

**EFFECTS OF DYNAMIC CAPABILITIES ON  
STRATEGY IMPLEMENTATION IN THE DAIRY  
INDUSTRY IN KENYA**

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Dairy Industry in Kenya**

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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**

To my loving family, for their unending commitment, encouragement and inspiration during my studies.

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Any researcher owes a debt of gratitude to those anonymous individuals who become the statistics in the paper, and that is a debt which a gratefully acknowledge since it will not be possible to complete this study without the encouragement and support for so many quarters.

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## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENT</b> .....	<b>iv</b>
<b>TABLE OF CONTENTS</b> .....	<b>v</b>
<b>LIST OF TABLES</b> .....	<b>ix</b>
<b>LIST OF FIGURES</b> .....	<b>xi</b>
<b>LIST OF APPENDICES</b> .....	<b>xii</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>xiii</b>
<b>DEFINITION OF TERMS</b> .....	<b>xiv</b>
<b>ABSTRACT</b> .....	<b>xvi</b>
<b>CHAPTER ONE</b> .....	<b>17</b>
<b>INTRODUCTION</b> .....	<b>17</b>
1.1 Background to the Study .....	17
1.1.1 Global Perspective of Strategy Implementation .....	2
1.1.2 Regional Perspective of Strategy Implementation .....	5
1.1.3 Kenya Perspective of Strategy Implementation .....	7
1.2 Statement of the Problem .....	12
1.3 Research Objectives .....	15
1.4 Research Hypotheses .....	15
1.5 Significance of the Study .....	16
1.6 Scope of the Study .....	16
1.7 Limitation of the Study .....	17
<b>CHAPTER TWO</b> .....	<b>18</b>
<b>LITERATURE REVIEW</b> .....	<b>18</b>
2.1 Introduction .....	18
2.2 Theoretical Framework .....	18
2.2.1 Resource-Based View Theory.....	18
2.2.2 Theory of the Growth of the Firm.....	20

2.2.3 Dynamic Capability Theory .....	21
2.2.4 Bourgeois and Brodwins Five Models of strategy implementation.....	25
2.3 Conceptual Framework .....	27
2.3.1 Knowledge Management for Future Positioning .....	31
2.3.2 Organizational Transformation .....	35
2.3.3 Discontinuous Innovation .....	37
2.3.4 Coordination of Managerial Processes.....	40
2.4 Empirical Review .....	42
2.5 Critique of Reviewed Studies .....	49
2.6 Research Gaps .....	51
2.7 Summary of Literature .....	52
<b>CHAPTER THREE .....</b>	<b>54</b>
<b>RESEARCH METHODOLOGY .....</b>	<b>54</b>
3.1 Introduction .....	54
3.2 Research Philosophy .....	54
3.3 Research Design.....	54
3.4 Target Population .....	55
3.4 Sampling Frame and Technique.....	57
3.4.1 Sampling Frame .....	57
3.4.2 Sampling Technique.....	59
3.5 Data Collection Methods .....	59
3.5.1 Primary Data .....	59
3.5.2 Secondary Data .....	59
3.6 Pilot Study.....	60
3.7 Data Collection Procedures.....	61
3.8 Data Processing and Analysis .....	62
3.9 Ethical Considerations .....	64
3.10 Operationalization of Variables .....	64
<b>CHAPTER FOUR.....</b>	<b>67</b>
<b>RESEARCH FINDINGS AND DISCUSSION.....</b>	<b>67</b>
4.1 Introduction.....	67

4.2 Response Rate .....	67
4.3 Reliability Test Results .....	67
4.4 Demographic Data .....	68
4.5 Knowledge Management for Future Positioning .....	70
4.5.1 Descriptive Results.....	70
4.5.2 Test Hypothesis One .....	77
4.6 Organizational Transformation .....	79
4.6.1 Descriptive Results.....	79
4.6.2 Test Hypothesis Two.....	84
4.7 Discontinuous Innovation .....	86
4.7.1 Descriptive Results.....	86
4.7.2 Test Hypothesis Three.....	93
4.8 Coordination of Managerial Processes.....	95
4.8.1 Descriptive Results .....	95
4.8.2 Test Hypothesis four .....	99
4.9 Strategy Implementation .....	102
4.10 Diagnostic Tests Results .....	103
4.10.1 Sampling Adequacy Tests.....	104
4.10.2 Multicollinearity Test.....	105
4.10.3 Homoscedasticity Test .....	106
4.10.4 Normality test.....	107
4.10.5 CUSUM test for Parameter Stability .....	108
4.10.6 Tests of Independence.....	109
4.10.7 Heteroskedasticity Test .....	110
4.11 Combined Correlation Results .....	110
4.12 Results of Hypotheses Testing.....	112
4.13 Regression Results .....	113
<b>CHAPTER FIVE.....</b>	<b>118</b>
<b>SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS.....</b>	<b>118</b>
5.1 Introduction .....	118
5.2 Summary of the Findings .....	118



5.2.1 Knowledge Management and Strategy Implimentation.....	118
5.2.2 Organizational Transformation and Strategy Implimentation .....	119
5.2.3 Discontinuous Innovation and Strategy Implimentation.....	120
5.2.4 Coordination of Managerial Processes and Strategy Implimentation.....	121
5.3 Conclusion .....	122
5.3.1 Knowledge Management and Strategy Implimentation.....	122
5.3.2 Organizational Transformation and Strategy Implimentation .....	123
5.3.3 Discontinuous Innovation and Strategy Implimentation.....	124
5.3.4 Coordination of Managerial Processes and Strategy Implimentation.....	124
5.4 Implication of the Study on Policy Theory and Practices.....	125
5.5 Recommendation.....	126
5.5.1 Managerial Recommendations.....	126
5.5.2 Policy Recommendations.....	127
5.5.3 Areas for Further Research .....	128
<b>REFERENCES.....</b>	<b>131</b>

## LIST OF TABLES

<b>Table 3. 1:</b> Target Population .....	57
<b>Table 3. 2:</b> Sampling Frame .....	58
<b>Table 3.3:</b> Operationalization of Variables .....	65
<b>Table 4. 1:</b> Response Rate .....	67
<b>Table 4. 2:</b> Reliability Analysis .....	68
<b>Table 4. 3:</b> Gender .....	69
<b>Table 4. 4:</b> Age Category .....	69
<b>Table 4. 5:</b> Working Experience .....	70
<b>Table 4. 6:</b> Extent to Which KM Affects Strategy Implementation.....	71
<b>Table 4. 7:</b> Knowledge Management .....	71
<b>Table 4. 8:</b> Knowledge management and Strategy implementation in the dairy industry	77
<b>Table 4. 9:</b> Organizational Transformation .....	79
<b>Table 4. 10:</b> Organisational Transformation .....	80
<b>Table 4. 11:</b> Organizational transformation process and Strategy implementation .....	84
<b>Table 4. 12:</b> Extent that Discontinuous Innovation affects strategy implementation .....	86
<b>Table 4. 13:</b> Discontinuous Innovation .....	87
<b>Table 4. 14:</b> Discontinuous innovation and Strategy implementation .....	93
<b>Table 4. 15:</b> Extent to which CMP affects strategy implementation .....	95
<b>Table 4. 16:</b> Coordination of Managerial Processes .....	96
<b>Table 4. 17:</b> Coordination of managerial processes and strategy implementation in the dairy industry in Kenya .....	100
<b>Table 4. 18:</b> Aspects related to Strategy Implementation .....	103
<b>Table 4. 19:</b> Kaiser-Meyer-Olkin (KMO) and Bartlett's Test .....	104
<b>Table 4. 20:</b> Summary of Collinearity Statistics .....	105
<b>Table 4. 21:</b> Levene Statistic .....	106
<b>Table 4. 22:</b> Shapiro-Wilk Test .....	107
<b>Table 4. 23:</b> Durbin Watson Test .....	109

<b>Table 4. 24:</b> Heteroskedasticity Test .....	110
<b>Table 4. 25:</b> Correlation Results.....	110
<b>Table 4. 26:</b> Summary of the Hypotheses Testing .....	113
<b>Table 4. 27:</b> Model Summary.....	113
<b>Table 4. 28:</b> Summary of One-Way ANOVA Results .....	114
<b>Table 4. 29:</b> Coefficients .....	116

## LIST OF FIGURES

<b>Figure 2. 1:</b> Conceptual Framework .....	28
<b>Figure 4. 1:</b> Quartile-Quartile Plot for Normality .....	107
<b>Figure 4. 2:</b> CUSUM test for parameter stability .....	109

## **LIST OF APPENDICES**

<b>Appendix I:</b> Introduction Letter .....	141
<b>Appendix II:</b> Research Questionnaire .....	142
<b>Appendix III:</b> Secondary Secondary Data Matrix .....	148
<b>Appendix IV:</b> List of Major Licensed Dairy Processors in Kenya.....	149
<b>Appendix V:</b> List of Respondents .....	152

## **ABBREVIATIONS AND ACRONYMS**

<b>ANOVA</b>	Analysis of Variance
<b>CEO</b>	Chief Executive Officer
<b>EPZ</b>	Export Processing Zone
<b>FAO</b>	Food and Agriculture Organization
<b>GDP</b>	Gross Domestic Product
<b>HRO</b>	High Reliability Organization
<b>ICT</b>	Information and Communication Technology
<b>IDF</b>	International Dairy Federation
<b>IT</b>	Information Technology
<b>KCC</b>	Kenya Cooperative Creameries
<b>KDB</b>	Kenya Dairy Board
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>K-R</b>	Kunder-Richardson
<b>MoL&amp;FD</b>	Ministry of Livestock and Fisheries Development
<b>MOALFD</b>	Ministry of Agriculture, Livestock and Fisheries Development
<b>RBV</b>	Resource-Based View
<b>SME</b>	Small-Medium-Sized Enterprise
<b>SPSS</b>	Statistical Package for Social Sciences
<b>VAT</b>	Value Added Tax
<b>VRIN</b>	Valuable, Rare, Inimitable, and Non-substitutable

## DEFINITION OF TERMS

**Coordination of managerial processes:** This is a set of processes and tools that are essential for the work that must occur to form a collaborative process and keep it operating and implementing its vision and strategic plan (Ryan & Deci, 2011).

**Discontinuous innovation** is a new technology applied to solve an existing need in a new way. It makes requires end-users to change behavior, and thereby tends to suddenly and dramatically change the dynamics of the industry, including possibly changes in competitive dynamics, industry revenue size and growth rate and pricing (Arthur & Strickland, 2013).

**Dynamic capabilities:** This is the interaction of individual and organizational routines at a high level to purposefully create, extend or modify its resource base (Teece, Pisano & Shuen, 2011).

**Knowledge management** is the process of creating, sharing, using and managing the knowledge and information of an organisation. It refers to a multidisciplinary approach to achieving organisational objectives by making the best use of knowledge (Teece, 2013).

**Learning** This relates to knowledge creation and development processes, knowledge sharing and integrating processes as well as procedures of experience-based learning (Robbins, 2008).

**Operational capability** is the ability to align critical processes, resources and technologies As stated by the overall guiding vision and customer focused value propositions coupled with the ability to deliver these processes effectively and efficiently (Wang & Ahmed's, 2013).

**Operational performance:** Firm's performance measured against standard or prescribed indicators of effectiveness, efficiency, and environmental responsibility such as, cycle time, productivity, waste reduction, and regulatory compliance (Arthur & Strickland, 2013).

**Organizational transformation:** is about organizational change which the change goes to the depths of what an individual feels and will affect what people feel about the organization, what they do in the organization and maybe what they hold dear to life. It is about changing the organizational culture in one or more ways (Staber & Sydow, 2012).

**Reliability:** The ability of an organization to function in a hazardous environment yet succeed in keeping their error-rate low due to their internal operational practices (Lucas & Diener, 2011).

**Strategic competitive response** refers to processes aiming at understanding and adapting to environmental trends (Kor & Mahoney, 2011).

**Strategic implementation** is a process that puts plans and strategies into action to reach desired goals (Staber and Sydow, 2012).



## ABSTRACT

The dairy industry has been undergoing remarkable changes across hundreds of industries, attributable to technological breakthroughs, trade liberalization, industry deregulation, escalating competition, and rising catastrophes. Little attention has been placed on the business processes needed to implement these dynamic capabilities and particularly on the schism between bridging outside-in (market oriented) and inside out (market creating) approaches. The purpose of this study was to explore the effects of dynamic capabilities on strategy implementation in the dairy industry in Kenya. The study adopted an exploratory approach using a descriptive survey design. The target population under study was 1064 management staff in the dairy industry in Kenya including dairy processors. At least 282 respondents were randomly selected. Primary data was collected using questionnaires. The quantitative data in this research was analyzed by descriptive statistics using statistical package for social sciences (SPSS) version 25. Correlation analysis was performed to determine if any variables are correlated. In addition, a multivariate regression model was applied to determine the relative importance of each of the four variables with respect to strategy implementation. Data was presented in tables, charts and graphs. The results obtained from the correlation model showed a strong positive correlation between knowledge management for future positioning and strategy implementation. The study noted that knowledge management in an organization helped in promoting standard, repeatable processes and procedures, reusing ideas, documents, and expertise, helped to avoiding redundant effort. The regression model also revealed that a unit increase in organisational transformation initiatives would enhance strategy implementation process. Results obtained from correlation model between discontinuous innovation and strategy implementation showed a weak negative correlation between the two variables. The study also noted that that coordination of managerial processes for future positioning affects strategy implementation in the dairy industry in Kenya to a great extent. The research further noted that coordination helps to improve the efficiency of operations by avoiding overlapping efforts and duplication of work, coordination helps to promoting the efficiency of operations. In view of improving strategy implementation in the dairy industry in Kenya, the study recommends that the management of dairy industry in Kenya should implement knowledge management systems as this was associated to be a key driver towards successful strategy implementation. The top management of dairy industry in Kenya should work to ensure that that internal flow of activities is effective as the quality of coordination was found to be a crucial factor in the survival of an organisation. The management of dairy industry should promote discontinuous innovations in this changing environment while maintaining the survival ability by managing incremental innovations.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Dynamic capabilities refers to the ability by a firm to execute innovations and competitive moves with speed, surprise, and competitive disruption. The concept of dynamic capabilities has evolved from the resource-based view (RBV) of the firm (Daniel & Wilson, 2013). Dynamic capabilities are the capacity of an organization to purposefully create, extend or modify its resource base. There is increasing recognition that dynamic capabilities are an imperative for success of contemporary firms as they face intense rivalry, globalization, and time-to-market pressures. Firms that possess dynamic capabilities are resilient to shocks and upheavals in their business environments, adaptive to emerging opportunities, and entrepreneurial in creating new business models or significant operational moves (Wooten & Crane, 2013).

In order to compete effectively, companies must leverage their existing knowledge and create new knowledge that favorably positions them in their chosen markets. Dynamic capabilities are the antecedent organizational and strategic routines by which managers alter their resource base, acquire and shed resources, integrate them together, and recombine them to generate new value-creating strategies (Zollo & Winter, 2011). As such, Pisano (2011) noted that dynamic capabilities are the drivers behind the creation, evolution, and recombination of other resources into new sources to ensure organizational effectiveness. Dynamic capabilities integrate resources to create value for the firm. Also, dynamic capabilities refer to the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.

Daniel and Wilson (2013) further emphasizes that dynamic capabilities are organizational and strategic routines by which firms enhance existing resource

configurations in the pursuit of long-term organizational effectiveness (RBV's logic of leverage) and achieve new resource configurations in the pursuit of temporary advantages (logic of opportunity) when markets emerge, collide, divide, evolve and die. As such, DCV provides adequate conditions for the development and renewal of a firm's stock of business assets, allowing them to adapt to external change and remain competitive. This study selected knowledge management for future positioning, discontinuous innovation, organizational transformation and coordination of managerial processes as variables majority of strategy implementations are reliant on the way knowledge is management in an industry, discontinuous innovation, transformation of the firm and how management coprdinates the industry processes.

### **1.1.1 Global Perspective of Strategy Implementation**

In the global world of competition, sustainable competitive advantage has been found to be of great importance and need in both marketing and strategic management of dairy business. Alternative systems are being focused in the current researches conducted on marketing and management of organizations that tend to prove the worth of dynamic capabilities within organizations (Arthur & Strickland, 2013). Propositions in regard to the use of dynamic capabilities in organizations with respect to product innovation, environmental dynamism and firm performance are being continuously developed for achievement of organizational goals.

As stated by Farjoun (2010), technology has catalysed this change and innovation is increasingly becoming the norm to keep pace with the ever changing needs of the customers. This has led to cut throat competition amongst dairy firms; small, medium-sized or large, each striving to gain and maintain market leadership. Cut throat competition is virtually present in all markets and industries and is a major threat to the long term survival and prosperity of dairy firms. In order to keep up with competition, dairy firms must constantly search for a competitive strategy that will ensure strategy implementation in the long term and yield market leadership.

Strategy implementation is thus the single most powerful weapon needed by dairy firms to win and prosper in today's world. As a lethal weapon, strategy implementation enables firms to enjoy an unassailable position in the market through erecting barriers to small local rivals and new entrants. Narver and Slater (2011) argue that strategy implementation can help dairy firms to erect entry barriers through economies of scale, proprietary products, synergistic alliances and expected retaliation. Knowledge is considered to be one of the most significant resources. While possession of more relevant knowledge makes it easier for firms to win a competitive war, dairy firms can in addition create sustainable strategy implementation by becoming champions of defining the pattern of successful innovation and executing against it.

An expanded paradigm is needed to explain how strategy implementation is gained and held. As stated by Arthur and Strickland (2013), firms resorting to 'resource-based strategy' attempt to accumulate valuable technology assets and employ a forceful intellectual property position. However, winners in the global marketplace firms have been demonstrating timely responsiveness and rapid and flexible product innovation, along with the management capability to effectively coordinate and redeploy internal and external competences. This is what Teece (2007) refers to dynamic capabilities which are the interaction and organization of individual and organizational routines at a yet higher level, but their notion took some time to take root within the academic community.

Danneels (2012) observes that market knowledge has become the major asset of dairy businesses and the key to retain their competitiveness. To compete effectively, dairy firms must leverage their existing knowledge and create new knowledge that favorably positions them in their chosen markets. In order to accomplish this, they must develop an absorptive capacity the ability to use prior knowledge to recognize the value of new information, assimilates it, and apply it to create new knowledge and capabilities. In essence, as stated by Farjoun (2010), all new resources, including knowledge, are created through two generic processes, combination and exchange

which requires the presence of social capital. In order to leverage knowledge infrastructure, knowledge management processes must also be present in order to store, transform, and transport knowledge throughout the organization (Nonaka & Konno, 2013; Ethiraj *et al.*, 2015). These processes enable the firms to capture, reconcile, and transfer knowledge in an efficient manner. Su and Lin (2015) demonstrated customer knowledge can be enhanced through resource provision and knowledge management process.

Eisenhardt and Martin (2010) have found that the ability of managers and leaders to effectively manage the strategic policies of dairy firms in ever-changing environments seems to be a debatable issue. In the face of dynamic environments prevailing within the industry affected by factors including product and technology innovation, international competition as well as pioneering activities, organizational leaders have to continuously face challenges in effectively accomplishing organizational objectives. These challenges are integrated into dynamic capabilities with the belief that firms are capable of creating and integrating resources in innovative manner. Zhang, Peng and Li (2013) stressed on the issue that development of new resources needs to be an ongoing process for a firm and dynamic capabilities are significant in dealing with new market demands that enables a firm to sustain, grow and develop in the changing environmental global business world.

As stated by Zhang *et al* (2013), dairy firms performing in different industries and varied market environments have been found to be facilitated by the dynamic ability of the organizational leaders and managers to make strategic decisions towards achieving innovative products and technology and attaining competitive advantage. Ambiguity, vagueness of constructs, conflicting views, and lack of empirical data are still predominant and represent challenges to explaining dairy industry' strategy implementation in its entirety. The influence of the companies' environment on the evolution of such dynamic capabilities in contrast to the organizations' internal sources also remains unclear. In addition, most empirical research on dynamic

capabilities has been completed in the West, mainly in the US, and thus, could be biased by local myopia. Consequently, practitioners often criticize the limited normative inferences generated by this particular research stream.

### **1.1.2 Regional Perspective of Strategy Implementation**

Livestock production is booming as it accounts for over 40% of the world's agricultural gross domestic product (FAO, 2011). Bandiera and Rasul (2016) posited that apart from playing a major role in contributing to food and income generation through milk and meat, livestock are a valuable asset to farmers as they are a store of wealth, collateral for credit and are an essential safety net in times of crisis. In general, the adoption of improved agricultural technologies through embracing capabilities strategies is said to be a vital pathway out of poverty for many farmers in developing countries (Mendola, 2013). However, adoption does not happen immediately as a lot of factors need to be considered. In recognition of the importance of dairy farming in most countries, Zambian farmers are often faced with a myriad of challenges. As a buffer and alternative strategy to unpredictable seasonal changes, various dairy technologies have been promoted by the Government of the Republic of Zambia through various non-governmental organisations and developmental agencies as a way of improving productivity among smallholder farmers in order to contribute to their livelihoods. Despite these interventions, challenges in milk animal productivity persist among the smallholder farmers.

As stated by Minetaki and Takemura (2010), dairy industries have continuously struggled to enhance production efficiency and transparency in production to ensure development of good quality and innovative products thus dynamic capability strategies are inevitable. With more and more focus on the development of innovative products, researchers believe that product innovation can be considered to be a method of renewing organizational activities towards achievement of goals. Such renewals include developments in organizational competencies, encouraging changes in the marketing of products enhancing improvements over the rival companies (Danneels, 2012). Hacklin (2011) also indicate that in the modern world

of competitions and changing technological surroundings, innovation in products is considered as major drivers that enables a firm to reach to its customers by providing them with greater value than their competitors thus gaining competitive advantage. However, it is a challenging issue for different dairy firms to adapt to the changes in the business environment. Benner (2011) opined that firms may require making changes in its knowledge and capabilities that focus on the management practices concerning organizational reactions to changes thus leading to product innovation.

The importance of these spatial and temporal effects of markets is clearly illustrated in Tanzania where a quarter of a million dairy cattle (compared to 13.5 million zebu) contribute some 90% of marketed milk (Omore & Staal, 2010). In 2009, nearly all milk in Tanzania was marketed informally, either by direct sales to customers (60%) or through vendors (30%); the remainder was marketed by co-operatives and retailers. The very small contribution of the extensive and semi- intensive (mainly zebu-based) production to milk markets (10% of market flow from 98% of the animals) is indicative of the separation of these systems from the major urban consumption centres, and the inadequate market infrastructure to link them. This is further indicated by large price differentials between rural and urban, indicating relative deficit and surplus areas. Since the beginning of the 90's the concept of market orientation has become a key marketing term suggesting that dairy firms' capability of adapting to changes in the market leads to sustainable competitive advantage (Narver & Slater, 2011).

Market orientation focuses on market intelligence activities that continuously inform management about competitors' strengths and possible new strategies and about its customers' needs and wants. However, it is also dependent on the ability of the dairy firm to strategically exploit this data across the organization. Coordinating the use of company resources across functional silos is viewed as a key capability in order to reap the benefits of market sensing (Narver & Slater, 2011), which suggests that market orientation is compatible with the resource base view of achieving competitive advantage (Collins & Montgomery, 2011).

As stated by Baretto (2010), the dynamic capabilities perspective has received increasing attention in the field of strategic management research, focusing on the strategy implementation that is provided by a certain resource constellation over time to fit changing business environments. Teece, Pisano and Shuen (2011) proposed the dynamic capabilities framework which enables organizations to renew competencies and strategically manage the internal and external organizational skills, routines and resources required to maintain performance in the face of changing business conditions. They defined dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.

Studies on companies strategy implementation and competitiveness in developing countries have largely focused on the impact of the environmental factors on success and ignored the role of the firm-level factors. As a consequence, there is little information on how competitiveness of companies is created by other factors than the environment (Charles, 2011). Furthermore, the authors also identified another gap in the theory of dynamic capabilities: An examination of Wang and Ahmed's (2013) summary of key empirical studies pertinent to dynamic capabilities shows that most of them are created and grounded in developed countries. This is also in line with Zahra, Sapienza and Svejnova (2013) findings that most research have focused on established enterprises and ignored the agribusiness industry in developing countries. A probable conclusion is a lack of studies of dynamic capabilities made on agribusiness companies and developing countries.

### **1.1.3 Kenya Perspective of Strategy Implementation**

If Governments in eastern and southern Africa provide conducive policy environments, there are good opportunities for smallholders and their families to benefit from marketed dairy production. Kirschen (2010) have estimated that between 1993 and 2020, the annual demand for milk and dairy products in developing countries will more than double, from 168 to 391 million tonnes. Driven by population growth, urbanisation and increased purchasing power, the estimated



annual growth in the consumption of milk and dairy products is 3.3%. These market opportunities represent exciting challenges for all associated with smallholder agriculture in eastern Africa, and in Kenya particularly, and its continued intensification through dairy production and marketing. If these market opportunities for milk are to be exploited by Kenyan smallholders in the way that they have during the last 40 years, it will require effective use of dynamic capabilities strategies in their operations and in their strategy implementation. Along with favourable agroecology, these market factors play the major role in determining the type of dairy production systems found in the tropics, and they have been, and will continue to be, important influences on smallholder dairy development in Kenya.

Analyzing the environment in developing countries such as Kenya requires more dynamic models, due to the unstable environment. For this the dynamic capabilities approach can be a good tool. The view has dramatically shifted the traditional way of performing strategic management research. The quite static models can be problematic to use for analyzing strategy implementation over time and therefore the more dynamic frameworks are employed for an increased understanding of how to create sustainable superior enterprise performance (Teece, 2013).

The dynamic capabilities framework, till now has been ascribed only to highly dynamic environments and high tech sectors. Easterby-Smith, Lyles and Peteraf (2011) states that most studies have focused on obvious dynamic capabilities industries, such as semiconductors and biotechnological. Dynamic capabilities have been detected and analyzed only in high – technology industries and presuppose a rapid technological change, but ignored the huge importance and potential of agri-industries. Researchers suggested its use to more moderately dynamic environments (Eisenhardt & Martin, 2011) or even stable ones (Zahra *et al.*, 2012). There are hardly any studies on the relationship between dynamic capabilities and knowledge intensiveness in low tech sectors.

Growth and ownership changes in dairy farming mean that more people are needed on-farm and in supporting industries. The increased complexity, diversity and

volatility of dairy farming means that skill levels across the industry need to improve. As stated by Teece *et al.* (2011), sources of competitive advantage based on capabilities can be found in managerial and organizational processes. These processes determine how things are done in a company. Asset positions, including e.g. intellectual property or complementary assets and the future strategic paths available to a company, shape the firm's processes and thus influence the development of dynamic capabilities. Certain factors that inhibit the emergence of dynamic capabilities can be attributed to existing managerial beliefs.

