STRATEGIC CAPABILITIES AND PERFORMANCE OF SELECTED MANUFACTURING FIRMS IN MOMBASA COUNTY, KENYA

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ABSTRACT

The purpose of this study was to examine the effect of strategic capabilities on performance of selected manufacturing firms in Mombasa County, Kenya. Specifically, the study examined the effect of technological capability, marketing capability, human resource capability and financial capability on the performance of selected manufacturing firms in Mombasa County, Kenya. The study was anchored on dynamic capability theory resource based view theory and market orientation theory. The study adopted a cross-sectional survey research design. The target population of the study comprised of 100 manufacturing firms in Mombasa County, Kenya. The sample size was determined using Yamane allocation sample formulae to obtain 80 respondents. Questionnaires were used to capture the various variables under the study. Multiple regression analysis was used to establish the strategic capabilities and organizational performance of selected manufacturing firms in Mombasa County, Kenya. The regression results indicated that technological capability, marketing capability, human resource capability and financial capability, had positive and significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

Key Terms: *Technological Capability, Marketing Capability, Human Resource Capability, Financial Capability, Organizational Performance*

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INTRODUCTION

In the global world of today, majority of manufacturing firms are operating in an increasingly very dynamic and challenging environment that threatens their survival in the competitive business world. Firms must be able to respond promptly to opportunities and obstacles that occurs within the business environment (Lenka et al., 2020). How firms manage, achieve and sustain competitive advantage remains to be the most fundamental question in the spheres of strategic management. Dangelico et al., 2021 contends that a company requires to develop a competitive strategy so as to be in a position to achieve the global market economy's competitive advantage. A company's decision of strategy is based on a thorough review of their resources and different capabilities and reflects the impact of the market, (Singh, 2021). Singh further contends that the key determinants or sources of competitive advantage of a firm relates to the resources which are rare, valuable, inability to be imitated, and inability to be substituted. Therefore, effective strategic management calls for an awareness of organization's resources and competences and how they contribute to the formulation and eventually the growth of a competitive advantage, (Alves et al., and 2020). For a firm to attain its competitive advantages successfully; there is need to focus on human resources, technology, materials, financial resources and also align itself with the government regulations

Studying the relationship between human capital capabilities and organizational performance, Auw (2020) conducted a survey of professional service firms in Hong Kong, China and Taiwan regions. The target respondents were CEOs in these firms. Primary data was utilized in the study, collected via structured questionnaires. Telephone interviews were conducted for questionnaires that were incomplete. The study concluded that firms‟ human capital capabilities is positively related to its organizational performance. However, the study was conducted in Pan-China region and therefore the findings may not be generalized in the current context. Thus the study identified that contextual gap existed. In addition, the study focused on a direct relationship existing between human capital capabilities and organizational performance Investigating the effects of human resource capability and internal customer satisfaction on organizational effectiveness, Chuang, Liu and Chen (2020) conducted a case study of a state-owned Company-A in which a sample of 400 respondents was conveniently selected and questionnaires distributed through mail. Data collected was analysed via partial least square (PLS) method to conclude that organizational effectiveness is a function of human resource capability (team orientation) and internal customer satisfaction.

A study conducted by Adeniran and Johnston (2020) looked into the dynamic capacities and organizational performance of South African small and medium-sized businesses (SMEs). Small and medium sized firms in South Africa account for around 35 percent of GDP, according to the findings of the study. Small and medium-sized businesses typically contribute significantly to the growth of the economy, the creation of new products, the advancement of technology, and the development of organizational performances.

Khandekar and Sharma (2020) conducted a study on managing human resource capabilities for sustainable organizational performance based on Indian global organizations. Principal research method was used targeting a random sample of 300 human resource managers from nine global organizations based in the capital, New Delhi. The study established that human resource capabilities are positively correlated with organizational performance and significantly predicted sustainable organizational performance. While the results of the study show a positive relationship between human resource capabilities and organizational performance, the study was carried out among global organizations based in New Delhi while the current study was conducted among Private

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universities in Kenya, most of which do not have global operations.

Strategic capabilities and competitive strategies have been examined in a number of studies. Mwika (2020) conducted research in Kenya on the impact of innovation and technology on construction firms' organizational performance. The study examined how Kenyan construction firms' organizational performance is influenced by innovation and technology. In this study, a cross-sectional survey design was adopted." 40 Kenyan construction companies were surveyed for the study. Questionnaires were the major technique of collecting data. Analysis of the data was done using regression. Results from a recent study show that a company's competitive edge depends on its utilization of innovation and technology.

Organizational performance alludes to the procedures equipped towards coordination and upgrade of work exercises and results inside an association. Proficient and powerful operational execution is required to augment an organization's competitive edge through improvement of value, cost reduction quality, persistence, time to market, and item development, client lead times, stock levels, and conveyance time (Ngatia, 2021).

