset are consistently adapting, learning and responding to their respective external environment. Thus, they are in better positioned to gauge changes in the market.	0	8	0	36	18	3.92	0.61
Execution of various capabilities in terms of strategies result to the firm incurring costs from execution of flexible management.	0	1	22	34	5	3.43	0.59
External environment differs from Kenya subsidiary to Chinese mother company.	0	3	15	30	14	3.73	0.74

**Source:** Primary Data (2020)

From the study findings in Table 4.5, majority of the respondents agreed to statements that companies with global mindset were consistently adapting, learning and responding to their respective external environment. Thus, they were in a better position to gauge changes in the market (mean=3.92, standard deviation=0.61); as the competition in the market is fierce. The industrial structure the organization was high and dynamic (mean=3.80, standard deviation=0.69); external environment differed from the Kenyan subsidiary to Chinese mother company (mean=3.73, standard deviation=0.74); economically, fiscal policies, taxation policies, exchange rate, inflationary trends, the changes in Kenya were high (mean=3.65, standard deviation=0.66); politically, the changes in Kenya were high (mean=3.60, standard deviation=0.55); and that external environment imposed higher business risk on organizational activities (mean=3.44, standard deviation=0.59).

The study also established that to a moderate extent effective competition must engage in various innovative ventures in due considerations of more riskier actions to generate high performance (mean=3.43, standard deviation=0.66), social environment is dynamic in Kenya, such crime rates and terrorism, population growth rate, tribal conflicts (mean=3.44, standard deviation=0.70), execution of various capabilities in terms of strategies result to the firm incurring costs from execution of flexible management (mean=3.43, standard deviation=0.66); and external environment conducted internally in our firm vary from one individual to another, for formulating good policies from one season to another (mean=3.29, standard deviation=0.70).

Further, the analysis of the findings indicated that external environment is largely dependent on the perceived cognition of TMT characteristics (mean=3.22, standard deviation=0.63), legal and regulatory barriers pose challenges to your organization (mean=3.20, standard deviation=0.79), ecologically, the natural environment for example drought and rainy season, global warming; land, water and air pollution (mean=2.99, standard deviation=0.77) and technological changes in Kenya were versatile and posed challenges to the organization (mean=2.92, standard deviation=0.71). Therefore, firms executing strategy in a steady competitive business context contained liable execution of planned strategy and also that the external insulation from the competition reduced the effect of factors within the competitive business environment on the connection between TMT features and SCA.

All the standard deviations were less than one. The standard deviation showed that the variation from the main mean was small and the answers were not widely spread from that mean which made the researcher to confidently deduce that the responses indicated in Table 4.5 comprised of the majority. The third objective of the study was to assess the influence of TMT features and managerial discretion on SCA of CMCs in Kenya. Table 4.6 below shows the results on the extent to which respondents rated statements on managerial discretion in their organization.

**Table 4.6: Managerial Discretion Descriptive Statistics**

Statement	Frequency Distribution					Mean	Standard Deviation
	1	2	3	4	5		
	The discretion obtained from the parent company to the employee on TMT features meet the requirements of the uncertain environment in Kenya.	1	3	4	40		
Employee goal is linked with the goals of the company in optimizing profit	0	3	4	37	18	3.94	0.73
Discretion in management permits managers to cater their own interest and not of the organization set objectives	3	35	16	8	0	2.21	0.75
Discretion in management is influenced by the perception of the individual flexibility or the alleged discretion.	0	10	28	22	2	3.04	0.71
The management who fail to be afforded discretion are constrained in their ability to execute the set strategies without looking for the support for implementation of the strategy.	0	4	23	30	5	3.33	0.69
Discretion in management is affected by the culture and the patterns of relationship among the employees.	1	1	26	27	7	3.38	0.69
The support, staffing and technical from the parent firm assist to manage the uncertain environment.	0	5	9	37	11	3.56	0.78
Discretion in management is connected with greater agency costs	0	9	29	23	1	3.04	0.66
Responsive firms could strategize in the dynamic method as directed by managerial discretion	0	2	10	42	8	3.69	0.61
The salary I obtain is the highest as compared to other firms in Kenya	2	6	18	32	4	3.25	0.88

**Source:** Primary Data (2020)

From the study findings in Table 4.6, most of the participants indicated that to a great extent, employee goal is linked with the goals of the company in optimizing profit (mean=3.94, standard deviation=0.73); responsive firms could strategize in the dynamic method (mean=3.69, standard deviation=0.61); and that the support, staffing and technical from the parent firm assist to manage the uncertain environment (mean=3.56, standard deviation=0.78). Majority of the respondents stated that to a moderate extent, discretion in management is affected by the culture and the patterns of relationship among the employees (mean=3.38, standard deviation=0.69); The discretion obtained from the parent company to the employee on TMT features meet the requirements of the uncertain environment in Kenya (mean=3.32, standard deviation=0.63); the salary obtained is the highest as compared to other firms in Kenya (mean=3.25, standard deviation=0.88); managerial discretion was influenced by the perception on flexibility of the person (mean=3.04, standard deviation=0.71); and that discretion in management is connected with greater agency costs (mean=3.04, standard deviation=0.66).

Most of the participants indicated to a less extent that discretion in management permitted managers to cater their own interest (mean=2.21, standard deviation=0.75). Majority of the respondents stated that to a moderate extent, that the management that fail to be afforded discretion are constrained in their ability to execute the set strategies without looking for the support for implementation of the strategy (mean=3.33, standard deviation=0.69). Overall, the standard deviations obtained were lower than one. The standard deviations obtained show that the variations from the mean was small and the answers from the participants were not spread from the mean which affirmed the researcher to confidently conclude that the responses obtained in Table 4.6 comprised of the majority of the participants.

#### 4.5 Sustainable Competitive Advantage

The investigation requested the participants to indicate the level of extent in which the statements with regard to generating SCA were applicable to the organizations. The results are shown in Table 4.7.

**Table 4.7: Sustainable Competitive Advantage Descriptive Statistics**

Statement	Frequency Distribution					Mean	Standard Deviation
	1	2	3	4	5		
There is an increment of return on investment in the past three years.	1	7	27	22	5	3.14	0.85
The customer service provided is up to the required standards.	0	0	2	29	31	4.24	0.56
The product availed in the market is unique	0	5	14	33	10	3.51	0.80
The firm involves itself in conducting systematic surveys for customers as an effort of getting feedback.	0	2	8	30	22	3.90	0.71
The loyalty of customers has increased in past three years due to recommendations and referrals	1	4	14	32	11	3.54	0.83
Intentions for repurchasing the firm products has increased in past three years	1	5	24	22	10	3.28	0.89
The firm has responded good to globalization issues by designing global strategic plan in attracting and retaining customers	0	2	9	35	16	3.85	0.71

**Source:** Primary Data (2020)

Table 4.7 indicates that to a larger extent, CMCs' customer service was up to the required standards (mean=4.24, standard deviation=0.56); the firm involved itself in conducting systematic surveys for customers as an effort of getting feedback (mean=3.90, standard deviation=0.71); the firm responded good to globalization issues by designing global strategic plan in attracting and retaining them (mean=3.85, standard deviation=0.71).

The loyalty of customers had increased in past three years due to recommendations and referrals (mean=3.54, standard deviation=0.83); the product availed in the market was unique (mean=3.51, standard deviation=0.80). The findings of the study also indicated that to a moderate extent, intentions for repurchasing the firm products had increased in past three years (mean=3.28, standard deviation=0.89); and there was an increment of return on investment in the past three years (mean=3.14, standard deviation=0.85).

The respondents were further asked to state other means in which TMT features affected SCA of CMCs in Kenya. The study established that TMT features influenced SCA of CMCs in Kenya through introduction of advanced systems of strategic management; cultural communication and integration; localization; regular marketing surveys; and cost estimation analysis. The TMT features also influence SCA of CMCs in Kenya through introduction of new technology and technological support from mother company. The introduction of new materials; product research and development contributed to policy making and orientation. Moreover, the study established that TMT features influenced SCA of CMCs in Kenya through internal controls; CSR activities; alignment of the African companies' strategies to national government strategies such as Vision 2030 in Kenya; innovative thinking; market forecasting; and prediction of external environment and marketing on various platforms in Kenya and China.

Overall, the standard deviation was lower than one. There is an indication by the standard deviation that the variations show the deviation from the mean was small meaning that the answers of the respondents were not widely spread from the mean. The small variations from the mean assisted the investigation to deduce that the views given represented of the majority of the participants.

#### **4.6 Diagnostic Tests**

The study adopted linear regression analysis to examine the connection between the variables in this study. Prior to performing linear regression analysis, the study conducted diagnostic tests for linearity, normality, multicollinearity, and homoscedasticity of the data. Table 4.8 below shows the Spearman correlation statistics for SCA, TMT features, external environment and managerial discretion. The study performed correlation analysis in order to examine the significance of the correlation between the independent variables prior to linear regression analysis. Tabachnick and Fidell (1996) stated that linear regression analysis should not include the independent variables with a bivariate correlation more than 0.70. High correlation among independent variables lead to lack of stability in parameter estimates of linear regression and it is not easy to measure the effect of independent variables on dependent variables.



**Table 4.8: Correlation Matrix**

Variables		SCA	TMT Characteristics	External Environment	Managerial Discretion	
Spearman's rho	SCA	Correlation Coefficient	1.00			
		Sig. (2-tailed)	.			
		N	123			
	TMT characteristics	Correlation Coefficient	0.64**	1.00		
		Sig. (2-tailed)	0.00	.		
		N	123	123		
	External environment	Correlation Coefficient	0.52**	0.53**	1.00	
		Sig. (2-tailed)	0.00	0.00	.	
		N	123	123	123	
	Managerial discretion	Correlation Coefficient	0.61**	0.66**	0.67**	1.00
		Sig. (2-tailed)	0.00	0.00	0.00	.
		N	62	62	62	62

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

**Source:** Primary Data (2020)

The correlation statistics in Table 4.8 indicate that TMT features was moderately correlated with external environment was ( $r=0.53$ ), managerial discretion ( $r=0.66$ ) and sustainable competitive advantage ( $r=0.64$ ). The external environment and managerial discretion were also moderately correlated ( $r=0.67$ ). Sustainable competitive advantage moderately correlated with managerial discretion ( $r=0.61$ ). The correlation statistics indicates that none of the independent variables had correlation statistics equal to or greater than 0.7. The independent variables were, therefore, fit to be included in the linear regression models as advocated by Tabachnick and Fidell (1996). Shapiro-Wilk test was carried out to examine the normality of the data for each of the study variables. Table 4.9 shows the test results for normality.

