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Effect of firm capabilities on the non-financial performance of fast-moving consumer goods firms in Nairobi metropolitan area

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EFFECT OF FIRM CAPABILITIES ON THE NON-FINANCIAL PERFORMANCE OF FAST-MOVING CONSUMER GOODS FIRMS IN NAIROBI METROPOLITAN AREA

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the dissertation contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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ABSTRACT

Whereas the global consumer goods market has been expanding with the changes in the income level and overall global connectedness, locally, most of the firms within the fast-moving consumer goods industry have been exiting the market or scaling down operations. Several authors have investigated the causes behind this trend, but most have focused on financial performance. Consequently, this study sought to examine the non-financial performance of the firms operating within the fast-moving consumer goods (FMCG) industry in the Nairobi Metropolitan Area. The study specifically examined the effect of managerial capabilities, marketing capabilities, resource capabilities, and technological capabilities on the non-financial performance of these FMCG firms in the Nairobi Metropolitan Area. The study was primarily grounded on the dynamic capabilities theory and the stakeholder theory. The study adopted a positivist research philosophy and utilized a quantitative approach in analyzing the interaction between study variables. The population of the study was 263 FMCG firms operating within the Metropolitan Area. The unit of observation was159 senior-level managers drawn from the FMCG industry. The study employed a structured research questionnaire deploying electronic data collection through Google forms to ensure respondents' accessibility. The collected study data were analyzed using descriptive and inferential analysis. The study's main limitation was getting access to qualified respondents since the data collection was carried out during an ongoing global pandemic. However, this was countered with the use of digital data collection methods, which were more effective in situations where physical contact was impossible. The study found a moderate and positive effect of managerial, marketing, and technological capabilities on the FMCG firms' non-financial performance. The study also found a strong positive effect of resource capabilities on non-financial performance. The research concluded that firm capabilities had a positive and significant effect on firm capabilities on the non-financial performance of fast-moving consumer goods firms. The study concluded that managerial capabilities, marketing capabilities, resource capabilities, and technological capabilities significantly influence non-financial performance. The study recommends that FMCG firms integrate digital technologies into their marketing activities and product development from these findings. Further, FMCG firms should improve investment in emerging technologies and the professional development of their personnel. The study also recommends that FMCG firms should regularly review their internal structure to ensure it is supportive of efficient decision making and communication within the firm. Further research is necessary to determine the relationship between external capabilities and FMCG firms' performance in Kenya.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
FMCG	Fast-moving Consumer Goods
KAM	Kenya Association of Manufacturers
SME	Small and Medium Enterprises
VRIN	Valuable, Rare, Inimitable and Non-Substitutable

DEFINITION OF TERMS

Firm-Level Capabilities	These are characteristics that are micro and areas within the scope of individual firms (Abaho, 2016).
Managerial capabilities	There are tenets associated with the management staff critical in dispensing their tasks and responsibilities (Eton, Ebong,, Fabian, Mutesigensi, & Benard, 2018).
Organizational performance	This refers to the firms' ability to attain their objectives using their resources efficiently and effectively (Sanchez, Morales, & Rojas, 2018).
Resource capabilities	This refers to the firm's ability to combine its unique resources and to renew its core competencies to gain a competitive edge (Nyachanchu, Chepkwony, & Bonuke, 2017).
Technological capabilities	This refers to the firm's ability to acquire and utilize existing and emerging technologies to develop better products and to update existing products (Martin & Kinoti, 2017)

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The concept of firm performance has elicited intellectual debates for many years, with empirical studies showing that firms with poor performance do not survive in the long run (Bridoux, 2004). In today's turbulent business environment, firms are faced with changes in technology, consumer demand, customer expectations, competition, regulations, and globalization, among many aspects that present a high level of uncertainty (Adeyeyetolulope, 2014). These structural and dynamic business environment developments affect firms' competitive advantage and performance (Wilden, Gudergan, Nielsen, & Lings, 2013).

Consultancy Group (2018) report indicates that globally, fast-moving consumer goods are under pressure to meet their revenue projections and meet operating profits. This has largely been influenced by changing global political stability, market preferences, and income level changes. The report further notes that heightened digital competition and increased volatility has seen the largest firms fail to sustain their growth. Similarly, the Mckinsey Group (2018) notes that the fast-moving consumer goods (FMCG) industry that has enjoyed undeniable success in the recent past has since 2015 shown a plateauing in their general performance and failure to increase value creation.