Even given the extensive formal marketing network in Kenya (KCC; private processors; dairy co-operatives), estimates (Omoro & Staal, 2010) show that currently approximately 85-90% of marketed milk is not processed or packaged, but instead is bought by the consumer in raw form. The factors driving the continued importance of the informal market are traditional preferences for fresh raw milk, which is boiled before consumption, and unwillingness to pay the costs of processing and packaging. By avoiding pasteurizing and packaging costs, raw milk markets offer both higher prices to producers and lower prices to consumers. Recent surveys in the Kenyan highlands consistently show some 15% higher farm-gate prices and 25-50% lower retail prices through the raw milk market compared to the formal packed milk market (Kirschen, 2010). As a consequence, the largest single market outlet for smallholder farmers, comprising over half the marketed milk, consists of direct sales of raw milk from producer to consumer, typically through farmer delivery to nearby households. Other important players in the informal market are small milk traders, who handle about a third of marketed milk, and who deliver milk to consumers or other retail outlets. In the more formal market, dairy farmer cooperatives are the largest players, while private dairy processors are thought to capture only some 12%.

Dairy cooperatives play an intermediary role, by supplying both informal traders and dairy processors. Thus the market share of the dairy processors includes that share collected through cooperatives which is then sold to the formal market (Kirschen,

2010). These relative market shares have been changing through the 2011s, with an increasing role for the informal market. As explained earlier, in 2011 the Kenyan government liberalized the dairy industry, revoking a parastatal (KCC) monopoly on urban milk sales. The period since then has seen the rapid development of a variety of milk market innovations, mainly in raw milk markets. Dairy co-operatives themselves, once an integral part of the formal milk collection system, are marketing a greater proportion of their milk raw through intermediaries to urban markets.

Owango (2013) found that between 2011 and 2013, the share of cooperative milk sales going to dairy processors fell by more than half in some cases. The market policy change caused dairy cooperatives to pursue the higher prices in the informal market. As a consequence, the same study showed that real milk prices paid to producers by the co-operatives rose significantly during 2011-2013 (Owango, 2013). In the more competitive and uncertain market post-liberalization, both individual producers and dairy farmer cooperatives have better opportunities for higher milk prices, but also face greater risks due to the uncertainties of relying on informal traders.

Since the surveys carried out in 1977 to develop the farming systems descriptions reported in the Farm Management Handbook (Jaetzold & Schmidt, 1983), there has been no systematic characterization of Kenya's smallholder agriculture sector and its dairy sub-sector. In the 20-year interval many factors have influenced the production and marketing of milk by smallholders these factors including, the growth of the rural population and the resultant pressure on land and fodder production, the growth of the urban population and its demand for milk and dairy products and the liberalization of milk marketing and the privatization of many input markets such as veterinary and artificial insemination services (Owango, 2013). Integration and development of dynamic capabilities have been found to have long-term positive impacts on the competitive advantage of a firm. Marketing capabilities involving the understanding of customers as well as technological capabilities that allow firms to integrate different expertise into the production and manufacturing processes are

equally significant in enabling companies to solve technical problems, to implement new technical processes and tools and to develop prototypes (Marsh & Stock, 2013).

Dynamic capabilities that focus on configuration of resources in beneficial manner matching up with the changing business requirements involve mechanisms that are significant in product innovation (O'Connor, 2012). To cope up with the changing scenario, dynamic capabilities within organizations enable the organizational management to take up measures that facilitate in innovativeness that is demanded in the market. This also focuses on the advanced use of technology as well as the changing economic environment.

During the last ten years at least, a significant number of firms in traditionally named low tech sector enclose a dynamic approach of knowledge in order to flourish in mature, saturated and vulnerable markets. Entrepreneurs start new knowledge intensive business, transcending traditional limits and develop strategy implementations on knowledge – combination bases, which are encountered as vital for the company survival. An essential prerequisite for knowledge-intensive entrepreneurship is the capability of a company or even of an individual entrepreneur to question existing knowledge and to identify and acquire (new) relevant knowledge from other knowledge bases (Kirschen, 2010). Dairy industry in developing countries fail to compete successfully, mostly due to competitive pressure. The situation in Kenya makes it important for dairy industry to create dynamic capabilities in order to gain strategy implementation. The study aspires to get a deeper knowledge of strategic decisions, performance and sustainable strategy implementation that is created in the existing Kenyan environment.

Kenya's dairy industry, the single largest livestock production sub-sector contributes 14% of the agricultural gross domestic product (GDP) and 3.5% of the total GDP (Muriuki, Omore, Hooton, Waithaka, Ouma, Staal & Odhiambo, 2013). Kenya's dairy industry also acts as a source of income and employment to over 1.5 million small holder dairy farmers in addition to 500,000 direct jobs in milk transportation, processing and distribution and a further 750,000 in related support services. The

industry plays an important role in food security, employment creation, income generation, and enhances the livelihoods of dairy farmers, traders, processors and all participants engaged in the entire milk supply chain. The total dairy herd estimated at 3.4 million heads produces about 3.1 billion litres of milk annually (Kenya National Bureau of Statistics (KNBS) 2010; Ministry of Livestock and Fisheries Development (MoL&FD) 2013). The country is generally self-sufficient in milk and dairy products. However, the demand for milk and dairy products in developing countries is estimated to increase by 25% by 2025 (Kirschen, 2010), mainly due to human population growth, further urbanization, increased disposable income, greater diversity of food products to meet nutritional needs, and increased opportunities for domestic and external trade. Indeed, dairy imports in developing countries may reach 38.9 billion litres of milk equivalent by 2030 (Food and Agriculture Organization, 2011). Fortunately, the country has the potential to increase milk production from the current 4.2 billion litres in 2009 to over 5.0 billion litres in 2014 (Cherono, 2015). Milk production and market opportunities represent exciting challenges for smallholders in the country and if these potential productions and markets have to be exploited, it will require expansion of specialized dairy cattle population, intensification in terms of inputs, value addition of milk and dairy products, and good market linkages for milk sales and input acquisition. Dairy industry have been undergoing alot of the reconfiguration of internal and external competencies in a bid of addressing the ever changing environments especially with the intensification and the scaling up for effective milk production driven by the high demand for milk products through the expanding population in the Kenyan markets. Therefore dairy sector is ideal for this study as it serves as an apt platform for observing functionality of dynamic capabilities.

## **1.2 Statement of the Problem**

The dairy industry has made extraordinary efforts to increase food safety requiring an ever-increasing degree of attention (Barkema & Von Keyserlingk, 2015). However, the dairy industry has been undergoing remarkable changes across hundreds of industries due to the increasingly volatile environment, attributable to

technological breakthroughs, trade liberalization, industry deregulation, escalating competition, and rising catastrophes. Many smallholders are challenged with adoption of dairy cattle because entry cost and production risks are high. Further, tick-borne diseases and marketing are important problems in some areas since the beginning of the 90s when delayed milk payments by the Kenyan Cooperatives Creameries started (the buyer of last resort in the milk market until 2016) and after the 2011 liberalization. Advanced by Teece (2013) and colleagues the concept of dynamic capabilities has been proposed as the true source of sustainable competitive advantage in globalized and high velocity markets building on the resource-based view (Lorino, Mourey and Schmidt, 2017).

Implementation of organizational strategies may not just happen smoothly without experiencing some constraints. There are several challenges likely to be faced by an organization while implementing its strategies such as resistance to change, ineffective leadership, weak and inappropriate strategies, as well as insufficient resources to implement the strategies among others. It is therefore inevitable that such constraints will affect the performance of the organization. Strategic management in public sector has only taken root recently and most organizations in the public sector like dairy sector have still not developed well structured strategic management plan for implementation of strategies (Barkema & Von Keyserlingk, 2015).

Little attention has been placed on the business processes needed to implement these dynamic capabilities and particularly on the schism between bridging outside-in (market oriented) and inside out (market creating) approaches. A poorly defined implementation process causes confusion and uncertainty and makes it difficult, and often impossible, to successfully implement the strategy. Further, the question is whether dynamic capabilities only unfold positive strategy implementation effects or whether there are costs associated with dynamic capabilities that may also negatively contribute to strategy implementation (Cashman, 2017). With modern customers' needs and desires shifting more often than ever before, being able to adapt to these

rapid changes may in fact call for more proactive and market shaping capabilities which envisage completely new propositions and push them on to the market. For firms operating in industries where the ability to adapt to the newest and even future market trajectories is paramount to firm performance, new ways of dealing with strategic marketing activities for innovation are needed to transcend the established market orientation concept (Njagi, 2018).

As stated by Mburu, Gitu and Wakhungu (2011), even though the The National Dairy Development Project has been acknowledged as a success, a number of constraints have hindered its smooth implementation. Also Hassan (2016) explain that these include lack of credit facilities, a poor marketing infrastructure and deteriorating support services such as AI and disease control. Low milk prices are also a disincentive. Limited staff complement is another negative factor (Kimigo *et al.*, 2012). Mutisya (2013) also observed that the dairy industry Kenya had not successfully undertaken the strategy implementation activities of building capable organizations and have not build a strategy implementation supporting culture and leadership. As stated by Kiragu (2012), most of the milk produced during the wet season was not marketed due to the poor road network and long distance to the markets. Only about 35% total milk production was marketed through the formal sector which is considered by farmers to be more reliable in terms of milk prices and payments for milk delivered than the informal sector (Kenya National Bureau of Statistics (KNBS), 2016). In addition, Muia (2011) deduced that the high cost and inaccessibility of AI services caused about 60% of the households to use natural breeding methods and hence were unable to sustain genetic improvement. The poor access to extension services, and the limited knowledge and skills on animal husbandry among the household heads due to the high levels of illiteracy (35%) resulted in poor performance of the dairy stock (Lanyasunya, Felin & Foss, 2012). Further, As stated by Mburu *et al.* (2011) most of the milk from is marketed fresh through the informal sector (65%). The purpose of this study was to explore the effects of dynamic capabilities on strategy implementation in the dairy industry in Kenya.

### **1.3 Research Objectives**

#### **1.3.1 General Objectives**

The main aim of the study was to explore the effects of dynamic capabilities on strategy implementation in the dairy industry in Kenya.

#### **1.3.2 Specific Objectives**

The study was guided by the following objectives;

- 1) To analyze the effect of knowledge management for future positioning on strategy implementation in the dairy industry in Kenya.
- 2) To establish effect of discontinuous innovation on strategy implementation in the dairy industry in Kenya.
- 3) To evaluate the effect of organizational transformation on strategy implementation on strategy implementation in the dairy industry.
- 4) To determine how coordination of managerial processes affect strategy implementation in the dairy industry.

### **1.4 Research Hypotheses**

In order to achieve the objectives designed for this study, the following research hypotheses were tested.

**H<sub>01</sub>:** Knowledge management for future positioning has no significant effect on strategy implementation in the dairy industry in Kenya.

**H<sub>02</sub>:** Discontinuous innovation has no significant effect on strategy implementation in the dairy industry in Kenya.

**H<sub>03</sub>:** Organizational transformation has no significant effect on strategy implementation on strategy implementation in the dairy industry in Kenya.

**H<sub>04</sub>:** Coordination of managerial processes has no significant effect on strategy implementation in the dairy industry in Kenya.



### **1.5 Significance of the Study**

The study will be beneficial to dairy farmers and suppliers of dairy inputs as it will enable them gain market intelligence and analysis to prepare and plan for the future. The study will also enable them support productivity initiatives and facilitate innovation on farm to improve profitability

The study also intends to infer normative management insights to promote the up-to-now rather neglected topic of ‘dynamic capabilities’ in the practitioner world therefore dairy firms stand to benefit from this study. Already, the raising of certain awareness of factors influencing the evolution of dynamic capabilities should have value for managers, even though the managers’ direct impact to manipulate these factors might be limited.

The study will also be beneficial to policy makers seeking to increase smallholder market access and also it will enable them formulate policies that encourage adoption of dynamic capabilities strategies. This study will also contribute to the research stream on dynamic capabilities, addresses the research gaps and inductively generates new insights regarding the emergence of, the influence of managers on, and the idiosyncrasy of dynamic capabilities, insights that also deepen the understanding of the impact of the industry.

The findings of this study will contribute to standpoint of theory and practice of strategic management in that it will give information on the effects of dynamic capabilities on strategy implementation. The conclusions and recommendations deduced will be of suitable hypothetical support on the effects of dynamic capabilities on strategy implementation in dairy industry.

### **1.6 Scope of the Study**

The study focused on the effects of dynamic capabilities strategies on strategy implementation in the dairy industry in Kenya. The study focused on the implementation of The National Dairy Development Project which despite it being formulated many years ago, the implementation of the same has not been fully

realized and is bogged with numerous challenges. The study therefore was to establish the effect of various dynamic capabilities such as knowledge management for future positioning, discontinuous innovation, organizational transformation and coordination of managerial processes on the implementation of this strategy. The study targeted major licensed dairy processors in Kenya registered under Ministry of Agriculture, Livestock and Fisheries Development (MOALFD) as indicated in Appendix IV. The study was undertaken to research on activities within the scope of the issues addressed by the research objectives. The study reviewed the past activities and this was explained by the literature review of the study.

### **1.7 Limitation of the Study**

The study encountered unwillingness by respondents to reveal information which was considered as confidential. To counter this limitation, the researcher assured the respondents of proprietary measures that the findings would be accorded and used. The researcher also assured the respondents that the information they offered would be held confidentially and would be used for academic purposes only.

Some respondents who were given questionnaires did not stick to the dates for handing over of questionnaires, while some happened to give inaccurate data, which could have undermined the outcome of the research. In this limitation the researcher tried to convince the respondents on the importance of the study to be carried out, this helped to reduce the strength of the limitation, which made the study a success.

Further, the results of the study was limited to the extent to which the respondents was willing to provide accurate, objective and reliable information. To counter this limitation the researcher checked for consistency and tested the reliability of the data collected.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter looked at literature that has been reviewed and continued to be reviewed for the purposes of the study. The literature was mainly on dynamic capabilities and strategy implementation. It cover areas such as theoretical review specifically the resource-based view theory, theory of the growth of the firm, dynamic capability theory and the Bourgeois and Brodwins Five Models of strategy implementation; conceptual framework; Further, the chapter entails the conceptual framework and empirical review on knowledge management for future positioning, organizational transformation, discontinuous innovation and coordination of managerial processes. The chapter also covers critique of the reviewed studies, the research gaps and finally the summary of literature.

#### **2.2 Theoretical Framework**

This section looks at the theoretical underpinning of the study by specifically reviewing the resource-based view theory, theory of the growth of the firm and dynamic capability theory.

##### **2.2.1 Resource-Based View Theory**

The resource-based view of the firm (RBV) is an influential theoretical framework for understanding how strategy implementation within firms is achieved and how that advantage might be sustained over time (Teece *et al*, 2010). This perspective focuses on the internal organization of firms, and so is a complement to the traditional emphasis of strategy on industry structure and strategic positioning within that structure as the determinants of strategy implementation (Henderson & Cockburn, 2011). In particular, RBV assumes that firms can be conceptualized as bundles of resources, that those resources are heterogeneously distributed across firms, and that resource differences persist over time (Amit & Schoemaker, 2011).

Based on these assumptions, researchers have theorized that when firms have resources that are valuable, rare, inimitable, and non-substitutable, they can achieve sustainable strategy implementation by implementing fresh value-creating strategies that cannot be easily duplicated by competing firms (Conner & Prahalad, 2011). When these resources and their related activity systems have complementarities, their potential to create sustained competitive advantage is enhanced (Collins & Montgomery, 2011).

Recently, scholars have extended RBV to dynamic markets (Teece, 2013). The rationale is that RBV has not adequately explained how and why certain firms have strategy implementation in situations of rapid and unpredictable change. In these markets, where the competitive landscape is shifting, the dynamic capabilities by which firm managers ‘integrate, build, and reconfigure internal and external competencies to address rapidly changing environments’ become the source of sustained strategy implementation. The manipulation of knowledge resources, in particular, is especially critical in such markets (Kogut, 2011).

The identification of particular processes as dynamic capabilities has several implications. For one, it opens up RBV thinking to a large, substantive body of empirical research that has often been neglected within the paradigm. This research on capabilities such as product development and alliance formation sheds light not only on these specific processes, but also on the generalized nature of dynamic capabilities. So, contrary to the criticism that dynamic capabilities lack empirical grounding (Williamson, 2011), dynamic capabilities as specific processes often have extensive empirical research bases and management applicability.

High-velocity markets are a boundary condition for RBV, a much needed addition to the theory (Priem & Butler, 2011). In such markets, firm managers must cope not only with the external challenge of competition, but also with the internal challenge of potentially collapsing dynamic capabilities. As significant, RBV’s path-dependent strategic logic of leverage not only lacks a logic of change that is crucial in dynamic markets, but also underplays the difficulty of predicting the length of current

advantage and the sources of future advantage. Although the firm dominated its market for over a decade, its managers operated as if its strategy implementation could end at any time. Indeed, their slogan was ‘only the paranoid survive.’

Similarly, RBV’s assumption of the organization as a bundle of resources breaks down in high-velocity markets. In these situations, resources are added, recombined, and dropped with regularity (Galunic & Eisenhardt, 2011). Being tightly bundled is usually problematic. RBV’s emphasis on long-term strategy implementation is often unrealistic in high-velocity markets. Short-term, unpredictable advantage is the norm. Growth is a more useful performance metric than profit. Finally, RBV misses the strategic role of time. Understanding the flow of strategy from leveraging the past to probing the future and the rhythm of when, where, and how often to change is central to strategy in high-velocity markets (Brown & Eisenhardt, 2010). Overall, while RBV centers on leveraging bundled resources to achieve long-term strategy implementation, strategy in high-velocity markets is about creating a series of unpredictable advantages through timing and loosely structured organization. The strategic logic is opportunity and the imperative is when, where, and how often to change. For discontinuous innovation and organizational transformation to have an effect on strategy implementation in the dairy industry in Kenya, there is need for adequate resources in the firm and hence this theory highlights this phenomenon.

### **2.2.2 Theory of the Growth of the Firm**

This theory was first developed by Penrose (1959) as cited in Wang and Ahmed (2013) who was concerned with the growth of firms and only incidentally with the size of the firm. Penrose (1959) emphasizes the internal resources of a firm on the productive services available to a firm from its own resources, particularly the productive services available from management with experience within the firm. The (firm-specific) experience of management affects the productive services that all its other resources are capable of rendering.

Penrose (1959) concluded that as management tries to make the best use of the available resources, a dynamic interacting process occurs that encourages

continuous, but limited, rate of growth of the firm. To focus attention on the crucial role of the firm's inherited resources, the environment is treated, in the first instance, as an image in the entrepreneur's mind of the possibilities and restrictions with which it is confronted.

The same theory was retested by Kor and Mahoney (2011) who suggested that for a firm to attain strategy implementation through dynamic capabilities, its growth can be usefully studied as a dynamic process of management interacting with resources. Other important aspects that would contribute to the growth of the firm include service to the people, heterogeneity of the firm's resources, services of resources are drivers of firm they further indicated that services that material resources will yield depends highly on the knowledge possessed by human resources. The two together create a subjective opportunity set that is unique for each firm (Wang & Ahmed, 2013).

Other important elements of the revised theory are; firm growth is a function of firm-specific experiences in teams thus Managerial capability is the binding constraint that limits the growth rate of the firm the so called Penrose effect. They further indicated that excess capacity of productive services of resources is a driver of firm growth because unused productive services of resources can be a source of innovation. They concluded that firm diversification is often based on a knowledge management that can lead to a sustainable strategy implementation and thus important component of the competitive process is experimentation (Penrose, 1959)

### **2.2.3 Dynamic Capability Theory**

Dynamic capabilities theory examines how firms integrate, build, and reconfigure their internal and external firm-specific competencies into new competencies that match their turbulent environment (Teece *et al.*, 2010). The theory assumes that firms with greater dynamic capabilities will outperform firms with smaller dynamic capabilities. The aim of the theory is to understand how firms use dynamic capabilities to create and sustain a strategy implementation over other firms by responding to and creating environmental changes (Teece, 2013).

Capabilities are a collection of high-level, learned, patterned, repetitious behaviors that an organization can perform better relative to its competition. Organizational capabilities are called zero-level (or zero-order) capabilities, as they refer to how an organization earns a living by continuing to sell the same product, on the same scale, to the same customers (Winter, 2012).

The concept of dynamic capabilities arose from a key shortcoming of the resource-based view of the firm. The RBV has been criticized for ignoring factors surrounding resources, instead assuming that they simply exist. Considerations such as how resources are developed, how they are integrated within the firm and how they are released have been under-explored in the literature (Teece, 2013). Dynamic capabilities attempts to bridge these gaps by adopting a process approach: by acting as a buffer between firm resources and the changing business environment, dynamic resources help a firm adjust its resource mix and thereby maintain the sustainability of the firm's strategy implementation, which otherwise might be quickly eroded. So, while the RBV emphasizes resource choice, or the selecting of appropriate resources, dynamic capabilities emphasize resource development and renewal.

As stated by Wade and Hulland (2014), IS resources may take on many of the attributes of dynamic capabilities, and thus may be particularly useful to firms operating in rapidly changing environments. Thus, even if IS resources do not directly lead the firm to a position of superior sustained strategy implementation, they may nonetheless be critical to the firm's longer-term competitiveness in unstable environments if they help it to develop, add, integrate, and release other key resources over time.

More specifically, Zollo and Winter (2013) define dynamic capabilities as learned and stable patterns of collective activity through which the organization systemically generates and modifies operating routines in pursuit of improved effectiveness. Teece (2013) later defines it as the ability to sense and then seize new opportunities and to reconfigure these to achieve strategy implementation. Augir and Teece (1994) expand this definition to the inimitable capacity firms have to shape, re-shape,

configure and reconfigure the firm's asset base so as to respond to changing technologies and markets.

With dynamic capabilities, sustained strategy implementation comes from the firm's ability to leverage and reconfigure its existing competencies and assets in ways that are valuable to the customer but difficult for other competitors to imitate. Dynamic capabilities help firm's sense opportunities and then seize them by successfully reallocating resources, often by adjusting existing competencies or developing new ones (Winter, 2012).

Unlike earlier strategic frameworks that were largely static, dynamic capabilities explicitly acknowledge that as markets and technologies evolve, firms need to adjust by reallocating assets and learning new skills. It is the ability to adapt and extend existing competencies that differentiates dynamic capabilities from other strategic frameworks. This ability places a premium on senior management's ability to accomplish two critical tasks. First they must be able to accurately sense changes in their competitive environment, including potential shifts in technology, competition, customers and regulation. Second, they must be able to act on these opportunities and threats; to be able to seize them by reconfiguring both tangible and intangible assets to meet new challenges (Eisenhardt & Martin, 2010).

These two fundamental capabilities are at the core of a firm's ability to survive and grow over time and represent the essence of dynamic capabilities. Winners in the global market place have been firms that can demonstrate timely responsiveness and rapid flexible product innovation, coupled with the management capability to effectively coordinate and re-deploy internal and external competencies (Arthur & Strickland, 2013). One without the other is insufficient for long term success since the market place is ever changing. If a firm has resources and competencies but lacks these dynamic capabilities, it may make a competitive return in the short run but is unlikely to sustain this in the face for change.



Each of these approaches to strategy attempts to solve the puzzle of how a firm can out-compete its rivals by either developing useful firm-specific skills or positioning itself in ways that customers value and are willing to pay for and that rivals cannot easily imitate. While earlier approaches to strategy were largely static (for example, develop a positional advantage and protect it), dynamic capabilities call attention to the need for organizations to change overtime and compete in both emerging and mature businesses (Tushman & O'Reilly, 2011).

A key element of this dynamic capability view is the coordination and integration to innovation, i.e., the scale to which an organization's managerial and technical skills, technological architecture, social and cognitive structure, culture, and values are adapted to and supported. As stated by Pavlou and El Sawy (2016) dynamic capabilities 'help firms reconfigure existing functional capabilities so they can build products that better match emerging customer needs and take advantage of technological breakthroughs' .

Pavlou and El Sawy (2016) conceptualize a two-level framework based on five processes that constitute dynamic capabilities in the context coordination and integration within an organization: reconfiguring resources, sensing the environment, learning, coordinating activities and integrating interaction patterns. It is necessary to not only distinguish between dynamic capabilities, from (basic) organizational and functional capabilities, but that it is also important to open the 'black box' and disentangle the process of evolution of dynamic capabilities – besides focusing on their effectiveness or impact.

Besides the stock of technological capabilities, the formation of dynamic capabilities, supported by organizational and functional capabilities, involves complex and interdependent self-sustaining mechanisms. These mechanisms are constituted by managers' decisions and actions in the context of established organizational routines, which can and are shaped by (or can also modify) social and cognitive structures, spanning different organizational levels Organizational capabilities support the basic

underlying social and cognitive activity required for knowledge-based innovation (Robbins, 2012).

Coordination of managerial processes and integration of organizational capabilities are the organizational routines and work practices that, in combination with certain socio-cognitive structural attributes (for example preferred communication and sense-making approach), provide the organizational 'glue' that supports the basic underlying activity required for dynamic capability formation and innovation. Examples of 'organizational' capabilities are: distributed knowledge integration and recombination and conversion capability, sense-making, information processing, communication and organizing routines relational and alliance capability and leadership capability (Zahra *et al.*, 2013).

Market positioning is fundamental to marketing strategy, especially for new and innovative products. In new product development, marketers can innovate by adding novel functions, or they can innovate by altering the physical form of the product to increase aesthetic or hedonic appeal. The difficulty is that innovative changes in form are often incongruent with consumer expectations (Farjoun, 2010).

Marketing scholars have long explored how consumers process incongruent products. Consistent with this body of work, we define an incongruent product as a good or service that deviates from a normative expectation. A simple example might be a round (rather than square) digital camera. This stream of research has substantive implications in that new products, especially innovative ones, are often incongruent with consumers' existing mental representations or schemas (Robbins, 2012).

#### **2.2.4 Bourgeois and Brodwin's Five Models of strategy implementation**

Bourgeois and Brodwin (1984) categorize strategy implementation into five models, namely; commander model, change model, collaborative model, cultural model, and crevice models. In the commander model, the general manager carries out exhaustive period of strategic analysis, makes strategic decisions and presents it to

top managers and instructs them to implement and the commander waits for the results. The model divides the organization into thinkers and doers. The general manager, commander has a great deal of power and access to complete information and is insulated from personal biases and political interferences (Teece *et al.*, 2010).

While in the change model, after making strategic decisions, the general manager plans a new organizational structure, makes personnel changes, new planning, information measurement and compensations systems and cultural adaptation techniques to support the implementation of the strategy. The collaborative model involves the management team in the strategic decision-making process, where the general manager employs group dynamics and brainstorming techniques to get managers with different opinions to provide their inputs to strategy making and implementation. The cultural model, the key questions is, “how can I get my whole organization committed to our goals and strategies?”. It takes the participative elements to the lower levels of the organization as an answer to this question. The general manager guides the organization by communicating his or her vision and letting design their work in alignment with the vision (Pavlou & El Sawy, 2016).