**Table 4.9: Shapiro-Wilk Test for Normality**

Variables	Shapiro-Wilk		
	Statistic	df	Sig.
Sustainable competitive advantage	0.14	61	0.07
Top management team characteristics	0.13	61	0.00
External environment	0.14	61	0.02
Managerial discretion	0.15	61	0.01

**Source:** Primary Data (2020)

The Shapiro-Wilk test findings in Table 4.9 indicates that the information all the variables except sustainable competitive advantage were not normally distributed as depicted by the following probability values less than 0.05. However, since the sample size was large (62), this did not hinder carrying out linear regression analysis. The study used tolerance, VIF, condition index, and variance proportions to examine multicollinearity among the independent variables as one of the assumptions of linear regression analysis. Table 4.10 shows the findings of the study.

**Table 4.10: Multicollinearity Statistics**

		Tolerance	VIF			
1	(Constant)					
	TMT characteristics	0.55	1.81			
	External environment	0.53	1.87			
	Managerial discretion	0.42	2.37			
Collinearity Diagnostics						
Model	Dimension	Condition Index	Variance Proportions			
			(Constant)	TMT Characteristics	EE	MD
1	1	3.98	0.00	0.00	0.00	0.00
	2	0.01	0.67	0.00	0.05	0.27
	3	0.01	0.02	0.47	0.66	0.04
	4	0.00	0.31	0.53	0.30	0.69
a. Dependent Variable: Sustainable Competitive Advantage						

Where: EE is external environment and MD is managerial discretion

**Source:** Primary Data (2020)

The results in Table 4.10 shows that the various tests for multicollinearity were all below the threshold levels (VIF<10, tolerance value > 0.1) and, therefore, the multicollinearity assumption was not violated. Table 4.11 shows the tests results for the homogeneity of variances. The Levene test assumes homogeneity of variance and was used to determine whether the assumption of homoscedasticity was violated.

**Table 4.11: Test of Homogeneity of Variances**

<b>Variables</b>	<b>Levene Statistic</b>	<b>df<sub>1</sub></b>	<b>df<sub>2</sub></b>	<b>Sig.</b>
TMT characteristics	3.46	16	27	0.00
External environment	2.59	16	30	0.12
Managerial discretion	4.54	16	33	0.00

**Source:** Primary Data (2020)

The Levene statistic for all the variables was significant at 95 percent level of confidence because the p-values were all less than 0.05 level of significance. Hence, equal variances for the data was assumed and the assumption of homogeneity was not violated.

#### **4.7 Top Management Team Characteristics and Sustainable Competitive Advantage**

The study was set to analyze the connection of TMT features on the SCA of CMCs in Kenya where simple linear regression was conducted as shown in the Table 4.12. The first objective of the study was to assess the influence of TMT characteristics on SCA of CMCs in Kenya and the corresponding null hypothesis ( $H_{01}$ ) formulated was that TMT characteristics do not significantly influence SCA of CMCs. The regression analysis yielded the results in Table 4.12.

**Table 4.12: Regression of Top Management Team Characteristics Against Sustainable Competitive Advantage**

Model Summary						
Model	R	R Square		Adjusted R Square		
1	0.64	0.41		0.41		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.89	1	7.89	42.48	0.00
	Residual	11.15	60	0.19		
	Total	19.04	61			
Model		Unstandardized Coefficients	Standardized Coefficients			
		B	Beta	t		Sig.
1	(Constant)	0.19		0.36		0.72
	TMT Characteristics	0.88	0.64	6.52		0.00
Dependent Variable: Sustainable Competitive Advantage						

**Source:** Primary Data (2020)

The results in Table 4.12 shows a moderate explanatory power, that is 41 percent of the variation in SCA was explained by TMT characteristics and consequently 59 percent was explained by other factors. The overall model was significant since the p-value (0.00) was less than 0.05 (level of significance) meaning that the null hypothesis ( $H_{01}$ ) that TMT characteristics do not significantly influence SCA of CMCs, was rejected. On the individual significance, with exception of the constant, TMT characteristics was significant since its p-values was less than 0.05. The predictive linear regression model, therefore, can be written as:  $SCA = 0.19 + 0.88TMT$  meaning that if TMT characteristics were increased by one unit, SCA would, on average go up by 0.88 units, *ceteris paribus*.

#### 4.8 External Environment on the Relationship Between Top Management Team Characteristics and Sustainable Competitive Advantage

The study used multiple linear regression analysis to examine the moderating effect of external environment on the association between TMT features and SCA of CMCs in Kenya and the appropriate null hypothesis ( $H_{02}$ ) was that external environment does not have significant moderating effect on TMT features and SCA of CMCs. The section below indicates the multiple linear regression, where external environment, TMT characteristics and interaction term of TMT features and external environment were regressed against SCA. Table 4.13 shows the results.

**Table 4.13: Regression of Top Management Team Characteristics and External Environment Against Sustainable Competitive Advantage**

Model Summary						
Model		R		R Square		Adjusted R Square
1		0.64		0.41		0.41
2		0.69		0.46		0.44
3		0.73		0.54		0.51
ANOVA						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.89	1	7.89	42.48	0.00
	Residual	11.15	60	0.19		
	Total	19.04	61			
2	Regression	8.76	2	4.38	25.13	0.00
	Residual	10.28	59	0.17		
	Total	19.04	61			
3	Regression	10.19	3	3.40	22.24	0.00
	Residual	8.85	58	0.15		
	Total	19.04	61			
Regression Coefficient						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B		Beta		
1	(Constant)	0.19			0.36	0.72
	EE	0.88		0.64	6.52	0.00
2	(Constant)	-0.34			-0.60	0.55
	EE	0.70		0.51	4.51	0.00
	TMT Characteristics	0.37		0.25	2.23	0.30
3	(Constant)	-0.10			-0.19	0.85
	EE	0.64		0.47	4.36	0.00
	TMT Characteristics	0.38		0.26	2.46	0.17
	TMT*EE	-0.19		-0.28	-3.06	0.00
Dependent Variable: Sustainable Competitive Advantage						

**Source:** Primary Data (2020)

Table 4.13 and specifically model three, show a considerably high explanatory power, that is 51 percent of the variation in SCA was explained by TMT characteristics, external environment, and interaction between TMT characteristic and external environment. This means that the independent variables accounted well for the changes in SCA and only 49 percent was explained by other variables.

From model three in Table 4.13, the overall model was significant since the p-value (0.000) was less than 0.05 (level of significance) meaning that the null hypothesis ( $H_0$ ) that external environment does not have significant moderating effect on TMT characteristics and SCA of CMCs was rejected. On the individual significance, all the independent variables except the constant were significant since their respective p-values were less than or equal to (constant) 0.05, model three. Since the interaction term (TMT\*EE) was statistically significant ( $p < 0.05$ ), this implies that external environment moderated the link between TMT characteristics and SCA. The predictive linear regression model, therefore, was  $SCA = -0.10 + 0.64EE + 0.38TMT - 0.19TMT*EE$  meaning that if external environment, TMT characteristics, and interaction between external environment and TMT characteristics were increased by one unit, SCA would, on average go up by 0.64, 0.38, and decrease by 0.19 units, *ceteris paribus* respectively. In addition, external environment had the highest impact (0.64 – see unstandardized coefficients column Table 4.13) on SCA.

#### 4.9 Top Management Team Characteristics and Managerial Discretion on Sustainable Competitive Advantage

The third objective was to assess the influence of TMT features and managerial discretion on SCA of CMCs in Kenya. The study used the four steps of Baron and Kenny (1986) model to assess the intervening effect of managerial discretion on the relationship between TMT characteristics and SCA of CMCs in Kenya. The first step was to regress SCA on TMT features and then determined the significance of the model and Table 4.14 shows the results.

**Table 4.14: Regression of Top Management Team Characteristics Against Sustainable Competitive Advantage**

Model Summary						
Model	R	R Square	Adjusted R Square			
1	0.64	0.41	0.41			
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.89	1	7.89	42.48	0.00
	Residual	11.15	60	0.19		
	Total	19.04	61			
Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.	
		B	Beta			
1	(Constant)	0.19		0.36	0.72	
	TMT Characteristics	0.88	0.64	6.52	0.00	
Dependent Variable: Sustainable Competitive Advantage						

**Source:** Primary Data (2020)

Table 4.14 shows that the regression model for TMT features and SCA was fit for analysis as explanatory power was moderate ( $R^2 = 0.41$ ) and the overall and individual results were significant, since the p-values were less than 0.05. The second step was to regress managerial discretion on TMT features and determined the significance of the model and Table 4.15 shows the results.

**Table 4.15: Regression of Top Management Team Characteristics Against Managerial Discretion**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.66	0.43	0.42	0.31		
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.46	1	4.46	45.7	0.00
	Residual	5.87	60	0.1		
	Total	10.32	61			
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.69	0.39		1.78	0.08
	TMT Characteristics	0.66	0.10	0.66	6.76	0.00
Dependent Variable: Managerial Discretion						

**Source:** Primary Data (2020)

Table 4.15 above shows that the explanatory power was low ( $R^2 = 0.43$ ), however the individual results were significant since the p-values were less than 0.05 and therefore the analysis proceeded to step three. The third step was to regress SCA against managerial discretion and then determine the significance of the model as shown in Table 4.16.



**Table 4.16: Regression of Managerial Discretion Against Sustainable Competitive Advantage**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.61 <sup>a</sup>	0.37	0.36	0.45		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.05	1	7.05	35.31	0.00 <sup>b</sup>
	Residual	11.98	60	0.20		
	Total	19.04	61			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.93	0.46		2.02	0.05
	MD	0.83	0.14	0.61	5.94	0.00
Dependent Variable: Sustainable Competitive Advantage						

where MD is managerial discretion

**Source:** Primary Data (2020)

Table 4.16 indicates that the linear regression model for SCA and MD features was fit for analysis since the explanatory power was moderate ( $R^2 = 0.37$ ), and the overall and individual results were significant, since the p-values were less than 0.05 and therefore, the analysis proceeded to step four. The fourth step was to regress SCA against TMT characteristics and management discretion in order to determine the significance of the mediating variable (managerial discretion). Mediation takes effect when controlling the effect of intervening variable on the dependent variable, the effect of independent variable become insignificant. Table 4.17 below shows the results.