In Africa, however, the Brookings Group (2019) indicates that changing consumer demographics and improving the business environment is expected to foster growth in the FMCG sector. The study notes that changing demographic profiles across Nigeria, Ethiopia, South Africa, Congo, Egypt, Tanzania, and Kenya are expected to drive demand in the FMCG industry, leading to the attainment of a $2.5 trillion value by 2030. Similarly, KPMG (2017) reveals that Africa's FMCG sector is expected to improve significantly due to the large market available on the continent and increasing household incomes. The report reveals that the continent remains relatively under-served by FMCG companies; hence there is room for improvement by individual firms in the sector.

Nielsen (2018) indicated that there was a drop in consumer confidence in Kenya, which has negatively impacted the performance of the retail sector. Nonetheless, online FMCG shopping is gaining momentum and is expected to drive performance in the industry. The report further notes that low margins characterize the industry. Therefore, companies operating in this market must employ strategies, which are focused on driving top-level sales. However, few studies

have been conducted to examine the key strategies and capabilities that FMCG firms can employ to improve their performance. Among them, Muhura (2012) looked at organizational capabilities as a means of competitive advantage in Ghana and found physical infrastructure, human resources, technology, strong brand, distribution network, talent nurturing, market research, innovation, and workforce development vital to competitiveness.

Likewise, Bukhamsin (2015) investigated the performance of Irish Small and Medium Enterprises and identified innovation process and lead management as capabilities that directly and positively affected the firms' financial and operational performance. Anitah (2019) indicates that Industry 4.0 has resulted in FMCG firms' operational performance in terms of product quality, delivery time, flexibility, production lead, employee motivation, elimination of errors, and customization of orders. Gichuki (2017) notes the Kenyan FMCG industry has fostered targeting services, product outreach, lead time, competitiveness, and meeting customer tastes and preferences.

1.1.1 Non-Financial Performance

Performance is considered the most important criterion in evaluating organizations, their actions/inactions, and environments. It is frequently discussed in most management branches and deliberated by academic scholars and is at the heart of strategic management (Rasula, Vuksic, & Stemberger, 2012). By definition, organizational performance is the outcome of the operations performed by the firms' members (Ruey-Gwo & Chieh-Ling, 2007; Shamsie, Martin, & Miller, 2009). Ahmad and Zabri (2016) define non-financial performance measures as qualitative metrics utilized in assessing the attainment of firm goals. The study noted that customer metrics, efficiency, effectiveness, product development, and quality are some of the non-financial performance measures.

Most of the FMCG industry studies have mainly considered financial metrics in their performance evaluation (Kuria, 2018). This has led to limited literature examining the firms' non-financial performance, particularly in the African context. The study sought to partially address this gap by considering the following non-financial measures of FMCG firms: product development, customer retention, new market development, customer satisfaction, employee satisfaction, environmental performance, and social performance.

1.1.2 Firm Capabilities

Firm capabilities are typically seen as operational, specialized capabilities organized into individual aptitudes or various levelled capacities (Ortega, 2010). These capabilities are instrumental in directing the firm towards strategic change, individually and as an organization

(Helfat et al., 2009). Capabilities include individual employee abilities, resource capabilities, and implied gathered knowledge installed in a firm's schedules, administrative procedures, advertising correspondences, and culture (Minna, Sanna, & Juhani, 2014). Firm capability encourages the development and distribution of a wide scope of items, special promotion of the firm's items, fast and timely delivery of products, production of quality and value and superior items, and consistency in quality and distribution speed (Spriggs, 2012). These capabilities include the business scope, managerial characteristics, innovative skills, coordination capacity, and the firm's tangibility (Gatsi & Gadzo, 2014).

According to Asien (2016), firm-level attributes encapsulate the firm's age, resource capability, personnel competencies, profitability, sales revenue, size of the firm, and cash flow from operating activities. Firm-level characteristics are financial resources, technology, managerial skills, human resources, and firm size (Barney, 2009). The key dimension of differences in strategies and performance levels among competitors within an industry is the existence of unique firm characteristics capable of producing core resources that are difficult to imitate (Peteraf, 2013). Employment of firm capabilities effectively leads to organizational performance (Rabah, 2015).