Manufacturing is to make or process (a raw material) into a finished product, especially by means of a large-scale industrial operation. According to Awino (2020) manufacturing is an important sector in Mombasa County and it makes a substantial contribution to the country's economic development. It has the potential to generate foreign exchange earnings through exports and diversify the country's economy. This sector has grown over time both in terms of its contribution to the country's gross domestic product and employment. The average size of this sector for tropical Africa is 8 per cent. Despite the importance and size of this sector in Kenya, it is still very small when compared to that of the industrialized nations United Nations Industrial Development Organization (UNIDO) in 1987. Kenya's manufacturing sector is going through a major transition period largely due to the structural reform process, which the Kenya Government has been implementing since the mid-eighties with a view to improving the economic and social environment of the country.

Manufacturing firms fall under the umbrella of Kenya Association of Manufacturers (2020). Kenya association of manufacturers posits that removal of price controls, foreign exchange controls and introduction of investment incentives have, however, not resulted in major changes in the overall economy, in particular, they have not improved the manufacturing performance. Therefore, to build a self-sustaining industrial sector, it is necessary to establish strategic linkages within the domestic economy. The performance in manufacturing sector has mainly been attributed to rise in output of the agro-processing industries. These included, grain milling, fish, tea, oils and fats processing sub-sectors. Other key sub-sectors of manufacturing that perform well are: manufacture of cigarettes, cement production, batteries (both motor vehicles and dry cells), motor vehicle assembly and production of galvanized sheets.

The Kenya Government has always been committed to developing a mixed economy where both public and private sector companies are present (Kenya Government, Development Plan 1989- 2019). Public sector participation in manufacturing is much smaller than the private sector and is still decreasing due to government's change of policy; the emphasis is now being given to privatization of the industrial sector.

Statement of the Problem

The concept of the strategic capabilities generally describes the capability of the organization or business venture to be in a position to align its operations within the environment that it operates in (Nyachanchu, et al, 2020). Deviations from focusing on the core business operations can significantly affects the firm's overall competitiveness within the business environment where it operates (Industrialization, 2020). Strategic capabilities

therefore describe all the enhancements that the business venture have in place towards building and also extending its primary objectives.

The business environment of selected manufacturing firms in Mombasa County, Kenya is characterized by so many dynamics that affect primarily how these businesses achieve their core mandate and objectives. The existence of poor infrastructure in Kenya contributes towards very high cost of the raw materials which are being utilized by these manufacturing firms in Mombasa. As a result, high costs for local products have reduced the competitiveness of their regional market.

Manufacturing enterprises in Mombasa also confront tough competition due to the many foreign and local producer firms and thus need innovative methods to help them get competitive advantages over their own competitors (Industrialization, 2020). It is therefore of paramount importance that these manufacturing firms in Mombasa identify their strategic capabilities and evaluate how they affect implementation of the firm's competitive strategies.

In Kenya, several studies have been conducted on different strategic capabilities of firms. For instance, Mwika (2020) did a study on the influence of the innovation and technology on the organizational performance of the construction companies. The study looked at how innovation and technology affect the organizational performance of Kenyan construction firms. The study was conducted on 40 selected Kenyan construction firms. The study focused on only construction industry and left a gap for other manufacturing industries. During the same year, Abade (2021) did a study on the competitive strategies and the competitive advantage of the large manufacturing firms in Nairobi County. The study showed that competitive tactics affect the loyalty of consumers, ensure superior quality services and goods, products geared towards customers and consumer input. The knowledge gap was that the study did not focus on competitive strategies but on organizational performance. Another study by Chepkole and Deya, (2020) on the effect of the strategic capability on the organizational performance of information technology firms in Nairobi City County revealed that the capacity for human resources has an inverse effect on the organizational performance of firms in the County of Nairobi. The knowledge gap in this study is that it focused majorly on IT firms only and left out firms in other sectors. Ngugi, (2020) did a study on the effects of strategic capabilities on the competitive advantage in British Broadcasting Corporation-global news, Africa. The study revealed further those strategic abilities have continued to change according to the different factors. These factors were established in response to technology, changes in the African media sector and changes in audience demand.

The knowledge gap was that the study did not study the local firms but international one. Lastly, Wanjiku, (2021) did a study on the strategic capabilities for the sustainable organizational performance of the Insurance Firms in Kenya. The study was carried out through survey method where of all the 49 insurance companies in Kenya. The study results showed that advanced technology, efficient marketing skills, quality customer service, productivity in claims settlement and product diversity are the major strategic capacities that foster a competitive edge in insurance firms in Kenya. The study only focused on insurance firms and left a knowledge gap of researching on manufacturing firms.

Even though these studies have been done on strategic capabilities, none has studied all the manufacturing industries in Mombasa County. It is against this backdrop that the study investigated the Strategic capabilities and organizational performance of selected manufacturing firms in Mombasa County, Kenya.

Objectives of the Study

The general objective of this study was to examine the effect of strategic capabilities on performance

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of selected manufacturing firms in Mombasa County, Kenya. The specific objectives were;

- To establish the effect of technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya
- To identify the effect of marketing capability on the performance of selected manufacturing firms in Mombasa County, Kenya
- To determine the effect of human resource capability on the performance of selected manufacturing firms in Mombasa County, Kenya.
- To determine the effect of financial capability on the performance of selected manufacturing firms in Mombasa County, Kenya.