**Table 4.17: Regression of Top Management Team Characteristics and Managerial Discretion Against Sustainable Competitive Advantage**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.689 <sup>a</sup>	0.48	0.46	0.41		
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.04	2	4.52	26.69	0.00 <sup>b</sup>
	Residual	9.99	59	0.17		
	Total	19.04	61			
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.11	0.52		-0.22	0.83
	TMT Characteristics	0.59	0.17	0.43	3.43	0.00
	MD	0.44	0.17	0.33	2.61	0.01
Dependent Variable: Sustainable Competitive Advantage						

**Source:** Primary Data (2020)

Table 4.17 above indicates that the linear regression model for SCA against TMT features and managerial discretion had a moderate explanatory power of 48% implying that the changes in SCA was explained by the TMT features and managerial discretion whereas only 52 percent of the variation of SCA was because of the other variables which was not considered in the present study.

The findings confirmed that managerial discretion partially mediates the effect on TMT features on SCA of CMCs leading to rejection of null hypotheses (H<sub>03</sub>). Moreover, both the TMT features and managerial discretion together with the constant were positive and significant as their p-values was lower than 0.05 as Tabulated in Table 4.17. The resultant linear regression model can be written as:  $SCA = -0.11 + 0.59TMT + 0.44MD$  interpreted as that if TMT features and the managerial discretion are increased by a unit.

Then SCA will be on average increase by 0.59 and 0.44 units, ceteris paribus, respectively. Further, the TMT features contained the greatest effect (0.59 – see unstandardized coefficients column Table 4.17 above) on SCA.

#### 4.10 Top Management Team Characteristics, External Environment, Managerial Discretion on Sustainable Competitive Advantage

The fourth objective of the study was to establish the joint influence of TMT characteristics, external environment, managerial discretion on SCA of CMCs in Kenya and the subsequent null hypothesis (H<sub>04</sub>) was that there was no significant effect of TMT characteristics, external environment and managerial discretion on SCA of CMCs. A multiple linear regression model was run and the results are shown in Table 4.18.

**Table 4.18: Regression of Managerial Discretion, Top Management Team Characteristics and External Environment Against Sustainable Competitive Advantage**

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	0.70 <sup>a</sup>	0.49	0.46	0.41		
ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.24	3.00	3.08	18.25	0.00 <sup>b</sup>
	Residual	9.79	58.00	0.17		
	Total	19.04	61.00			
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.34	0.56		-0.60	0.55
	TMT Characteristics	0.56	0.17	0.41	3.21	0.00
	EE	0.20	0.19	0.14	1.09	0.28
	MD	0.33	0.20	0.25	1.70	0.09

Dependent Variable: Sustainable Competitive Advantage

Source: Primary Data (2020)

Table 4.18 shows linear regression model for SCA against TMT features, external environment, and managerial discretion had an explanatory power of 49 percent, that is 49 percent of the changes in SCA only 51 percent of the variation of SCA was because of the other variables not included in the investigation. For significance test, the null hypothesis ( $H_{04}$ ) that there was no significant effect of TMT characteristics, external environment and managerial discretion on SCA of CMCs was rejected because the p-value of overall regression model was lower than 0.05. Further, all the variables with exception of external environment were significant as their p-values were lower than 0.05. The projective linear regression model, therefore, was  $SCA = -0.34 + 0.56TMT + 0.20EE + 0.33MD$  meaning that if TMT features, external environment, and managerial discretion were increased by one unit, SCA would in average increase by 0.56, 0.20, and 0.33 units, respectively. Moreover, TMT features contained greatest effect (0.56 – see unstandardized coefficients column Table 4.17) on SCA.

This chapter presented data analysis and research findings. It first described and presented the reliability and validity of the survey instruments employed then availed information with regard to demographic features of the study participants. Age, gender, nationality, academic qualification, position in the organization and number of years worked were also examined. On the information with regard to multinational corporations, type of industry and number of years operated in Kenya were discussed as the general information. The chapter also presented descriptive statistics where thematic areas of TMT characteristics, external environment, managerial discretion and SCA were discussed.

On top management team characteristics, both demographic and psychological features were discussed where Likert scale responses were availed on the perceptions of the study participants. Also, descriptive information was analyzed in regard to external environment, managerial discretion and sustainable competitive advantage. This chapter also presented diagnostic tests where linear regression analysis was performed for linearity, normality, multicollinearity, and homoscedasticity of the data. The study also conducted Spearman correlation analysis for SCA, TMT features, external environment and managerial discretion. Further, simple linear regression was conducted to analyze the connection of TMT features on SCA of CMCs in Kenya where multiple linear regression analysis was used to examine the moderating effect of external environment on the relationship between TMT characteristics and SCA of CMCs in Kenya. Further, Baron and Kenny (1986) model was used to assess the intervening effect of managerial discretion on the relationship between TMT characteristics and SCA of CMCs in Kenya and finally, linear regression model was adopted to analyze SCA against TMT features, external environment, and managerial discretion.

## **CHAPTER FIVE: DISCUSSION OF THE FINDINGS**

### **5.1 Introduction**

This chapter discussed the study findings in line with the objectives which were; to assess the influence of TMT characteristics on SCA; determine the influence of external environment on the relationship between TMT characteristics and SCA; assess the influence of TMT characteristics and managerial discretion on SCA; and establish the joint influence of TMT characteristics, external environment, managerial discretion on SCA. The resultant null hypotheses were that TMT characteristics do not significantly influence SCA (H<sub>01</sub>); external environment does not have significant moderating effect on TMT characteristics and SCA (H<sub>02</sub>); managerial discretion does not have significant intervening effect on TMT characteristics and SCA (H<sub>03</sub>); and there was no significant joint effect of TMT characteristics, external environment and managerial discretion on SCA (H<sub>04</sub>).

#### **5.2.1 Top Management Team Characteristics and Sustainable Competitive Advantage**

The study established that TMT characteristics had significant influence on SCA of CMCs in Kenya. The SCA of CMCs in Kenya was affected by confidence in work environment, confidence in contacting people outside the company such as suppliers and customers and the workload or the ability of managers to handle many work related activities at a time. Nevertheless, SCA of CMCs was not significantly dependent on age, gender, education, experience, length of service and expertise. Self-esteem, optimism in the attainment of organizational objectives, optimism on job related activities, optimism on overcoming uncertainties at work, emotional intelligence, perseverance and assistance contributed to SCA of CMCs.

The findings of this study in regard to the effect of TMT characteristics on SCA is in agreement with the outcomes of a similar study by Irja (2016) who concluded that top managers influenced achievement of corporate strategies. The success of strategy implementation of the company including SCA dependent on how effective top managers are in corporate governance and managing program portfolio. The study findings are also in tandem with the outcome of a study by Wasike and Owino (2015) who deduced that there was indirect linkage between TMT features and performance of the organization where they found that the achievement of the long-term SCA relied upon the skills and experiences of top management in strategic management.

The TMT in various corporations are very critical as they form the decision making body and they comprise the members who form the board for the success of the entire organization (Otter & Schlesinger, 2010). This originates from their function in consenting the significant strategic and financial decisions for example, the acquisition and mergers as well as changes in the capital structure of the organization. In situations where the company choose directors with different features, it is possible to have different resources, for example, is where the company contain directors who have experience in the financial sector. Also, if the directors possess political connections, it may be of great benefit while tackling issues with regard to regulations.

Nya mongo and Temesgen (2013) affirm that despite of the strategic position contained by the individual managers of top management, they affect the strategic making of decisions of a company and hence organizational performance. Nevertheless, there is a variation in those positions where some seem to be more significant. For instance, CEO is tasked with a responsibility of overseeing the activities of the organization. Therefore, management style adopted by CEO influences the performance of the entire organization. Similarly, performances in an organization may differ in various departments depending on managerial decisions at departmental levels.

In the organization, top managers are tasked with the responsibility of making strategic decisions and their quality is mirrored in the performance of the particular organization. Quality decision making is the consideration of all decisions made significant and they on depend on the thoroughness of the top management (Awino, 2013). As been indicated by upper echelon theory, top management play a very significant function in the influence of financial positioning of the organization. It is upto the respective directors and leaders to navigate in their respective organizations in the appropriate direction through strategic management.

Bindley and Burbach (2010) indicate that diverse teams and groups is often conceived as positive force which result to superior performance of the respective organization. This originate from the greater variations in innovations, creativity and greater ideas which come from a pool of varied individuals as a result of greater performance. There are challenges and threats connected with the diversity in the work environment particularly because of globalization.



Munjuri and Maina (2013), organizations with TMTs that have a varied employee benefits from brilliant decisions, healthier products, and satisfying business environment because once the employees are involved in decision making, they feel empowered, therefore contributing towards attaining goals set by the organization. This increases knowledge of employees because of the shared data and experiences that as a consequence increases performance of the organization. In the same line, Darmadi (2013) established that the executive in management who contain university education performed well as compared to their fellows without the same qualifications. These study results also supported by a study carried out by Ujunwa (2012) who found that qualified board members performed well unlike those who were not unqualified.

Diversity play a critical role in determining organizational competitive advantage. In this case, diverse TMT have a capacity to formulate decisions in regard to organizational development in terms of choosing strategy choices where various suggestions from various demographics backgrounds of managers can result to firm success in the new opportunities in the market (Agrawal, 2012). Diversity in terms of demographics is important as an antecedent in determining organizational performance of the big firms. Demographics diversity generally describe the age of the firm, educational, gender differences, and tenure which may result to superior performance. Long tenure management in various cycles and organizational process, is connected with good managerial ability, skills, knowledge, excellent in decision making, and good accumulated experience because they are well equipped with both external and organizational conditions.

In the new revolution in businesses both locally and internationally, a need arises for the respective TMT to choose the right direction on which to switch the specific strategy grounded on the resources contained by the firm, demand from the consumers and other related factors. Therefore, top management should contain a diverse talent and capacities to select from the right strategy at the right time on the alternative, for example manufacturing, private brand development, low-cost leadership, diversification strategy and innovative orientation (Lin, Chang, & Dang, 2015).