Teece and Pisano (1994) noted that a firm's resources exist in three distinct forms; tangible assets, intangible assets, and organizational capabilities. Tangible resources include all the physical assets such as buildings, cables, machines, and production and distribution resources. On the other hand, intangible assets include accumulated knowledge, firm processes, managerial capacity, technical know-how, brand recognition, and customer awareness. Organizational capabilities represent the level of effectiveness that a firm has accumulated over a while in executing its objectives or converts inputs to desired outputs. It represents the organization's ability to use its tangible and intangible resources to achieve desired goals, attain market superiority, and become sustainable and competitive. Barney (1991) notes that firm capabilities are developed over a sustained period of time, and their interactions are key to determining how successful an organization is in executing its goals. These resources cannot be bought and incorporated, but instead have to be built (Makadok, 2001), and are employed over time to reconfigure the firm's resources, remove unfavourable resources, and combine new and existing resources to enhance strategy execution (Simon & Hitt, 2003).

1.1.2.1 Technological Capabilities

Aslam and Azhar (2018) noted that a firm's technological capability is its ability to select the most appropriate technologies for specific tasks, the ability to integrate new technologies into

its processes, and the ability to innovate and introduce new and relevant products and services. García-Muiña and Navas-López (2007) defined technological capabilities as the generic knowledge-intensive ability to mobilize different scientific and technical resources jointly, thus enabling successful innovation of a firm's products productive processes through the implementation of competitive strategy and value creation to the external environment. This study will conceptualize technological capability as the skills and technical know-how required to facilitate successful research, identification, integration, and development of new products and processes that enhance FMCG firms' non-financial performance in Kenya.

It is no doubt with the use of their technological capabilities, organizations have been able to reach as many customers as possible as well as collaborate with partners across the world (Adeyeyetolulope, 2014). Shaqiri (2015) concludes that organizations that integrate technology in the way they carry out their businesses are likely to be efficient and create a competitive advantage. Kariuki (2015) notes that there is a need for the organization to embrace technological tools. This will give them an edge and improve the delivery of services to their customers. Sanchez, Morales, and Rojas (2018) revealed that the improvement of technological skills and support for technology promoted organizations' performance.

1.1.2.2 Marketing Capabilities

Martin and Javalgi (2016) define marketing capabilities as the skills and competencies that firms possess that are key in understanding marketplace changes according to demand, allowing for a change in market orientation and focus. They occur due to the changes instituted by an organization to adapt to market demands (Vorhies & Morgan, 2003). Day (2011) defined marketing capabilities as the processes by which firms select intended value propositions for target customers and deploy resources to deliver these value offerings to pursue desired goals. This study will look at marketing capabilities as a firm's ability to rapidly and successfully launch new products or services, use pricing skills to respond to shifts in customer preferences, deliver high-quality after-sales service, and work closely with distributors retailers in the market.

Baloglu and Pekcan (2016) observed that marketing capabilities, market-linking capabilities, information technology capabilities, and management-related capabilities as dimensions of strategic capabilities positively affect competitive performance. Brahmane (2014) indicated that implementing organization capabilities has aided in solving bottlenecks between business to business (B2B). In Ghana, Osei Bonsu (2016) found out a direct relationship between

marketing and coordination capabilities and organizational performance (financial and operational).

1.1.2.3 Management Capabilities

According to Adner and Helfat (2003), management capabilities are those competencies that enable managers to construct, integrate, and reconfigure the resources and competencies of the firm to ensure superior performance. Graves and Thomas (2006) define it as the expertise, management capabilities, and processes that firms possess to plan and implement programs and activities to achieve superior performance. The proper deployment of an organization's social, human, and cognitive abilities to make use of its tangible and intangible resources involves managerial capability (Acquaah & Agyapong, 2015).

Several studies have suggested that top management's quality has a positive effect on managerial capability (Acquaah, 2012). Osei-Bonsu (2017) indicates that managerial capabilities, organization structuring, and marketing capabilities positively contributed to firm competitiveness. This study proposes management's influence on performance in terms of leadership styles, decision-making ability, innovative ability, and control and coordination. Management capabilities are key determinants of a firm's culture, structure, innovative capabilities, and strategic direction, making them significant performance indicators (Wanyoike, 2016).

1.1.2.4 Resource Capabilities

Resources are all the tangible or intangible assets accumulated by an organization. They can be physical resources, financial resources, technological resources, social resources, or organizational and human resources (Galavan, 2015). They are valuable sources of competitive advantage for organizations of all sizes and are key to achieving the desired set of outcomes (Newbert, 2007). Resource capabilities are the capacity to deploy a combination of resources through collective organizational routines to attain predetermined goals. Organizations are expected to learn how to combine resources and renew their core competencies (Ramachandran, 2011). Research has highlighted the importance of firms acquiring, developing, and maintaining differential bundles of resources and capabilities over time (Pavlou & El Sawy, 2011). Barbero, Casillas, and Feldman (2011) found out that having adequate human resources and a skilled labour force was key to organizational performance. Osei-Bonsu (2017) also notes that adequate financial resources and utilization of firm resources are key predictors of firm performance.