Hypotheses are more focused and specific than research questions and are used to make predictions about the relationship between variables hence the study was guided by the following hypotheses;

- $H0_1$There is no significant effect of technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya
- $H0_2$ There is no significant effect of marketing capability on the performance of selected manufacturing firms in Mombasa County, Kenya
- $H0_3$ There is no significant effect of human resource capability on the performance of selected manufacturing firms in Mombasa County, Kenya
- $H0_4$ There is no significant effect of financial capability on the performance of selected manufacturing firms in Mombasa County, Kenya

LITERATURE REVIEW

Theoretical Framework

Dynamic Capability Theory

The theory of the dynamic capability was first introduced by Gary Hamel (1989). This was first presented through a paper that was titled as the multinational strategy research that led to the core competences of the organization or the firm. The theory was brought in place to fill the gap that had been identified in the previous theories this is because the theories failed completely to address the dynamic nature of the business environments. The dynamic capability theory is considered as being a progressive version of the resource-based view of the organization given that it is an inside-out approach; however, the proponents of the theory accept the fact that influence of the prevailing external factors to some extent contributes towards incorporating the Porter's theory (Gathungu & Mwangi 2020)."

The dynamic capabilities theory is of the greater essence especially with regards to explaining the greatest explanation power when the partly foreseeable alteration in line with the technology is on the edge of altering the overall competitions within the market (Chowdhury and Quaddus 2020). However, the theory has not been without criticism, the theory has however been criticized on the ground that it has very less power of the explanation given that the dynamic capabilities are not underestimated or are not considered as being limited. When the change itself is considered as completely being unforeseeable and when there is the foreseeable change the theory is of great significance with regards to its implementations and applications (Gathungu & Mwangi 2020). "Consequently, when the size of the impact of the new abilities is considered to be small, then the industries that are subjected to continuous changes in technology and in markets that remunerate short bursts of outstanding performance especially over the long-term consistency (Gupta 2021)."
The theory is therefore relevant to the present study since it bridges the knowledge left by the other theories. The theory attempts to address the needs of the firms to use the inside outside approach while responding to the environment. For the manufacturing firms to remain effective in the short-term, they must have considered competitive strategies that

can be used towards building long term competitive advantages (Gathungu & Mwangi 2020).

Conceptual Framework

A conceptual framework can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Reichel & Ramey, 2020). The schematic diagrams below will not only guide the study but will also show the interrelatedness among the key variables in the study as illustrated in Figure 1.