### **5.2.2 Top Management Teams, External Environment and Sustainable Competitive Advantage**

The study established that the external environment had a significant moderating effect on the association between TMT characteristics and SCA of multinational corporations. The main factors in the external environment that facilitated achievement of SCA of CMCs in Kenya was how well the managers and the staff adapted to the socio-economic environment in Kenya. The ability of the senior managers to learn, respond, and adapt to environment contributed to SCA (Jiao, Ilan, & Yu, 2010). The study established that SCA was achieved through strategic management and formulation of policies which hedge CMCs from challenges associated with politics, economy, competition, social environment, technological changes, and regulations. The main factors in the external environment that facilitated achievement of SCA of CMCs in Kenya were how well the managers and the staff adapted to the socio-economic environment in Kenya. The main indices of managerial discretion that facilitated achievement of SCA through TMT characteristics was the ability of managers to align personal goals to the profit goals of the multinational corporations (Irja, 2016).

The significance on the influence of external environment on the association between TMT characteristics and SCA of multinational corporations as established in this study corroborates similar findings by Jiao, Ilan, and Yu (2010). Their study established that environmental dynamics contributed to competitive advantage. Similarly, Shaojie et al. (2006) established that cultural environmental factors, technology and market related factors were major components in achieving organizational performance. The external environment of a business is dynamic and consistently ever changing thus, resulting organization to react to the outside circumstances and generate systems that permit them to withstand the uncertain conditions that they operate in (Beck, Cull, Fuchs, Getinge, Gatere, Randa & Trandafir1, 2010).

The firm's environment is one of the components which contribute and grow business, which result at high levels of complexity. The changes due to what happens in the business environment is the modifications of set rules, regulations as well as the stipulated policies and the methods employed so that to attain the set objectives, and organization mission (Irja, 2016). In addition, it enables organizations to identify environmental constraints, and available opportunities for the respective organization and also be conversant with the opportunities, constraints, threats, and formulate strategies that result to investing in these opportunities and ascertain threats or constraints to adapt so that to achieve the goals set by the organization and optimize the potential resources (Al-Moursy, 2007).

According to Koles and Kondath, (2014), globally corporations can obtain competitive advantage by shifting in accordance with their respective prerequisites, that is, by points of interest of separation or by global mix of business exercise that is the merits of institutionalization. The top management play a significant role in describing the changes in ensuring that strategy adopted is well implemented (Shaojie et al. (2006). The management that are not assured with discretion will restrict their capacity in strategy execution without requesting for approval from the relevant authority, therefore, restraining speed of strategy implementation (Habtour, 2005). Globally, businesses have become quick and variable whereby the changes have been mirrored in the external environment. This has resulted to many businesses resolving to the formulation of relevant strategies to enable them respond appropriately to these changes that has sprang up because of huge developments occurring in the business environment (Al-Omari & AlSamurai, 2008).

Therefore, businesses require to reveal their internal and external resources by gathering information using both traditional and untraditional procedures to deliver it to top managers in order to assess and determine the future strategy of the firm and its changes in regard to its internal and external business environment as it is the most significant area which influence firm performance (Habtour, 2005, Al-Omari and Al-Samurai, 2008). Any firm must pursue to comprehend its nature of the present competitive environment if it is to progress well and succeed in attaining its set objectives and obtain suitable strategies. If a firm fully comprehends its external environmental components and specifically recognize the one significant, it will contain a competitive edge to shield itself against any available threats to influencing the forces of strategy. Subsequently, the requisite to monitor and be aware of the current business environment under operation.

The tough economic times in the country have endeared firms to reconsider their options in order to maintain SCA. Organizations operate in competitive environments and therefore, they require organizational resources or inputs in order to be competitive in the same industry (Al-Omari & AlSamurai, 2008). It is significant, therefore, for firms to examine competitive advantage which is sustainable, its meaning which is not easily eroded by the shifting of business environment or copied by potential competitors. The stable developments in various areas of business enterprises focusing on strategic management, specifically on environmental and strategic analysis, form the basis in which the respective organization can attain its set goals, because of the provision of information in regard to opportunities and threats in external business environment, strengths and weaknesses on the internal business environment (Wilsa, *et al.*, 2017). These components have an influence of the suitable strategic option which entail the stages of strategic management, which finish with the determining strategic paths that are significant to the firm in the harmonization of opportunities, strengths, weaknesses, and threats in the external business environment (Ndanu, 2014).

Top managers should carry out environmental analysis in order to understand how external environment impact sustainable competitive environment are likely to impact on individual organizations (Johnson Scholes, & Whitting, 2002). Environmental changes shape opportunities and challenges facing organizations and this entails the analysis of the industry, which comprise the market assessment tool intended to allow the business access an idea on complexity of a particular sector of the economy. Sector analysis entail analyzing the political, economic and market factors that affect the means in which the industry develops.

Understanding industry dynamics and attractiveness is key and there is need to analyze where the industry leaders are and look for market niches that have not been exploited. Other key issues are the degree of competition, dominant economic features, the key drivers of change, and key factors in the industry advantage (Wangrow *et al.* 2014). Top managers should monitor the key drivers of change and be flexible and innovative enough to adapt to these changes that consist of political, economic, social, technology, physical environment, and legal factors. It is important to build up an understanding of how changes in the macro environment affect firms (Wilsa *et al.*, 2017).

### **5.2.3 Top Management Teams, Managerial Discretion and Sustainable Competitive Advantage**

The study established that the managerial discretion had partial intervening effect on the association between TMT characteristics and SCA of CMCs. The main element of managerial discretion that facilitated achievement of SCA through TMT characteristics was the ability of managers to align personal goals to the profit goals of the multinational corporations which is in concurrence with (Boone and De Brabander 2012). The TMT characteristics have better influence on SCA when managers do not serve tier personal interest at the expense of company interest. Managers who exercise discretion ensure that the long term sustainability of the companies' competitive advantage through flexibility at work place; adherence to laws and regulations in the company; limitation of agency problems in the company; and proper remunerations (Ndanu, 2014).

Managerial discretion plays a key role in the outcome of an organization, for example, is the diverse performance, commitment to predetermined activities or compensation, and reward of the executives. The uniqueness of universal companies depends on methods used in constructing the transnational systems both locally and globally. The findings from this study are in tandem with a study by Boone and De Brabander (2012) who established that managerial discretion influenced the outcome of the firm which includes SCA. The importance of managerial discretion on performance of top managers was also emphasized by Wangrow et al. (2014) and Wilsa, et al. (2017) who described that TMTs who fail to practice discretion in their management hampers attainment of organizational objectives.

Wilsa, Rhenald, Balqiah and Sudhartio (2017) analyzed the function of the conceived managerial discretion on strategy execution and its influence on firm performance. The serious challenges encountered by companies is not in the strategic planning processes, but it is rather on the way they safeguard the intended strategy to be implemented. A review by Wangrow, Schepker, Barker (2014) revealed that discretion in management contained a critical role in organizational success including competitive edge, CEOs compensation, performance and organizational commitment to a predetermined activity. Moreover, the empirical studies in relation to competitive advantage indicate that top executives play an important role in explaining the organizational outcome and ensure the laid down strategy is well implemented. Top executives that fail to be given discretion are constrained with the capacity in strategy execution, hence limit them to implement strategies (Wilsa, *et al.* 2017).

#### **5.2.4 Top Management Teams Characteristics, External Environment, Managerial Discretion on Sustainable Competitive Advantage**

The study established that considerations of external environment, managerial discretion, and TMT characteristics had an influence on SCA of CMCs. The effect of TMT characteristics on SCA improved significantly when the moderating (external environment) and intervening (managerial discretion) variables were included in the model. Hence, TMT characteristics adopted by top managers should enable the companies to adapt the environmental factors and form part of strategic direction towards SCA. The study findings are in agreement with Syafarudin (2010) and Ndanu (2014). In the same breadth, Syafarudin (2010) indicated that the external environment influences SCA an organisation. Ndanu (2014) also established that strategic decision making had significant influence on top management demographics.

However, Ndanu (2014) established that performance was significantly affected by strategic decision making, which is in contradiction with the findings of this study, which revealed that SCA, a component of overall organizational performance, was significantly influenced by top management characteristics. The vagueness and difficulties related with the business environment require TMT to contain capacity to assist institutions and organizations to operate and move forward into uncertain and imperfectly known future, and to remain committed in some occasions while declining others (Boal & Hooijberg, 2000). This appeal for the participation of the top management to foster creation of ideas by having a variety of choices which empowers TMTs to resolve grim problems.



Top management play an important function in the progress and success of the organization as their decisions affect the outcome of the organization. There exist various roles of top management, but the key among others is policy formulation (Yang, 2015). Moreover, top management are responsible for scanning the environment in which they make decisions on the core strategy, strategic planning effectiveness, the changes experienced in the dynamic, uncertain, and fast moving business environment. Thus, top management require to anticipate and head the respective organization to time learn in order to develop the firm into competence which is essential in competing with the other competitors in the market to enable it to optimize performance (Syafarudin, 2010).

Demographic features in the top management play a very critical function on the choice of organization decisions. For example, heterogeneity in terms of age and tenure is probable to vary in their values and attitudes which result to conflict in terms of opinions thereby hindering TMT's cohesiveness. In the same way, diversity in TMT, dissimilar suggestions could hasten group effectiveness, and discussion resulting to high and superior decisions (Bose, 2015). Besides, organizations which contain improved ability in learning are probable to be more active to acquire skills and knowledge, which are significant to contribute to the outcome of the organization. The performance of top management is related to firm's tendency in the direction of entrepreneurial processes, for example, the practices, the methods, and style of decision making to act entrepreneurially. Core competence is essential for an organization and can afford improved opinions in critical decisions, therefore generating better outcomes (Yang, 2015).