1.1.3 Fast Moving Consumer Goods Firms in Kenya

Several organizations are operating within the Kenyan fast-moving consumer goods (FMCG), which have resulted in a highly competitive and complex market place (Anitah, 2019). FMCG industry, otherwise known as the CPG industry, is characterized by firms manufacturing products with short shelf life, regularly purchased, and at relatively low cost. Thus, the FMCG sector is a classic case of low margin, high volume business (Consultancy Group, 2018). KPMG (2016) indicates that the FMCG industry is one of the largest and fastest-growing industries in the region, supplying high-demand consumer goods such as personal hygiene products, alcoholic beverages, foodstuff, beauty products, consumer electronics, and plastic goods. The high similarity in FMCG products means that companies compete based on price, company margins, and market share (Machuki & Wasike, 2019).

Gichuki (2017) notes that there is an observable growth in the FMCG industry, as witnessed in top brands such as East Africa Breweries Limited, Kevian Kenya, Coca Cola, Nestle Foods Kenya, Sameer East Africa, and Bidco Oil refineries. Additionally, the FMCG industry is vibrant, with a wide range of products and services offered by multiple companies operating across multiple industries. The high demand for these goods means that they have a short shelf-life. Ensuring adequate supply and distribution of these goods is dependent on the collaboration of several industry players, necessitating a high degree of competency. The last few decades have seen an upwards trajectory in the number of FMCG firms entering and leaving the Kenyan market. BIDCO is the largest FMCG company ni Kenya, accounting for 24% of Kenya's fat products (Wanjohi, 2017)

Despite this, some of the industry firms have faced challenges that have resulted in poor non-financial performance, such as market development, customer satisfaction, product growth, and investor confidence (GeoPoll, 2016). The Kenyan economy's vibrancy has increased the level of competition experienced by most firms, with technological advancements rendering some of the biggest companies in the region bankrupt. Eveready East Africa, one of the leading companies in the region, is on the verge of failure since most of its main products, being batteries, have witnessed decreased demand due to technological developments. The challenges encountered by Uchumi supermarket is another example of the effects of management strategies on FMCG sustainability. The company experienced financial and operational difficulties, which saw it being put under receivership and delisted from the Nairobi Stock Exchange by the CMA in 2006 (Daina, Robert, & Gicheru, 2016). Chesula and Kiriiny

(2018) reported that increased competition from online shopping services and mismanagement were the main factors affecting Kenya's retail sector development.

The above evidences show that FMCG firms face critical underlying issues that have a significant effect on their outcomes, pointing to the need for the FMCG industry to foster their capabilities to enhance responsiveness to customer needs, timely provision of goods, refining their supply chain, and offering effective operational practices (Mwanza & Ingari, 2015). However, despite the high volume characteristic of FMCGs and relatively high Kenyan population size, KPMG (2014) reports that the Kenyan market, and the East African market generally, remains underserved by FMCG companies. The current study focused on examining the non-financial performance of FMCG firms operating within the Nairobi Metropolitan Area.

1.2 Statement of the Problem

Achieving the expected firm performance at the organizational level reflects organizational capabilities and the ability to combine resources (both tangible and intangible) to meet organizational objectives (Abhijith, Wamba, & Sharma, 2013). Further, Arslan and Staub (2015) argue that for a firm to meet the needs of the highly competitive markets, it must continuously increase performance outcomes in order to satisfy or accommodate changes in the operating environment. Firms, therefore, aim to achieve a competitive advantage and superior performance through the synergistic mix and management of the valuable, rare, inimitable, and non-substitutable (VRIN) resources that they possess (Gatsi & Gadzo, 2014; Osei Bonsu, 2017). Additionally, Mwanza and Ingari (2015) indicate that strategic factors such as leadership competencies, resource capacity, and strategic direction are integral to goal attainment among firms operating within the FMCG industry. Okwemba (2018) also established that strategic coordination capabilities are key to improving the firm performance of manufacturing firms in Kenya.