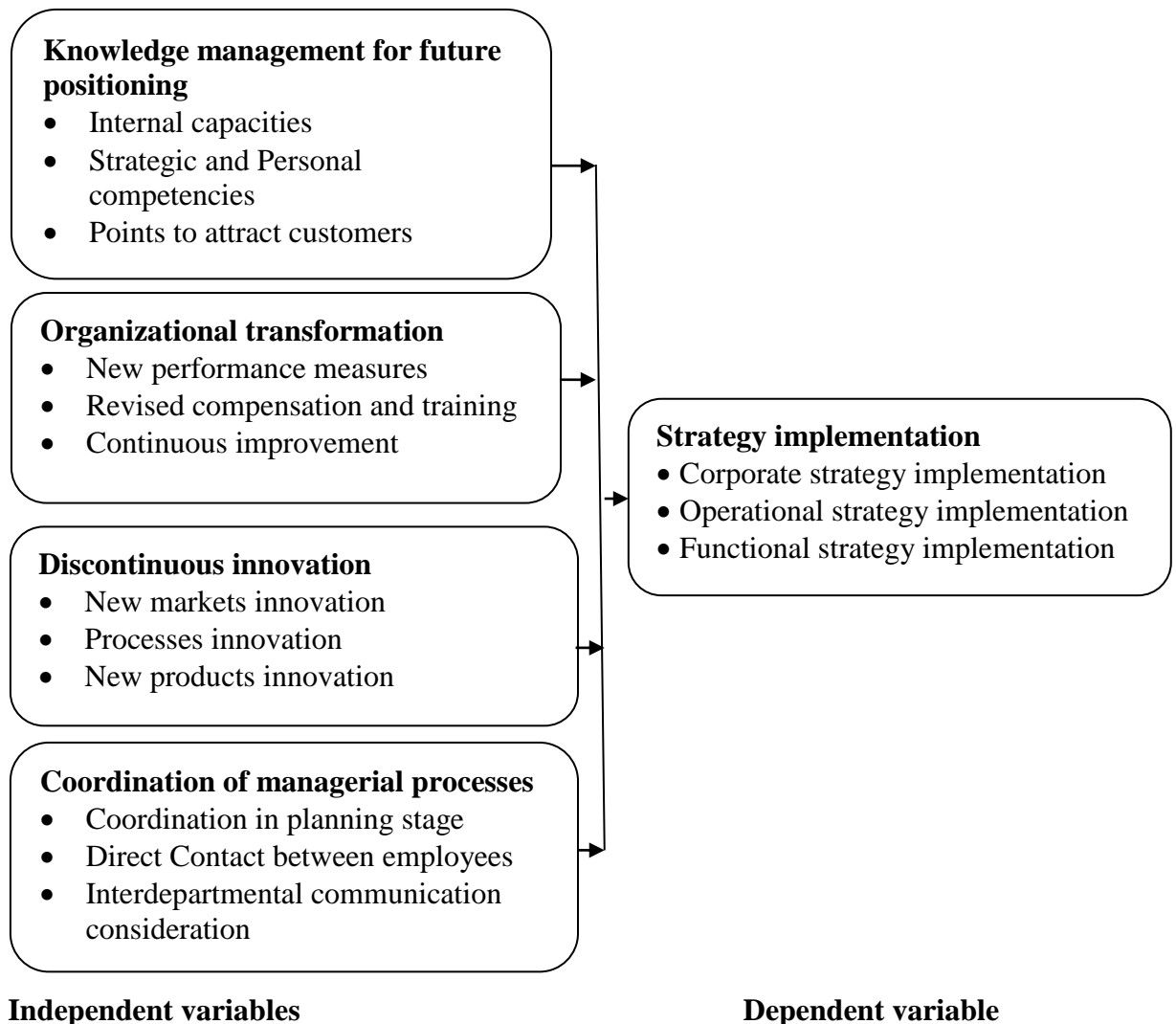
Finally, in the crecive model the strategy comes upward from the bottom of the organization, as opposed to top-down. The general manager’s role is to define the organisation’s broad purposes to encourage innovation and select judiciously from among those projects or strategy options that come to his/her attention. This model provides a good foundation on looking at the challenges of strategy implementation in the Sugar Companies in Kenya in view of people’s involvement or 19 just carried out by a Commander(s) at the top. One key observation from strategy implementation frameworks is that the strategy itself is not part of the framework. However, McKinsey’s 7S framework has included the strategy itself and is an exception. This will be discussed later in the next section of this chapter. The dominant view in strategic management process, is that strategy implementation is a separate stage that comes after strategy formulation. However, according to Mintzberg (1988), Pettigrew and Whipp (1991), Miller (1979) and Noble (1999), it is

increasingly acknowledged that both strategy formulation and implementation stages are interlinked.

### **2.3 Conceptual Framework**

Researchers have theorized that critical to achieving competitive advantage is the VRIN-ness of an organization's resources, namely their being valuable, rare, inimitable, and non-substitutable (VRIN). Teece *et al.*, (2010) were the first to refer to an organization's ability to develop new forms of competitive advantage as dynamic capability. This term emphasizes two key aspects neglected by resource-based perspective: dynamic emphasizes the capacity to renew competencies so as to achieve congruence with a changing environment; capabilities emphasizes the key role of strategic management in appropriately adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competencies to match the requirements of a changing environment (Teece *et al.*, 2010).

Helfat and Winter (2011) define dynamic capability as the capacity of an organization to actively create its resource base and perform subsequent extensions and modifications. Organizational processes that can change existing positions, resulting in changes in performance and competitive advantage, comprise dynamic capabilities. In a seminal work on dynamic capabilities, Teece (2013) disaggregates dynamic capabilities: into the capacity (1) to sense and shape opportunities and threats through organizational transformation and efficient coordination of different managerial processes, (2) to seize opportunities through discontinuous innovation, and (3) to maintain competitiveness through enhancing, combining, protecting, and when necessary, reconfiguring the business enterprise's intangible and tangible assets entrenched in knowledge management for future planning. The conceptual framework hinged on the constructs shows the relationship between the independent variables (knowledge management for future positioning, discontinuous innovation, organizational transformation and coordination of managerial processes) and strategy implementation.



**Figure 2.1: Conceptual Framework**

Organisational Transformation is a term referring collectively to such activities as reengineering, redesigning and redefining business systems. The dominant enabling technology in transforming organization is information and technology. A company with the wrong technology, outmoded assets, an uncompetitive value proposition, or a flawed organizational structure will not indeed, cannot be saved by an organizational transformation effort alone. A winning strategy and a viable economic and organizational structure must underpin any transformation effort. Organizational transformation will be measured using new performance measures, revision of compensation and training, continuous improvement.

If coordination is started early only then all the management functions will be performed successfully. For an organization to attain strategy implementation over others, coordination must be a continuous process. The process of coordination must begin when the organization starts, and it must continue until the organization exists. Co-ordination will be successful only in the presence of an effective communication.

Some companies develop a 'me too' strategy and position themselves close to their competitors so prospects can make a direct comparison when they purchase. The best start for any positioning analysis is gaining a thorough knowledge of a product or service's target market. A measure of reliability in an organization can be achieved by ensuring that the organization is dependable, consistent, and stable all the while competing in a global market that is dynamic and uncertain. This implies that organizations must develop mechanisms that ensure stability and consistency while also enabling adaptability and resilience, which may imply competing objectives. Over the past two decades organizations have focused primarily on productivity and efficiency (the exploitation of resources) through designing and developing standardized processes that are quality oriented, routine, consistent, and resistant to variation. Developing a better understanding of this stability and change duality dilemma and how it contributes to both organizational reliability and resilience is needed and is the focus of this research.

Dynamic capabilities are a set of distinct but related capabilities that conjointly enable the firm to identify the need for change, to formulate an appropriate response, and to implement a course of action (Helfat & Cockburn, 2011). This includes sensing changes in the business environment and seizing opportunities through the integration of knowledge and the reconfiguration of the existing capability configuration (Teece, 2013). As a further characteristic, dynamic capabilities do not affect the output of the firm (i.e. products or services) directly, but indirectly via their effect on other capabilities, which are applied for producing the firm's output (Helfat & Peteraf, 2013). This perspective regards environmental dynamism as a boundary condition that enhances the value of dynamic capabilities in terms of their

contribution to competitive advantage, as under conditions of rapid change the alteration of existing capability configurations is more important.

The second perspective, also originating from the resource-based view, most prominently represented by Eisenhardt and Martin (2010), regards dynamic capabilities as specific identifiable processes, e.g. product development, strategic decision making, or alliancing, within the firm, which alter the resource configuration. In this perspective, dynamic capabilities are regarded as the organizational and strategic routines by which a firm alters its resource base.

Further, they argue that these processes vary in their shape or pattern depending on the condition of the external environment. While in moderately dynamic environments they are detailed, analytic, and stable processes, producing predictable outcomes, in highly dynamic environments they represent simple, experimental, and fragile processes with unpredictable outcomes (Eisenhardt & Martin, 2010). In this perspective environmental dynamism is not regarded as boundary condition for the value of dynamic capabilities, as their value resides in the resources and capabilities they create and they are regarded as being effective in terms of creating new resources and capabilities in moderately dynamic and dynamic levels of environmental dynamism. However, the predictability of the outcome also varies with environmental dynamism. Further, high velocity markets or hypercompetitive environments threaten the firm's potential to adapt as they may devalue the effectiveness of dynamic capabilities.

A third perspective, originating from the evolutionary theory of the firm and most prominently represented by Zollo and Winter (2013), builds on the definition of capabilities in terms of routines. Routines are thereby understood as stable patterns of collective interaction that are learned, highly patterned, and repetitious. Based on this understanding, dynamic capabilities are routines to change routines. Further, Winter (2012) distinguishes between 'zero-order' capabilities as the 'how we make a living now' and 'first-order' dynamic capabilities that change the products, processes, or customers based on which a firm 'makes its living'. In this perspective, dynamic

capabilities are not automatically linked to competitive advantage as their (positive) value creation contribution is dependent on other boundary conditions, such as environmental dynamism. In occasions where there is less need to change, e.g. rather stable environments, dynamic capabilities may still be effective in terms of creating new capabilities, but are not efficient from a cost perspective, as other modes of capability development exist that are less costly in such settings.

### **2.3.1 Knowledge Management for Future Positioning**

Investing in knowledge is expensive, and since the creation of new knowledge is an inherently unsure process, it is unlikely that value-providing knowledge will be evenly distributed among the members of the organisation. The individuals that develop this knowledge may obtain Ricardian rents (Winter, 2012), i.e. obtain results that give higher profits than other companies in the same business. At the present time, industrial companies are composed of machinery, employees and organized work systems. A higher degree of knowledge will enable a company to manufacture better products or to design more efficient and efficacious production methods. Knowledge can therefore generate Ricardian rents As stated by the value associated with it.

Internal capacity of an organization influences the extent to which the organization uses its capacities to achieve its goals and perform at a high level. Cohen and Levinthal (2011) refer to absorptive capability: the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends... the ability to evaluate and utilize outside knowledge is largely a function of the level of prior knowledge. Firm's ability to acquire external, new knowledge, assimilate it with existing internal knowledge and ability to create new knowledge is an important factor of dynamic capabilities in several industries (George, 2015). Absorptive capacity is crucial for learning processes such as those which are taking place in development. Commercializing discontinuous innovations are a specifically challenging process because of the level of newness to the marketplace. Therefore, the process of absorbing new knowledge and to learn from other industries, partners



and other actors become essential. This is also true for the product development and integration of new technological solutions.

Dynamic capabilities are viewed to be essentially path dependent, as they are shaped by the decisions the firm has made throughout its history, and the stock of assets that it holds (Zollo & Winter, 2013). Path dependency not only defines what choices are open to the firm today, but...also puts bounds around what its internal repertoire is likely to be in the future. Path dependency could be grounded in knowledge, resources familiar to the firm, or influenced by the social and collective nature of learning (Teece, 2013).

Strategic competencies equip people and organizations to take position and move in a highly dynamic context that poses constantly changing challenges to the realization of their aims. This suggests that learning plays a significant role in the creation and development of dynamic capabilities. This is illustrated, for instance, by Eisenhardt and Martin (2010) and Zollo and Winter (2013) who explain that learning is at the base of dynamic capabilities, and guides their evolution (for a fuller discussion on the genesis and evolution of dynamic capabilities). Learning is also considered as a dynamic capability itself, rather than an antecedent of it. As such, learning as a dynamic capability has been identified as a process by which repetition and experimentation enable tasks to be performed better and quicker. Zollo and Winter (2013) attempted to meld these two positions by explaining that dynamic capabilities are shaped by the co-evolution of learning mechanisms.

Helfat and Peteraf (2013) emphasized that to qualify as a dynamic capability, a capability not only needs to change the resource base, but it also needs to be embedded in the firm, and ultimately be repeatable. Those are key issues in the dynamic capability conversation, and we have addressed these criteria in our following theoretical development of the dynamic capability construct.

Dynamic capabilities are argued to comprise of four main processes: reconfiguration, leveraging, learning and integration (Bowman & Ambrosini, 2013). Reconfiguration

refers to the transformation and recombination of assets and resources, e.g. the consolidation of manufacturing resources that often occurs as a result of an acquisition. Leveraging refers to the replication of a process or system that is operating in one area of a firm into another area, or extending a resource by deploying it into a new domain, for instance applying an existing brand to a new set of products. As a dynamic capability, learning allows tasks to be performed more effectively and efficiently, often as an outcome of experimentation, and permits reflection on failure and success. Finally, integration refers to the ability of the firm to integrate and coordinate its assets and resources, resulting in the emergence of a new resource base.

When developing a market position a company needs to select the most persuasive meaningful and unique points of difference that will allow it to compete for the largest number of potential customers. Developing a positioning strategy depends largely on how competitors position themselves. Some companies develop a 'me too' strategy and position themselves close to their competitors so prospects can make a direct comparison when they purchase (Robbins, 2012).

Other companies develop marketing strategies which position them well away from their competitors. Offering a benefit which is superior depends on the marketing mix strategy the company adopts. Their pricing strategy must reflect the benefit offered and their promotion strategy must clearly communicate this benefit (Pavlou & El Sawy (2016). The best start for any positioning analysis is gaining a thorough knowledge of a product or service's target market. With a good idea of the wants, needs and interests of a product or service's target market, a competent marketing team can help develop a positioning statement to help reach as much of the target market as possible (Arthur & Strickland, 2011).

Reaching the customer is not simply a matter of advertising; it is also a matter of choosing the right channels for distribution. If a majority of your target market lives in an urban area with only public transportation available to them, having your product in rural areas where a private automobile is needed for transport would not

equal sales success. Place or position your product or service as close to the target market as possible. Create similar advertisements in store as the ones seen out of store to create an overall identity for your brand (Wade & Hulland, 2014).

It should be noted that there is a large amount of research on the psychology of pricing in marketing. Simply put, the price of an item tells the buyer more about the item than most realize. Many associate a higher price with higher quality and the opposite with a lower price. Additionally, if a product is positioned as a good alternative to high-priced brands, the marketing department must price it in the middle of the market to avoid a comparison to the cheapest end of the spectrum (Poppo, 2011).

As the environment shifts, resource advantages can become disadvantages if no attempts are made to refresh the resource stock. As Leonard-Barton (2011) explains, valuable resources can become core rigidities if they are not modified, combined with different equipment or extended for new use, such as to produce new product lines. These renewing dynamic capabilities are of a different order to incremental dynamic capabilities. They are not merely about continual, incremental changes; they are concerned with modifying the resource stock in such a way that its utility is altered so that rent generation is sustained. So we could differentiate incremental dynamic capabilities from renewing capabilities as follows. Where incremental capabilities are applied the resource stock remains essentially the same, but the resources undergo continuous development or evolution. For example, a successful brand might be continually updated to keep its value over time e.g. the *KitKat* chocolate bar that has been around for seventy years has undergone periodic adjustments and enhancements, but the basic brand remains essentially stable. In contrast, where renewing capabilities are employed new resources are either created, introduced, or resources are combined in new ways. Hence a renewing capability would be the introduction of new product lines, or the extension of a brand into a new product application e.g. a *KitKat* lunch box.

### **2.3.2 Organizational Transformation**

Adaptive capability is defined as a firm's ability to identify and capitalize on emerging market opportunities (Ocharo & Kimencu, 2018 citing Hooley, Ferrier & Grimm, 2011). Therefore, adaptive capabilities are essential in the context of commercialization. Adaptive capability focuses on effective search and balancing exploration and exploitation strategies (Staber and Sydow, 2012). This type of balancing act is brought to a strategic level and linked to the resource perspective. The development of adaptive capability is often accompanied by the evolution of organizational forms.

Continual improvement, is the ongoing improvement of products, services or processes through incremental and breakthrough improvements. As stated by Rindova and Kotha (2001) firms undergo comprehensive, continuous changes in products, services, resources, capabilities and modes of organizing. Other empirical studies (Alvarez & Merino, 2011) also reveal that the ability to adapt to environment and align internal resources with external demand is critical to firm evolution and survival in several industries. Adaptive capabilities often refer to the firm's ability to adapt their product-market scope to respond to external opportunities, to scan the market, monitor customers and competitors and allocate resources to marketing activities, and to respond to changing market environment in a speedy manner. As stated by Gibson and Brikshaw (2014) adaptive capability refers to the management ability to encourage people to challenge outmoded traditions, practices and sacred cows, which allows the firm to respond quickly to changes in the market and evolve rapidly in response to shifts in its business priorities. In the context of newly established firms this capability refers to positioning itself in the market space.

Organizations seeking to adapt during turbulent times cannot force change through purely technical approaches such as restructuring and reengineering. They need a new kind of leadership capability to reframe dilemmas, reinterpret options, and reform operations and to do so continuously (Lawson & Price, 2011). Organizational transformation is about organizational change which the change goes to the depths of

what an individual feels and will affect what people feel about the organization, what they do in the organization and maybe what they hold dear to life. Organizational transformation is more than just changing the way business is done. It is about changing the organizational culture in one or more ways. Transforming the organization refers to any significant change made to an organization such as, restructuring an organization or reengineering an organization and/or there is a significant change in the way business is done (Flint, 2015).

Organizational transformation helps organizations change where they need to change and build the leadership capability to enable successful strategy implementation. It's not unusual for changes in the business to drive the need for organizational change as well. Whether the result of an acquisition, a new technology, or a new strategy, shifts in the business invariably require an organizational response. Sometimes these shifts are so significant that Organization Transformation is needed to drive alignment across the changing landscape of culture, behaviors and business objectives. With clear priorities and direction from the top, organization transformation is a powerful tool for ensuring that other transformational initiatives deliver the value leaders expect – by engaging the workforce to fulfill and execute the strategic vision (Kelman, 2015).

Many senior managers today are aggressively trying to transform their companies by changing behavior and capabilities throughout the organization. Unfortunately, most leadership groups lack a proven way of thinking about the challenge. Strategy implementation efforts inevitably bring to light the size and shape of organizational barriers. They also help clarify how an organization must evolve to institutionalize or lock in the new capabilities that have begun to develop. Here the leadership role is to identify the needed changes systematically and take the required actions to institutionalize them (Ostroff, 2016).

Organizational transformations are inherently complex, multidimensional processes. Leaders are often tempted to define a master plan, declare the planning phase complete, and delegate implementation to others. Successful initiatives are managed

quite differently. Leaders recognize that the effort can never be fully planned in advance. The leadership group must learn as they go and allow for the effort to proceed in an evolutionary (and continuously improving) manner. These efforts may start out with broad objectives and a modest process, such as benchmarking or developing a vision. But successful efforts make leaps forward in the clarity of objectives every three to six months, as experience is gained and lessons are learned (Burke, 2012).

This is the situation most commonly referred to in the dynamic capability literature, notably by Eisenhardt and Martin (2010) (it also refers to Winters (2011) first order capabilities). These dynamic capabilities are utilized to sustain a rent stream in changing environments, they refresh and renew the nature of the resource stock, rather than incrementally adapt it. They are needed as resource-based advantages in dynamic environments may well be rapidly eroded. Examples of such dynamic capabilities would, for instance, include brand extension such as those undertaken by Virgin, or process replication as performed by Sony. Virgin has generated new resources by deploying its valuable brand into new domains e.g. airlines, mobile phones, cosmetics, bridal wear, cola, railways. As far as Sony is concerned they have applied their know-how in miniaturization to all their products e.g. radio, hi-fi, computers or personal navigation.

### **2.3.3 Discontinuous Innovation**

Regenerative dynamic capabilities are likely to be deployed by firms whose managers perceive that the environment is turbulent, where external changes are non-linear and discontinuous. As Zahra *et al* (2013) explain in volatile environments such as in high-technology industries firms need to repeatedly reconfigure their set of valuable resources and as a corollary they need to be able to have the capacity to modify their current dynamic capabilities. The presence of these regenerative dynamic capabilities can be inferred, as it may help explain why some firms find success in the face of environmental turbulence, whilst their competitors fail (Danneels, 2012). Indeed many firms facing a discontinuous environment are not

able to overcome their own organizational inertia and have failed as they have not changed internally themselves (Tushman & Romanelli, 2011). Gilbert (2015) reports that part of the problem is a failure to alter the processes that use the resources (Leonard-Barton, 2011), we argue here that firm failure could be attributed to managers using the extant set of dynamic capabilities, when these are not appropriate for the new environment.

New market innovations refers to applying a current product in a new way and sometimes even for a different segment of customers. As highlighted by Lee, Chan-Olmsted and Kim (2012), the dynamic capabilities perspective can provide a useful theoretical lens for investigating innovation at the organizational level. Managers in established companies have acknowledged that discontinuous innovation is vital to their sustainability (Rice *et al.*, 2012). As stated by Tushman and O'Reilly (2011), discontinuous innovation means leaving the old technologies and processes. Thus, discontinuous innovation that involves disruptive technologies, discontinuities, or radical innovations let entire industries and markets emerge, transform, or disappear (Christensen, 2011).

However, the economic benefits of innovations are never fully realised until the innovation is actually introduced to the market. Commercialization is often seen as a poorly managed phase (Luoma, Paasi and Nordlund, 2012). Discontinuous innovation transforms the relationship between customers and suppliers, restructures marketplace economics, displaces current products, and often creates entirely new product categories (Rice *et al.*, 2012). Firms encounter difficulties and uncertainties when a new technology-based product reaches commercialization, because the product or market is unknown and undefined. This problem is further magnified when both the product and market is complex. Without delicate commercialization preparations during the innovation process, even high-quality new products or services may fail. Another important aspect at this stage is the accumulation of costs, as this is actually the most expensive part of the new product development process (Luoma, Paasi & Nordlund, 2012).

The traditional domain of discontinuous innovation is marked by high technical and market uncertainty. Rice *et al.* (2012) described different aspects of technical uncertainties, such as the comprehensiveness and accuracy of the essential scientific knowledge, the degree to which the technical specifications of the product can be implemented, the consistency of the manufacturing processes, maintainability, and so forth. However, market uncertainties include the degree to which customer needs and wants are clear and well understood, the extent to which conventional forms of interaction between the customer and the product can be used, the appropriateness of conventional methods of sales and distribution, and the project team's understanding of the relationship of the discontinuous innovation to competitors' products. Further, they claim that discontinuous innovation projects involve high levels of uncertainty.

Innovative capability refers to a firm's ability to develop new products and (or) markets, through aligning strategic innovative orientation with innovative behaviours and processes (Wang & Ahmed, 2014). This is quite close to the firm's entrepreneurial orientation construct. This encompasses several dimensions, such as developing new products and services, development of new production methods, Identification of new markets, seeking unusual and novel solutions. Ryan and Deci (2011) study three dimensions of organizational innovativeness which are relevant for innovative capability: market innovativeness, strategic tendency to pioneer and technological sophistication. While the majority of studies on dynamic capabilities have primarily focused on large and established firms, the context of newly established firms created to take innovation to market is different. In this context firms are created to develop and bring to market new products so they exhibit innovative capability. The concept of innovative capability therefore, applies well to how established companies manages to produce new products and processes, however for companies established around an innovation one could argue that all capabilities are innovative. On the other hand, this would neglect certain important elements of what occurs in the process of commercializing continuous innovations. Therefore, innovative capabilities in this study points to more underlying structural processes that promote development, change and innovation in the company.



### **2.3.4 Coordination of Managerial Processes**

As stated by Rees (2016), for an organization to attain a competitive advantage, coordination must start at an early stage in the management process. It must start during the planning stage. This will result in making the best plans and implementing these plans with success. If coordination is started early only then all the management functions will be performed successfully. Thus by initiating proper coordination the organization will achieve all its objectives easily and quickly.

Robbins (2012) indicates that for an organization to attain competitive advantage over others, coordination must be a continuous process. It must not be a one-time activity. The process of coordination must begin when the organization starts, and it must continue until the organization exists. Coordination must be done continuously during the management process. It must be done during planning, organizing, directing and controlling.

Rogers (2015) indicates that all managers must have a Direct Contact with their subordinates. This will result in good relations between the manager and their subordinates. This is because direct contact helps to avoid misunderstandings, misinterpretations and disputes between managers and subordinates. It enables the managers to coordinate all the different activities of their subordinates effectively and efficiently.

The decisions and actions of all the people (i.e of all managers and employees) and departments of the organization are inter-related. So, the decisions and actions of one person or department will affect all other persons and departments in the organisation. Therefore, before taking any decision or action all managers must first find out the effect of that decision or action on other persons and departments in the organization. This is called the Principle of Reciprocal Relations. Co-ordination will be successful only if this principle is followed properly (Ryan & Deci, 2011).

As stated by Robbins (2012), co-ordination will be successful only in the presence of an effective communication. Good communication must be present between all

departments, within employees themselves and even between managers and their subordinates. All communication barriers and gaps must be avoided and fixed. Good communication helps to avoid misunderstandings in the organisation. This overall helps in coordination.

As stated by Lucas and Diener (2011), coordination will be successful only if there exist a mutual respect throughout the organisation. All managers working at different levels (top, middle or lower) must respect each other. Similarly, all employees must show a friendly attitude and should respect each other during interactions. There must also exist a feeling of brotherly hood among managers and employees. The managers must respect the feelings and emotions of the employees. On the other hand, employees too must understand and acknowledge their bosses. Without mutual respect, coordination may not survive, and it will eventually fail. Co-ordination will be successful only if the organisation has set its clear objectives. Everyone in the organisation must know the objectives very clearly. No one must have any doubts about the objectives of the organisation. Clear objectives can be achieved easily and quickly.

Gray (2016) indicates that a High Reliability Organization (HRO) is an organization that functions in a hazardous environment, yet succeeds in keeping their error rate low due to their internal operational practices. The operations are tightly coupled; that is, they allow little slack and incidents can proceed rapidly at the first sign of failure; they have more time-dependent processes; and, delays or storage of incomplete products is not possible. Common examples of HROs include air traffic control systems, nuclear power plants, and aircraft carrier operations.

As stated by Weick (2013), a measure of reliability in an organization can be achieved by ensuring that the organization is dependable, consistent, and stable all the while competing in a global market that is dynamic and uncertain. He thus indicates that an organization must be able to change, through flexible, innovative, and adaptive organizational processes and mechanisms in order to remain a valuable competitor. This implies that organizations must develop mechanisms that ensure

stability and consistency while also enabling adaptability and resilience, which may imply competing objectives.