According to Chanvarausth and Ravichandran (2003), organization processing improved ability of learning would generate profit, thus recognize the attitude and learning ability in the direction of entrepreneurship and the core competences in order to determine the performance of the firm. On the same vein, Kisfalvi and Pitcher (2003) stipulated that tenure, age and educational backgrounds as demographic features of the upper echelon determine the connection on the strategic variables, for example, diversification and innovation but, they found out that proxies in demographics for the respective team diversity were inconsistent. Attitude, absorptive ability, and learning in regard to entrepreneurial processes lead to a better firm competence and performance. From the findings, top management influence core competence, absorptive capacity, entrepreneurial orientation, and SCA of multinational corporations (Ombaka 2014).

The linear regression analyses revealed that TMT characteristics had statistically significant influence on SCA and external environment and managerial discretion had statistically significant moderating, and intervening effects, respectively on the relationship between TMT characteristics and SCA of CMCs in Kenya (Oketch *et al.* 2020). The composite effect of the independents variables on SCA of CMCs in Kenya increased when external environment and managerial discretion were included in the model examining the relationship between TMT characteristics and SCA. Therefore, external environment and managerial discretion are major considerations in the strategic leverage of TMT characteristics as a tool for achievement of SCA of CMCs (Ndanu, 2014).

Tine, Boone, Walter and Matthyssens (2011) tested the link between TMT diversity and organizational performance of technology firms in Netherlands and Belgium. The study employed a descriptive survey using a dataset of 33 technology firms. The moderating role of three CEO attributes (professional background, status as founder, age, and experience with other TMT members) were tested between TMT functional diversity and firm performance and the results showed that CEO and TMT traits enhanced functional competencies and overall organizational performance.

Umans (2013) tested the link between TMT cultural diversity and firm performance and the intervening role of firm ambidextrous orientation. A descriptive survey was employed comprising of 82 CEO of Danish and Swedish listed firms. The results depicted that TMT cultural diversity influenced firm performance negatively as a result of the declining level of ambidextrous orientation as a consequence of TMT diversity. The results further revealed a positive relationship between TMT cultural diversity and competitiveness.

Katrin, Soren and Alexander (2011) investigated the effectiveness of TMT diversity, strategic innovation and performance of service firms. The results showed that TMT diversity (heterogeneity, functional industry, and organizational background) was positively related to firm innovation orientation. A strong and proactive focus was found on emerging customer needs and novel technologies, which resulted into development of a portfolio of new products that had a higher market newness and technology - this resulted into an increase into overall firm performance. It was concluded that TMT traits was a critical antecedent for innovation strategy and outcomes.

In another study, Mehra, Angelmar and Kilduff (2013) examined the effect of TMT diversity and firm performance of 35 simulated firms in Europe. The results showed that employees from teams that recorded better performances had different backgrounds (age, experience, and education). Homberg and Hong (2013) explored the effectiveness of TMT diversity and competitive advantage of technology firms in US and the findings showed that TMT diversity impacted positively on top executives' quality of decision making. A positive and significant relationship was found between TMT diversity and firm competitiveness.

This study examined the external environment and managerial discretion on the connection between TMT characteristics and SCA. Four study objectives were developed and four associated hypotheses were formulated developed, which were that TMT characteristics do not significantly influence SCA ( $H_{01}$ ); external environment does not have significant moderating effect on TMT features and SCA ( $H_{02}$ ); managerial discretion does not have significant intervening effect on TMT features and SCA ( $H_{03}$ ); and there was no significant effect of TMT characteristics, external environment and managerial discretion on SCA ( $H_{04}$ ). All the hypotheses tested were rejected and a summary is shown in Table 5.1.

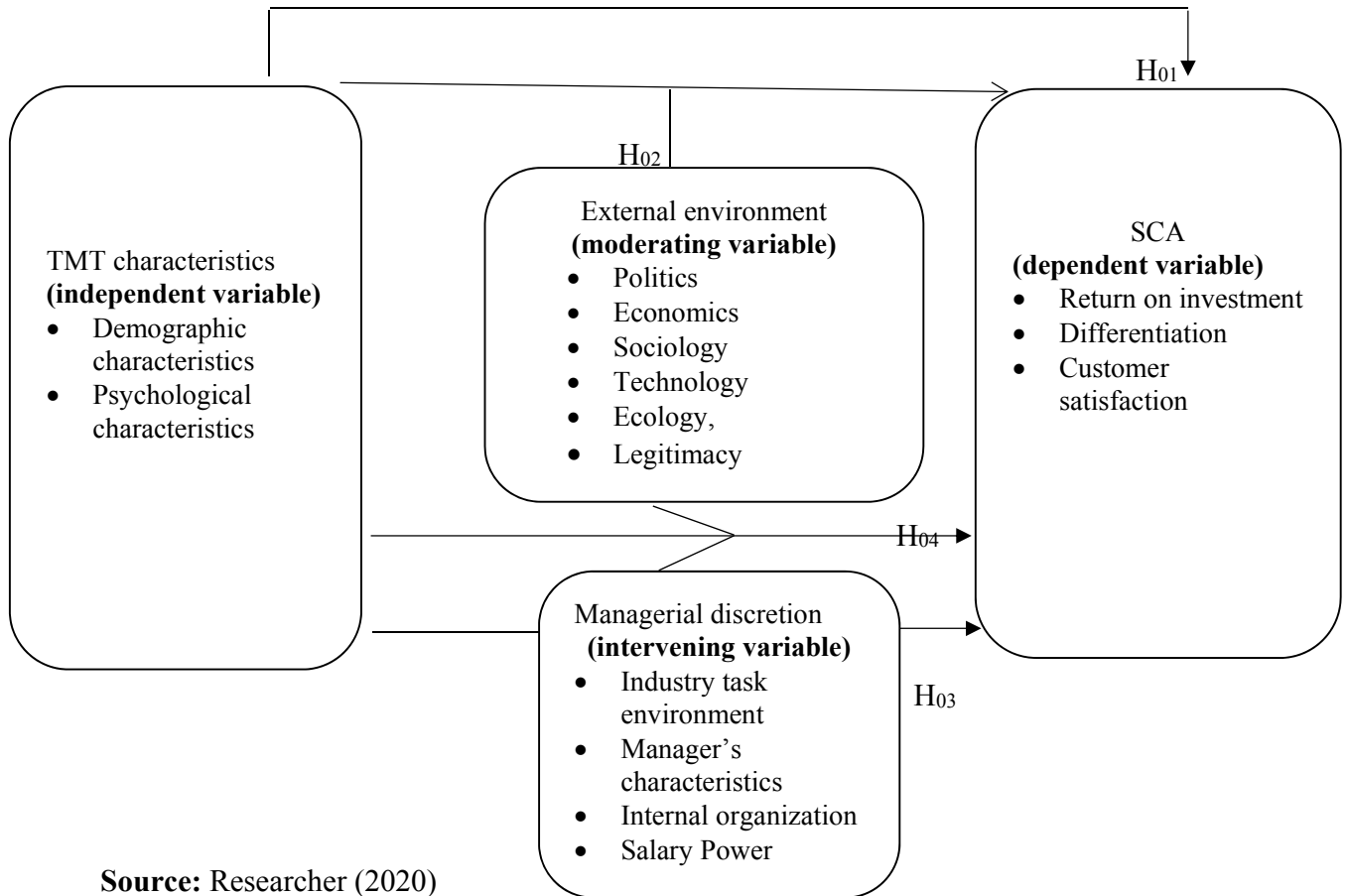
**Table 5.1: Summary of Objectives, Hypothesis, and Decision**

<b>Objectives</b>	<b>Null Hypotheses</b>	<b>Empirical Evidence</b>	<b>Decision</b>
Analyze the influence of TMT features on SCA of CMCs in Kenya	H <sub>01</sub> : TMT features has got no significant influence on SCA of CMCs	SCA supported R <sup>2</sup> =41; p-value=0.00	H <sub>01</sub> was rejected
Investigate the influence of external environment on linkage between TMT and SCA of CMCs in Kenya	H <sub>02</sub> : External environment does not have significant moderating effect of TMT features on SCA of CMCs	SCA supported R <sup>2</sup> =51; p-value=0.00	H <sub>02</sub> was rejected
Assess the influence of TMT characteristics and managerial discretion on SCA of CMCs in Kenya	H <sub>03</sub> : Managerial discretion does not have significant intervening effect of TMT features on SCA of CMCs	SCA supported R <sup>2</sup> =48; p-value=0.00	H <sub>03</sub> was rejected
Establish the joint influence of TMT characteristics, external environment, managerial discretion on SCA of CMCs in Kenya	H <sub>04</sub> : There was no significant effect of TMT features, external environment and managerial discretion on SCA of CMCs	SCA supported R <sup>2</sup> =49; p-value=0.00	H <sub>04</sub> was rejected

**Source:** Researcher (2020)

All the four hypotheses were supported with moderate fit. The relationships between the predictor variables and the dependent variable were found to be statistically significant as tabulated in Table 5.5.

As all the hypotheses were rejected, the revised conceptual framework shown in Figure 5.1 below



**Source:** Researcher (2020)

**Figure 5.1: Revised Conceptual Framework**

The chapter presents the hypotheses testing with regard to top management team characteristics, external environment, managerial discretion and sustainable competitive advantage variables. The first null hypothesis posited that TMT characteristics had no significant influence on SCA of MCs. The results derived from the inquiry did not this conjecture by rejecting the hypothesis. The second null hypothesis postulated that external environment does not have significant moderating effect on the relationship between TMT characteristics and SCA of MCs where the study findings did not confirm this case and thereby rejecting the formulated hypothesis.

The third hypothesis postulated that managerial discretion does not have significant intervening effect of TMT features on SCA of MCs. The results also rejected the hypothesis hence a significant fit existed in the mediating effect of managerial discretion on the link between TMT characteristics and SCA. The fourth objective postulated that no significant joint effect of TMT characteristics, external environment and managerial discretion on SCA of MCs. The findings validated the joint effect among TMT characteristics, external environment and managerial discretion on SCA of MCs. In conclusion, all the null hypotheses were rejected.