Simon et al. (2015) noted that the ability of the management to use their leadership skills and innovative vision, together with staff training and retention, is the main strategic capabilities that firms use to attain desired goals. These capabilities enable firms to navigate harsh economic conditions through their innovative prowess and the use of superior research and development teams. Prieto and Revilla (2006) noted that there exists a positive and significant link between learning capability and non-financial performance, and between non-financial and financial performance. Achola, in his study, determined that specialization, price leadership, promotion mix, and distribution channel strategy are key determinants of a firm's performance. Rajapathirana and Hui (2018) reported that innovation capability impacts service

enhancement, which results in improved performance. The study also noted that innovation barriers include a lack of adequate resources and skilled personnel. Oh, Cho, and Kim (2015), assert that market performance in terms of customer satisfaction, new customer acquisition, and loyalty are determined by marketing strategies, and Karabulut (2015) reported that customer satisfaction and loyalty improve a firm's competitive positioning. These studies, however, did not examine how specific firm capabilities contextualized in this study affect the non-financial performance of FMCG firms, thus creating a knowledge gap that this study addressed.

According to the Kenya Association of Manufacturers (2016), the performance of FMCG has reduced by 8% while the customer satisfaction index had reduced to 78.9% in 2016 as compared to 2015, where it was at 86.9%. A recent manufacturing industry's performance report from 2013-2017 indicated that the contribution of the manufacturing industry to the economy had contracted more than any other industry (KMPG, 2017), casting doubt about the country's ability to attain vision 2030 (Nduati, 2020). Additionally, increased competition within Kenya's retail industry has resulted in a wide range of products being available in the market, thus limiting customer loyalty. Rop and Sang (2019) determined that many firms in the region were engaging in unethical recruitment practices, which leads to corruption, thus impacting the firm's sustainability. While studies on the FMCG industry in Kenya have been widely conducted, e.g., Mwangulu (2014), Gichuki (2017), Mwanza and Ingari (2015), these have, however, not specifically focussed on non-financial performance parameters. This motivates the need for the current study. Consequently, this study sought to establish the effect of firm capabilities on the non-financial performance of fast-moving consumer good firms in the Nairobi Metropolitan Area

1.3 Objective of the Study

The main aim of this study was to examine the effect of firm capabilities on the non-financial performance of FMCG firms in the Nairobi Metropolitan Area.

1.3.1 Specific Objectives

i. To assess the effect of managerial capabilities on the non-financial performance of fast-moving consumer goods firms in the Nairobi Metropolitan Area.
ii. To assess the effect of marketing capabilities on the non-financial performance of fast-moving consumer goods firms in the Nairobi Metropolitan Area.
iii. To assess the effect of resource capabilities on the non-financial performance of fast-moving consumer goods firms in the Nairobi Metropolitan Area.

iv. To assess the effect of technological capabilities on the non-financial performance of fast-moving consumer goods firms in the Nairobi Metropolitan Area.

1.4 Research Questions

i. What is the effect of managerial capabilities on the non-financial performance of fast-moving consumer goods firms in the Nairobi Metropolitan Area?
ii. What is the effect of marketing capabilities on the non-financial performance of fast-moving consumer goods firms in the Nairobi Metropolitan Area?
iii. What is the effect of resource capabilities on the non-financial performance of fast-moving consumer goods firms in the Nairobi Metropolitan Area?
iv. What is the effect of technological capabilities on the non-financial performance of fast-moving consumer goods firms in the Nairobi Metropolitan Area?

1.5 Scope of the Study

This study sought to examine the non-financial performance of fast-moving consumer goods firms in Kenya. Geographically, the study scope focused on the fast-moving consumer goods operating in the Nairobi Metropolitan Area, which is the logistical and business hub of Kenya. The contextual scope of this study focused on how firm capabilities (managerial, marketing, resource, and technological) affect the non-financial performance of the firms. The study adopted a descriptive research design, collecting qualitative data. The theoretical scope of the research was limited to dynamic capabilities theory and stakeholder theory. The sample scope for this study was drawn from the FMCG firms operating within the Nairobi Metropolitan Area.

1.6 Significance of the Study

To policymakers

This study is anticipated to be of importance to several stakeholders in the fast-moving consumer goods sector in Kenya. To the association of Kenya Manufacturers, the study results will help in identifying the gaps in the performance of the firms as well as point out key capabilities that firms in the sector can adapt to strengthen their performance. Furthermore, the industry is quite a significant contributor to economic growth, thus highlighting the areas that can support better performance in the industry is essential in supporting better policymaking in the industry. The results will thus offer vital information that can be adopted by policymakers and other institutional bodies in streamlining the industry.