Farjoun (2010) indicates that adaptability implies that an organization can effectively change as the environment requires, be it an evolving phenomena or unexpected event. Over the past two decades organizations have focused primarily on productivity and efficiency (the exploitation of resources) through designing and developing standardized processes that are quality oriented, routine, consistent, and resistant to variation. However, change itself requires variation in these same processes that were designed to be stable and consistent. Farjoun indicated that in order for a company to achieve sustainable organizational high reliability, it needs to ask questions such as; do stability and change mechanisms coexist? Are they concurrent or is there some sort of oscillation between them, or are they mutually exclusive? Does the focus on change and innovation risk stability and reliability in organizational processes? Farjoun (2010) surmises that stability and change both can be outcomes and objectives, as well as underlying mechanisms processes, practices, and forms.

Earlier (2011) proposed a duality of structure in which agents and their actions come into existence only within a structured environment. So what is or are the structural design(s) and dimension(s) that support organizational process outcomes that are stable and consistent while also leveraging the capacity to change and adapt to environmental factors assuring high organizational reliability and resilience? Developing a better understanding of this stability and change duality dilemma and how it contributes to both organizational reliability and resilience is needed and is the focus of this research. To explore the duality phenomena, this study incorporates aspects of Weick's five high reliability organizational processes along with routine-based and mindfulness-based reliability proposed by Butler and as frameworks to sample and evaluate organizations in several industry sectors including healthcare and financial services.

## **2.4 Empirical Review**

Dynamic capability is an important aspect that elicits research interest among scholars and practitioners. Some of the studies include; Eisenhardt and Martin (2010) reckoned that dynamic capabilities are structured and persistent in a given organisation, while Helfat and Peteraf (2013), through their empirical research, identified dynamic capabilities as emergent and evolving. Given their mixed use and interpretation of terminologies, the definitional issue of dynamic capabilities remains to be clarified.

Rouse and Dallenbach (2012) proposed an approach for empirically analysis of competitive advantage. They suggested that researchers should trace down the path of value generation. However, the selection process of the firms should not be on ad hoc basis. Instead, thorough analysis of the market population should be performed, since it is possible to test for the existence of unobservable factors by examining their observable outcomes. However in the case of dynamic capabilities there are inevitably problematic, ambiguous and obscure causalities. Situations might arise where the origin of competitive advantage is still unclear. In such instances the interpretations of competitive analysis might be left in the shadows and hence lead to the blackboxing of capabilities.

Hoopes, Madsen and Walker (2013) constructed a preliminary model of small-medium-sized enterprise (SME) e-commerce process from in-depth interviews with 15 successful e-commerce entrepreneurs. It reported that the first cause of SME e-commerce failure today is the lack of fundamental understanding in capabilities and limitations of conducting business electronically.

Grandon and Pearson (2014) examined the determinant factors of strategic value and adoption of e-commerce as perceived by top managers in SME in the Midwest region of the USA. They identified four factors that influence e-commerce adoption: organizational readiness, external pressure, perceived ease of use, and perceived usefulness. From the canonical analysis of link between perceptions of strategic value and adoption, it can be concluded that managers with positive attitude toward e-commerce adoption recognize e-commerce as adding strategic value to the firm.

Barua, Whinston and Yin (2014) studied firms' abilities to deploy three resources—IT, processes, and readiness of customers and suppliers—to create business value. Their empirical result with survey data from over a thousand firms showed that online informational capabilities have a positive impact on operational and financial performance. With empirical result in the retail industry, Zhu (2015) found that e-commerce capability and IT infrastructure (an IT resource) exhibit positive relationships to firm's performance measures. It addressed that positioning e-commerce to leverage other complementary resources such as IT infrastructure and connectivity with suppliers should be a priority for managers.

Wade and Hulland (2014) addressed the difference between resources and capabilities of a firm in detecting and responding to market opportunities or threats. Some resources— particularly certain IT assets—are easily available (e.g., IT hardware, the Internet, etc.) or transferable (e.g., patents) compared with capabilities (e.g., market responsiveness, managing external relationships) that are firm-specific and deeply embedded within an organization and its processes that are not easily transferable.

Rongwei, Zhang and Yan (2010) studied the Yangjiang cutlery cluster and discovered that village firms with heterogeneous and dynamic resources were able to gain performance for growth and profit depending on a cluster environment and early growth strategies. Molla and Licker (2015) argued that enterprise should focus on positioning and implementation of e business strategy effectively to activate internal resources that are rare and valuable. They argued that organizational factors especially the human, business, and technological resources and awareness are more influential than are environmental factors in the initial adoption of e-business.

In Rouse's and Dallenbach's (2011) view the selection of firms is ultimately a subjective choice. This may lead to increasing the probability of making tautological reasoning. While they call for the verification of the sources of sustainable competitive advantage the issue became more problematic in the dynamic capabilities framework. However, it is vulnerable to make a choice of the capability

analyzed separate from the case at hand, if context and environment specific issues are not explicitly controlled for. Since dynamic capabilities are harder to operationalize than zero level capabilities or resources, we have to provide first a possibility to falsify the existence of them before they can be verified.

Schmalensee (2011) found that corporate effects were small compared to industry effects. However, subsequent literature has conversely shown that firm effects are more significant in explaining sustainable competitive advantage. This debate is of course fundamental from the strategic management point of view, since if the firm or business unit doesn't matter, managerial and strategic efforts are waste of time and resources.

Ambrosini, Bowman and Collier (2011) did a study on dynamic capabilities: An exploration of how firms renew their resource base. The aim of this paper was to extend the concept of dynamic capabilities. Building on prior research, we suggest that there are three levels of dynamic capabilities which are related to managers' perceptions of environmental dynamism. At the first level we find *incremental* dynamic capabilities: those capabilities concerned with the continuous improvement of the firm's resource base. At the second level are *renewing* dynamic capabilities, those that refresh, adapt and augment the resource base. These two levels are usually conceived as one and represent what the literature refers to as dynamic capabilities. At the third level are *regenerative* dynamic capabilities, which impact, not on the firm's resource base, but on its current set of dynamic capabilities i.e. these change the way the firm changes its resource base. We explore the three levels using illustrative examples and conclude that regenerative dynamic capabilities may either come from inside the firm or enter the firm from outside, via changes in leadership or the intervention of external change agents.

Farjoun (2010) proposed that e-commerce initiatives are important strategic initiatives and that firms with a stronger e-commerce market orientation will be more successful. Content analysis of letters from CEO to shareholders of 145 Fortune 500 firms indicate that e-commerce must be pursued carefully as a strategic initiative

rather than as an appendage to an existing organization. Their research suggests that the more a firm perceives e-commerce as being important (as reflected in corporate strategy), the more likely it will have a higher level of operating efficiency and profitability compared to those firms with a lower perception of importance. In other words, failure to recognize e-commerce as a part of corporate strategy is more likely to result in isolated initiatives or responses to competitive pressures that are less likely to leverage full complement of organizational resources.

Zott (2011) explored how the dynamic capabilities of firms may account for the emergence of differential firm performance within an industry. Synthesizing insights from both strategic and organizational theory, four performance-relevant attributes of dynamic capabilities are proposed: timing of dynamic capability deployment, imitation as part of the search for alternative resource configurations, cost of dynamic capability deployment, and learning to deploy dynamic capabilities. Theoretical propositions are developed suggesting how these attributes contribute to the emergence of differential firm performance. A formal model is presented in which dynamic capability is modeled as a set of routines guiding a firm's evolutionary processes of change. Simulation of the model yields insights into the process of change through dynamic capability deployment, and permits refinement of the theoretical propositions. One of the interesting findings of this study is that even if dynamic capabilities are equifinal across firms, robust performance differences may arise across firms if the costs and timing of dynamic capability deployment differ across firms.

Ebers and Delfmann (2012) did a study on the value of dynamic capabilities for strategic management. The focus of this empirical study was set on the business unit level of large companies from various industries operating in Germany. Within the field phase of three months the questionnaire was sent to 626 firms. To boost response rate, reminder e-mails were sent. The analyses in this study provide evidence of the convergent and discriminant validity of the seven sub-dimensions of dynamic capabilities and further indicate that each of the seven sub-dimensions

contributes to an overall construct of dynamic capabilities, while not being related to a uni-dimensional underlying construct. All sub-dimensions and the overall construct of dynamic capabilities further show high internal consistency. While showing that the measure of dynamic capabilities is positively related to the development of operational capabilities, the results also clearly demonstrate that these are two distinct constructs. By only applying measures for capability development as proxy for dynamic capabilities, we risk to neglect alternative explanations for observed relations. Once proxies are applied for measuring dynamic capabilities when testing for their effects (e.g. on firm performance) we risk to ascribe characteristics or effects to dynamic capabilities which actually relate to a different construct.

Torben (2013) did a study on adaptability; on how dynamic capabilities and slack resources shape performance in 'a new competitive landscape. Great Financial Crisis of 2008 was among many of the events that within recent years had contributed to 'a new competitive landscape', in which firms compete in markets that are more turbulent and unsettled. It argued that firms can strengthen its competitive advantage in such a new landscape through building and enhancing its dynamic capabilities, that enables it to adapt its resource base to comply with new demands in its environment. Furthermore, it also argued, that slack resources, i.e. the resources that are above and beyond what it takes to run the everyday business, play a key role in this adaptation process by broadening the range of strategic options that a firm has in any given change of environmental circumstance. It tested the hypotheses on two samples of US listed corporation during two distinct time periods of, 1991-2000 (1,097 firms) and 2001-2010 (1,234 firms). The two time periods enabled an investigation into the effect of macroeconomic conditions on the hypothesized relationships. The two key hypotheses were; firstly, that more effective dynamic capabilities is associated with higher return and lower risk outcomes, and secondly that this relationship between effective dynamic capabilities and attractive risk/return outcomes is stronger in firms operating with higher levels of slack resources. The empirical study supported the assertion, that more effective dynamic capabilities can drive higher return outcome at lower risk.



Protopogerou *et al.* (2013) investigated the relationship between dynamic capabilities and firm performance. In particular it addresses the question of whether dynamic capabilities impact directly or indirectly on performance. The study uses evidence from a sample of Greek firms belonging to various manufacturing industries, such as food and beverage industries, printing and publishing, chemical industries, industrial machinery and equipment etc. Using data from manufacturing firms, the paper articulates and measures dynamic capabilities as a multi-dimensional construct with three underlying factors: coordination, learning and strategic competitive response. Then, structural equation modelling is employed to explore the relationships among dynamic capabilities, functional competences and firm performance. Empirical findings suggest that dynamic capabilities are antecedents to functional competences which in turn have a significant effect on performance. Direct effects on performance are found to be insignificant. Furthermore, similar effects seem to hold for both higher and lower levels of environmental dynamism.

Basu, Raza and Nassiripour (2013) conducted a study on dynamic capabilities or positioning? Integrating environmental and resource-led antecedents of firm performance. The debates in strategic management continue to rage, between structure-based and strategy-based theorists. As stated by the former, a firm's positioning in its industry structure is the primary source of performance heterogeneities. The latter contend that endogenous configuration of firm resources (which lead to dynamic capabilities) are far more important to firm performance than macro, structural indicators. In this paper, we attempt to place the two fields in an integrative framework, arguing that linking the research on the strategic variables with structural research can explicate a number of unexplained facets of positioning, dynamic capabilities, and ultimately, firm performance.

Clausen (2013) did a study on the role of operational and dynamic capabilities in ambidextrous innovation. The benefits of simultaneous exploration and exploitation, generally referred to as ambidexterity, are well documented in the literature. However, there is scarce knowledge about how firms are able to achieve

ambidexterity. This paper addresses this issue in the context of the innovation process. Drawing on the capability approach in the evolutionary theory of the firm we examine the relative roles of operational capabilities and dynamic capabilities in firms? ability to simultaneously develop explorative and exploitative product innovations using a longitudinal quantitative research design. Results show direct and indirect relationships between capabilities (dynamic and operational) and product innovation.

Nedzinskas, Pundziene, Margarita and Lithuania (2013) examined the influence of the dynamic capabilities of small and medium enterprises (SMEs) on organizational performance, and the interaction between dynamic capabilities and organizational inertia in a volatile environment. A quantitative survey was carried out in Lithuania's SME sector. In order to achieve the aim of this empirical research, a sample of 360 SMEs was analyzed. This exploratory study offers a conceptual model for dynamic capabilities and organizational inertia in a volatile environment. The findings suggest that dynamic capabilities have positive effects on non-financial relative organizational performance, though no impact on financial relative organizational performance has been revealed. The authors argue that organizational inertia moderates dynamic capabilities and relative organizational performance.

## **2.5 Critique of Reviewed Studies**

As stated by Easterby-Smith, Lyles and Peteraf (2011) states that most studies have focused on obvious dynamic capabilities industries, such as semiconductors and biotechnological. For that reason, it is of high value to explore the concept in other contexts, such as the dairy industry in other countries since they are the most prone to change. Furthermore, the authors also identified another gap in the theory of dynamic capabilities: An examination of Wang and Ahmed's (2013) summary of key empirical studies pertinent to dynamic capabilities shows that most of them are created and grounded in developed countries. This is also in line with Zahra *et al.* (2013) findings that most research have focused on established enterprises and ignored the dairy industry in developing countries. There is a huge gap in literature

on studies of dynamic capabilities made on dairy industry and developing countries. This study did not also link the dynamic capabilities and strategy implementation

Wade and Hulland (2014), reaching the customer is not simply a matter of advertising; it is also a matter of choosing the right channels for distribution. If a majority of your target market lives in an urban area with only public transportation available to them, having your product in rural areas where a private automobile is needed for transport would not equal sales success. Place or position your product or service as close to the target market as possible. Create similar advertisements in store as the ones seen out of store to create an overall identity for your brand. This study focuses on promotion of goods and services in a small locality which is not the mandate of Kenya dairy industry whose scope is global. There is therefore a need to establish how the aspects of this study can apply in a local market.

As stated by Robbins (2012), co-ordination will be successful only in the presence of an effective communication. Good communication must be present between all departments, within employees themselves and even between managers and their subordinates. All communication barriers and gaps must be avoided and fixed. Good communication helps to avoid misunderstandings in the organisation. This overall helps in coordination. This study focused on a developed country situation but Kenya dairy industry works in a different environment and location which is Kenya. This signifies that there will be a difference in findings if the same study is done in Kenya as dynamic capabilities of people in different regions are bound to differ. This study also did not establish the relationship between dynamic capabilities and strategy implementation

As stated by Robbins (2012), co-ordination will be successful only in the presence of an effective communication. Good communication must be present between all departments, within employees themselves and even between managers and their subordinates. All communication barriers and gaps must be avoided and fixed. Good communication helps to avoid misunderstandings in the organisation. This overall helps in coordination. This study is too general; it lacks a locality basis and this

indicates that the findings assumed that communication strategies are the same in every country. However communication can be affected by other factors including culture of the people and hence there is a need to have a study to establish how this study can be applied in the Kenyan situation. This study also did not establish the relationship between dynamic capabilities and strategy implementation

## **2.6 Research Gaps**

The reality in today's globally competitive environment is that the effective dairy industry, through a unique interplay of both types of organizational strengths, is able to both create and convey competitive advantage. Studies on dairy industry competitiveness in developing countries have largely focused on the impact of the environmental factors on success and ignored the role of the firm-level factors. As a consequence, there is literature gap on how competitiveness of the dairy sector is created by other factors than the environment. In developing countries the dairy industry fail to compete successfully, mostly because of competitive pressure. Therefore there is a gap in Kenyan situation which is crucial for Kenya dairy industry to create dynamic capabilities in order to enhance implementation of their strategies and increase performance.

Various studies have been conducted in relation to strategy implimentation. For instance, Barua, Whinston and Yin (2014) studied firms' abilities to deploy three resources—IT, processes, and readiness of customers and suppliers—to create business value, Wade and Hulland (2014) addressed the difference between resources and capabilities of a firm in detecting and responding to market opportunities or threats, Zott (2011) explored how the dynamic capabilities of firms may account for the emergence of differential firm performance within an industry and Clausen (2013) did a study on the role of operational and dynamic capabilities in ambidextrous innovation. Nedzinskas, Pundziene, Margarita and Lithuania (2013) also examined the influence of the dynamic capabilities of small and medium enterprises (SMEs) on organizational performance, Mburu, Gitu and Wakhungu (2011), even though the The National Dairy Development Project has been

acknowledged as a success, a number of constraints have hindered its smooth implementation. Also Hassan (2016) explain that these include lack of credit facilities, a poor marketing infrastructure and deteriorating support services such as AI and disease control. Low milk prices are also a disincentive. Limited staff complement is another negative factor (Kimigo *et al*, 2012). Mutisya (2013) also observed that the dairy industry Kenya had not successfully undertaken the strategy implementation activities of building capable organizations and have not build a strategy implementation supporting culture and leadership. As stated by Kiragu (2012), most of the milk produced during the wet season was not marketed due to the poor road network and long distance to the markets. However, none of the reviewed studies focused on the effects of dynamic capabilities on strategy implementation in the dairy industry in Kenya. This study seeks to bridge this gap by establishing the effects of dynamic capabilities on strategy implementation in the dairy industry in Kenya.

## **2.7 Summary of Literature**

This study is grounded on resource-based view theory, theory of the growth of the firm and dynamic capability theory. For an organization to attain a competitive advantage, coordination must start at an early stage in the management process. It must start during the planning stage. Co-ordination will be successful only in the presence of an effective communication. Many associate a higher price with higher quality and the opposite with a lower price. a measure of reliability in an organization can be achieved by ensuring that the organization is dependable, consistent, and stable all the while competing in a global market that is dynamic and uncertain. However, change itself requires variation in these same processes that were designed to be stable and consistent.

Organizational transformation is about organizational change which the change goes to the depths of what an individual feels and will affect what people feel about the organization, what they do in the organization and maybe what they hold dear to life. Sometimes these shifts are so significant that Organization Transformation is needed

to drive alignment across the changing landscape of culture, behaviors and business objectives. Unfortunately, most leadership groups lack a proven way of thinking about the challenge. Strategy implementation efforts inevitably bring to light the size and shape of organizational barriers. The leadership group must learn as they go and allow for the effort to proceed in an evolutionary (and continuously improving) manner. These efforts may start out with broad objectives and a modest process, such as benchmarking or developing a vision.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Based on the hypotheses developed in Chapter one, this chapter covers the research design and research method used to test the hypotheses. In particular issues related research design, the population, the type of data collected, sample and sampling frame, data collection instrument, validity and reliability of the instrument, and the technique for data analysis and presentation are discussed. Lastly, the analytic techniques used to test the hypotheses are presented.

#### **3.2 Research Philosophy**

Research philosophy is the foundation of knowledge on which underlying predispositions of a study are based (Robson, 2014). This study applied pragmatism philosophical foundation in that is supported by facts mainly data sourced from the main players in the dairy industry in Kenya. Pragmatism is a deconstructive paradigm that advocates the use of mixed methods in research, sidesteps the contentious issues of truth and reality (Bajpai, 2011), and focuses instead on ‘what works’ as the truth regarding the research questions under investigation (Saunders, Lewis & Thornhill, 2012). In that sense, pragmatism rejects a position between the two opposing viewpoints. In other words, it rejects the choice associated with the paradigm wars between Positivism, Realism and Interpretivism (Interpretivist).

#### **3.3 Research Design**

Research design is the general plan of how one goes about answering the research questions. It is important to highlight the two main methods when investigating and collecting data: quantitative and qualitative. A quantitative approach is strongly linked to deductive testing of theories through hypotheses, while a qualitative approach to research generally is concerned with inductive testing (Saunders, Lewis & Thornhill, 2013). The main focus of this study was quantitative. However some qualitative approach was used in order to gain a better understanding and possibly

enable a better and more insightful interpretation of the results from the quantitative study. The study adopted an exploratory approach using a descriptive survey design. Descriptive design uses a preplanned design for analysis (Mugenda & Mugenda, 2003). A descriptive research design as defined by Kothari (2004) is a process of collecting data in order to answer questions concerning the current status of the subject in the study. This research design was considered appropriate because variables involved do not involve any manipulation and will establish the current status of the phenomena (Borg & Gail, 1983).

This study used cross sectional approach. That is, it was undertaken at a particular point in time. This approach has been credited due to the fact that it allows analysis the relations of variables under study using linear regression as long as the sampling units for the study are many. It also allows greater flexibility in terms of money and time as well as avoiding the hardship of hunting for respondents more than once to produce high response rate. This method was suitable for the study because the study involved coming up with questions that are as precise as possible in getting accurate answers as (Mytton, 2010) advices. Advantages of the survey method that favored the study include; availability of existing data, investigating problems in a realistic setting, cost cutting is possible and plenty of data can be collected with ease (Wimmer & Dominick, 2011). These reasons justify why this study became cross sectional.

### **3.4 Target Population**

Population refers to the entire group of people or things of interest that the researcher wishes to investigate, Sekaran (2010). Mugenda and Mugenda (2003) define population as an entire group of individual or objects having common observable characteristic. The target population under study was 1064 senior and middle level management staff in the dairy industry in Kenya including the strategic planners and supervisors of the 54 dairy processors, management staff at the dairy board and also management staff from the livestock department in the Ministry of Agriculture. As stated by KDB (2013), there were 54 (Fifty four) licensed milk processing firms in



Kenya as at 31st January 2013. Out of these, 34 (Thirty four) were licensed as milk processors and 20 (Twenty) as Mini Dairies.

**Table 3. 1: Target Population**

<b>Category</b>	<b>Frequency</b>	<b>Percentage</b>
Cooperative societies managers	596	56.0
Managers of dairy processors	54	5.1
Supervisors of the dairy processors	270	25.4
Management staff at the dairy board	72	6.8
Management staff at the livestock department in the Ministry of Agriculture	72	6.8
<b>Total</b>	<b>1064</b>	<b>100.0</b>

**Source: KDB (2018)**

### **3.4 Sampling Frame and Technique**

#### **3.4.1 Sampling Frame**

The sampling plan describes how the sampling unit, sampling frame, sampling procedures and the sample size for the study. The sampling frame describes the list of all population units from which the sample will be selected (Cooper & Schindler, 2003). Sample of responding firms was drawn from 1064 respondents. Where external validity is important, one need to carry out random sampling from properly defined population. In this view probabilistic sampling whose logic lies in selecting a truly random and representative sample that permits confident generalizations from the sample to a larger population was done (Cooper & Schindler, 2003).

A sample of 282 was arrived at by calculating the target population of 1064 with a 95% confidence level and an error of 0.05 using the below formula taken from Mugenda and Mugenda (2003):

From Normal distribution the population proportion could be estimated to be

$$n = \frac{Z^2 PQ}{\alpha^2}$$

Where: Z is the Z – value = 1.96  
P Population proportion 0.50  
Q = 1-P  
 $\alpha = \text{level of significance} = 5\%$   
 $n = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2}$   
n= 384

Adjusted sample size

$$n_f.' = n / [1 + (n/N)]$$

$$n.' = 384 / [1 + (384/1064)]$$

Approx = 282

Using probabilistic sampling each population member has a known chance of being included in the sample. Statistically, in order for generalization to take place, a sample of at least 30 must exist (Cooper & Schindler, 2003). Moreover, larger sample minimize errors. Kotler (2011) argues that if well chosen, samples of about 10% of a population can often give good reliability. Other literatures have shown that sample size selection to a great extent is judgmentally decided. At least 282 respondents were randomly selected as follows:

**Table 3. 2: Sampling Frame**

Category	Frequency	Rati	
		o	Sample size
Cooperative societies managers	596	0.27	158
Managers of dairy processors	54	0.27	14
Supervisors of the dairy processors	270	0.27	72
Management staff at the dairy board	72	0.27	19
Management staff at the livestock department in the Ministry of Agriculture	71	0.27	18
<b>Total</b>	<b>1064</b>		<b>282</b>

### **3.4.2 Sampling Technique**

The study selected the respondents using stratified proportionate random sampling technique. Stratified random sampling is unbiased sampling method of grouping heterogeneous population into homogenous subsets then making a selection within the individual subset to ensure representativeness. The goal of stratified random sampling was to achieve the desired representation from various sub-groups in the population. In stratified random sampling subjects are selected in such a way that the existing sub-groups in the population are more or less represented in the sample (Kothari, 2004). The study used simple random sampling to pick the respondents in each stratum.

## **3.5 Data Collection Methods**

### **3.5.1 Primary Data**

Primary data As stated by Kothari (2004) is the data collected a fresh for the first time while secondary data is that data that has already been collected and passed through statistical process. Andre (2014) explains that primary data is data that is used for a scientific purpose for which it was collected. The study collected both primary and secondary data. Primary data was collected using questionnaires.

Semi-structured questionnaires were used to collect primary data from the managers. In order to ensure uniformity in responses and to encourage participation, the questionnaires were kept short and structured to cover multiple-choice selections in a likert scale. The questionnaires were preferred in this study because respondents included in the study are literate and able to answer questions asked adequately. As stated by Mugenda and Mugenda (2003), questionnaires are used commonly to obtain detailed information about a population under study.

### **3.5.2 Secondary Data**

Secondary data was collected from other KDB reports that has been collected and tabulated through graphs, charts and reports. This type of data was collected from reference materials, which had key information and are helpful to this research study.

Collection of secondary data was obtained through desk research, which was either from internal or external sources. The external sources include publication press, annual insurance reports, libraries, and various research related organizations.

### **3.6 Pilot Study**

The questionnaire designed by the researcher based on the research questions was pilot tested to refine the questions before it can be administered to the selected sample. A pilot test was conducted to detect weakness in design and instrumentation and to provide proxy data for selection of a probability sample. Mugenda and Mugenda (2003) asserted that, the accuracy of data to be collected largely depended on the data collection instruments in terms of validity and reliability

#### **3.6.1 Validity**

As stated by Somekh and Lewin (2015) validity is the degree by which the sample of test items represents the content the test is designed to measure. Validity is used to check whether questionnaire is measuring what it purports to measure (Bryman & Cramer, 2010). Validity is the strength of our conclusions, inferences or propositions. More formally, Patton (2012) define it as the best available approximation to the truth or falsity of a given inference, proposition or conclusion. Content validity which was employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept. Expert opinion was requested to comment on the representativeness and suitability of questions and give suggestions of corrections to be made to the structure of the research tools. To establish the validity of the research instrument the researcher sought opinions of experts in the field of study especially the lecturers in the department of business administration. This helped to improve the content validity of the data that was collected. It facilitated the necessary revision and modification of the research instrument thereby enhancing validity.

#### **3.6.2 Reliability**

Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. The

researcher selected a pilot group of 30 individuals from the target population to test the reliability of the research instruments. In order to test the reliability of the instruments, internal consistency techniques were applied using Cronbach's Alpha. The alpha value ranges between 0 and 1 with reliability increasing with the increase in value. Coefficient of 0.6-0.7 is a commonly accepted rule of thumb that indicates acceptable reliability and 0.8 or higher indicated good reliability (Mugenda, 2012). The pilot data was not included in the actual study.