This chapter purposed to provide the discussion of the research findings. Major findings of this investigation denoted that all the conceived predictor variables significantly influenced sustainable competitive advantage. This was indicated where  $SCA = 1.28 + 0.72$  meaning that if TMT characteristics were increased by one unit, SCA would, on average go up by 0.72 units. External environment indicated that  $SCA = 0.41 + 0.72EE + 0.53TMT - 0.32TMT*EE$  meaning that if external environment, TMT characteristics, and interaction between external environment and TMT characteristics were increased by one unit, SCA would, on average go up by 0.72, 0.53, and decrease by 0.32 units, respectively. On managerial discretion where the predictive linear regression model was:  $SCA = 0.48 + 0.47TMT + 0.43MD$  interpreted as that if TMT features and managerial discretion are increased by a unit, then SCA will on average increase by 0.47 and 0.43 units respectively. Therefore, from the findings of the study, TMT characteristics had significant effect on SCA; external environment had a significant statistical moderating effect on the link between TMT features and SCA; managerial discretion had a significant statistical intervening effect on the link between TMT features and SCA.

## **CHAPTER SIX: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **6.1 Introduction**

This chapter provide a summary of the outcome of the study, conclusion and recommendations for policy implications. Areas for further research and limitations of the study were also highlighted in this chapter. The study was guided by specific objectives which were: to assess the influence of TMT features on SCA; the second objective was to determine the influence of external environment on the connection between TMT features and SCA; the third objective was to assess the influence of TMT features and managerial discretion on SCA; and the fourth objective was to establish the joint influence of TMT features, external environment, managerial discretion on SCA.

### **6.2 Summary of Findings**

This study examined the external environment and managerial discretion on the connection between TMT characteristics and SCA. Four study objectives were developed and four associated hypotheses were formulated developed, which were that TMT characteristics do not significantly influence SCA (H<sub>01</sub>); external environment does not have significant moderating effect on TMT features and SCA (H<sub>02</sub>); managerial discretion does not have significant intervening effect on TMT features and SCA (H<sub>03</sub>); and there was no significant effect of TMT characteristics, external environment and managerial discretion on SCA (H<sub>04</sub>).



### **6.2.1 TMT Characteristics and Sustainable Competitive Advantage**

The study established that TMT characteristics had statistically significant influence on SCA of CMCs in Kenya. The SCA of CMCs in Kenya was affected by confidence in work environment, confidence in contacting people outside the company such as suppliers and customers and the workload or the ability of managers to handle many work related activities at a time. Nevertheless, SCA of CMCs was not significantly dependent on age, gender, education, experience, length of service and expertise. Self-esteem, optimism in the attainment of organizational objectives, optimism on job related activities, optimism on overcoming uncertainties at work, emotional intelligence, perseverance and assistance from the Golden mean contributed to SCA of CMCs. These findings of the study are similar to that of Irja (2016) who resolved that top managers influenced the attainment of corporate strategies.

The success of strategy implementation of the company including SCA rely upon on how effective the top managers are in corporate governance and managing program portfolio. On the same vein, Wasike and Owino (2015) agreed on the same when they concluded that there was indirect connection of TMT features and organizational performance. Organizational performance and attainment of long term SCA relied upon the skills and experiences of TMT in strategic management.

### **6.2.2 External Environment and Sustainable Competitive Advantage**

The study established that the external environment had significant moderating effect on the connection between TMT characteristics and SCA of MCs . The main factors in the external environment that facilitated achievement of SCA of CMCs in Kenya was how well the managers and the staff adapted the socio-economic environment in Kenya. The ability of the senior managers to learn, respond and adapt to environment contributes to SCA. The study established that SCA was achieved through strategic management and formulation of policies which hedge CMCs from challenges associated with politics, economy, competition, social environment, technological changes and regulations. These study findings are in line with Koles and Kondath, (2014) who indicated that globally corporations can obtain competitive advantage by shifting in accordance with their respective prerequisites, that is, by pointing out whether the interest of separation or by global mix of business exercise that is the merits of institutionalization. The management that are not assured with discretion will restrict their capacity in strategy execution without requesting for approval from the relevant authority, therefore, restraining speed of strategy implementation.

Jiao, Alon, and Cui, (2010) also concurs with the findings who established that environmental dynamics contributed to competitive advantage. Similarly, Shaojie, Griffith, Cavusgil and Dabic (2006) established that cultural environmental factors, technology and market related factors were major factors in achievement of organizational performance. The external environment of a business is dynamic and consistently ever changing thus, resulting organization to react to the outside circumstances and generate systems that permit them to withstand the uncertain conditions that they operate in (Beck, Cull, Fuchs, Getenga, Gatere, Randa & Trandafir, 2010).

### **6.2.3 Managerial Discretion and Sustainable Competitive Advantage**

The study established that the managerial discretion had partial intervening effect on the connection between TMT characteristics and SCA of MCs . The main element of managerial discretion that facilitated achievement of SCA through TMT characteristics was the ability of managers to align personal goals to the profit goals of the MCs. TMT characteristics have better influence on SCA when managers do not serve their personal interest at the expense of the company interests. Managers who exercise discretion ensure that the long term sustainability of the companies' competitive advantage through flexibility at work place, adherence to laws and regulations in the country of operation, elimination of agency problems and proper remunerations. The findings are invaluable as echoed by Boone and De Brabander (2012) who established that managerial discretion influenced managerial characteristics and the outcome of firm strategies including SCA.

The importance of managerial discretion on performance of top managers was also emphasized by Wangrow *et al.* (2014) and Wilsa, et al. (2017) who argued that the top executives who fail to practice discretion in their management are constrained from attaining the set objectives by the organization. On the same line Wangrow et al. (2014) revealed that discretion in management contained a critical role in organizational success including competitive edge, CEOs compensation, performance and organizational commitment to predetermined activities.

#### **6.2.4 The joint effect of TMT Characteristics, External Environment, Managerial Discretion on Sustainable Competitive Advantage**

The study established that considerations of external environment and managerial discretion by top managers improved the outcomes of TMT characteristics on SCA of CMCs. The effect of TMT features on SCA improved significantly when the two variables that the moderating and intervening variables were included in the model. The SCA of CMCs result from an effective management and leadership skills from the top managers. TMT characteristics adopted by top managers should enable the companies to adapt well to environmental factors and form part of strategic direction towards SCA. In the same way, diversity in TMT, similar suggestions could hasten group effectiveness, and discussion resulting to high and superior decisions (Bose, 2015). Besides, organizations which contain improved ability in learning are probable to be more actively acquire skills and knowledge, which are significant to contribute the outcome of the organization.

### **6.3 Conclusion**

From the reviewed empirical investigations, it was established that limited and inconclusive results existed among TMT features, external environment, managerial discretion on SCA of CMCs. In addition, very little is known on Chinese multinational corporations operating in Kenya. Therefore, the central focus of the current study was to explore these variables on sustainable competitive advantage as an attempt to bridging the identified knowledge gaps. The inquiry interrogated the joint influence of TMT characteristics, external environment, managerial discretion on SCA of CMCs in Kenya. Data analysis was conducted in order to achieve the purpose meant for the study.

Four objectives were generated with their corresponding hypotheses. The linkages were conceived and schematized in the conceptual framework. The model presented in this research was composed of top management team characteristics, external environment, and managerial discretion on one side(as predictor variables). On the other side of the model was sustainable competitive advantage(as dependent variable). The investigation contributed a vast literature on sustainable competitive advantage by generating a model that can be used to identify the elements of sustainable competitive advantage. Moreover, the theories anchored in this study have not widely been verified in multinational corporations, like the Chinese multinational corporations operating in Kenya. The investigation collected primary data through the survey questionnaire where both descriptive and inferential statistics were embraced for data analysis. The analysis of the findings has been linked to various empirical studies, and theoretical propositions. Generally, it was established that a significant relationship existed among the variables investigated in this study.

Therefore, it was concluded that TMT characteristics were major determinants of SCA of CMCs in Kenya. TMT characteristics, coupled with external environmental factors and managerial discretion, statistically and significantly contributed to accomplishment of SCA of CMCs. The psychological characteristics of the top managers particularly confidence in work environment, the ability to manage stakeholders and the ability to effectively manage operations in a way that ensured balanced workloads contributed to SCA.

The achievement of SCA through TMT characteristics relied upon on how well the top managers responded to external environment. Due to differences in economic, social and political environment between different countries the attainment of SCAs of Multinational corporations is influenced by the adaptation of the Multinational corporations to the host country. Top managers should also exercise discretion in dealing with various stakeholders in the respective industry in order to propel the Multinational corporations towards SCA. The CMCs in Kenya also attained SCA through introduction of advanced systems of management, cultural communication and integration, localization, regular marketing surveys, cost estimation analysis, introduction of new technology, introduction of new materials, product research and development, internal controls and strong corporate social responsibility.

#### **6.4 Implication of the Study**

This section presents the implication of the study in terms of the contributions towards practice and contribution to new knowledge. The contribution to practice focused on policy development and capacity building for top managers of multinational corporations. The contribution of the study towards practice focused on the implications of the study findings on theory and in enhancement of academic research.

##### **6.4.1 Contribution to Practice**

The study recommends that strategic plans for SCA should prioritize TMT characteristics as key components in achievement of SCA. Policy makers should consider strategic orientation of Multinational corporations towards harnessing the benefits of TMT characteristics in enhancing competitiveness of the multinational corporations. Top managers should be at the forefront in steering their companies towards investment and adoption of modern technology as a tool to attainment of SCA.

The study recommended that top managers should be tech-savvy and institute programs for technological transfer as a way to accommodate participation of local citizens and as contribution to economic development of the country. The mother companies to the multinational corporations should support all subsidiaries in technology transfer. This will enhance competitiveness and sustainability of the multinational corporations. The study recommended that top managers should be well versed with the national laws, regulation, and strategies that are pertinent to their respective industries. Consequently, top managers should ensure that the strategic plans of multinational corporations are aligned to long-term national government strategies such as Vision 2030 in Kenya. This will enhance SCA of the multinational corporations especially for firms contracted through public-private partnerships.

The integrity of top managers is important to the SCA of the multinational corporations . Top managers should avoid political and personal interference in personnel recruitment processes. Local recruitment processes in the multinational corporations are prone to vested interests from individuals, politicians and other entities. Therefore, the top managers should ensure that all activities of the multinational corporations are not marred with lack of integrity which can hinder SCA.

The manager should adopt participative leadership approach and management styles and motivate employees. TMT characteristics should be harnessed to motivate employees towards the achievement of performance targets and SCA of multinational corporations . The study recommends training programs designed to build capacity of the top managers to identify key TMT characteristics, develop the core characteristics and use them to inspire multinational corporations towards SCA. Top managers should be at the forefront in creating conducive work environment by encouraging open door policy in which employees are able to share their challenge's and successes with the top management.