To practitioners

To the individual firms, the findings of the results are key in decision-making among the firms in selecting the firm-level factors that can be critical to enhancing their performance. The study results will offer the management team of the FMCG firms with vital information on the key proxies that can be utilized in examining the non-financial performance of the industry as well as review the organization level performance deficits. Firms within the Fast-Moving Consumer Goods industry would benefit from the study findings by being able to establish competitive management practices that can strengthen their performance.

To scholars

The study results will also help bridge the empirical gap in research and form a reference material for future research work in fast-moving consumer good firms. The findings from this study could provide more knowledge of the firm capabilities and its relationship to non-financial performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This second chapter focused on the review of relevant literature to the themes of this research. The chapter specifically conducted a review of the various theories anchoring the study, a systematic review of the empirical literature, the research gaps, the conceptual framework, and the operationalization of the variables.

2.2 Theoretical Review

The study was grounded on the dynamic capabilities' theory underpinning the independent variables. In contrast, the stakeholder theory was anchored the non-financial performance variable.

2.2.1 Dynamic Capabilities Theory

The dynamic capabilities (DC) view (Teece & Pisano, 1994), evolved from the resource based-view (RBV) by (Barney 1991) and is concerned with the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments (Teece, Pisano, & Shuen, 2012). However, a concise and comprehensive definition of dynamic capabilities, the view has not yet been reached (Eisenhardt & Martin, 2012). According to Eisenhardt and Martin (2000), capabilities are complex bundles of skills and collective learning, exercised through organizational processes that ensure superior coordination of functional activities and are deeply embedded within the organization's fabric.

Barreto (2010) defines dynamic capabilities as the firm's potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions, and to change its resource base. Hence, firms that are better equipped to respond to market requirements and to anticipate changing conditions will enjoy long-run and superior performance. The dynamic capabilities view acknowledges the top management team's belief that steady evolution plays an important role in developing dynamic capabilities (Teece, Pisano, & Shuen, 2012).

According to Ambrosini, Bowman, and Collier (2009), dynamic capabilities comprise four processes: reconfiguration, transformation, and recombination of assets and resources. Karim and Capron (2016) indicate that reconfiguration capabilities are the various activities undertaken by the organization when redeploying or divesting various resources of the firm. Teece, Pisano, and Shuen (2012) indicate that reconfiguration capability mirrors the basic skill

to develop new capabilities and the power to combine recently created or obtained capabilities. Barreto (2010) notes that transformational capabilities take into consideration the strategic focus and capabilities and how combining the two can give the firm a unique market position and ensure competitiveness. On the other hand, recombination capabilities focus on the ability of the firm to create innovations. They reconfigure already known innovations within the firm.

Eisenhardt and Martin (2012) describe capabilities as complex coordinated patterns of skills and knowledge that are embedded in organizational routines and are distinguished from other organizational processes by being performed well relative to competitors. They further argue that since market places are dynamic, it is the capabilities by which firms' resources are acquired and deployed in a way that matches the firm's market environment that explains inter-firm performance variance over time. Achieving the expected firm performance at the organizational level is a reflection of the organizational capabilities and ability to combine its resources (both tangible and intangible) to meet objectives (Helfat & Peteraf, 2015; Wilden, Gudergan, Nielsen, & Lings, 2013).

This study focuses on the various firm capabilities that are relied on by firms to generate a market position and enhance competitiveness. These capabilities include marketing, managerial, resource, and technological capabilities, and they are postulated to enable firms to be more effective in their day-to-day activities as well as lead to superior firm performance. The theory was integral in this study in expounding on how these various firm capabilities influence the non-financial performance of FMCG firms in Kenya.

2.2.2 Stakeholder Theory

The stakeholder theory was proposed by Freeman (1984). The theory states that an organization has different stakeholders with various interests, which are supposed to be met and addressed by the management. The theory explains how an organization creates value for its stakeholders by converting their contribution to the organization to profits (Kangarlouei, Rezaei, & Motavassel, 2013). Stakeholders' theory states that a firm is a system of stakeholders drawn from the immediate society in which the firm operates and provides the necessary ingredients or support for the firm's activities. The basic proposition of stakeholder theory is that a firm's success is dependent upon the successful management of all the relationships that a firm has with its stakeholders (Sievänen, Rita, & Scholtens, 2013).