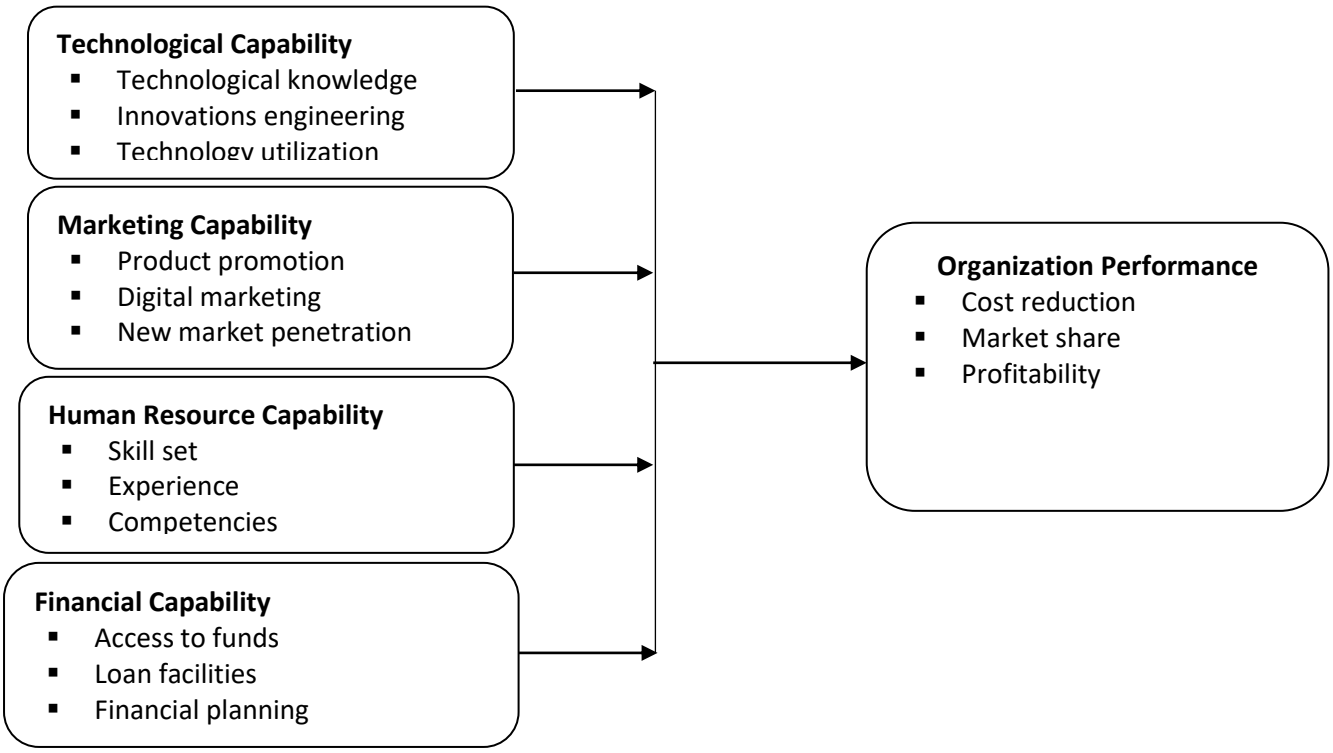

Figure 1: Conceptual Framework

Review of Study Variables

Technological capability

According to Rehman et al., 2020, technology capabilities have been defined as the ability capabilities that the firm requires to completely assimilate, use, change and create technology for use. Technological capabilities have also been defined as the ability of the firm to make use of the new technological knowledge for production, innovation and engineering so as for the firm to be able to gain competitiveness in pricing and quality. These technology capabilities are very vital for the firms and helps the firm to assimilate, adapt and use the new technologies for its benefit. Among the factors that are within the disposal of the firm to achieve better competitive position, technology utilization is key and contribute hugely towards the success of the firm in terms of gaining its competitiveness in the market.

For any firm to sustain its survival in a given environment, there is need for the firm to produce some different solution to adequately meet its core business needs. For the firm to gain competitive learning, there is need to make use of both the internal and external learning effectively (Kim, Kim, & Seo 2020). Organization achieves the internal learning through development of the new products, further internal learning is also achieved through investment in research and development processes. External learning can be acquired through creation of the technological alliances with other vital firms, institutions and organizations.

Manufacturing firms develops advanced manufacturing technology every year since, it's contributed towards reduced recycle time, enhances sustainable market growth and enhances progress towards zero defects and contributes towards enhanced return on investments coupled with a production that is focused specifically on the firm's line of production (Chienwattanasook, & Jermsittiparsert 2021)

Marketing capability

Marketing capability is a critical component of a manufacturing firm's success. It refers to an organization's ability to design, develop, and implement marketing strategies that effectively promote its products or services to the target audience. The influence of marketing capability on the performance of manufacturing firms has been widely studied by scholars and practitioners alike (Hunt & Madhavaram, 2020; Parnell, Long & Lester, 2021).

Numerous studies have shown that manufacturing firms with strong marketing capabilities tend to outperform those with weak or no marketing capabilities. This is because effective marketing strategies can help firms increase sales, penetrate new markets, and differentiate themselves from competitors. For instance, a firm with a strong marketing capability can leverage its customer insights and market knowledge to develop new products or services that better meet customer needs, thus gaining a competitive advantage over rivals (Basile & Faraci, 2021).

Human resource capability

Mishra, Luo & Hazen (2020) notes that the concept of the human resource capability for an organization, includes the organization having in place the right people with the required skills and expertise based on the industry of the firms. These individuals must have the right attitude, competencies and the attributes that the organization requires for it to gain competitive advantages which are aligned to the organizational goals. The organization therefore needs to employ competent employees and then contribute towards developing them through application of the effective human resource practices. The effectiveness of the human resources practices therefore underpins the organization capability. Amarakoon, Weerawardena, and Verreynne (2020) notes that the focus of the organization therefore should be on developing the right pool of human resource capital that have the level of skills that is aligned to the skills that are required by the organization. In manufacturing firms, human resource capabilities include the right staff, skills and expertise. Manufacturing firms therefore need to ensure that the skills are aligned to the core strategic intent of the firm. Human capital capabilities have been described as the attributes, the competencies, skills and knowledge that are embodied in an individual that can contribute towards facilitating the creation of personal, social and the overall economic wellbeing.

Financial capability

Financial capability remains to be vital and a very fit in the corporate level strategy of the firm (Zamora et al., 2020). Different researchers and scholars that are concerned with the strategy implementations have identified financial capabilities of the firm as being key to the organizational performance. Therefore, it's critical that the firms have access to the funds so that it's in a better position to implements the strategic plans. Financial capabilities therefore remain to be key with regards to strategic planning processes. To achieve accurate and adequate financial outcome, the firm needs to accurately balance its expenditures considering the limitations with regards to the income stream.

Organizational Performance

Firm performance is when a firm realizes proper coordination through effective communication, scheduling and task management (Protogerou Caloghirou & Lioukas, 2011). Theodosiou, Kehagias and Katsikea, (2020) also argues that firm performance can be realized through proper

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coordination of tasks that increase the efficiency and effectiveness of firm performance. There are no unanimously agreed measures of organization performance among scholars and practitioners (Ghalomi Asli, Nazari-Shirkouhi, & Noruzy, 2020; Ruekert & Walker, 2019; Hilman, 2021; Lin 2021; Bowen & Ostroff, 2004) measured organization performance in terms of multidimensional construct i.e. financial and non-financial measures. Lopez-Nicolas and Meroño-Cerdán emphasized that organization performance must be enhanced for MO programs to be effective.