#### **6.4.2 Contribution to New Knowledge**

The study findings make major contribution to development of typology of competitive advantage through an insight into the role of TMT characteristics in achievement of SCA. The study also contribute in the support of argument by Porter (1985) that competitive strategy should emanate from the refined understanding of the rules and guidelines which govern competition to determine the attractiveness of the industry. This study argues that one of the pillars of competition is leadership and management styles which are premised on TMT characteristics.

Therefore, TMT characteristics are important in theoretical models for competitive advantage. The study contributes to the body of academic knowledge on business management and especially human resource management. The study findings provide an insight into the nexus between TMT characteristics and competitiveness of Multinational corporations and other companies. Besides, the study also provides the statistical significance of the moderating effect of external environment and managerial discretion on the association of TMT characteristics and SCA.

The study recommends further study on the effect of regulatory differences between the host nation and the country of origin of multinational corporations on the managerial style and strategic direction taken by top managers towards SCA. The current study also contributes to governments where the multinational corporations operate to formulate guidelines in order to ensure that all these corporations follow the planned policies to set the benchmarks for directors and CEOs in organizations. The investigation clearly indicated that TMT characteristics influenced sustainable competitive advantage.



Therefore, the individuals in multinational corporations tasked with decision making and policy formulation will be guided by this study for searching the best TMT attributes to apply them in this competitive business environment as an attempt of attaining sustainable competitive advantage resulting to overall superior organizational performance. The study also contributes to the management of multinational corporations to comprehend the significance of aligning their respective organizations to the business environment and attain the fit that stem from competitiveness. This will allow multinational corporations to compete both regionally and globally.

The research findings of this study have confirmed that top management team characteristics is pivotal in strategy formulation for corporations because the way in which the management respond to organizational challenges contributes to sustainable competitive advantage and hence governing the overall organizational performance. Therefore, the management of multinational corporations may find this inquiry valuable in relation to their understanding of the importance of creating fit with their respectful organizations to the external environment thereby attaining the congruency that results to competitiveness.

### **6.5 Limitations of the Study**

The major study imitations were in the generalization of the findings and in the methodology. The study findings may not be generalized to multinational corporations operating in different social, economic and political environments in the world. In regard to social and political environment, the multinational corporations operating in countries with strict religious rules may exhibit different results due to differences in the moderating effects of political, sociological and ecological factors. In regard to economic environment, similar studies on multinational corporations operating in developed countries may exhibit different results due to different economic policies that regulate business environment.

However, the study findings can be generalized to Chinese Multinational Corporations in Kenya and other emerging economies across the world. The second limitation of the study was in the methodology of the study. The study did not collect secondary data on the financial performance of the multinational corporations to assist in the determination of sustainable competitive advantage. The lack of time series secondary data on return on investment limited the methods of data analysis to linear regression as opposed to econometric models like VAR, VECM or ARDL which have more predictive power.

The econometric models would have allowed the study to project sustainable competitive advantage in regard to financial performance. Nevertheless, the study minimized the effect of these limitations in the methodology adopted by triangulating between qualitative and quantitative data to gain in-depth information on the influence of external environment and managerial discretion on the connection of TMT characteristics and SCA of CMCs in Kenya.

## **6.6 Area for Further Research**

The study recommends comparative analysis on the influence of external environment and managerial discretion on the connection of TMT characteristics and SCA of CMCs. The comparative analysis should focus on further research on multinational corporations operating in developing and developed countries as well as countries with different social and political systems. The comparative analysis of multinational corporations will either corroborate or differ with the results of this study and provide insights into the extent to which the study results can be replicated.

Further studies are recommended on the relationship between the TMT features and SCA of different multi-national corporations other than the Chinese corporations which were the focus of this study. Further studies on multinational corporations should strive to collect time series secondary data on financial performance with a view to project sustainability of the firms. The study recommends that further studies should use econometric models such as VAR, VECM or ARDL to predict sustainability of competitive advantage.

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## **APPENDICES**

### **Appendix I: Letter of Introduction**

Date.....

To all respondents,

Dear respondents,

#### **RE: ACADEMIC RESEARCH DATA COLLECTION**

I am a PHD student at University of Nairobi. I am very glad that you are my respondent for this study. The purpose of this questionnaire is to obtain your opinion/views to be included among others in the study about Top Management Team Characteristics, External Environment, Managerial Discretion and Sustainable Competitive Advantage of Chinese Multinationals Corporations in Kenya'. This research is one of the requirements leading to an Award of Degree of Doctor of Philosophy in Business Administration of University of Nairobi. It is hence an academic research and will not be used for any other purpose other than academic. Your cooperation will be highly appreciated.

Thank you.

**You Zhanglan**

## Appendix II: Research Questionnaire

Dear Respondent,

I am YOU Zhanglan, a UON PHD student undertaking an academic research on Top Management Team Characteristics, External Environment, Managerial Discretion and Sustainable Competitive Advantage of Chinese Multinational Corporations in Kenya. I would be grateful if you could spare some of your time to fill the questionnaire and answer the questions as honestly as possible. The information that you will give will be treated with utmost confidentiality and will be solely used for academic research. Thank you very much.

尊敬的受访者，

我叫游长兰，是内罗毕大学在读博士研究生。目前正在做一项关于肯尼亚的中国跨国公司高层管理、外部环境、经营自主权和可持续竞争优势的研究。需要请您拨冗尽可能如实的填下面的问卷。本调查问卷将匿名进行，调查问卷搜集的所有信息将仅供研究使用，调研结果仅作为学术研究之用，所有数据资料一律保密,请放心作答。非常感谢！

### **PART A: GENERAL INFORMATION 您的信息**

1) What is your gender? (tick one) 性别（打勾）

Male 男 ( ) Female 女 ( )

2) What is your nationality? (tick one) 国籍（打勾）

Kenyan 肯尼亚 ( ) Chinese 中国 ( ) Others 其他 ( )

3) What is your age (tick one) 年龄（打勾）

20 -30 ( )

31 -40 ( )

41-50 ( ) 大于 50 and above ( )

4) What is your academic background 教育背景

Diploma 学位( ) 1<sup>st</sup> Degree 本科学历 ( ) Postgraduate 硕士 ( ) PhD 博士( )

5) What is your position in the organization? 您在公司的职位

.....

6) How long have you worked in this firm in Kenya? 您在这家公司的肯尼亚分支工作多久

6 months and below ( )                      6 months to 1 year ( )

1 to 3 years ( )                                      4 to 6 years ( )

7 to 9 years ( )                                      more than 10 years ( )

7) When did your company register in Kenya? 贵公司何时在肯尼亚注册

.....

8) Which industry is your company? (tick one or more) 贵公司从事哪个行业(多选)

Agriculture, Forestry, Fishery 农业、林业、渔业( )      Mining 采矿业( )

Manufacturing 制造业( )                                      Building and construction 建筑业( )

Retail and wholesale 批发和零售业( )                                      Tourism 旅游 ( )

Information, software and communication technology 信息、软件和信息技术服务业 ( )

科学研究和技术服务业 Scientific research and technology service ( ) 金融业

Finance( ) Others please specify 其他请写 ( )

**PART B: TOP MANAGEMENT TEAM CHARACTERISTICS, EXTERNAL ENVIRONMENT, MANAGERIAL DISCRETION AND SUSTAINABLE COMPETITIVE ADVANTAGE OF CHINESE MULTINATIONAL CORPORATIONS IN KENYA 肯尼亚的中国跨国公司高管、外部环境、经营自主权和可持续竞争优势**

**Section 1. Top Management Team Characteristics 高管**

9) Kindly indicate the extent to which the following statements apply to your organization in regard to top management team in your organization. Please **TICK** as appropriate, using the key provided below. **Key: 1-Not at all; 2-Less extent; 3- Moderate extent; 4- Large extent; 5-Very large extent** 针对以下关于高管的描述，请您从中根据程度选择 **1-非常不同意、2-不同意、3-不一定、4-同意、5-非常同意**

	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>Demographic Characteristics 高管个人背景</b>					
i)	The age of members is considered as an important attribute in top management team in my organization  我司招聘高管时，年龄是很重要的考量					
ii)	When recruiting top management team in the organization the gender rule has been adhered to in my organization  我司招聘高管时，性别有作为考量					
iii)	The level of education is considered during the recruitment exercise of top managers and the company has had a set criterion of minimum academic qualification  我司招聘高管时，教育背景有作为考量，并且有设最低教育背景限制					
iv)	My previous experience has been considered during the recruitment exercise of top managers					

	聘任我为高管时，我之前的工作经验有作为考量					
v)	The length of service of the managers in my organization has been considered during the recruitment exercise of top managers  我司招聘高管时，为企业服务年限有作为考量					
vi)	The expertise of top team members has been found to be positively related to team efficiency and effectiveness  高管的专业领域知识对团队的效率和有限性有积极作用					
	<b>Psychological Characteristics 高管心理信息</b>					
vii)	My level of self-esteem in my organization is high  在公司，我认为我受到尊重。					
viii)	I am confident in my internal assignments and place of work  在公司对内相关事务，我很信心完成。					
ix)	I am confident contacting people outside the company for example suppliers, customers et cetara  在公司对外相关事务，如供应商、顾客等联系我很信心完成。					
x)	I feel I can handle many things at a time at this job.  我能同时完成多项任务。					
xi)	I am optimism in attaining organizational objectives  我对企业完成目标持乐观态度。					
xii)	I am always hopeful of things regarding my job  工作中，我总是充满希望。					
xiii)	I don't interfere my work with other emotional attachments					

	工作中，我能不被其他情绪打扰					
xiv)	When things are uncertain for me at work, I usually expect the best 工作中遇到不确定事情，我总是往好的方面想。					
xv)	I am capable of coping with most of my problems. 我能处理工作中遇到的大多数问题。					
xvi)	The Golden mean in Confucianism helps me in Kenya. 中庸思想在肯尼亚工作中有帮助。					

## Section II: External Environment 外部环境

- 10) Kindly indicate the extent to which the following statements apply to your organization in regard to external environment in your organization. Please **TICK** as appropriate, using the key provided below. **Key: 1-Not at all; 2-Less extent; 3-Moderate extent; 4- Large extent; 5-Very large extent**