Stakeholders have a claim on organizations' proceeds since they are the owners of the organization and expect a reward for their involvement in an organization's activities

(Gherghina, Vintila, & Dobrescu, 2015). The theory further proposed that it is wise for the management to act as the agents of the stakeholders to facilitate the survival of the firm through safeguarding the long-term stakes of each group of stakeholders (Fontaine, Haarman, & Schmid, 2006). Stakeholder theory suggests that by management addressing stakeholders' interests, the organization will perform better than those organizations that do not address these groups' interests (Post, Preston, & Saschs, 2002).

Stakeholders' theory supports the concept of organizational performance (Hubbard, 2009). The author argued that stakeholder theory analyses organizational performance from the perspective of the shareholders and other stakeholders of the company who have an interest in the operations and activities of the company (Mamabolo, 2018). Stakeholders' theory is the basis of the Balanced Scorecard (BSC) performance measurement system by Kaplan (2005). It addresses business ethics, morals, and values that a company holds in relation to relevant stakeholders, including employees, suppliers, creditors, among others, thereby impacting the efficiency of strategy execution. The theory is integral in the analysis of firm performance as it determines how the management shapes firm activities and directs them towards the attainment of pre-set organization goals in relation to socio-political views of the surrounding community. Thus, this theory helped in informing how the non-financial performance of FMCG firms is impacted by firm capabilities.

2.3 Empirical Review

The empirical review focuses on the analytical review and presentation of the various studies in line with the study variables.

2.3.1 Firm Capabilities

According to Dubihlela (2013), strategic organizational capabilities help to build up capabilities the firm may use to differentiate itself in the market to achieve customer satisfaction. The ability to change, harness, and develop new organizational capabilities to counter and control the dynamic business environment forms the basis for sustainable competitive advantage for firms (Srivastava, Franklin, & Martinette, 2013). Ho, Ahmad, and Ramayah (2016), in a study on the business performance of manufacturing firms in Malaysia, reveals that competitive capabilities such as innovation, quality improvement, prices, and delivery systems did not lead to satisfactory changes in the financial performance of the firms. Hofmann, Theyel, and Wood (2012), in a study of small manufacturing enterprises in the United States, found out that identifying the underlying capabilities positively enhanced firm

performance. The study noted that the adoption of new technologies, strategic capabilities, and product innovation are instrumental to business performance.

In a study in Ghana, Appiah-Adu, Okpattah, and Djokoto (2016) indicate that with the intense competition in the business environment, firms have to leverage appropriate capabilities to develop a competitive edge. The research notes that increased technology transfer, outsourcing capability, and managerial capabilities are vital to improving corporate performance. Selomon, Urassa, and Allan (2016) examine firm performance in Eritrea and posits that innovativeness, managerial relations, and employee technical skills positively improve business success. The study further notes that limited employee involvement insignificantly influences the success of the firms.

Martin and Javalgi (2016), in an investigation of firm performance, notes that marketing capabilities and entrepreneurial orientation are critical drivers to firm performance. Tho (2018) indicated that innovation capability and marketing capability, and the firm size are conditional factors for supporting organizational performance. Ambrosini, Bowman, and Collier (2009) suggested that the resource capacity and competitive capabilities of the firm are critical drivers for organizational performance. Wang, Dou, Zhu, and Zhou (2015) studied the link between firm capabilities and firm performance and revealed that there is a deficiency in the literature on the greater role played by firm-level resources in stimulating performance. The results of their research show that innovation capability, information, and relational capabilities positively influenced firms' market and financial performance. From the above literature, it is evident that employing technological capabilities, marketing capabilities, management capabilities, and resource capabilities can be integral to firm performance. This study sought to establish whether these variables do influence the performance of FMCG firms in Kenya.

Anot (2015) analyzed the operational performance of manufacturing firms in Mombasa County and indicated that poor managerial support, ineffective training practices, lack of effective communication, innovativeness, and employee commitment challenge firm operational success. The above studies have provided varying insights on the extent to which organization capabilities can be critical predictors of business performance. Despite this, there is inconclusiveness in the literature on the key firm capabilities that can be deployed to sustain a positive organizational performance. This study sought to examine how firm capabilities can impact FMCG firm performance in Kenya. The study used the following core firm capabilities

in the examination of how managerial capabilities, marketing capabilities, resource capabilities, and technological capabilities on non-financial performance.