Vaccaro Parente and Veloso (2021) worked at organization performance in terms of cost and profitability while Wu and Lin (2019) looked at firm performance in terms of improving coordination efforts. Ruekert and Walker (2019) argued that firm performance is based on three dimensions: effectiveness (success of procedures such as changes of sales growth and market share), efficiency (ratio of input to output such as investment return and pre-tax profit), adaptability (responsiveness to opportunities afforded by changes in the business environment, for example, number of new products that succeed during particular time).

METHODOLOGY

The study adopted a cross-sectional survey research design. The study adopted a cross-sectional survey research design in order to investigate the Strategic capabilities and organizational performance of manufacturing in Mombasa County. The target population of the study comprised approximately of 100 employees in the selected Manufacturing firms in Mombasa County, Kenya. The researcher used stratified random sampling techniques due to nature of study. The sample was drawn from Chief Executive officers, Finance managers, Accountants and Risk Managers to obtain a sample of 80 respondents. The researcher employed random sampling, where respondents from each stratum were selected using simple random sampling and convenience sampling methods. The researcher used questionnaires as a tool for data collection. The questionnaires contained close ended questions that solicited respondents' views. Questionnaires were self-administered and picked one week later to allow respondents humble time to fill them.

Data analysis involved sorting, coding and transforming data into statistical information for the purpose of analysis and interpretation by use of SPSS. This study used quantitative data specifically descriptive statistics. Regression analysis was used to determine whether one variable is a predictor of another variable, thus it was used to determine the relationship between the dependent and independent variables. The findings were presented in the form of table and Percentage.

The regression model was as follows:

$Y= \alpha +\beta_1X_1 +\beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$ Where:

Y = is the dependent variable; which is the organizational performance

α = Constant term

β_1, β_2, β_3 and β_4 are the coefficients of the predictor variable and

X_1= Technological Capability

X_2= Marketing capability

X_3= Human resource capability

X_4= Financial Capability

ε = Error term

FINDINGS

The pilot study targeted 80 respondents, out of the 80 questionnaires disbursed 58 were returned which represents 72.5%, 22 were not returned which represent 27,5%. According to Mugenda and Mugenda (2020), a response rate of 50% is adequate, 60% is good and 70% and above is excellent. Therefore, this response rate was excellent and deemed fit for the pilot study.

Cronbach's Alpha was used to test the reliability of the proposed constructs. The findings indicated that, technological capability had a coefficient of 0.826, marketing capability had a coefficient of 0.901, human resource capability had a coefficient of 0.853, financial capability had a coefficient of 0.891 and organization performance had a

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coefficient of 0.821. All constructs depicted that the value of Cronbach's Alpha was greater than 0.700 and thus, the study constructs were reliable. This is presented in the table below.

Table 1: Reliability Test

Construct	Cronbach's Alpha	Comment
Technological Capability	.826	Reliable
Marketing Capability	.901	Reliable
Human Resource Capability	.853	Reliable
Financial Capability	.891	Reliable
Organization Performance	.821	Reliable

The validity of the questionnaire was also assessed using face validity, content validity, and construct validity. The questionnaire was found to be face valid and had content validity as all constructs had a CVR value of more than 0.72. The construct validity was confirmed using factor analysis with a Kaiser-Meyer-Olkin measure of sampling adequacy value of 0.821. Overall, the results of the validity test confirm that the questionnaire was appropriate for measuring the intended construct.

The reliability test results indicate that all of the proposed constructs in the study, namely technological capability, marketing capability, human resource capability, financial capability, and organization performance, were found to be reliable. This is because the Cronbach's Alpha coefficient for each construct was greater than the recommended value of 0.700. Therefore, the results suggest that the measures used to assess the constructs were consistent and reliable. These findings increase the validity and accuracy of the study results and make them more trustworthy for further analysis and interpretation.

Correlation Analysis

Pearson correlation analysis was conducted to examine the relationship between the variables. The measures were constructed using summated scales from both the independent and depended variables. The results are provided in table 2 below.

Table 2: Correlation analysis

	Organizational performance	Technological capability	Marketing capability	Human resource capability	Financial capability
Organizational performance	1				
Technological capability	0.536	1			
Marketing capability	0.526	0.29	1		
Human resource capability	0.265	0.085	0.485	1	
Financial capability	0.275	0.032	0.233	0.578	1

From the findings shown Technological capability and organizational performance are positively related (0.536), Human resource capability is positively related with the organizational performance (0.265) and Marketing capability (0.526). Financial capability is positively related with organizational performance (0.275). The use of Technological capability was positively related with

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Marketing capability (0.29), Human resource capability (0.085) and financial capability (0.032). The use of marketing capability was positively related with Human resource capability (0.485) and financial capability (0.233). Lastly the Financial capability had a positive relation with Human resource capability (0.578). This indicates any of the strategic capabilities had a positive correlation with the performance and the strategic capabilities had positive correlations among themselves.