针对以下关于环境动态性的描述，请您从中根据程度选择 1-一点没有、2-有一些、3-还好、4-比较大、5-非常大

	Statements 描述	1	2	3	4	5
i)	Politically, the changes in Kenya are high 肯尼亚政治环境变化快					
ii)	Economically, such as the fiscal policies, taxation policies, exchange rate, inflationary trends, the changes in Kenya are high 肯尼亚经济环境变化快，比如财政政策、税务政策、汇率、通货膨胀					



iii)	The competition in the market is fierce. The industrial structure your organization is in is high dynamic.  市场竞争激励。贵司处的行业变化非常快。					
iv)	Social environment is dynamic in Kenya, such crime rates and terrorism, population growth rate, tribal conflicts  肯尼亚社会环境很多变，比如犯罪和恐怖主义、人口增长率、部族冲突					
v)	Technological changes in Kenya are versatile and pose challenges to your organization.  肯尼亚技术变化快给您的企业带来挑战					
vi)	The legal and regulatory barriers pose challenges to your organization.  法律和制度障碍给您的企业带来挑战					
vii)	Ecologically, the natural environment for examples drought and rainy season, global warming; land, water and air pollution.  环境方面影响，比如旱灾、水灾、全球变暖；水、土和空气污染。					
viii)	Environment dynamism is largely dependent on the perceived cognition of TMT.  环境动态性很大程度上取决于高管的主管认知。					
ix)	Environmental dynamism operates internally at our company different from person to person, for making proper policies from time to time  环境动态性对我们公司内部每个人影响不一样，每次制定制度时有考虑环境动态性					
x)	Environmental dynamism imposes higher business risk on organizational activities  环境动态性给企业带来更多风险。					

xi)	<p>Dynamic competition must engage in innovative ventures and consider more risky actions to create superior performance.</p> <p>激烈的竞争需要创新型企业，也需要采取更为冒险的方式来取得优势。</p>					
xii)	<p>Firms with a Growth Mindset are constantly learning, responding and adapting to the environment. They are in a better position to sense the changes in the market.</p> <p>成长型思维企业更能够适应环境取得市场中的优势。</p>					
xiii)	<p>organization and execution of dynamic capabilities strategies will inevitably incur costs due to execution by flexible management</p> <p>企业在适应环境动态性过程中，使用灵活管理策略，不可避免的会产生更高的成本。</p>					
xiv)	<p>Environmental dynamism differs from Kenya subsidiary to Chinese mother company.</p> <p>子公司在肯尼亚的环境动态性和母公司在中国环境动态性不一样。</p>					

### Section III: Managerial Discretion 经营自主权

11) Kindly indicate the extent to which the following statements apply to your organization in regard to managerial discretion in your organization. Please **TICK** as appropriate, using the key provided below. **Key: 1-Not at all; 2-Less extent; 3- Moderate extent; 4- Large extent; 5-Very large extent**

针对以下关于经营自主权的描述，请您从中根据程度选择 1-一点没有、2-有一些、3-还好、4-比较大、5-非常大

	<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
i)	The managerial discretion given by your mother company to me/my TMT meets the dynamic environment in Kenya.  母公司给我/我的高管团队经营自主权能够应对肯尼亚环境动态性。					
ii)	My personal goal is in line with the company goal of maximizing the profit.  我的个人目标和公司的利润最大化目标一致。					
iii)	Managerial discretion allows managers to serve their own interests rather than company's objective.  经营自主权让管理者能够为自己的利益服务而不是为公司利益服务。					
iv)	Managerial discretion is influenced by the perception on flexibility of the person or perceived managerial discretion.  经营自主权受限于个人对于自主权的理解。					
v)	Managers that fail to be given discretion will constrain their ability in executing strategies without asking for approval and limiting the speed of implementing strategies.  经理经营自主权不足，导致在策略执行过程中能力发挥受限，执行政策力度有限。					
vi)	Managerial discretion is influence by culture and patterns of relation among employees in my company.  经营自主权受我司员工的文化和关系模式影响。					
vii)	The technical, staffing and support from mother company are helping us to cope with dynamic environment.  母公司的技术、职工和支持能帮助我们应对动态环境					
viii)	Managerial discretion is associated with higher agency costs for the firm.  经营自主权的代理成本更高。					

ix)	Agile companies could strategize in dynamic way as guided by managerial discretion  灵活的公司能够更好采取策略来应对动态环境。					
x)	My salary (including welfare, share etc.) is among the highest in the company in Kenya.  在肯尼亚子公司中，我的工资水平(含福利、分红等)是属于最高行列。					

#### Section IV: Sustainable Competitive Advantage 可持续竞争优势

12) Kindly indicate the extent to which the following statements apply to your organization, in regard to creating sustainable competitive advantage in your organization. Please **TICK** as appropriate, using the key provided below. **Key: 1-Not at all; 2-Less extent; 3- Moderate extent; 4- Large extent; 5-Very large extent** 针对以下关于可持续竞争优势的描述，请您从中根据程度选择**1-一点没有、2-有一些、3-还好、4-比较大、5-非常大**

	Statements	1	2	3	4	5
i)	The return on investment for my company has increased over the last 3 years.  公司近3年的投资回报增加了。					
ii)	We provide superior customer service where other players cannot provide.  为客户提供其他竞争对手没有的优质服务。					
iii)	Our product is unique in the market.  我们产品在市场上很特别。					

iv)	My company engages regular customer survey to get customer feedback. 公司经常做客户反馈。					
v)	Customer royalty, when a customer recommends to a friend or family member, is increase during the past 3 years. 近三年，客户忠诚度（将我司推荐给他朋友或者家庭成员）提高了。					
vi)	The intension to repurchase our company product has been increased overtime. 客户更愿意再次购买我司产品。					
vii)	My company has responded well to globalization by formulating a global strategic plan to attract customer and retain. 服务或产品品牌化能利于可持续竞争优势					

13) In your opinion how does TMT characteristics influence on sustainable competitive advantage of CMCs in Kenya? 您看来中国在肯尼亚的跨国公司高层是如何影响可持续竞争优势?

**THANK YOU FOR YOUR TIME**

### **Appendix III: List of Chinese Multinational Companies in Kenya**

1. China Road and Bridge Corporation (Kenya)
2. Huawei Technologies Kenya Co., Ltd.
3. China Wu Yi Co., Ltd
4. Power Construction Corporation of China, Ltd (Kenya Office)
5. AVIC International Holding Corporation
6. China Overseas Engineering Group Co., Ltd. (East Africa)
7. Stanbic Bank (Kenya)
8. China State Construction Engineering Corp. (Kenya) Limited
9. StarTimes Media (Kenya) Company Limited
10. China Aerospace Construction Group Co., Ltd
11. China Sichuan International Cooperation Co., Ltd. (Kenya Office)
12. ZTE Kenya Limited
13. China CAMC Engineering Co., Ltd.
14. CNPC Great Wall Drilling Company
15. SANY Heavy Industry Co., (Kenya) Ltd.
16. Sinopec Shengli Engineering & Construction Co., Ltd.
17. China Jiangsu International Economic and Technical Cooperation Corp. East Africa Branch
18. China Jiang Xi International Kenya Limited

19. Bank of China, Nairobi Representative Office
20. China Petroleum Pipeline Engineering Company Limited
21. Sinopec International Petroleum Engineering Company
22. Sichuan Huashi Enterprises Corporation East Africa (E.A) Limited
23. Zhongmei Engineering Group Ltd.
24. BETT Company (K) Ltd.
25. Guangxi Hydroelectric Construction Bureau Kenya Limited
26. China Railway No.5 Engineering Group Co., Ltd.
27. Kenya Office, China Railway Seventh Group Co., Ltd.
28. China Railway No.10 Engineering Group Co., Ltd.
29. China North Industries Corp. (NORINCO Kenya)
30. Jiangxi Water and Hydropower Construction Kenya Limited
31. SINOTEC Co., Ltd. (Kenya)
32. China Zhongxing Construction Co., Ltd.
33. Weihai International Economic & Technical Cooperative Co., Ltd.
34. TBEA International Kenya Limited
35. China Henan International Cooperation Group Co., Ltd. Kenya)
36. China Gezhouba Group Company Limited (Kenya)
37. China International Water & Electric Corp.

38. Fushun Construction Corporation
39. China Communications Services Corporation Limited (Kenya)
40. Central Southern China Electric Power Design Institute Co., Ltd. (Kenya)
41. China Electric Power Equipment and Technology Co., Ltd. (Kenya)
42. Nanchang Foreign Engineering Company (Kenya) Limited
43. Weihai Construction Group Co., Ltd. (Kenya)
44. Jiangsu Entern Co., Ltd.
45. Chint Electric Co., Ltd.
46. Zhonghao Overseas Construction Engineering Co., Ltd.
47. Shanxi Dikuang Overseas Engineering Construction (Kenya) Limited
48. The Third Engineering Bureau of China City Construction Group Co., Ltd.
49. China Railway 21st Bureau Group (Kenya) Co., Ltd.
50. Chongqing International Construction Corporation (CICO)
51. CRJE (East Africa) Ltd.
52. China Southern Airlines Co., Ltd. Nairobi Office
53. China Telecom (Kenya) Ltd.
54. China Civil Engineering Construction Corporation (Kenya) Limited
55. Foton Motor Kenya Ltd.
56. Jiangxi Youse Construction (Group) Co., Ltd.



57. China Machinery Engineering Corporation
58. CGCOG Group Co., Ltd.
59. GCL New Energy Kenya Limited
60. NARI Group Corporation
61. AHCOF Investments (Kenya) Company Limited
62. Jiangxi Transportation Engineering Group Corporation Kenya Ltd
63. Hunan Road & Bridge Construction Group Corporation Ltd
64. China Geo-Engineering Corporation International Ltd.
65. FiberHome Technologies Group
66. China SFECO Group
67. Chinese Centre for Promotion of investment development and trade in Kenya LTD.
68. North China Power Engineering (Kenya)co.Ltd
69. Hunan Construction Engineering Group (HCEG) Corporation Kenya Ltd.
70. Frontier Services Group
71. Neusoft Medical Systems (Africa) Co., Ltd.
72. Zhongding Group

Source: KCETA (2019)