Cronbach's alpha is a general form of the Kuder-Richardson (K-R) 20 formulas used to assess internal consistency of an instrument based on split-half reliabilities of data from all possible halves of the instrument. It reduces time required to compute a reliability coefficient in other methods (Mugenda & Mugenda, 2003).

The Kuder-Richardson (K-R) 20 is based on the following formula;

$$KR20 = \frac{(K)(S^2 - \sum S^2)}{(S^2)(K-1)}$$

Where

**KR20** = *Reliability coefficient of internal consistency*

**K** = *Number of item used to measure the concept*

**S<sup>2</sup>** = *Variance of all score*

**s<sup>2</sup>** = *Variance of individual items*

Finally, the pilot survey drew responses from the interviewees on the design and content of the instrument and suggestions for more efficient and practical way of administering it. The pilot testing was re-run until the researcher was satisfied with the data collection instruments.

### **3.7 Data Collection Procedures**

This refers to means by which the researcher used to gather the required data or information. The study used primary data collected using questionnaires. The researcher administered the questionnaire individually to all respondents. Care and

control by the researcher was exercised to ensure all questionnaires issued to the respondents were received. To achieve this, the researcher maintained a register of questionnaires, which were sent, and which were received. The questionnaire was administered using a drop and pick later method to the sampled respondents. Two research assistants, who were well trained by the researcher, delivered and later pick questionnaires from the managers. The research assistants clarified on any questions that were unclear to the respondent. Nevertheless, where it proved difficult for the respondents to complete the questionnaire immediately, the research assistant left it with the respondents and came to pick them up. Each questionnaire was coded and only the primary researcher knew which firms respond. The coding technique was only used for the purpose of matching returned, completed surveys with those delivered to the organizations.

### **3.8 Data Processing and Analysis**

After data collection data analysis was done. This is a process is important as it makes data sensible. Data analysis tool used is dependent on the type of data to be analyzed depending on whether the data qualitative or quantitative. The quantitative data in this research was analyzed by descriptive statistics using statistical package for social sciences (SPSS) version 21. This version was used since it is the most recent version of SPSS and hence it has got advanced features. Descriptive statistics includes mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data. In addition to measures of central tendencies, measures of dispersion and graphical representations were used to tabulate the information. To facilitate this Likert Scale was used which enabled easier presentation and interpretation of data. Data was presented in tables, charts and graphs. Completeness of qualitative data collected was checked for and cleaned ready for data analysis. Content analysis was used in processing of this data and results presented in prose form.

Correlation analysis was performed to determine if any variables are correlated. The Pearson correlation coefficient ( $r$ ) was used to identify the magnitude and the

direction of the relationships between variables. For example, the value can range from  $-1$  to  $+1$ , with a  $+1$  indicating a perfect positive relationship,  $0$  indicating no relationship, and  $-1$  indicating a perfect negative or reverse relationship (as one grows larger, the other grows smaller).

In addition, a multivariate regression model was applied to determine the relative importance of each of the four variables with respect to strategy implementation. Multiple regressions is a flexible method of data analysis that may be appropriate whenever quantitative variables (the dependent) is to be examined in relationship to any other factors (expressed as independent or predictor variable). Relationships may be non-linear, independent variables may be quantitative or qualitative and one can examine the effects of a single variable or multiple variables with or without the effects of other variables taken into account, (Cohen, West and Aiken, 2003). The regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:  $Y$  = Strategy Implementation

$\beta_0$  = Constant Term

$\beta_1, \beta_2$  and  $\beta_3$ , = Beta coefficients

$X_1$ = knowledge management for future positioning

$X_2$ = discontinuous innovation

$X_3$ = organizational transformation

$X_4$ = coordination of managerial processes

$\varepsilon$  = Error term

Inferential statistics such non parametric test which include analysis of variance (ANOVA) was used to test the significance of the overall model at 95% level of significance. As stated by Mugenda (2012) analysis of variance is used because it makes use of the  $F$  – test in terms of sums of squares residual. The chi square was used to measure association between the independent and dependent variables and test the research hypotheses as computed in previous studies by Clausen (2013) and Wilden, Gudergan and Lings (2014). All necessary diagnostic tests were performed.



### **3.9 Ethical Considerations**

The researcher observed the following standards of behaviour in relation to the rights of those who became subject of the study or were affected by it: First, in dealing with the participants, they were informed of the objective of the study and the confidentiality of obtained information, through a letter that enabled them give informed consent. Caution was observed to ensure that no participant was coerced into taking part in the study and, the researcher sought to use minimum time and resources in acquiring the information required. The study adopted quantitative research methods for reliability, objectivity and independence of the researcher. While conducting the study, the researcher ensured that research ethics were observed. Participation in the study was voluntary. Privacy and confidentiality was also observed.

### **3.10 Operationalization of Variables**

The operationalization of variables is shown in Table 3.3.

**Table 3.3: Operationalization of Variables**

<b>Objectives</b>	<b>Type of Variable</b>	<b>Indicator</b>	<b>Measuring of Indicators</b>	<b>Scale</b>	<b>Tools of analysis</b>	<b>Type of analysis</b>
To analyze the effect of knowledge management for future positioning on strategy implementation in the dairy industry in Kenya.	Independent	knowledge management	<ul style="list-style-type: none"> <li>• Internal capabilities</li> <li>• Strategic and Personal competencies</li> <li>• Points to attract customers</li> </ul>	Ordinal Ordinal Ordinal	Percentages Mean score Standard deviation	Descriptive statistics Correlation analysis Regression analysis
To establish effect of discontinuous innovation on strategy implementation in the dairy industry in Kenya.	Independent	discontinuous innovation	<ul style="list-style-type: none"> <li>• New markets innovation</li> <li>• Processes innovation</li> <li>• New products innovation</li> </ul>	Interval Ordinal Ordinal	Percentages Mean score Standard deviation	Descriptive statistics Correlation analysis Regression analysis
To evaluate the effect of organizational transformation on strategy implementation	Independent	organizational transformation	<ul style="list-style-type: none"> <li>• New performance measures</li> <li>• Revision of compensation and</li> </ul>	Ordinal Ordinal Ordinal	Percentages Mean score Standard deviation	Descriptive statistics Correlation analysis Regression analysis

on strategy implementation in the dairy industry.			training • Continuous improvement			
To determine how coordination of managerial processes affect implementation on strategy implementation in the dairy industry.	Independent	coordination of managerial processes	<ul style="list-style-type: none"> <li>• Coordination in planning stage</li> <li>• Direct Contact between employees</li> <li>• Interdepartmental consideration before communication channels</li> </ul>	Ordinal Ordinal Ordinal	Percentages Mean score Standard deviation	Descriptive statistics Correlation analysis Regression analysis
	Dependent	strategy implementation	<ul style="list-style-type: none"> <li>• Corporate level</li> <li>• Business level</li> <li>• Operational level</li> </ul>	Interval Ordinal Ordinal	Percentages Mean score Standard deviation	Descriptive statistics Correlation analysis Regression analysis

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSION

#### 4.1 Introduction

The chapter dealt with the analysis of the data. Specifically, the data analysis was in line with specific objectives where patterns were investigated, interpreted and implications drawn on them. This chapter represents the empirical findings and results of the application of the variables using descriptive, qualitative and quantitative research designs.

#### 4.2 Response Rate

The study targeted a sample size of 282 respondents from which 231 filled in and returned the questionnaires making a response rate of 81.9%. This response rate was satisfactory to make conclusions for the study as it acted as a representative. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting, a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent.

**Table 4. 1: Response Rate**

<b>Questionnaire</b>	<b>Frequency</b>	<b>Percentage</b>
Filled and Returned	231	81.9
Unreturned	51	18.1
<b>Total</b>	<b>282</b>	<b>100.0</b>

#### 4.3 Reliability Test Results

In this study the reliability of the instruments was tested using cronbach alpha. Cronbach alpha value is used in the research to verify the reliability of the construct. A total of 17 questionnaires were obtained among employees of the dairy industry. Reliability of all the five constructs representing the dependent (strategy implementation) and the independent variables (knowledge management,

discontinuous innovation, organizational transformation and coordination of managerial processes) attracted a cronbach alpha statistics of more than 0.7. A cronbach alpha of more than 0.7 indicates that the data collection instrument is reliable Field (2011).

**Table 4. 2: Reliability Analysis**

<b>Variable</b>	<b>Cronbach Alpha coefficient score</b>	<b>No. Of Items</b>	<b>Comments</b>
Knowledge management for future positioning	0.889	9	Reliable
Organisational transformation	0.730	5	Reliable
Discontinuous innovation	0.930	12	Reliable
Coordination of managerial processes	0.732	5	Reliable
Strategy Implementation	0.804	5	Reliable

A pilot study was carried out to determine reliability of the questionnaires. The pilot study involved the sample respondents. Reliability analysis was subsequently done using Cronbach's Alpha which measured the internal consistency by establishing if certain item within a scale measures the same construct. Gliem and Gliem (2003) established the Alpha value threshold at 0.7, thus forming the study's benchmark. Cronbach alpha was established for every objective which formed a scale. The table shows that discontinuous innovation had the highest reliability ( $\alpha=0.930$ ), followed by knowledge management ( $\alpha=0.889$ ), coordination of managerial processes ( $\alpha=0.732$ ) and finally the organisational transformation ( $\alpha=0.730$ ). This illustrates that all the variables were reliable as their reliability values exceeded the prescribed threshold of 0.7.

#### **4.4 Demographic Data**

The study sought to establish the demographic data of the respondents'. The researcher begun by the general analysis on the demographic data got from the respondents which included: gender of the respondent, age category and how long

the respondent has worked in the organization. The study sought the respondents' gender as shown in Table 3.3.

**Table 4. 3: Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	111	48.1
Female	120	51.9
<b>Total</b>	<b>231</b>	<b>100.0</b>

Results in Table 4.3 obtained from gender distribution showed that majority of the respondents as show by 51.9% were males whereas 48.1% of the respondents were males. This implies that both genders were fairly engaged in this research and thus the findings did not suffer from gender biasness. Further, the researcher required the respondents' age category. The results are as shown in Table 4.4.

**Table 4. 4: Age Category**

<b>Age category</b>	<b>Frequency</b>	<b>Percent</b>
Below 20 years	7	3.0
21-25 years	15	6.5
26-30 years	47	20.3
31-35 years	74	32.0
36-40 years	59	25.5
41-50 years	18	7.8
Above 50 years	11	4.8
<b>Total</b>	<b>231</b>	<b>100.0</b>

Results in Table 4.4, obtained from age group distribution revealed that most of the respondents as shown by 32% were aged between 31-35 years, 25.5% of the respondents were aged between 36-40 years, 20.3% of the respondents were aged between 26-30 years, 7.8 % of the respondents were aged between 41-50 years, 6.5% of the respondents were aged between 21-25 years, 4.8% of the respondents were aged above 50 years whereas 3.0% of the respondents were aged below 20 years. This implies that respondents were fairly distributed across age groups. The

respondents' working experience was also sought. The findings are presented in Table 4.5.

**Table 4. 5: Working Experience**

<b>Working experience</b>	<b>Frequency</b>	<b>Percent</b>
Below 1 year	5	2.2
1-2 years	9	3.9
2-4 years	27	11.7
4-6 years	27	11.7
6-10 years	55	23.4
10-15 years	54	23.4
Above 15 years	54	23.8
<b>Total</b>	<b>231</b>	<b>100.0</b>

The study sought to establish the period which the respondent had served for, from the study findings the results showed that most of the respondents as shown by 23.8% had worked for a more than 15 years, 23.4% of the respondents indicated to have served for either 6 to 10 years or 11 to 15 years, 11.7% of the respondents indicated to have served for a period of 2 to 4 years or 4 to 6 years, 3.9% of the respondents indicated to have served for a period of 1 to 2 years, whereas 2.2% of the respondents indicated to have served for not more than a year. This result indicates that most of the respondents had worked long enough in the organization to understand how it works and its operations, thus, an indication that the respondents have adequate working experience in their respective organizations; therefore possess the necessary knowledge and information which is considered valuable for this study. This is in line with Armstrong (2016) who asserts that the strength of expectations may be based on past experiences.

## **4.5 Knowledge Management for Future Positioning**

### **4.5.1 Descriptive Results**

The first objective of the study was to assess the effect of knowledge management for future positioning on strategy implementation in the dairy industry in Kenya. The research sought to determine the extent to which knowledge management for future

positioning affects strategy implementation in the dairy industry in Kenya. Results are shown in Table 4.6.

**Table 4. 6: Extent to Which KM Affects Strategy Implementation**

<b>Extent</b>	<b>Frequency</b>	<b>Percent</b>
No Extent At All	2	0.9
Little Extent	9	3.9
Moderate Extent	23	10.0
Great Extent	117	50.6
Very Great Extent	80	34.6
<b>Total</b>	<b>231</b>	<b>100.0</b>

From the research findings, majority of the respondents as shown by 50.6% indicated that knowledge management for future positioning affect strategy implementation in the dairy industry in Kenya to a great extent, 34.6% of the respondents indicated to a very great extent 10% of the respondents indicated to a moderate extent, 3.9% of the respondents indicated to a moderate extent whereas 0.9% of the respondents indicated to a little extent, this implies that knowledge management for future positioning on strategy implementation in the dairy industry in Kenya to a great extent. This statement is as evidenced by Bowman and Ambrosini (2003) both assert that higher degree of knowledge will enable a company to manufacture better products or to design more efficient and efficacious production methods.

The study sought to determine the level of agreement the respondents had with the statements relating to knowlege management process in the organisation. Table 4.7 shows the responses.

**Table 4. 7: Knowledge Management**

	<b>Not at all</b>	<b>Little extent</b>	<b>Moderate extent</b>	<b>Great extent</b>	<b>Very great extent</b>	<b>Total</b>
Internal capabilities	0	0.4%	6.1%	46.3%	47.2%	<b>100.0</b>
Strategic competencies	0	1.3%	5.6%	51.5%	41.6%	<b>100.0</b>



Personal competences	0	1.3%	5.6%	49.8%	43.3%	<b>100.0</b>
Points to attract customers	0	1.7%	6.9%	55.0%	36.4%	<b>100.0</b>
Develop strategies that are close to the competitors	0	1.3%	6.9%	49.4%	42.4%	<b>100.0</b>
Promotion strategy	0	.9%	5.6%	61.0%	32.5%	<b>100.0</b>
Competent marketing team	0	0%	0.4	46.8	52.8%	<b>100.0</b>
Right channels for distribution	0	0%	0.9%	48.9%	50.2%	<b>100.0</b>
Pricing strategy	0	0%	3%.0	54.5%	42.4%	<b>100.0</b>

The study sought to establish the extent to which the organization had instituted measures to ensure effectiveness of organisation internal capabilities, from the findings, most of the respondents as shown by 47.2% indicated to a very great extent, 46.7% of the respondents indicated to a great extent, 6.1% of the respondents indicated to a moderate whereas 0.4% of the respondents indicated to a little extent. The study also revealed that the research also established that organizational internal capabilities are the fundamental building blocks for developing core competencies, if the core competencies are established; they can improve and enhance organizational capabilities while contributing to the development of certain distinctive organizational capabilities. The findings are in line with the research by Helfat and Peteraf (2003) both emphasize those internal capabilities that organization possesses can be exploited and developed into sustainable competitive advantage.

Results obtained from investigation on the extent to which the organization had instituted measures to ensure full capitalization of strategic competencies, show that majority of the respondents as shown by 51.5% indicated to a great extent, 41.6% of the respondents indicated to a very great extent, 65.6% of the respondents indicated to a moderate whereas 1.3% of the respondents indicated to a little extent. This implies that the dairy industry in Kenya had greatly instituted measures to enhance strategic competencies the findings echo's the research findings by Winter (2012) that strategic competencies strengthen independence, which empowers organizational management to contextualize decision making by navigating the multifaceted specifics of the situation in which the organisation may encounter.

The research also noted that strategic competencies equip people and organizations to take position and move in a highly dynamic context that poses constantly changing challenges to the realization of their aims this is in line with the research by Rindova and Kotha (2011) that lacking such competencies undermines the ability to adapt to such changing environments, leading to increasing marginalization therefore with strategic competencies in place, managers, planners and policy makers of the dairy industry in Kenya are able to make contextualized decisions tailored to the dynamics of a specific situation the that the organisation may encounter.

The study sought to establish the extent to which the management of Kenya dairy industry had developed measures to enhance employee competences, from the research findings in Table 4.7, 49.8% of the respondents indicated to a great extent, 42.4% of the respondents indicated to a very great extent, 6.9% of the respondents indicated to a moderate whereas 1.3% of the respondents indicated to a little extent. This implies that organisational commitment towards enhancing of employee competences was to a great extent. Implementation of measures to enhance employee performance by Kenya dairy sector is in line with the call by Gibson and Brikshaw (2014) that improving competencies allows an organization to remain adaptable and competitive, ultimately contributing to increased productivity and greater revenue

The research also revealed that coaching and job shadowing, allowed employees to perform to the best of their ability, opening the door for more learning opportunities once they have a solid foundation, the findings are in support with the argument by Lawson and Price (2011) that increased responsibility enhanced morale, improved competencies in that added an extra element of challenge at the same time presenting something to employees something new to do, forcing them to sharpen their current skills while simultaneously building new ones. Therefore improving competencies is an opportunity that the management of Kenya dairy sector should embrace.

The findings are in line with the literature by Winter (2012) that developing personal competences, enables employees to be more proactive beyond their individual roles by learning additional skills that are valued by the organization, ensures that

individual professional development and training milestones are recorded and acknowledged by the organization, gives employees insight into the overall strategy of their team, department, and organization, leading to greater engagement and motivation and increases the potential for job satisfaction

Investigation on the extent to which the organisation had adapted the use of points in order to attract and retain customers in Table 4.7 show that: 55.0% of the respondents indicated to a great extent, 36.4% of the respondents indicated to a very great extent, 6.9% of the respondents indicated to a moderate extent, whereas 1.7% of the respondents indicated to a little extent. This implies that the management of Kenya dairy industry had adopted points marketing strategy to a great extent. Adoption of this measure is in support with the call by Zollo and Winter (2013) that a good customer rewards program (like point collection and redemption program) is an excellent way to market to the current audience and attract new customers.

The study also noted that a good customer rewards program (like point collection and redemption marketing program) not only does it make customers feel like part of an exclusive group, but it gives them an opportunity to save money, the findings support the argument by Winter (2012) customers love to be treated as friend and valued parts of the community.

The research sought to assess the extent to which the management of Kenya dairy industry had developed strategies that are close to the competitors, from the findings in Table 4.7, most of the respondents as shown by 49.4% indicated to a great extent, 42.4% of the respondents indicated to a very great extent, 6.9% of the respondents indicated to a moderate whereas 1.3% of the respondents indicated to a little extent. This implies that the management of Kenya dairy industry had developed strategies to a great extent.

The research also revealed that competitors should only be used as a gauge of finding out what the market looks like on a general basis, rather than a determination of strategy, the findings supports the argument by Helfat and Peteraf (2013) who

emphasized that creating real sustainable advantage is about focusing on energies and developing those things that are not easily replicated by competitors, in this vein of understanding, the management of Kenya dairy sector should e-back on building un-copy able strategies are generally tactical, rather than emulating competitor strategic, elements.

The study sought to assess the extent to which the management of Kenya dairy industry had developed strategies that aimed at enhancing promotional strategy. Table 4.7 shows that majority of the respondents as shown by 61% indicated to a great extent, 32.5% of the respondents indicated to a very great extent, 5.6% of the respondents indicated to a moderate whereas 0.9% of the respondents indicated to a little extent. This implies that the management of Kenya dairy industry had developed strategies that enhance promotional strategy to a great extent, the findings further concurs with the research by Pavlou & El Sawy (2016) that Through promotion, the company can to attract the customer's attention and give them enough information about the product to foster enough interest to motivate them to purchase.

The study also noted that product promotion strategy is one of the necessities for getting specific brand in front of the public and attracting new customers. The study also noted that the management of Kenya dairy industry used different methods for different marketing purposes, the findings) are in support of the research by Robbins (2008) that strong set of promotional strategies can help position an organization in a favorable light with not only current customers but new ones as well.

On investigation of the quality of the organizational marketing team in Table 4.7, most of the respondents as shown by 52.8% indicated that the organization had excellent marketing team in place (very great extent) 46.8% of the respondents indicated to a great extent, whereas 0.4% of the respondents indicated to a moderate . This implies that the management of Kenya dairy industry had an excellent marketing team in place

The research also revealed that, good analytical skills, marketing skills and qualifications open up career opportunities in company marketing departments, marketing consultancies, advertising agencies and market research firms, good marketing people are first-class communicators, good team players and skilled project managers, with excellent analytic and creative skills. The findings are in supported the argument by Bowman and Ambrosini (2013) that competence, and excellent communication skills are an essential trait for a marketing career which every marketer must possess.

Investigation in Table 4.7 on effectiveness of distribution channels used by Kenya dairy industry revealed that most of the respondents (50.2%) indicated very effective( very great extent), 48.9% of the respondents indicated effective (great extent ) whereas 0.9 % of the respondents indicated moderately effective (moderate). This implies that the distribution channels currently used by Kenya dairy industry were highly effective. The finding is in line with the research by Wade and Hulland (2014), selecting a distribution channel is an important aspect of building a competitive advantage for businesses of every size,

The study also revealed that right distribution channel ensures that customers in different locations can buy companies products and get the right level of service from the company, this is in line with the literature by Arthur and Strickland (2011) that reaching the customer is not simply a matter of advertising; it is also a matter of choosing the right channels for distribution, therefore channel innovation can give Kenya dairy industry a strong competitive advantage, as customers look for faster, cheaper and easier ways of buying products.

The study sought to assess the extent to which the management of Kenya dairy industry had developed competitive strategy. From the findings in Table 4.7, majority of the respondents as shown by 54.5% indicated to a great extent, 42.4% of the respondents indicated to a very great extent, while 3% of the respondents indicated to a moderate, this implies that the management of Kenya dairy industry had a highly competitive pricing strategy in place. The findings are in line with the

research by Bowman and Ambrosini (2013) who asserts that intelligent pricing is one of the most important elements of any successful business venture adding the effective management of the channels of distribution should involve forging better relationships among channel members.

The study also noted that pricing strategy is an important element of a product marketing campaign, more than any other element, pricing strategy directly impacts the amount of profit an organisation make. The study also noted that making a successful acquisition depends on ensuring that the benefits to the company are greater than the costs. This is in line with the literature by Arthur and Strickland (2011) that pricing strategy has to determine the price level that makes sense for the business when it takes into account the costs of integrating the acquisition into the operations and the benefits the company expect.

#### 4.5.2 Test Hypothesis One

##### **Knowledge Management and Strategy Implementation in the Dairy Industry**

The focus of hypothesis one was to determine the relationship between knowledge management strategy implementation in the dairy industry. To test the first hypothesis, the index of strategy implementation in the dairy industry in Kenya as index of dependent variable was regressed upon knowledge management as a composite of independent variable.

**Table 4. 8: Knowledge management and Strategy implementation in the dairy industry**

(a)Model summery

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.828 <sup>a</sup>	.686	.685	1.60705

a. predictors: (constant) knowledge management

b. Dependent: Variable : Strategy implementation in the dairy industry

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**(b) ANOVA**

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<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	1294.335	1	1294.335	501.176	.000 <sup>b</sup>
	Residual	591.414	229	2.583		
	Total	1885.749	230			

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a. Dependent Variable : Strategy implementation in the dairy industry

**(c) Coefficient**

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<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
	<b>1</b>	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
	Constant	-9.490	1.325		-7.163	.000
	knowledge management	.752	.034	.828	22.387	.000

---

b. Dependent: variable : Strategy implementation in the dairy industry

The regression equation obtained from this output was:-

$$\text{Strategy implementation in the dairy industry} = -9.490 + 0.752 \text{ knowledge management} + e \dots \dots \dots \text{equation (1)}$$

From the findings as shown on Table 4.8, the adjusted R square for the regression of Strategy implementation in the dairy industry on knowledge management is 0.685 which mean that knowledge management explains 68.5% of variation in Strategy implementation in the dairy industry.

From the ANOVA results the F-ratio  $F(1, 230) = 1294.335$  for this relationship is significant at  $p < 0.001$ , which indicates that the model significantly predicts the outcome of the relationship between knowledge management and Strategy implementation in the dairy industry.

The beta un-standardized coefficient for knowledge management is 0.752 is also significant at  $p < 0.000$ , which means that when knowledge management changes by one unit in the measurement scale, strategy implementation in the dairy industry changes by 0.624 units.

The constant term value is -9.490, implying that when knowledge management is zero; Strategy implementation in the dairy industry would have a default value of -9.490. Therefore the null hypothesis one, which stated that there is no relationship between knowledge management and strategy implementation in the dairy industry, is not accepted. The implication is that there exists a significant positive relationship between knowledge management and strategy implementation in the dairy industry

The findings conforms with the reserch by Arthur & Strickland (2011) that a good knowledge management strategy is vital to the success of any knowledge management initiative, and should be one of the early steps in the KM program therefore implementing knowledge management should be done in the context of an agreed strategy, Ambrosini (2013) affirms that strategy ensures that the knowledge management implementation proceeds in a way that is aligned with the current business approaches, is targeted on the right problems, and is coordinated with other existing change initiatives.

## **4.6 Organizational Transformation**

### **4.6.1 Descriptive Results**

The study sought to determine the extent to which organizational transformation for future positioning affects strategy implementation in the dairy industry in Kenya. Table 4.9 displays the findings.

**Table 4. 9: Organizational Transformation**

<b>Organizational Transformation</b>	<b>Frequency</b>	<b>Percent</b>
Moderate extent	27	11.7



Great extent	97	42.0
Very great extent	107	46.3
Total	231	100.0

From the research findings in Table 4.9, most of the respondents as shown by 46.3% indicated that organisational organizational transformation for future positioning affects strategy implementation in the dairy industry in Kenya to a very great extent, 42% of the respondents indicated to a great extent whereas 11.7% of the respondents indicated to a moderate extent, this implies that organisational transformation for future positioning affects strategy implementation in the dairy industry in Kenya to a very great extent. The findings are in support of the research by Staber and Sydow, (2012) who asserts that organization continually need to have a flexible, effective and efficient organization and recognise the current strengths to create a more productive environment.

The study further sought to determine the respondents' level of agreement with the statements relating to organisation. The responses were as portrayed in Table 4.10.