Regression Analysis of the Study Variables

Regression analysis was carried out to determine the linearity of the relationship between the dependent (organization performance) and strategic capabilities (technological capability, marketing capability, human resource capability and financial capability) of the study. The results were tabulated and discussed as shown in the subsections here below;

Multiple Regression Model Summary

Table 3 showed the value of Adjusted R-square of 0.883 implies that 88.3% of the total variance of organization performance is explained by the model. This means that 11.7% of the total variance of organization performance cannot be explained by the model. Hence the results reveal that the strategic capabilities affect organization performance. The Table 3 below shows the results for variations between the dependent and independent variables.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.944[a]	.891	.883	.28339	1.788

a. Predictors: (Constant), Financial Capability, Marketing Capability, HR Capability, Technological Capability

b. Dependent Variable: Organization Performance

Analysis of the Variance of the Study Variables (ANOVA)

The residuals are positive, implying that there was a significant relationship between the dependent and independent variables used in the study. From the ANOVA Table 4 below, it was established that financial capability, marketing capability, hr capability and technological capability affected organization performance significantly since $F_{critical}$at (5, 83) degrees of freedom is 2.38< $F_{calculated}$108.737 at 5% level of significance. The ANOVA table was generated from the Analysis.

Table 4: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	34.930	4	8.733	108.737	.000[b]
Residual	4.256	53	.080		
Total	39.186	57			

a. Dependent Variable: Organization Performance

b. Predictors: (Constant), Financial Capability, Marketing Capability, HR Capability, Technological Capability

Coefficients of the Regression Model

The co-efficient of the regression model were obtained from the analysis and presented. The regression equation is as shown below;

$$\mathbf{Y=0.088+0.253X_1+0.189X_2+0.150X_3+0.367X_4}$$

Y –Organization Performance

$\mathbf{X_1}$–Technological Capability

$\mathbf{X_2}$–Marketing Capability

$\mathbf{X_3}$ –HR capability

$\mathbf{X_4}$–Financial Capability

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When the independent variables are all zeros, this means that organization performance will be at 0.088 units. When technological capability increases by one unit, organization performance increases by 0.253 units. When marketing capability increases by one unit, organization performance increases by 0.189 units. When HR capability increases by one unit, organization performance increases by 0.150 units. Finally, when financial capability increases by one unit, organization performance increases by 0.367 units. Table 5 presents the regression coefficients results for the standard multiple regression that was conducted for the study.

Table 5: Coefficients of the Regression Model

This table presented the co-efficient of the regression model as follows:

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.088	.171		.517	.608		
Technological Capability(X_1)	.253	.107	.307	2.354	.022	.120	8.325
Marketing Capability(X_2)	.189	.055	.187	3.448	.001	.696	1.437
HR Capability(X_3)	.150	.073	.148	2.043	.046	.393	2.544
Financial Capability(X_4)	.367	.114	.418	3.203	.002	.120	8.310

a. Dependent Variable: Organization Performance(**Y**)

Hypothesis Testing

In statistical hypothesis testing, the null hypothesis is the default assumption that there is no relationship or difference between variables. The alternative hypothesis, on the other hand, is the opposite of the null hypothesis and proposes that there is a relationship or difference between variables. If the p-value is less than the significance level, it is unlikely that the results were obtained by chance, and the null hypothesis is rejected. This means that the alternative hypothesis is accepted, and there is evidence to support the relationship or difference between variables proposed by the alternative hypothesis.

The first null hypothesis stated that thereis no significant effect of technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya. The results indicated that technological capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya as shown in the table below (B_1=0.307, t=2.354& p=0.022<0.05). Hence the study rejected H_{01}leading to the conclusion that technological capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

The null hypothesis stated that there is no significant effect of technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya. The results of the statistical test indicated that technological capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya, with a p-value of 0.022, which is less than the significance level of 0.05. Therefore, the null hypothesis was rejected, and the alternative hypothesis was accepted, leading to the conclusion that technological capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

The second null hypothesis stated that there is no significant effect of marketing capability on the

performance of selected manufacturing firms in Mombasa County, Kenya. The results indicated that marketing capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya as shown in the table below (B_2=0.187, t=3.448 & p=0.001<0.05). Hence the study rejected H_{02}leading to the conclusion that marketing capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

The second null hypothesis stated that there is no significant effect of marketing capability on performance, and the alternative hypothesis proposed that there is a significant effect.The results of the statistical analysis showed that the regression coefficient for marketing capability (B2) was 0.187, the t-value was 3.448, and the p-value was 0.001. The p-value of 0.001 is less than the predetermined significance level of 0.05, indicating that there is strong evidence to reject the null hypothesis and accept the alternative hypothesis. Therefore, the study concluded that marketing capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

The third null hypothesis stated that there is no significant effect of human resource capability on the performance of selected manufacturing firms in Mombasa County, Kenya. The results indicated that human resources capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya as shown in the table below (B_3=0.148, t=2.043 & p=0.046<0.05). Hence the study rejected H_{03}leading to the conclusion that human resources capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

The third null hypothesis stated that there is no significant effect of human resource capability on performance, and the alternative hypothesis proposed that there is a significant effect.