**Table 4. 10: Organisational Transformation**

Organizational Transformation	Not at all	Little extent	Moderate extent	Great extent	Very great extent	Total
New performance measures	0%	7.8%	7.8%	55.8%	28.6%	<b>100</b>
Quality program	0%	4.3%	6.5	34.6%	54.5%	<b>100</b>
Revision of compensation and training	0%	2.2%	2.2	61.0%	34.6%	<b>100</b>
Customer focused approach	3.9%	0%	1.3%	42.9%	51.9%	<b>100</b>
Continuous improvement	4.3%	0%	0%	47.6%	48.1%	<b>100</b>

The study sought to determine the extent to which organisational had implemented new performance measures. From the research findings in Table 4.10, most of the respondents as shown by 55.8% indicated to a great extent, 28.6% of the respondents indicated to a very great extent whereas 7.8% of the respondents indicated either to a

moderate extent or to a little extent, this implies that organisational had implemented new performance measures to a great extent. The findings are in line with the research by Staber and Sydow (2012) performance measurement can be used by corporations to improve their competitive advantage by monitoring costs, effectiveness, and customer satisfaction, and to report returns on investment to shareholders

The research also revealed that tracking and measuring performance enables managers to assess the organisational progress against internal objectives and plans. This, in turn, enabled dairy industry managers to make informed decisions about future priorities, strategies and resource allocations. The findings are in line with the research by Hooley et al. (2011) that monitoring enables the managers to confirm whether the results are consistent with and contributing to, strategic policies and objectives. The findings further concurs with the argument by Kaplan and Norton (2010) With the help of performance measurement tools, companies can monitor the implementation of their business plans and strategies, thereby contributing to their organizational success.

The study sought to determine the extent to which organisational had implemented quality management program. From the research findings in Table 4.10, majority of the respondents as shown by 54.5% indicated to a very great extent 34.6% of the respondents indicated to a great extent, 6.5% of the respondents indicated to a moderate extent whereas 4.3% of the respondents indicated to a little extent, This implies that organisational had implemented quality management program to a very great extent. The findings further concurs with the research by Alvarez and Merino (2011) that quality management program helps in highlighting the needs of the market therefore Its application is universal and can help the Kenya dairy industry to identify and meet the needs the market in a better way.

The study also revealed that implementation quality management program helped in emphasizing the needs of the market, assured better quality performance in every sphere of, helps in checking non-productive activities and waste, helpful in meeting

the, it helps in developing an adequate system of communication and in continuous review of progress. The findings further concurs with the research by Gibson and Brikinshaw (2012) quality management program are greatly helpful in understanding the competition and also developing an effective combating strategy therefore adoption of quality management program in Kenya dairy industry management can help in understanding the customers as well as the market and provides an opportunity to the organisation to meet the competition.

The research also sought to determine the extent to which organisational had implemented measures on revision of compensation and training, Table 4.10 shows that majority of the respondents as shown by 61% indicated to a great extent 34.6% of the respondents indicated to a very great extent, 2.2 % of the respondents indicated to a moderate extent or little extent, this implies that organisational had implemented revision of compensation and training to a great extent. the findings concurs with the research by Rindova and Kotha (2011) that Since compensation and training is designed to emphasize an employee's importance toward company objectives, it is vital that compensation and training system s also adapt to changing company goals.

The study also established that revision of compensation and training can be advantageous in helping organisation business attract and retain top talent, high achievers usually prefer to work for organizations where they feel their accomplishments will be acknowledged and rewarded. Revision of compensation and training, helps keep employees who might otherwise leave for better-paying opportunities, in this essence, the management of dairy industry in Kenya can adopt revision of compensation and training in order to retain high performers who will indeed bring in money needed by the company because this is a win-win scenario. The findings concurs with the research by Rindova and Kotha (2011) compensation and training can motivate employees to perform at an optimal level.

The research sought to determine the extent to which organisational had implemented measures on customer focused approach. From Table 4.10, majority of

the respondents as shown by 51.9% indicated to a very great extent 42.9% of the respondents indicated to a great extent, 23.9 % of the respondents indicated to a no extent at all while 1.3% of the respondents indicated to a moderate extent, this implies that organisational had implemented customer focused approach measures to a very great extent. the findings concurs with the research by Gibson and Brikshaw (2014) that customer focused approach helped to increase at customer retention, increasing customer loyalty, while at the same time increasing profits in the business, company or organization

The study also revealed that, in any competitive market, developing customer focused approach is a key differentiator and is a crucial component of business strategy, satisfied customers will not only keep coming back for more, but they will also bring along other customers, hence making the business popular and helping it to gain a competitive advantage over competitors, customer focus is more about finding out what the customer knows and feels about their needs and establishing the gaps between their needs and actually attaining them, this mostly applies to handling customer complaints. The findings concurs with the research by Rindova and Kotha (2011) that when customers are put at the centre stage during implementation of service delivery, positive impacts are bound to be felt.

The research sought to determine the extent to which organisational had implemented measures on continuous improvement, As per Table 4.10, most of the respondents as shown by 48.1% indicated to a very great extent 47.6% of the respondents indicated to a very great extent, while 4.3 % of the respondents indicated to a no extent at all while, this implies that organisational had implemented continuous improvement measures to a great extent. The findings concurs with the research by Lawson and Price, (2011) that continuous improvement process helps managers to take actions to reduce defects, remove activities which provide no value and improve customer satisfaction.

The research also revealed that to support continuous improvement, business professionals in Kenya dairy industry continually examine their processes to discover

and eliminate problems, continuous improvement processes feature a systems approach to improving the work flow in Kenya dairy industry. The findings are in support of the argument by that Flint (2015) that continuous improvement processes allow project team members to uncover problems and determine ways to fix them

#### 4.6.2 Test Hypothesis Two

Organizational transformation process and strategy implementation in the dairy industry, The aim of hypothesis two was to establish the relationship between organizational transformation process and strategy implementation in the dairy industry, to test the second hypothesis, the index of Strategy implementation in the dairy industry as index of dependent variable was regressed upon organizational transformation processes a composite of independent variable. Results are shown in Table 4.11.

**Table 4. 11: Organizational transformation process and Strategy implementation**

<b>(a) Model summary</b>						
Model	R	R Square	Adjusted R Square	Std. Error of Estimate		
1	.872 <sup>a</sup>	.760	.713	.10122		
a. predictors: (constant) Organizational transformation processes						
b. Dependent: Variable : Strategy implementation in the dairy industry						
<b>(b) ANOVA</b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.28	1	2.28	9.956	.004 <sup>b</sup>
	Residual	52.441	229	0.229		
	Total	54.721	230			
a. Dependent Variable : Strategy implementation in the dairy industry						
<b>(c) Coefficient</b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
1		B	Std. Error	Beta		
	(Constant)	0.821	0.155		5.297	.000
	Organizational transformation	0.523	0.218	0.489	2.399	.021
b. Dependent: variable : Strategy implementation in the dairy industry						

The regression equation obtained from this output was:-

$$\text{Strategy implementation in the dairy industry} = 0.821 + 0.523 \text{ organizational transformation process} + e \dots \dots \dots \text{equation (2)}$$

From the findings as shown on Table 4.11, the value of adjusted R square for the regression of strategy implementation in the dairy industry on organizational transformation process is 0.713 which mean that organizational transformation process explains 71.3% of variation in Strategy implementation in the dairy industry.

From the ANOVA results the F-ratio  $F(1, 230) = 9.956$  for this relationship is significant at  $p < 0.004$ , which indicates that the model significantly predicts the outcome of the relationship between organizational transformation process and strategy implementation in the dairy industry.

The beta un-standardized coefficient for organizational transformation processes is 0.523 is also significant at  $p < 0.004$ , which means that when organizational transformation process changes by one unit in the measurement scale, Strategy implementation in the dairy industry changes by 0.523 units.

The coefficient for the constant term is 0.821, implying that when organizational transformation process is zero, Strategy implementation in the dairy industry would have a default value of 0.821. Therefore the null hypothesis one, which stated that there is no relationship between organizational transformation process and strategy implementation in the dairy industry, is not accepted. The implication is that there exists a significant positive relationship between organizational transformation process and strategy implementation in the dairy industry the findings are in line with the research by Alvarez and Merino (2011) that the ability to adapt to environment and align internal resources with external demand is critical to firm evolution and survival in several industries.

The findings are in support with the research by Staber and Sydow (2012) who asserts that during organisational organizational transformation process, the top

management team should delegate to employees as well as motivating and enabling them to act, encouraging innovation, trial and experimentation and by developing a culture which encourages informed risk-taking and facilitates learning from mistakes. According Hooley *et al.*, (2011) the combination of exploration and path creation can lead to the “disruptive innovation” that can help the organisation secure sustainable competitive advantage.

## 4.7 Discontinuous Innovation

### 4.7.1 Descriptive Results

The study sought to the extent in which discontinuous innovation affect strategy implementation in the dairy industry in Kenya. Table 4.12 shows the findings.

**Table 4. 12: Extent that Discontinuous Innovation affects strategy implementation**

<b>Extent</b>	<b>Frequency</b>	<b>Percent</b>
Little extent	9	3.9
Moderate extent	30	13.0
Great extent	83	35.9
Very great extent	109	47.2
<b>Total</b>	<b>231</b>	<b>100.0</b>

The study sought to determine the extent to which discontinuous innovation for future positioning affects strategy implementation in the dairy industry in Kenya. From the research findings in Table 4.12, most of the respondents as shown by 47.2% indicated that discontinuous innovation for future positioning affects strategy implementation in the dairy industry in Kenya to a very great extent, 35.9% of the respondents indicated to a great extent 13% of the respondents indicated to a moderate extent, whereas 3.9% of the respondents indicated to a little extent, this implies that discontinuous innovation for future positioning affects strategy implementation in the dairy industry in Kenya to a very great extent, the findings are in support of Leonard-Barto (2011), that firm failure could be attributed to managers

using the extant set of dynamic capabilities, when they are not appropriate for the new environment.

Further, the study sought to determine the extent to which the organisation had implemented the above initiatives relating to discontinuous innovation. Table 4.13 shows the answers.

**Table 4. 13: Discontinuous Innovation**

	<b>Not extent at all</b>	<b>Little extent</b>	<b>Moderate extent</b>	<b>Great extent</b>	<b>Very great extent</b>	<b>Total</b>
New markets innovation	0%	2.2%	6.5%	61.5%	29.9%	<b>100</b>
Strategic innovation orientation	0%	0%	.9%	50.2%	48.9%	<b>100</b>
Process innovation	2.6%	2.6%	.9%	45.0%	48.9%	<b>100</b>
Developing new products and services	0%	0%	0%	53.7%	46.3%	<b>100</b>
Disruptive technologies/technological sophistication	0%	6.1%	1.3%	38.1%	54.5%	<b>100</b>
Consistency of the manufacturing process	0%	5.6%	9.1%	50.6%	34.6%	<b>100</b>
New products innovation	0%	2.2%	6.1%	36.4%	55.4%	<b>100</b>
Development of new production methods	0%	1.3%	2.6%	56.3%	39.8%	<b>100</b>
Identification of new markets	1.3%	0%	2.6%	50.2%	45.9%	<b>100</b>
Seeking unusual and novel solutions	6.5%	0%	1.7%	39.4%	52.4%	<b>100</b>
Strategic tendency to pioneer	0%	3.0%	8.7%	46.3%	42.0%	<b>100</b>
Technical specifications of the product	0	10.4%	.4%	34.6%	54.5%	<b>100</b>

**a, New markets innovation**

The study sought to assess the level of new markets innovation in the organisation. From Table 4.13, majority of the respondents as shown by 61.5 % indicated that the level of new markets innovation in dairy industry was to a great extent, 29.9% of the respondents indicated to a very great extent, 6.5% of the respondents indicated to a moderate extent while 2.2% of the respondents indicated to little extent, this implies that the level of new markets innovation in dairy industry was to a great extent. the study also revealed that the management of kenya dairy industry can try to take an existing market from an entrenched competitor with sustaining market innovations.



the findings are in line with the research by Lee and Kelley (2012), that Sustaining market innovations, whether they involve incremental refinements or radical breakthroughs, ultimately they improve the performance of established products and services along the dimensions that mainstream customers in major markets historically have valued

The study sought to assess the level of strategic innovation orientation in the organisation. Table 4.13 shows that majority of the respondents as shown by 50.2 % indicated that the level of strategic innovation orientation in dairy industry was to a great extent, 48.9% of the respondents indicated to a very great extent while 0.9% of the respondents indicated to a moderate extent, this implies that the level of strategic innovation orientation in the organisation was to a great extent. Further the study revealed that Organizations that possess high strategic innovation orientation engage in value creation strategies such as market segmentation, developing new products/services for new markets, and product or service customisation, in the same way, organizations possessing low innovation orientations generally practice less aggressive and internally focused strategies, de-emphasising such things as customer service, brand reputation, and co-operation based strategies such as joint ventures and alliances. The findings are in support of the argument by Christensen (2011) finds that market orientation has a positive impact on new product performance at the early stage of the PLC and incremental product innovation. On the other hand, Salavou (2015) suggests that technology orientation has a significant direct effect on product innovativeness in SME instead. Appiah-Adu and Singh (2010) also find a link between customer orientation, new product success and company performance.

The study sought to assess the level of process innovation in the organisation. From Table 4.13, most of the respondents as shown by 45% indicated that the level of process innovation in dairy industry was to a great extent, 48.9% of the respondents indicated to a very great extent, 0.9% of the respondents indicated to a moderate extent while 2.6% of the respondents indicated to a little extent or no extent at all. This implies that the level of process innovation in the organisation was to a great extent. The research further noted that Organizations need to implement policies that

encourage process innovation culture. Companies dedicated to continuous innovation and change need to develop a set of guidelines and processes the findings are inline with the reserch by Leonard-Barton, (2011) that continous innovation is imperative to gain a competitive advantage in order to find and defend the the sweet spot that defines future success

The study sought to assess the level of organisational commitment towards development of new products and services. Table 4.13 shows that majority of the respondents as shown by 53.7% indicated that the level of development of new products and services in dairy industry was to a great extent while 46.3% of the respondents indicated to a very great extent, this implies that development of new products and services in the organisation was to a great extent. the study also revelaed that when companies keep improving their existing products and services to meet their best customers' needs, they eventually create opportunities for new markets. Established companies historically have struggled when trying to create new markets. this contradicta the urgumewnt by Tushman and Romanelli (2011) that Success seems fleeting and unpredictable

The study sought to assess the level of disruptive technologies/technological sophistication in the organisation. As from Table 4.13, majority of the respondents as shown by 54.5% indicated that the level of disruptive technologies/technological sophistication was to a very great extent, 38.1% of the respondents indicated to a great extent 6.1% of the respondents indicated to a little extent while 1.3% of the respondents indicated to a moderate extent. This implies that the level of disruptive technologies/technological sophistication in the organisation was to a great extent.

The study sought to assess the level of consistency in the manufacturing process in the organisation. Table 4.13 shows that majority of the respondents as shown by 50.6% indicated that the level of consistency in the manufacturing process was to a great extent, 34.6% of the respondents indicated to a very great extent 9.1% of the respondents indicated to a moderate extent while 5.6 % of the respondents indicated to a little extent. This implies that the level of consistency in the manufacturing process was in the organisation was to a very great extent. the study also noted that

consistency in the manufacturing process is one of the significant elements for continuous improvement. Measurement and analysis of consistency in the manufacturing process operations can help to understand the critical elements of operations and enable the organisation to determine when improvements are being accomplished. The findings are in support of the argument by Tushman and Romanelli (2011) consistency in the manufacturing process helps to deliver more consistent products and services. the analysis of consistency measurements can help to reduce the normal variability inherent in companies' operations thereby improving on quality and productivity

The study sought to assess the level of new products innovation in the organisation. From Table 4.13, majority of the respondents as shown by 55.4% indicated that the level of new products innovation was to a very great extent, 34.6% of the respondents indicated to a great extent, 6.1% of the respondents indicated to a moderate extent while 2.2% of the respondents indicated to a little extent. This implies that the level of new products innovation in the organisation was to a very great extent. The study also revealed that new products innovation can help discover what opportunities exist now, or are likely to emerge in the future. Successful businesses not only respond to their current customer or organisational needs, through new products innovation but often anticipate future trends and develop an idea, product or service that allows them to meet this future demand rapidly and effectively. The findings are in support of the research by Tushman and O'Reilly (2011), new products innovation can help an organisation stay ahead of competition as markets, technologies or trends shift

The study sought to assess the level of organisational commitment in development of new production methods. Table 4.13 reveals that the majority of the respondents as shown by 56.3% indicated that the level of organisational commitment in development of new production methods was to a great extent, 39.8% of the respondents indicated to a very great extent, 2.6% of the respondents indicated to a moderate extent while 1.3% of the respondents indicated to a little extent. This

implies that the level of organisational commitment in development of new production methods was to a very great extent. the study also revealed that organisations apply forecasting methods of production to anticipate potential issues and results for the business in the upcoming months and years, the findings support the argument by Danneels (2012) operations management techniques help businesses determine the actions they should take to bring about favorable results and avoid unprofitable scenarios based on those forecasts.

On the level of organisational commitment in identification of new markets, in Table 4.13, majority of the respondents as shown by 50.2% indicated that the level of organisational commitment in Identification of new markets was to a great extent, 45.9% of the respondents indicated to a very great extent, 2.6% of the respondents indicated to a moderate extent while 1.3% of the respondents indicated to a no extent at all. This implies that the level of organisational commitment in Identification of new markets was to a great extent the study also revealed that mplementation of a marketing strategy can improve business profitability because of implications for all aspects of the company's operations. marketing strategy focuses company attention on particular target market segments and makes it clear what product characteristics are required for successfully satisfying customer needs. the findings are inline with the reserch by Zahra *et al* (2016) Identification of new markets focus eliminates marginal operations that don't contribute to business growth and promotes a streamlined approach to the company's business.

The study sought to assess the level of organisational commitment in seeking unusual and novel solutions. From Table 4.13, majority of the respondents as shown by 52.4% indicated that the level of organisational commitment in seeking unusual and novel solutions was to a very great extent, 39.4% of the respondents indicated to a great extent, 6.5% of the respondents indicated to a no extent at all while 1.7% of the respondents indicated to a moderate extent. This implies that the level of organisational commitment in seeking unusual and novel solutions was to a very great extent. further the study revealed that, Critical to growth in most sectors is the

combination of launching new products and services, entering lucrative markets, creating new competitive advantages, and deploying new business models thus according to Tushman and Romanelli (2011) the managers of organizational must constantly seek unusual, novel solutions in order to to enrich work, increase openness, and decrease future unforeseen risk.

From Table 4.13 on the level of strategic tendency to pioneer in the organisation, majority of the respondents as shown by 46.3% indicated that the level of Strategic tendency to pioneer was to a great extent, 42% of the respondents indicated to a very great extent, 8.7% of the respondents indicated to a moderate extent while 3.0% of the respondents indicated to a little extent. This implies that the level of Strategic tendency to pioneer in the organisation was to a great extent. The study also revealed that Kenya Dairy industry can take advantage of gaps in the offerings aging pioneers, or finding innovative ways to market their product, this can be done through to reducing s price and decreasing the value of the business for a new entrant, or blocking entrance entirely by controlling key distribution channels. the findings are in support of the reserch by Danneels (2012) who maintaines that Pioneers with a distinctive presence in the marketplace need to be in a position to react, or even better, anticipate potential entrants and increase the barriers to their entry

The study sought to assess the implementation level of technical specifications of the product in the organisation. Table 4.13 shows that majority of the respondents as shown by 54.5 % indicated that the implementation level of technical specifications of the product was to a very great extent, 34.6% of the respondents indicated to a great extent, 10.4% of the respondents indicated to a little extent while 0.4 % of the respondents indicated to a moderate extent. This implies that the implementation level of technical specifications of the product was to a very great extent. the reserch also revealed that improving product quality is very important, as today's customer is becoming very quality conscious, as the application of concurrent engineering helps to improve product quality, the primary objective of some companies for practicing

concurrent engineering is to improve the quality of their products. the findings are in line with the reserch by Paasi and Nordlund (2012) improving the competitiveness of manufactured products is vital, as the competition in today's world increases globally

#### 4.7.2 Test Hypothesis Three

##### Discontinuous innovation and Strategy implementation in the dairy industry

The main objective of hypothesis three was to establish the relationship between discontinuous innovation and strategy implementation in the dairy industry, to test the third hypothesis, the index of strategy implementation in the dairy industry as index of dependent variable was regressed upon discontinuous innovation as a composite of independent variable.

**Table 4. 14: Discontinuous innovation and Strategy implementation**

<b>(a)Model summery</b>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.561 <sup>a</sup>	.315	.296	.24153		
a. predictors: (constant) Discontinuous innovation						
b. Dependent: Variable : Strategy implementation in the dairy industry						
<b>(b) ANOVA</b>						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1 Regression	73.227	1	73.227	98.160	.000 <sup>b</sup>	
Residual	170.834	229	.746			
Total	244.061	230				
a. Dependent Variable : Strategy implementation in the dairy industry						
<b>(c) coefficient</b>						
Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
1	B	Std. Error	Beta			
(Constant)	-18.871	3.055			-6.177	.000
Discontinuous innovation	0.423	0.208	0.389		2.034	.004
b. Dependent: variable: Strategy implementation in the dairy industry						

The regression equation obtained from this output was:-

Strategy implementation in the dairy industry = 18.871 + 0.423 discontinuous innovation + e.....equation (3)

From the findings as shown on Table 4.14, the value of adjusted R square for the regression of strategy implementation in the dairy industry on discontinuous innovation is 0.296 which mean that discontinuous innovation 29.6% of variation in strategy implementation in the dairy industry.

From the ANOVA results the F-ratio F-ratio (1, 230) = 98.160 for this relationship is significant at  $p < 0.001$ , which indicates that the model significantly predicts the outcome of the relationship between discontinuous innovation and strategy implementation in the dairy industry.

The beta un-standardized coefficient for discontinuous innovation is 0.423 also significant at  $p < 0.001$ , which means that when discontinuous innovation changes by one unit in the measurement scale, strategy implementation in the dairy industry changes by 0.423 units.

The coefficient for the constant term is -18.871, implying that when discontinuous innovation is zero; Strategy implementation in the dairy industry would have a default value of -18.871. Therefore the null hypothesis one, which stated that there is no relationship between top discontinuous innovation and strategy implementation in the dairy industry, is rejected. The implication is that there exists a significant positive relationship between discontinuous innovation and Strategy implementation in the dairy industry. The findings are in support of The findings are in line with the research findings by Rice (2012) that Discontinuous innovations disrupt established routine and may even require a very different set of capabilities and new behaviour patterns, adding that the notion of novelty is relative so a discontinuous innovation for one organisation might be an incremental one for another.

## 4.8 Coordination of Managerial Processes

### 4.8.1 Descriptive Results

The study sought to determine the extent to which coordination of managerial processes for future positioning affects strategy implementation in the dairy industry in Kenya. The results are as shown in Table 4.15.

**Table 4. 15: Extent to which CMP affects strategy implementation**

<b>Extent</b>	<b>Frequency</b>	<b>Percent</b>
Little extent	8	3.5
Moderate extent	22	9.5
Great extent	106	45.9
Very great extent	95	41.1
<b>Total</b>	<b>231</b>	<b>100.0</b>

Table 4.15 shows that, most of the respondents as shown by 45.9% indicated that coordination of managerial processes for future positioning affects strategy implementation in the dairy industry in Kenya to a great extent, 41.1% of the respondents indicated to a very great extent 9.5% of the respondents indicated to a moderate extent, whereas 3.5% of the respondents indicated to a little extent, this implies that coordination of managerial processes for future positioning affects strategy implementation in the dairy industry in Kenya to a great extent.

The study sought to determine the respondents agreed with the above statements relating to coordination of managerial processes in the organisation. The findings were as presented in Table 4.16.



**Table 4. 16: Coordination of Managerial Processes**

	Not extent at all	Little extent	Moderate extent	Great extent	Very great extent	Total
Coordination inn planning stage	0%	0.9%	2.6%	58.4%	38.1%	100
Direct contact between managers and their subordinates	1.3%	0%	3.0%	52.4%	43.3%	100
Interdepartmental consideration before communication channels	7.8%	0%	.4%	38.5%	53.2%	100
Mutual respect	0%	2.6%	8.7	48.1%	40.7%	100

The study sought to assess the level of coordination in planning stage. From the findings in Table 4.16, majority of the respondents as shown by 58.4% indicated that level of coordination in planning stage was to a great extent, 38.1% of the respondents indicated to a very great extent, 2.6% of the respondents indicated to a moderate extent while 0.9% of the respondents indicated to little extent, this implies that coordination in planning stage was in dairy industry was to a great extent. The findings concur with the research by Rees (2016), that coordination in planning stage highlights the purposes for which various activities are to be undertaken, it makes objectives more clear and specific,

Further, the study noted that coordination in planning stage helps in focusing the attention of employees on the objectives or goals of enterprise, coordination in planning stage compels managers to prepare a blue-print of the courses of action to be followed for accomplishment of objectives. Therefore, coordination in planning stage in management of Kenya dairy industry can brings order and rationality into the organization. The findings concur with the research by Robbins (2012) indicates that for an organization to attain competitive advantage over others, coordination must be a continuous process

The study sought to assess the level of direct contact between managers and their subordinates. Table 4.16 shows that majority of the respondents as shown by 52.4% indicated that direct contact between managers and their subordinates was to a great extent, 43.3% of the respondents indicated to a very great extent 3.0% of the respondents indicated to a moderate extent while 1.3% of the respondents indicated to little extent, this implies that direct contact between managers and their subordinates was to a great extent. The findings concur with the research by Rogers (2012) indicates that all managers must have a Direct Contact with their subordinates. This will result in good relations between the manager and their subordinates

Further, the research noted that top manager's holds responsibility for more than just his relationship with their subordinates. Top managers should be responsible for their subordinates' relationships with each other and for their relationship with the broader organization. Top managers should pay attention on how junior employees interact with one another and what avenues of communication they need to have with personnel outside the team. Interactions lead to good ideas, but they also cause distractions from people's core work and can disrupt work flows. The findings concur with the research by Robbins (2012), co-ordination will be successful only in the presence of an effective communication. Good communication must be present between all departments, within employees themselves and even between managers and their subordinates.

The study sought to assess the level of interdepartmental consideration before communication channels. From the findings in Table 4.16, majority of the respondents as shown by 53.2% indicated that interdepartmental consideration before communication channels was to a very great extent, 35.5% of the respondents indicated to a very great extent 7.8% of the respondents indicated to a no extent at all while 0.4% of the respondents indicated to, this implies that interdepartmental consideration before communication channels was to a moderate extent. The findings concur with the research by Farjoun (2010) that when the departments in the

company are efficiently sharing information, then clients can be properly attended to, and customer service improves.

Further, the study noted that the importance of communication between different departments in an organization becomes most evident when that communication breaks down, accurate and efficient communication between departments builds trust within the organization. When departments trust each other to deliver accurate information, this eliminates the extra fact-checking step that can slow down productivity. Departments should ensure that the information they are giving to other departments in the organization is reliable to help improve operational efficiency findings are in line with the call Gray (2016) that Implementing policies to strengthen inter-departmental communication help to underscore its importance and maintain an efficient flow of information.

The study sought to assess the level of mutual respect in the organization. The results on Table 4.16 reveal that most of the respondents as shown by 48.1% indicated that the level of mutual respect in the organization was to a very great extent, 40.7% of the respondents indicated to a very great extent 8.7% of the respondents indicated to a moderate while 2.6% of the respondents indicated to little extent, this implies that level of mutual respect in the organization was to a moderate extent, the findings supports the argument by Lucas and Diener (2011), that coordination will be successful only if there exist a mutual respect throughout the organisation. All managers working at different levels (top, middle or lower) must respect each other.