The results of the statistical analysis showed that the regression coefficient for human resource capability (B3) was 0.148, the t-value was 2.043, and the p-value was 0.046. The p-value of 0.046 is less than the predetermined significance level of 0.05, indicating that there is evidence to reject the null hypothesis and accept the alternative hypothesis.Therefore, the study concluded that human resource capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

The fourth and final null hypothesis stated that there is no significant effect of financial capability on the performance of selected manufacturing firms in Mombasa County, Kenya. The results indicated that financial has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya as shown in the table below (B_4=0.418, t=3.203 & p=0.002<0.05). Hence the study rejected H_{04}leading to the conclusion that financial capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

The fourth null hypothesis stated that there is no significant effect of financial capability on performance, and the alternative hypothesis proposed that there is a significant effect.The results of the statistical analysis showed that the regression coefficient for financial capability (B4) was 0.418, the t-value was 3.203, and the p-value was 0.002. The p-value of 0.002 is less than the predetermined significance level of 0.05, indicating that there is strong evidence to reject the null hypothesis and accept the alternative hypothesis.Therefore, the study concluded that financial capability has a significant effect on the performance of selected manufacturing firms in Mombasa County, Kenya.

The study found that all four variables - technological capability, marketing capability, human resource capability, and financial capability had a significant effect on performance. Each of these variables likely had different levels of impact on performance, and their relative importance may

depend on the specific context of the manufacturing firms being studied.

The table 6 below presents the research hypotheses results on the effect of strategic capabilities on the performance of selected manufacturing firms in Mombasa County, Kenya based on the multiple regression analysis conducted in this study.

Table 6: Tests of Hypothesis Results

Research Hypotheses	B	t	p-value	Decision
H_{01}: There is no significant effect of Technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya	0.307	2.354	0.022	H_{01} rejected since p=<0.05
H_{02}: There is no significant effect of Technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya	0.187	3.448	0.001	H_{02} rejected since p=<0.05
H_{03}: There is no significant effect of Technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya	0.148	2.043	0.046	H_{03} rejected since p=<0.05
H_{04}: There is no significant effect of Technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya	0.418	3.203	0.002	H_{04} rejected since p=<0.05

CONCLUSION AND RECOMMENDATIONS

Summary

The study managed a 72.5% response rate which was deemed fit for the study. The study analyzed the responses of a group of manufacturing firm employees in terms of their work position, highest level of education, and work experience. The majority of the respondents were in management positions and had a degree level of education. The majority also had between 6 to 10 years of work experience. The study suggests that the respondents had a good understanding of the strategic capabilities of their firms and were well educated enough to answer the questionnaire. The study concludes that the respondents were experienced and knowledgeable enough to provide accurate insights into the impact of strategic capabilities on organizational performance.

The study assessed the validity and reliability of the questionnaire used to measure the constructs of technological capability, marketing capability, human resource capability, financial capability, and organization performance. The questionnaire was found to have face validity, content validity, and construct validity through factor analysis. The results confirmed that the questionnaire was appropriate for measuring the intended construct. The reliability of each construct was also assessed using Cronbach's Alpha coefficient, and all constructs were found to be reliable. The findings suggest that the measures used to assess the constructs were consistent and reliable, making the study results more trustworthy for further analysis and interpretation.

The study found that the respondents had a strong positive perception of the presence of technological capabilities in their respective manufacturing firms. The variation in responses was moderate, with some statements having lower standard deviations than others. The respondents expressed that the operating system was adaptable and accessible to staff and stakeholders, and that technological capability was a highly important organizational resource. They also stated that the IT department was proactive in providing solutions to production

challenges, and that IT management contributed to enhancing organizational performance. However, there was slightly less consensus on the contribution of advanced manufacturing technology to sustainable market growth and enhanced return on investments, with the highest variation in responses for this statement. The implication of these findings is that technological capabilities are highly valued and seen as an important resource for manufacturing firms, with the IT department and management playing crucial roles in utilizing and improving these capabilities.

According to the study, the respondents strongly indicated a presence of marketing capabilities in their respective manufacturing firms. The standard deviation of the responses showed some variability. Respondents agreed on the contribution of marketing capabilities in penetrating new markets and adapting to changing customer preferences and market dynamics. The marketing strategy's effectiveness is measured and adjusted based on results, and the marketing team collaborates with other departments to drive business growth. The study highlights the importance of marketing capabilities as an organizational resource for manufacturing firms. However, respondents were uncertain about the effectiveness of the company's marketing strategy in promoting products or services to the target audience, and the high standard deviation suggests that responses were highly varied.

The respondents strongly agreed that the manufacturing firms had human resource capability, with moderately varied responses. Employment history and qualification were considered for the manufacturing firms, and employees' experience was highly rated during promotions. Human resource capability enables operations to be integrated seamlessly among organization partners. Frequent random assessments are conducted to evaluate the level of expertise of employees. Human capital capabilities of employees contribute to the creation of personal, social, and overall economic well-being. However, the responses were highly varied regarding whether the company's marketing strategy is effective in promoting products or services to the target audience.

The respondents showed a strong inclination towards the presence of financial capabilities in their respective manufacturing firms, as indicated by the average mean of their responses. However, the variation of the responses was moderately high, according to the standard deviation. The respondents believed that financial capability enhances the firms' operations, facilitates communication with customers, and promotes prompt feedback to enhance organizational performance. The organization was also perceived to have adequate access to funds to implement its strategic plans. Nonetheless, the respondents were uncertain about the organization's ability to balance its expenditures, considering the limitations with regards to the income stream. This particular statement had the highest standard deviation, showing that the responses to this statement were highly varied.