The study also revealed that creating a workplace of mutual respect between management, subordinates and co-workers can attract top talent in the industry and accrue distinct competitive advantages a workplace of mutual respect provides advancement and pay raise opportunities to all employees based on criteria that anyone can meet. The findings are in line with the findings by Gray (2016) that a workplace of mutual respect encourages employees to understand each other's cultural differences, embrace diverse cultures and never place specific cultures in the

“exotic” or “different” categories and that regular collaboration between management and front-line employees shows respect for all employees.

#### **4.8.2 Test Hypothesis four**

Coordination of managerial processes and strategy implementation in the dairy industry, the main objective of hypothesis three was to establish the relationship between coordination of managerial processes and strategy implementation in the dairy industry, to test the third hypothesis, the index of strategy implementation in the dairy industry as index of dependent variable was regressed upon coordination of managerial processes as a composite of independent variable. Table 4.17 shows the results.

**Table 4. 17: Coordination of managerial processes and strategy implementation in the dairy industry in Kenya**

<b>(a) Model summary</b>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.772 <sup>a</sup>	.596	.594	1.82446		

a. predictors: (constant) Coordination of managerial processes  
b. Dependent: Variable : Strategy implementation in the dairy industry

<b>(b) ANOVA</b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1123.487	1	1123.487	337.520	.000 <sup>b</sup>
	Residual	762.262	229	3.329		
	Total	1885.749	230			

<b>(c) coefficient</b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
1		B	Std. Error	Beta		
	(Constant)	-2.678	1.244		-2.152	.032
	Coordination	1.318	.072	.772	18.372	.000

b. Dependent: variable : Strategy implementation in the dairy industry

The regression equation obtained from this output was:-

$$\text{Strategy implementation in the dairy industry} = -2.678 + 1.318 \text{ coordination of managerial processes} + e \dots \dots \dots \text{equation (4)}$$

From the findings as shown on Table 4.17, the value of adjusted R square for the regression of strategy implementation in the dairy industry on coordination of managerial processes is 0.594 which mean that coordination of managerial processes explains .59.4% of variation in strategy implementation in the dairy industry.

From the ANOVAs results the f-ratio f-ratio (1, 230) = 337.520 for this relationship is significant at  $p < 0.000$ , which indicates that the model significantly predicts the

outcome of the relationship between coordination of managerial processes and strategy implementation in the dairy industry.

the beta un-standardized coefficient for coordination of managerial processes is 0.703 is also significant at  $p < 0.001$ , which means that when coordination of managerial processes changes by one unit in the measurement scale, strategy implementation in the dairy industry changes by 1.318 units.

The coefficient for the constant term is -2.678, implying that when coordination of managerial processes is zero; strategy implementation in the dairy industry would have a default value of -2.678. Therefore the null hypothesis one, which stated that there is no relationship between top coordination of managerial processes and strategy implementation in the dairy industry, is rejected. The implication is that there exists a significant positive relationship between coordination of managerial processes and strategy implementation in the dairy industry.

The findings in support of the literature by result by Gray (2016) that Coordination helps to Promoting the efficiency of operations, coordination improves the morale and job satisfaction of employees. Composite and orderly effort established through team spirit and executive leadership enables employees to derive a sense of security and personal contentment from their job. A well-coordinated organisation can attract, retain and utilize better personnel. Coordination improves human relations by reconciling individual and organizational objectives

The findings in support of the literature by Lucas and Diener (2011), coordination helps to ensure unity of action in the face of disruptive forces. By welding together different departments and sections into one entity, coordination ensures the stability and growth of an organisation. It enables the executives to see the enterprise as a whole instead of narrow sectional goals. Individual interests are subordinated to the common interest more easily and effectively.

## **4.9 Strategy Implementation**

The study also sought the trend of aspects of strategy implementation in the dairy industry in Kenya for the last five years. Table 4.18 shows the findings.

**Table 4. 18: Aspects related to Strategy Implementation**

	N	Minimum	Maximum	Mean	Std. Deviation
Corporate strategy implementation	231	1.00	5.00	3.79	0.99
Business strategy implementation	231	1.00	5.00	3.77	0.97
Functional strategy implementation	231	1.00	5.00	4.18	0.78
Operational strategy implementation	231	1.00	5.00	4.08	0.83

Table 4.18 reveals that assessments on strategy implementation showed that great improvement in Functional strategy implementation as shown by a mean of 4.18, Operational strategy implementation as shown by a mean of 4.08, Corporate strategy implementation as shown by a mean of 3.79 and Business strategy implementation as shown by a mean of 3.77. The study also revealed that organization should develop, utilize, and amalgamate organizational structure, control systems, and culture to follow strategies that lead to competitive advantage and a better performance. Organizations should allocates special value to developing tasks and roles to the employees and state how these tasks and roles can be correlated so as maximize efficiency, quality, and customer satisfaction-the pillars of competitive advantage. The findings are in line with the research by Lyles and Peteraf (2011) that excellently formulated strategies may fail if they are not properly implemented. Also, strategy implementation is not possible unless there is stability between strategy and organizational dimension such as organizational structure, reward structure, resource-allocation process.

#### **4.10 Diagonstic Tests Results**

The study performed tests on statistical assumptions i.e. test of regression assumption and statistic used. This included Sampling Adequacy Tests, Multicollinearity Test,



Homoscedasticity Test, Normality test, CUSUM test for parameter stability, Tests of Independence and Heteroskedasticity Test.

#### 4.10.1 Sampling Adequacy Tests

In order to establish the validity of study's variables, tests of sampling adequacy were used. This enabled the study identify whether the items were appropriate for factorial analysis. The Table 4.23 shows Kaiser-Meyer-Olkin (KMO) test of sampling adequacy and Bartlett's test of sphericity. The test results show that the scales had values above the threshold of 0.5 as established by Williams, Brown and Onsman (2012). Williams, Brown and Onsman stated that KMO of 0.50 is acceptable degree for sampling adequacy with values above 0.5 being better.

**Table 4. 19: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test**

Scale	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Bartlett's Test of Sphericity		
		Approx. Chi- Square	df	Sig.
Knowledge management for future positioning	.814	928.302	91	.000
Organisational transformation	.779	74.437	22	.000
Discontinuous innovation	.852	429.893	22	.000
Coordination of managerial processes	.817	3077.221	78	.000

Bartlett's Test of sphericity which analyzes if the samples are from populations with equal variances produced p-values less than .05 ( $p < .001$ ). Since the Bartlett's test significances on Table 4.19 were less than 0.05 further indicates an acceptable degree of sampling adequacy (sample is factorable). Bartlett's test of sphericity had a consistent significance of  $p < .001$  which depicted and confirmed sampling adequacy.

#### 4.10.2 Multicollinearity Test

Problem may arise when two or more predictor variables are correlated. Heteroscedasticity means that previous error terms are influencing other error terms and this violates the statistical assumption that the error terms have a constant variance. Greene (2013) argues that the prediction is not affected, but interpretation of, and conclusions based on, the size of the regression coefficients, their standard errors, or the associated z-tests, may be misleading because of the potentially confounding effects of multi collinearity. In the presence of multi collinearity, Mason (2011) demonstrates that the coefficient estimates may change erratically in response to small changes in the model or the data. However, the decision to finally drop an item also depends on a second step, where the variance inflation factor (VIF) is applied according to Greene (2013). The VIF detects multi collinearity by measuring the degree to which the variance has been inflated. A VIF greater than 10 is thought to signal harmful multi collinearity as suggested by Baum (2016).

**Table 4. 20: Summary of Collinearity Statistics**

Model	Collinearity Statistics	
	Tolerance	VIF
Knowledge management for future positioning	0.924	2.728
Organisational transformation	0.786	1.423
Discontinuous innovation	0.634	1.352
Coordination of managerial processes	0.780	3.427

On Table 4. 20, the Variance inflation factor (VIF) was checked in all the analysis which is not a cause of concern according to Baum (2016) who indicated that a VIF greater than 10 is a cause of concern. The basic assumption is that the error terms for different observations are uncorrelated (lack of autocorrelation).

### 4.10.3 Homoscedasticity Test

Homoscedasticity assumes that the dependent variable(s) exhibit an equal level of variance across the range of predictor variable(s). Homoscedasticity is one of the assumptions required for multivariate analysis. Although the violation of homoscedasticity might reduce the accuracy of the analysis, the effect on ungrouped data is not fatal (Tabachnick & Fidell, 2013). Levene test was employed to assess the equality of variances for the four variables calculated (knowledge management, organisational transformation, discontinuous innovation and coordination of managerial processes). Regression analysis assumes that variances of the populations from which different samples are drawn are equal. Levene's test measures whether or not the variance between the dependent and independent variables is the same. Thus, it is a check of whether the spread of the scores (reflected in the variance) in the variables are approximately similar (Bryket *al*, 1988). If the Levene's Test is significant ( $p \leq .05$ ), the two variances are significantly different. If the test is not significant ( $p \geq .05$ ), the two variances are not significantly different; that is, the two variances are approximately equal; that is, the data groups have equal variances (Gastwirth., 2011).

**Table 4. 21: Levene Statistic**

<b>Variables</b>	<b>Levene Statistic</b>	<b>df1</b>	<b>df2</b>	<b>Sig.</b>
Knowledge management for future positioning	9.843	7	147	.039
Organisational transformation	4.532	7	147	.043
Discontinuous innovation	8.440	7	147	.016
Coordination of managerial processes	6.265	7	147	.024

From Table 4.21, the resulting P-value of Levene's test is less than the conventional 0.05 critical value, indicating that the obtained differences in sample variances are likely not to have occurred based on random sampling from a population with equal variances. Thus, there is significant difference between the variances in the population.

#### 4.10.4 Normality test

Normality of the variables was examined using the skewness and kurtosis. According to Kline (2011) the univariate normality of variables can be assumed if the skewness statistic is within the interval (-3.0, 3.0) and the kurtosis statistic lying in the interval (-10.0, 10.0).

**Table 4. 22: Shapiro-Wilk Test**

	<b>Statistic</b>	<b>df</b>	<b>Sig.</b>
Knowledge management for future positioning	0.887	230	0.012
Organisational transformation	0.834	230	0
Discontinuous innovation	0.924	230	0.397
Coordination of managerial processes	0.808	230	0

a. Lilliefors Significance Correction

From the finding in Table 4.22, the study found that significance was less than 0.05 which leads to the rejection of the null hypothesis that that data on the dynamic capabilities strategies were not normally distributed this is an indication that data on the variables were normally distributed.

**Figure 4. 1: Quartile-Quartile Plot for Normality**

**Normal Q-Q Plot o the dynamic capabilities strategies**

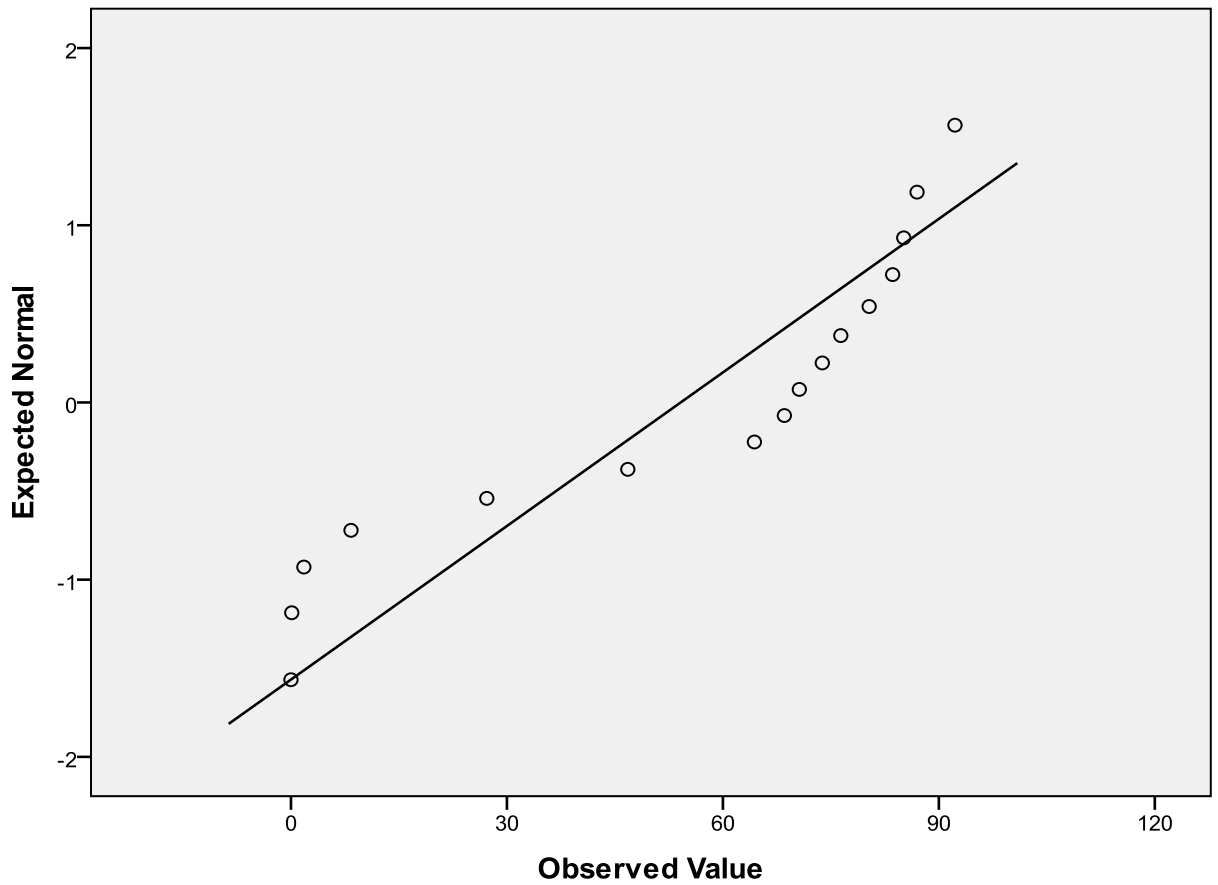
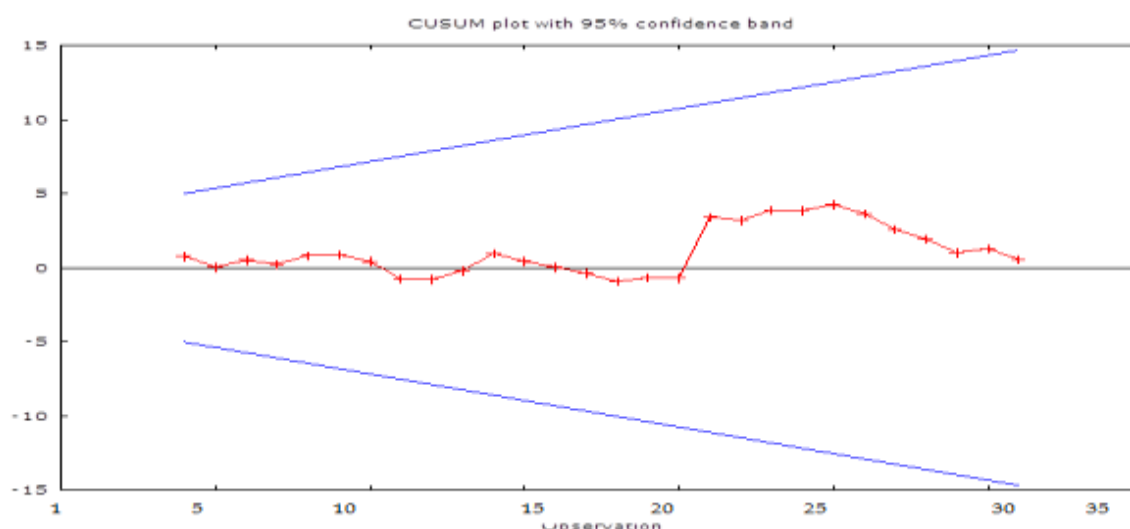


Figure 4.1 shows the Quartile-Quartile plot that test for normality. Generally, the plots do not deviate from the regression line which shows that the variables are normally distributed (Makkonen, Pajari & Tikanmäki, 2013).

#### **4.10.5 CUSUM test for Parameter Stability**

CUSUM test for parameter stability presented in the Figure below shows that the model is stable over time as it does not deviates from lines but is balanced on the line from one observation to another (that is there is no change in models parameters given Harvey-Collier  $t(27)$  of 0.105681 with p-value 0.91660).

**Figure 4. 2: CUSUM test for parameter stability**



#### 4.10.6 Tests of Independence

Independence of error terms, which implies that observations are independent, was assessed through the Durbin-Watson test. Durbin Watson (DW) test check that the residuals of the models were not autocorrelated since independence of the residuals is one of the basic hypotheses of regression analysis.

**Table 4. 23: Durbin Watson Test**

Variables	Durbin Watson
Knowledge management for future positioning	1.987
Organisational transformation	2.084
Discontinuous innovation	2.231
Coordination of managerial processes	2.026

Table 4.23 shows that the Durbin-Watson test statistic ranges from zero to four. Scores between 1.5 and 2.5 indicate independent observations (Garson, 2012). The DW statistics were close to the prescribed value of 2.0. Thus, it can be concluded that there was no autocorrelation and the residuals were independent.

#### 4.10.7 Heteroskedasticity Test

Heteroskedasticity test was used to examine the assumptions of homoskedasticity in the residuals. According to this assumption, residuals in the regression model must have constant variances. If they are not constant, the situation can be defined as heteroskedastic.

**Table 4. 24: Heteroskedasticity Test**

F-statistic	4.619239	Prob. F(4,103)	0.0018
Obs*R-squared	0.82708	Prob. Chi-Square(4)	0.0025
Scaled explained SS	17.34903	Prob. Chi-Square(4)	0.0017
Prob(F-statistic)	0.000000		

To confirm for heteroskedasticity assumption in the error term of the regression model, this study applied heteroskedasticity test by Breuch-Pagan-Godfrey test. If the P-value of the observed\* R-squared is greater than 5 percent, then null hypothesis which state that residuals was not heteroskedastic would not be rejected. If P-value is less than 5 percent, the null hypothesis would rejected, it would be concluded that there is significant evidence of heteroscedasticity, so that it is not be plausible to assume that the variance of the errors is constant in this case.

#### 4.11 Combined Correlation Results

The researcher conducted a Pearson moment correlation as seen on Table 4.25.

**Table 4. 25: Correlation Results**

		Strategy implementatio n	Knowledge Management	organizational transformatio n	Discontinuous innovation	Coordination of managerial
Strategy implementation	Pearson Correlation	1	.828	810	.026	.772
	Sig. (2-tailed)		.000	.016	.001	.000
	N	231	231	231	231	231
Knowledge Management	Pearson Correlation	.828	1	.042	.132	.786
	Sig. (2-tailed)	.000		.530	.045	.000
	N	231	231	231	231	231
organizational transformation	Pearson Correlation	810	.042	1	.912	.151
	Sig. (2-tailed)	.016	.530		.000	.022

	N	231	231	231	231	231
Discontinuous innovation	Pearson Correlation	.026	.132	.912	1	.223
	Sig. (2-tailed)	.001	.045	.000		.001
	N	231	231	231	231	231
Coordination of managerial processes	Pearson Correlation	.772	.786	.151	.223	1
	Sig. (2-tailed)	.000	.000	.022	.001	
	N	231	231	231	231	231

From the finding in the Table 4.25, the study found that there was positive association between strategy implementation and knowledge management as the correlation coefficient is 0.828 and a p-value of  $0.000 < \alpha = 5\%$ , hence significant. Further, the study found a strong positive association between strategy implementation and organizational transformation. This was seen by a correlation coefficient of 0.810 and a p-value of  $0.016 < 0.05$  hence significant. Also, a strong positive correlation between strategy implementation and discontinuous innovation was found as shown by correlation coefficient of 0.026 and p-value of  $0.001 < 0.05$ . The association between strategy implementation and coordination of managerial processes was also found to be positive and significant as shown by a correlation coefficient of 0.772 at  $0.000 < 0.05$ . The findings are in line with the research by Ambrosini (2013) who found a strong positive correlation between Knowledge management (KM) and strategy implementation adding that Knowledge management (KM) can provide opportunities for achieving substantial savings, significant improvements in human performance, and other competitive advantage. The findings also concur with the research findings by Robbins (2015) who found a strong positive correlation between organizational transformation and strategy implementation adding that organisational organizational transformation helped to deliver significant impact to organizations undergoing or anticipating profound change or facing strategic discontinuities or risk. The findings support the research by findings by Rice (2012) who found a weak positive correlation between discontinuous innovations and strategy implementation adding that discontinuous innovations disrupt established routine and may even require a very different set of capabilities and new behaviour patterns, adding that the notion of novelty is relative so a discontinuous innovation for one organisation might be an incremental one for another.



#### **4.12 Results of Hypotheses Testing**

Table 4.26 shows the summary of the hypotheses testing results. Decisions to reject or accept the hypothesis were also illustrated in the Table 4.26.

**Table 4. 26: Summary of the Hypotheses Testing**

<b>Research Hypotheses</b>	<b>B</b>	<b>t</b>	<b>Sig</b>	<b>Comments</b>
H1a: There is no significant relationship between knowledge management for future positioning and strategy implementation in the dairy industry in Kenya	.752	22.387	.000	Rejected
H2a: There is no significant relationship between discontinuous innovation and strategy implementation in the dairy industry in Kenya	0.523	2.399	.021	Rejected
H3a: There is no significant relationship between organizational transformation and strategy implementation on strategy implementation in the dairy industry	0.423	2.034	.004	Rejected
H4a: There is no significant relationship between coordination of managerial processes and implementation on strategy implementation in the dairy industry	1.318	18.372	.000	Rejected

#### 4.13 Regression Results

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions. The model summary are presented in the Table 4.27.

**Table 4. 27: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.864 <sup>a</sup>	.746	.741	1.45642

a. Predictors: (Constant), Knowledge Management, Organizational Transformation, Discontinuous Innovation, Coordination Of Managerial Processes

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the above table the value of adjusted R squared was 0.746 an indication that there was variation of 74.1percent on strategy implementation in dairy industry due to changes in knowledge management, organizational transformation, discontinuous innovation and coordination of managerial processes at 95 percent confidence interval. This shows that 74.1 percent changes in strategy implementation in dairy industry in Kenya could be accounted to knowledge management, organizational transformation, discontinuous innovation and coordination of managerial processes. R is the correlation coefficient which shows the relationship between the study variables. From the findings shown in the Table 4.27 it is notable that there exists strong positive relationship between the study variables as shown by 0.864.

The study further tested the significance of the model by use of ANOVA technique. The findings are tabulated in Table 4.28.

**Table 4. 28: Summary of One-Way ANOVA Results**

<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1	Regression	1406.367	4	351.592	165.755	.000 <sup>b</sup>
	Residual	479.382	226	2.121		
	Total	1885.749	230			

a. Dependent Variable: Strategy implementation

b. Predictors: (Constant), Knowledge Management, Organizational Transformation, Discontinuous Innovation, Coordination Of Managerial Processes

Critical value = 2.46

From the ANOVA statistics, the study established the regression model had a significance level of 0.000 which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 5%. The calculated value was greater than the critical value ( $165.755 > 2.46$ ) an indication that knowledge management, organizational transformation, discontinuous innovation and coordination of managerial processes all affects

strategy implementation in dairy industry in Kenya. The significance value was less than 0.05 indicating that the model was significant.

In addition, the study used the coefficient table to determine the study model. The findings are presented in the Table 4.29.

**Table 4. 29: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-4.273	1.866		-2.290	.023
Knowledge management	.530	.050	.585	10.624	.000
1 Organizational transformation	.337	.146	.193	2.311	.022
Discontinuous innovation	.270	.075	.305	3.624	.000
Coordination of managerial processes	.599	.095	.351	6.340	.000

From the data in the above table the established regression equation was

$$Y = - 4.273 + 0.530 X_1 + 0.337 X_2 + 0.270 X_3 + 0.599 X_4$$

From the above regression equation it was revealed that holding knowledge management, organizational transformation, discontinuous innovation and coordination of managerial processes to a constant zero, strategy implementation in dairy industry in Kenya would be at - 4.273, a unit increase in knowledge management would lead to an increase in strategy implementation in dairy industry in Kenya by a factor of 0.530, a unit increase in organizational transformation would lead to increase in strategy implementation in dairy industry by factors of 0.337, a unit increase in discontinuous innovation would lead to increase in strategy implementation in dairy industry in Kenya by a factor of 0.270, and a unit increase in coordination of managerial processes would lead to an increase in strategy implementation in dairy industry in Kenya by a factor of 0.559. All the variables were significant as their significant value was less than ( $p < 0.05$ ). The findings are in support of the argument by Arthur and Strickland (2011) that a good Knowledge Management strategy is vital to the success of any knowledge management initiative, and should be one of the early steps in the KM program. The findings are also inline

with the research findings by Hooley et al., (2011) organisational organizational transformation helped to deliver significant impact to organizations undergoing or anticipating profound change or facing strategic discontinuities or risk adding that understanding the process of organisational organizational transformation and establishing the critical success factors for achieving change is of practical value for managers of any large organisations faced with the need to adapt to radical changes in the environment. The findings further concurs with research findings by Lee and Kelley (2012), that the dynamic capabilities perspective can provide a useful theoretical lens for investigating innovation at the organizational level adding that Managers in established companies should acknowledged that discontinuous innovation is vital to their sustainability.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

From the analysis and data collected, the following discussions, conclusion and recommendations were made. The responses were based on the objectives of the study. The study sought to analyze the effect of knowledge management for future positioning on strategy implementation in the dairy industry in Kenya, to establish effect of discontinuous innovation on strategy implementation in the dairy industry in Kenya, to evaluate the effect of organizational transformation on strategy implementation on strategy implementation in the dairy industry and to determine how coordination of managerial processes affect implementation on strategy implementation in the dairy industry.

#### **5.2 Summary of the Findings**

##### **5.2.1 Knowledge Management and Strategy Implimentation**

Among the main objectives of the study was to assessed the effect of knowledge management for future positioning on strategy implementation in the dairy industry in Kenya, the results obtained from the correlation model showed a strong positive correlation between knowledge management for future positioning and strategy implementation. The study prediction results obtained from the regression model also revealed that a unit increase in knowledge management practices would enhance strategy implementation process by a factor of 530. Further the study noted that knowledge management for future positioning on strategy implementation in the dairy industry in Kenya to a great extent. This statement is as evidenced by Bowman and Ambrosini (2013) both assert that higher degree of knowledge will enable a company to manufacture better products or to design more efficient and efficacious production methods.

Results obtained from the descriptive statistics show that the management dairy industry in Kenya was highly geared towards building of internal capabilities,

building strategic competencies, building developing personal competences, development of points to attract customers develop strategies that are close to the competitors, developing of promotion strategy, building right channels for distribution and competent marketing team as well as developing a competitive pricing strategy. The findings are in line with the literature by Winter (2012) that developing Personal competences, Enables employees to be more proactive beyond their individual roles by learning additional skills that are valued by the organization,

The study noted that knowledge management in an organization helped in promoting standard, repeatable processes and procedures, reusing ideas, documents, and expertise, helped to avoiding redundant effort, provided methods, tools, templates, techniques, and examples, helped the management in taking advantage of existing expertise and experience, helped in making scarce expertise widely available and also enabled the organization to leverage its size the findings concurs with the research by Helfat and Peteraf (2013) who emphasized that knowledge management ensures that individual professional development and training milestones are recorded and acknowledged by the organization, gives employees insight into the overall strategy of their team, department, and organization, leading to greater engagement and motivation and increases the potential for job satisfaction.

### **5.2.2 Organizational Transformation and Strategy Implimentation**

The second objective of the research was to determine the effect of organisational transformation on strategy implementation in the dairy industry in Kenya, results obtained from correlation model showed a strong positive correlation between the two variables prediction results from the regression model also revealed that a unit increase in organisational organizational transformation initiatives would enhance strategy implementation process by a factor of 0.337, the study also revealed that organizational transformation for future positioning affects strategy implementation in the dairy industry in Kenya to a very great extent. The findings are in support of the research by Staber and Sydow (2012) who asserts that organization continually



need to have a flexible, effective and efficient organization and recognise the current strengths to create a more productive environment.

Further it was noted that the management of dairy industry in Kenya has the following aspects of OT up to date: measures quality program, revision of compensation and training: customer focused approach and continuous improvement, the study also revealed that organisational organizational transformation helped to deliver significant impact to organizations undergoing or anticipating profound change or facing strategic discontinuities or risk adding that understanding the process of organisational organizational transformation and establishing the critical success factors for achieving change is of practical value for managers of any large organisations faced with the need to adapt to radical changes in the environment. The findings are in support with the research by Staber and Sydow (2012) who asserts that during organisational organizational transformation process, the top management team should delegate to employees as well as motivating and enabling them to act, encouraging innovation, trial and experimentation and by developing a culture which encourages informed risk-taking and facilitates learning from mistakes.

### **5.2.3 Discontinuous Innovation and Strategy Implimentation**

The third objective of the study was to determine influence of discontinuous innovation for future positioning on strategy implementation in the dairy industry in Kenya, results obtained from correlation model between discontinuous innovation discontinuous innovation and strategy implementation showed a weak negative correlation between the two variables esults from the regression model also predict that a unit increase in discontinuous innovation. Discontinuous innovation is likely to enhance the process of strategy implementation by a factor of 0.270, the research noted that discontinuous innovation for future positioning affects strategy implementation in the dairy industry in Kenya to a very great extent, the findings are in support of Leonard-Barton (2011), that firm failure could be attributed to managers using the extant set of dynamic capabilities, when they are not appropriate for the new environment.

The research noted that the management of the Kenya dairy industry had the following measures of discontinuous innovation in the organisation up to date: New markets innovation, strategic innovation orientation process innovation, developing new products and services, disruptive technologies/technological sophistication, consistency of the manufacturing process, new products innovation, development of new production methods, Identification of new markets, seeking unusual and novel solutions, strategic tendency to pioneer and technical specifications of the product. The findings are in line with the research findings by Rice (2012) that Discontinuous innovations disrupt established routine and may even require a very different set of capabilities and new behaviour patterns, adding that the notion of novelty is relative so a discontinuous innovation for one organisation might be an incremental one for another

The findings further concurs with the study results by Rice (2012) that Firms encounter difficulties and uncertainties when a new technology-based product reaches commercialization, because the product or market is unknown and undefined. This problem is further magnified when both the product and market is complex and therefore without delicate commercialization preparations during the innovation process, even high-quality new products or services are likely to fail.

#### **5.2.4 Coordination of Managerial Processes and Strategy Implementation**

The fourth objective of the study was to determine influence of coordination of managerial processes for future positioning on strategy implementation in the dairy industry in Kenya, the results obtained from the correlation model showed a strong positive correlation between coordination of managerial processes and strategy implementation. Prediction results from the regression model also showed that a unit increase in coordination of managerial processes is likely to enhance strategy implementation process by a factor of 0.559, the study noted that that coordination of managerial processes for future positioning affects strategy implementation in the dairy industry in Kenya to a great extent, coordination inn planning stage, direct contact between managers and their subordinates, interdepartmental consideration

before communication channels and Mutual respect. The findings are in support of the literature by Robbins (2012) that the success of organized strategic plan depends upon the quality of coordination, adding the coordination is the first principle of organisation as it expresses the principle of organisation in to. The quality of coordination is the crucial factor in the survival of an organisation the findings in support of the literature by Lucas and Diener (2011), that coordination helps to ensure unity of action in the face of disruptive forces.

The research further noted that coordination helps to improve the efficiency of operations by avoiding overlapping efforts and duplication of work, coordination helps to promoting the efficiency of operations, coordination improves the morale and job satisfaction of employees, composite and orderly effort established through team spirit and executive leadership enables employees to derive a sense of security and personal contentment from their job. The findings in support of the literature by result by Gray (2016) that a well-coordinated organisation can attract, retain and utilize better personnel. Coordination improves human relations by reconciling individual and organizational objectives.

### **5.3 Conclusion**

#### **5.3.1 Knowledge Management and Strategy Implimentation**

The study concluded that knowledge management for future positioning and strategy implementation are strongly and positively related. The study prediction results from the regression model also revealed that a unit increase in knowledge management practices would enhance strategy implementation process by a factor of 530, the findings concurs with the research by Helfat and Peteraf (2013) that knowledge in an organization helped in promoting standard, achieve repeatable processes and procedures, reuse ideas, documents, and expertise, and also enabled the organization to leverage its size. the study noted that knowledge management ensured that information is easily shared between staff members, and that knowledge isn't lost if someone goes on vacation, gets sick, or leaves the company. knowledge management accelerated the rate of learning; cutting down the risks of not knowing and repeating

mistakes; and retaining knowledge assets when people move, leave, or retire. The organisation strongly embraced the concept of knowledge management, believing having good knowledge management will not only allow the organisation to have all the info but also to use and utilise it to the best that way possible, and that having a good grasp on knowledge management will keep the organisational proceses always running at a high and efficient level. The research therefore concludes that knowledge management for future positioning had a positive influence on strategy implementation in the dairy industry in Kenya.

### **5.3.2 Organizational Transformation and Strategy Implimentation**

The study also concluded that organizational transformation and strategy implementation have strong positive and significant relationship. Prediction results from the regression model also revealed that a unit increase in organisational organizational transformation initiatives would enhance strategy implementation process by a factor of 0.337, the study also noted that organisational organizational transformation helped to deliver significant impact to organizations undergoing or anticipating profound change or facing strategic discontinuities or risk adding that understanding the process of organisational organizational transformation and establishing the critical success factors for achieving change is of practical value for managers of any large organisations faced with the need to adapt to radical changes in the environment. the study concludens that with with trategic change management plan, the organization had a vision for what the process of change will look like, and what milestones were need to be reached to achieve the end goal. This allowed those in charge of the transition to assess the success of the project during each critical stage, and also provided an opportunity to motivate individuals and teams to help achieve the desired goals with recognition for those who succeed. With an effective change management plan the organization was better prepared to align its existing resources with the new tools and strategies being implemented. An effective change management plan considered what individuals and teams needed in order to continue doing their jobs and maintain day-to-day operations without noticeable negative effects. Developing a change management plan allowedthe organization to

address these concerns and keep the lines of communication open with all the individuals and teams involved in the transition. It also reduced the possibility of an unsuccessful attempt to change, and reduce the amount of time it takes to implement the change and boosted employee morale in change over process. Therefore the study concludes that organizational transformation had a positive influence on strategy implementation in the dairy industry.

### **5.3.3 Discontinuous Innovation and Strategy Implementation**

The study results obtained from correlation model between discontinuous innovation and strategy implementation showed that they are weakly and negatively related. Results from the regression model also predict that a unit increase in discontinuous innovation discontinuous innovation is likely to enhance the process of strategy implementation by a factor of 0.270, the study also noted that Firms encounter difficulties and uncertainties when a new technology-based product reaches commercialization, because the product or market is unknown and undefined.

The study noted that discontinuous innovation requires constant, active management and engagement with workers in an effort to initiate and sustain momentum, the management of the Kenya dairy industry had the following measures of discontinuous innovation in the organisation up to date: New markets innovation, strategic innovation orientation process innovation, developing new products and services, disruptive technologies, consistency of the manufacturing process, new products innovation, development of new production methods, Identification of new markets, seeking unusual and novel solutions thus the study concludes that Therefore the study concludes that discontinuous innovation had a positive influence on strategy implementation in the dairy industry.

### **5.3.4 Coordination of Managerial Processes and Strategy Implementation**

The study further concluded that coordination of managerial processes and strategy implementation are positively and significantly related. The study revealed that, coordination of managerial processes helps to improve the efficiency of operations by avoiding overlapping efforts and duplication of work, prediction results from the

regression model also showed that a unit increase in coordination of managerial processes is likely to enhance strategy implementation process by a factor of 0.559, the study also noted that Coordination helps to ensure unity of action in the face of disruptive forces.

The study noted that high levels of coordination was important to the organisation since it was used relay messages to managers and employees, poor coordination, could inadvertently damage the company's profitability or position in the market, integration and coordination are important in an organization because they demonstrate the ability of decision makers to lead employees. Coordination in planning stage helps in focusing the attention of employees on the objectives or goals of enterprise, coordination in planning stage compels managers to prepare a Blueprint of the courses of action to be followed for accomplishment of objectives. Therefore, coordination in planning stage in management of Kenya dairy industry can bring order and rationality into the organization. Therefore the study concludes that coordination of managerial processes had a positive influence on strategy implementation in the dairy industry.

#### **5.4 Implication of the Study on Policy Theory and Practices**

The findings of the study implicate that the effectiveness of building knowledge within the firm depends on the firm's ability to monitor and absorb newly acquired knowledge from many sources and integrate this knowledge into its existing knowledge base. Organization should become a learning center and providing facilities for knowledge management. Some of the facilities include workshop, knowledge management conference and refresher course, among others. When an organization becomes a resource center, the staff needs share ideas and evidence that generates new ideas which enhance organization performance and creation of knowledge. During these sessions new knowledge will be recorded and stored for use and reuse in future. It is recommended that policy makers support knowledge management policies by companies since it has become a toll for competitive advantage. These processes will not disrupt the growth in the telecommunication

industry, therefore the policy makers need to create level playing field without favoring any firms, apply best practice and adopt a consultative decision making process to include all stakeholders on the fundamentals policy changes in the industry.

## **5.5 Recommendation**

In view of improving strategy implementation in the dairy industry in Kenya, the study recommends that the management of dairy industry in Kenya should implement knowledge management systems as this was associated to be a key driver towards successful strategy implementation.

### **5.5.1 Managerial Recommendations**

The research recommends that the top management of dairy industry in Kenya should work to ensure that that internal flow of activities is effective as the quality of coordination was found to be a crucial factor in the survival of an organisation. For successful strategy implementation, all the managers madated with coordination role should use a Multi-assessment of knowledge, skill, skills, managerial skills involved in contact with other managers and employees.

The study recommends for more business forums in order for the players in the dairy sector to understand their changing trends within their business operational environment and detect fundamental shifts in their industry. The management of the dairy board need to put up feedback measures to assess customer satisfaction systematically and frequently. On seizing capability, there is need to frequently acquire knowledge about their competitive and market trends from external sources so as to be able to identify and acquire external knowledge (such as; market, customer trends) very quickly.

While embracing discontinuous innovation, the management of dairy industry should design and implement different approaches, including strategic actions, industry context, organizational context, technological context, and people context. In conclusion, the management of dairy industry should promote discontinuous

innovations in this changing environment while maintaining the survival ability by managing incremental innovations.

The management of dairy industry should have to design and implement different approaches, including strategic actions, industry context, organizational context, technological context, and people context. In conclusion, the company has to promote discontinuous innovations in this changing environment while maintaining the survival ability by managing incremental innovations.

There is need to keep up coordination of managerial activities as this was found to improve the efficiency of operations by avoiding overlapping efforts and duplication of work, improve the morale and job satisfaction of employees, ensure unity of action in the face of disruptive forces and that coordination fosters loyalty and commitment among employees. There is need to ensure that organizational transformation process is done procedurally observing all the critical aspects that are vital for its success.

### **5.5.2 Policy Recommendations**

The study also advocated for timely disbursement of abundant resources to strategy-essential activities, creating strategy-encouraging policies, employing best policies and programs for constant improvement linking reward structure to accomplishment of results, making use of strategic leadership and developing an organization having potential of carrying out strategy successfully.

In order to determine the benchmark performance to be set at strategy implementation in the dairy industry in Kenya, it is essential to discover the special requirements for performing the main task. The performance indicator that best identify and express the special requirements might then be determined to be used for evaluation. The organization can use both quantitative and qualitative criteria for comprehensive assessment of performance. Quantitative criteria includes determination of net profit, ROI, earning per share, cost of production, rate of



employee turnover etc. Among the Qualitative factors are subjective evaluation of factors such as - skills and competencies, risk taking potential and flexibility.

It is essential to plan for a corrective action, If the performance is consistently less than the desired performance, the strategists must carry a detailed analysis of the factors responsible for such performance. If the strategists discover that the organizational potential does not match with the performance requirements, then the standards must be lowered. Another rare and drastic corrective action is reformulating the strategy which requires going back to the process of strategic management, reframing of plans according to new resource allocation trend and consequent means going to the beginning point of strategic management process.

### **5.5.3 Areas for Further Research**

Overall, the findings of the study provide substantial support for the conceptual framework. Specifically, the results demonstrate that dynamic capabilities are powerful tools that can directly lead to competitive advantage and indirectly achieve superior performance of young growing industries. The creation of positional competitive advantage (including low-cost advantage, niche and quality deliveries) of the local young industries due to their flexibility and ease of responsiveness suggests a general confirmation of dynamic capabilities theory and the theory of competitive advantage. Based on this, several theoretical implications can be identified for future research directions.

This study focused on effects of dynamic capabilities on strategy implementation based in dairy industry only. Therefore future studies should focus on other sectors of the economy in Kenya such as Telecommunications, Transport and Governmental parastatals and undertake the same study.

Also, in order to develop a more comprehensive framework to depict how strategic dynamic capabilities contribute to young growing industries competitive advantage, the full and partial mediation effect of competitive advantages should be considered. Although the strategic capabilities-competitive advantage relationship is receiving

increasing research attention, extant studies have tended to focus on only one aspect of the hypothesized model. That is, some studies indicate that only through the path of gaining competitive advantage first can strategic dynamic capabilities be translated into competitive advantage.

Future research could examine the relative importance of the direct effects and indirect effects (via strategic orientations) of strategic capabilities on above average performance. That is, subsequent empirical studies on this comparison are likely to provide more confirmative findings and provide more insights into how resources and skills should be allocated for realizing the full potential of strategic capabilities in achieving export performance.

The relationship between the competitive advantages and dynamic capabilities can be captured more precisely. This is by distinguishing the two constructs more clearly and precisely defining the interacting variables relevant to a young growing industry and this would yield more precise research findings on the relationships between them. As a consequence, we are likely to secure a deeper understanding of the precise mechanism through which strategic dynamic capabilities that are linked to superior performance.

Future research could investigate the relative importance of low-cost advantage and differentiation advantage in mediating the strategic dynamic capabilities-superior performance relationship. While there has been an increasing examination of competitive advantages (both low-cost advantage and differentiation advantage) in the international strategic area, little effort has been made to compare the importance of the two advantages. This leaves insightful managerial implications unknown to future researchers.

This study did not have a moderating variable. Future studies should also explore the possibility of strategic capabilities moderating the competitive advantage-superior performance relationship. While this study did not investigate the possibility that

strategic capability could be a moderator, the strong conceptual underpinning of strategic capability justifies the exploration of this issue further.

Future studies to repeatedly examine these variables, thereby achieving a deeper understanding of local and international strategic orientation and dynamic capabilities theory. Future research may consider examining the hypothesized model to confirm the direct and indirect influence of dynamic capabilities on superior performance and the mediating role of strategic orientations in explaining dynamic capabilities-superior performance relationships in practice by the young industries.

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## **APPENDICES**

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

Ahmed Abdikarim Hassan

HD433-C-005-2687-2012

JKUAT, Kenya

Dear Respondent,

#### **RE: ACADEMIC RESEARCH**

I am a student at the Jomo Kenyatta University of Science and Technology pursuing a degree of doctor of philosophy in business administration, strategic management option. I am conducting an academic research on EFFECTS OF DYNAMIC CAPABILITIES ON STRATEGY IMPLEMENTATION IIN THE DAIRY INDUSTRY IN KENYA.

You have been selected to provide information and I am hereby seeking your consent to be interviewed. May I also take this opportunity to guarantee you of full confidentiality of the data you provide which will only be used for academic purposes.

Yours faithfully,

Ahmed Abdikarim Hassan

## Appendix II: Research Questionnaire

Please read each question carefully and follow the instructions. Please respond to the following items by marking the correct or appropriate option with a tick (✓) to depict your opinion or providing answers in the space provided as appropriate. All responses given will be treated with a lot of confidentiality. Please do not include your name anywhere in the questionnaire. Note that there are no wrong or right answers.

### Part A: Biodata

#### 1) Gender

Male  Female

#### 2) Age

Below 20years  21-25 years  26- 30yrs

30-35 yrs  36- 40 years  40- 50 years

Above 50 years

#### 3) No of years worked in the enterprise

Below One Yr  1- 2 Yrs  2-4 Yrs

4-6 Yrs  6- 10 Yrs  10 -15 Yrs

Above 15 Yrs

### Part B: Main Issues

#### KNOWLEDGE MANAGEMENT FOR FUTURE POSITIONING

#### 1) To what extent does knowledge management for future positioning affect strategy implementation in the dairy industry in Kenya?

Very great extent

Great extent

Moderate extent

Little extent

Not at all

- 2) In your opinion, how does knowledge management for future positioning affect strategy implementation in the dairy industry in Kenya?

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- 3) What is the effect of the following on strategy implementation in the dairy industry in Kenya?

	<b>Very great extent</b>	<b>Great extent</b>	<b>Moderate extent</b>	<b>Little extent</b>	<b>Not at all</b>
Internal capabilities					
Strategic competencies					
Personal competences					
Points to attract customers					
Develop strategies that are close to the competitors					
Promotion strategy					
Competent marketing team					
Right channels for distribution					
Pricing strategy					

### **ORGANIZATIONAL TRANSFORMATION**

- 4) To what extent does organizational transformation affect strategy implementation in the dairy industry in Kenya?

- Very great extent [ ]  
 Great extent [ ]  
 Moderate extent [ ]  
 Little extent [ ]



Not at all [ ]

5) What is the effect of the following on strategy implementation in the dairy industry in Kenya?

	<b>Very great extent</b>	<b>Great extent</b>	<b>Moderate extent</b>	<b>Little extent</b>	<b>Not at all</b>
New performance measures					
Quality program					
Revision of compensation and training					
Customer focused approach					
Continuous improvement					

6) In what way do the above aspects of organizational transformation affect strategy implementation in the dairy industry in Kenya?

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### **DISCONTINUOUS INNOVATION**

7) To what extent does discontinuous innovation affect strategy implementation in the dairy industry in Kenya?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

Not at all [ ]

8) What is the effect of the following on strategy implementation in the dairy industry in Kenya?

	<b>Very great extent</b>	<b>Great extent</b>	<b>Moderate extent</b>	<b>Little extent</b>	<b>Not at all</b>
New markets innovation					
Strategic innovative orientation					
Processes innovation					
Developing new products and services					
Disruptive technologies/ technological sophistication					
Consistency of the manufacturing processes					
New products innovation					
Development of new production methods					
Identification of new markets					
Seeking unusual and novel solutions					
Strategic tendency to pioneer					
Technical specifications of the product					

9) In your view, how does discontinuous innovation affect strategy implementation in the dairy industry in Kenya?

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### **COORDINATION OF MANAGERIAL PROCESSES**

10) To what extent does coordination of managerial processes affect strategy implementation in the dairy industry in Kenya?

Very great extent [ ]

Great extent [ ]

Moderate extent [ ]

Little extent [ ]

Not at all [ ]

11) What is the effect of the following on strategy implementation in the dairy industry in Kenya?

	<b>Very great extent</b>	<b>Great extent</b>	<b>Moderate extent</b>	<b>Little extent</b>	<b>Not at all</b>
Coordination in planning stage					
Direct Contact between managers and their subordinates					
Interdepartmental consideration before communication channels					
Mutual respect					

12) How are managerial processes conducted in your organization?

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13) In your opinion, how does coordination of managerial processes affect strategy implementation in the dairy industry in Kenya?

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**STRATEGY IMPLEMENTATION**

14) What is the trend of the following aspects of strategy implementation in the dairy industry in Kenya for the last five years?

	<b>Greatly Improved</b>	<b>Improved</b>	<b>Constant</b>	<b>Decreasing</b>	<b>Greatly decreased</b>
Corporate strategy implementation					
Operational strategy implementation					
Functional strategy implementation					

**THANK YOU**

**Appendix III: Secondary Secondary Data Matrix**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Number of Strategies implemented					

#### Appendix IV: List of Major Licensed Dairy Processors in Kenya

Dairy Processors in Kenya	Contacts
Adarsh Developers	P.O. Box: 318-00600, <u>Nairobi</u> , Kenya PHONE: +254-203567023
Afrodane Industries	P.O. BOX 1068-01000, Nairobi, Kenya Phone: +254 020 2051455
Alpha dairy products ltd.	P.O. Box 10416- 00100,. Nairobi, Kenya Telephone Number: 020651830
Alpha Fine milk Ltd	P.O. Box 10338 - 00100,. Nairobi, Kenya Phone : +254 723 786202
Aspendos Dairy	P.O. Box: 19-10202 Kangema, Kenya Phone number +254 737776389
Bio Food products	P.O Box 27623 – 00506 Nairobi, Kenya Phone: +254 20 350 3595-8.
Brookside Dairy	P.O Box: 236-00232 Ruiru, Kenya PHONE (254) 020 2354677
Countryside Dairy	P.O.Box 24390-00502, Nairobi, Kenya TELEPHONE:[+] 020 3883431
Crown Creameries	P.O Box 16453 Mombasa, Kenya. Telephone : +254-41-2223404/5
CUMA REFRIGERATION	P.O.Box 49938,00100, Nairobi. Phone +254(0)790 153 857
Dalamere Holdings	P.O. Box 30333, Nairobi. Phone : +254 723 786202
Debonair Processord Ltd	P.O. Box: 1182, 10400, Nanyuki, Kenya Tel +254 22 2 602 842
Doinyo Lessos	PO Box 169-30100, Eldoret, Kenya Phone Number: +254-052-2063308.
Egerton University Dairy	P.O. Box 536-20115, Egerton, Kenya Tel : 254-051-2217891/2
Eldoville Farm	P.O. Box 24390 - 00502 Karen, Riara Road, Nairobi, Kenya. Tel: (00254) 203883431
Farmers Milk Proc	P.O Box 20498, 00200, Nairobi, Kenya.
Githunguri DFCS	P.o Box 624-00216, Githunguri, Kenya
Glacier Limited	P.o. Box 45473 - 00100, Nairobi, Kenya Tel:+254 730 772 000
Greenland Dairy	P.o.Box 24390-00502, Karen, Kenya Telephone:[+] 020 3883431
Happy Cow Limited	P.o. Box: 563, 00217 Limuru PHONE (254) 66 - 71369
Insta Products EPZ	P.o.Box 1231, 00606-00100 Nairobi.

	Telephone Number: 0456622962
Kabianga Dairy Ltd	P.o. Box: 15, 20200, Kericho, Kenya PHONE +254-722661555
Kilifi Plantation	Po Box 41825-80100, Mombasa Coast, Kenya Tel: 07 00336515
Kinangop Dairy	P.o. Box 64954-00620 Nairobi, Kenya Tel +254 700 721150
Lari Dairy Alliance	P.o Box 62000-00200-Nairobi Kenya. Tel 067-52181-4
Lattana Dairy	P.O. Box 44817-00100 GPO, Nairobi, Kenya Tel +254 716 376906
Limuru Milk Processors	P.O. Box: 563, 00217 Limuru, Kenya PHONE (254) 66 - 71369.
Meru Central Dairy	P.O Box 2919 - 60200, Meru, Kenya PHONE +254-064-30081
Meru Dairy Farmers Cooperative Union	Phone +254-064-30081.
Miyanji Dairy Farm	P.o Box 30406-00100 Nairobi.
Molo Milk	P.O. Box 00232, Ruiru, Kenya PHONE (254) 020 2354677
Mukurwe-ini Wakulima Dairy Ltd	P. O. Box 232-10103 Nairobi Kenya Tel: 020 2046895
Nairobi University cremaries	P.o. Box 30197 – 00100, Nairobi Kenya Telephone: 254 721 257746
Nestle Kenya Limited	P.O. Box 30265 – 00100. Nairobi, Kenya Tel: +254 020 88891
New KCC	P.O. Box 30131 – 00100 G.P.O. Nairobi Telephone Number: 557484.
New Sameer Agriculture and Livestock	P.o. Box 102-0507,Nairobi(Kenya) Telephone Number: 555863
Nyota Dairies	P.O. Box 44659, Nairobi. Tel: 0790 509684
Palmhouse Dairies	P.O. Box 22839, Nairobi. Tel +254 722 945 236
Raka Milk Processors	P.O. Box 1182,10100, Nairobi.  PHONE NO. 0722 519 463
RAZCO Limited	P.O.Box 3662-00200, Nairobi,Kenya  TEL : 254 20 8561432/3
Rosecare Milk International	P.O.Box 25130 – 00100 Nairobi  PHONE: +254 729 060 124.

Sameer Agriculture	P.o Box 55358 00200-Nairobi, Kenya Telephone: +0733-610441
Silent Valley Creameries	P.O. Box: 1182, 10400, Nanyuki, Kenya Telephone Number: +254-062-2031254
Sirimon Cheese	P.O. Box 40658 – 00100, Nairobi, Kenya. Phone, : +254 723 600740
SpinKnit	P.O. Box 1478-20100 Nakuru, Kenya Tel: +254-051-2213492
Stanley & Son Ltd	P.O. Box: 18889, 00500 Enterprise Rd, Kenya Tel: 0115 9312872.
Sunpower Products Ltd - Browns Cheese	P.O. Box: 41112-00100 Nairobi GPO, Kenya Tel: +254-020 2021300
Tambul Dairies	P.O. Box: 475, 20100, Nakuru, Kenya PHONE (254) 51 - 62151
Uplands Premium Dairies	P. O. BOX 479 – 00502, Nairobi, Kenya Mobile: +254 719 749 868

**Source: Ministry of Agriculture, Livestock and Fisheries Development  
(MOALFD) (2015)**

Ministry of Agriculture, Livestock and Fisheries  
Off Cathedral Road, Nairobi  
P.O. Box 34188-00100 Kenya  
E-mail: info@kilimo.go.ke  
Telephone: Tel.+254-20-2718870



**Appendix V: List of Respondents**

Cooperative societies managers
Managers of dairy processors
Supervisors of the dairy processors
Management staff at the dairy board
Management staff at the livestock department in the Ministry of Agriculture