Conclusion

The conclusion was done in line with the study objectives.

The study found that there is a significant positive relationship between technological capability and organizational performance in selected manufacturing firms in Mombasa County, Kenya. Specifically, the results showed that for every one-unit increase in technological capability, there was a 0.253-unit increase in organizational performance. These findings suggest that technological capability is an important factor for firms to consider when striving improving their performance.

The study also rejected the first null hypothesis that there is no significant effect of technological capability on the performance of selected manufacturing firms in Mombasa County, Kenya. The results showed that technological capability has a significant effect on organizational performance, as indicated by the value of B1, t-value, and p-value.

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This suggests that manufacturing firms in Mombasa County should prioritize investing in and improving their technological capabilities to enhance their overall performance.

The study analysed the impact of marketing capability on the performance of selected manufacturing firms in Mombasa County, Kenya. The second null hypothesis was tested, which assumed that marketing capability does not significantly affect the organization's performance. However, the study findings revealed that marketing capability has a significant effect on the performance of manufacturing firms. The results showed that an increase in marketing capability by one unit leads to an increase in organization performance by 0.189 units. Hence, the study rejected the second null hypothesis and concluded that marketing capability plays a crucial role in the performance of manufacturing firms.

The findings of this study indicate that marketing capability is a vital resource that positively affects the performance of the manufacturing firms. Therefore, organizations should focus on developing and enhancing their marketing capabilities to achieve better performance. The study's results suggest that marketing departments should collaborate with other organizational departments to align marketing goals with organizational objectives to optimize performance. The implications of these findings are significant for the manufacturing industry as they highlight the importance of marketing capabilities in driving business growth and competitiveness.

A study conducted on selected manufacturing firms in Mombasa County, Kenya tested the third null hypothesis that there is no significant effect of human resource capability on the performance of organizations. The results indicated that human resource capability has a significant effect on the performance of the selected manufacturing firms. The analysis revealed that when HR capability increases by one unit, organization performance increases by 0.150 units. The statistical values provided significant evidence to reject H03, which suggests that human resource capability plays a crucial role in the performance of manufacturing firms.

The study established that the HR capability of manufacturing firms is a significant factor in determining their overall performance. This implies that investing in the development and enhancement of HR capability can lead to improved organizational performance. The findings of the study may be useful for manufacturing firms in Mombasa County, Kenya, as well as other similar settings, in making informed decisions about resource allocation and investment priorities.

The study examined the impact of financial capability on the performance of selected manufacturing firms in Mombasa County, Kenya by testing the fourth null hypothesis. The analysis revealed that there is a significant effect of financial capability on the performance of the manufacturing firms. The study found that when financial capability increases by one unit, organization performance increases by 0.367 units. These findings suggest that financial capability is a crucial resource for the performance of manufacturing firms in Mombasa County, Kenya.

The study's results indicated that the null hypothesis stating that there is no significant effect of financial capability on the performance of selected manufacturing firms in Mombasa County, Kenya can be rejected. This means that financial capability plays a significant role in the performance of manufacturing firms in the region. Thus, firms with strong financial capabilities may have a competitive advantage over those with weaker financial capabilities. It is important for organizations to focus on developing and maintaining strong financial capabilities to improve their overall performance and achieve their goals and objectives

Recommendations

The study provides recommendations for policy, practice, and academia based on the findings. For

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policy, the government should encourage and support the development of technological capabilities, marketing and human resource capabilities, and financial capabilities in manufacturing firms through incentives, training, and funding opportunities. The government should provide a conducive business environment for firms to invest in and improve their financial capabilities.

For practice, manufacturing firms should prioritize investing in the development and enhancement of their technological, marketing, and human resource capabilities to improve their overall performance and competitiveness. Organizations should strive to maintain strong financial capabilities to achieve their goals and objectives.

For academia, further research can be conducted to explore the impact of other organizational capabilities on performance, such as operational or strategic capabilities. Future studies can examine the impact of organizational capabilities on the performance of firms in other regions or countries. Scholars should investigate the most effective ways for firms to develop and enhance their capabilities, such as through training programs, collaboration, or hiring of specialized staff.

Areas for Further Research

One suggestion for further research could be to investigate the impact of different types of technological capabilities on organizational performance in the manufacturing industry. For example, research could be conducted to explore the impact of automation technology, information technology, or production technology on performance. This could help firms to better understand which specific technological capabilities are most effective in enhancing their performance and competitiveness.

Another area for further research could be to investigate the impact of different types of marketing capabilities on organizational performance. For example, research could be conducted to explore the impact of digital marketing, brand management, or customer relationship management on performance. This could help organizations to identify which marketing capabilities are most effective in driving growth and achieving their strategic objectives.

Additionally, future research could investigate the most effective strategies for developing and enhancing organizational capabilities. For example, research could explore the effectiveness of different training programs, collaboration models, or hiring practices in developing capabilities. This could help organizations to identify the most efficient and effective ways to invest in and improve their capabilities.

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