Okwemba (2019) investigated the influence of organizational capabilities on the non-financial performance of Kenyan manufacturing firms. The study sought to determine the influence of technological capabilities, coordination capabilities, managerial capabilities, marketing capabilities, and knowledge management strategies on firm performance. The study applied a stratified random sampling technique on a population of 530 manufacturing firms. All the constructs were determined to have a strong influence pn a firm's non-financial performance. The study focussed on manufacturing firms and not on FMCG firms.

2.3.2 Managerial Capabilities and Non-financial Performance

Nawaz and Shaukat (2014) examined the impact of knowledge management practices on firm performance in the manufacturing sector of Pakistan. The study adopted survey research with data collected from 407 manufacturing firms listed on the Karachi Stock Exchange. The findings indicate that knowledge management practices and innovation positively influenced firm performance. The study notes that knowledge acquisition, communication within the firm, and adaptive learning are critical to improved effectiveness within the business. The study, however, does not take into consideration other firm capabilities such as resources and technology.

Arief and Basuki (2015) studied dynamic capability as a business strategy for enhancing business performance within FMCG firms. The study utilized semi-structured questionnaires to collect data from 30 FMCG firms, with inferential statistical analysis being employed. The study notes that the deployment of dynamic capabilities is vital to improved business performance. The study found out that better governance, improved operations, organization development, and effective business strategies are key to enhancing business performance. The study is, however, not limited to non-financial performance, which this study sought to analyze within FMCG firms.

Aduloju (2014) conducted a study on managerial capabilities and customer service performance among insurance firms in Nigeria. The study adopted a survey research design and collected data from 402 management staff within Nigerian insurance firms. The study employed a linear regression analysis. Findings indicate that investment in information technology, firm-specific managerial capabilities, and IT business value significantly influenced the customer service performance within the firm. Further, the study determined

that managerial leaning towards customer-centered strategies are instrumental for the enhancement of customer satisfaction, retention, and hence, customer loyalty. The study is limited to the insurance industry, while this research examines non-financial performance within FMCG firms.

Abaho (2016) analyzed firm capabilities, entrepreneurial competency, and performance of Ugandan SMEs. The study adopted cross-sectional research with a sample of 314 SMEs being considered in the study. The findings of the study indicate that firm capabilities have a positive relationship with the performance of SMEs. The research found out that competent management, marketing capabilities, firm linkages, task execution, organizing skills, and entrepreneurial competencies are instrumental in improved performance. The study, however, does not examine FMCG firms in the Kenyan context, which is the scope of this research.

Gathungu and Mwangi (2012) examined the relationship between dynamic capabilities, talent development, and firm performance. The conceptual model of the study was premised on the effect of sensing, seizing, transforming, and dynamic managerial capabilities as the predictor variables. The study found out there is a positive relationship between dynamic capabilities and firm performance. The study reveals that firm routine, design of the firm structure, building loyalty and commitment, knowledge management, corporate governance, and internal procedures are key practices for superior organizational performance. The study is, however, not limited to the FMCG industry firms hence the need for examination of this research gap in Kenya.

Wanyoike (2016) examined quality management practices and firm performance among manufacturing firms in Kenya. The study employed both descriptive and explanatory research design with a positivist philosophy guiding the research. The study sampled 60 manufacturing firms in Kenya. The findings indicate that continuous improvement, top management commitment, and organization capabilities are critical to improved firm performance. The study notes that strategic direction, aligning firm objectives, better decision making and improvement of employee competencies are critical to the performance of manufacturing firms. The study does not contextualize firm capabilities as a predictor of non-financial performance within FMCG firms.

2.3.3 Marketing Capabilities and Non-financial Performance

Kamboj and Rahman (2015) conducted a literature review of marketing capabilities and firm performance. The study employed an empirical examination of 101 research papers using a

systematic review of the literature. The study found out that better firm production, pricing strategies, promotional strategies, and distribution practices were positively related to firm performance. The study indicates that effective marketing capabilities are positively linked to better market share growth, customer satisfaction, sales growth, and profitability within the firm. This study examined how various firm capabilities influence the non-financial performance of FMCG firms in Kenya.

Martin, Javalgi, and Cavusgil (2017) studied the association between marketing capabilities, positional advantage, and performance of born global firms. The study employed a case study research design with the quantitative approach being employed in the research. The findings of the study note that marketing capabilities have positively improved export venture performance. The research notes that ambidextrous innovation a positive mediating effect on firm performance. The study indicates that deploying competitive strategies, better market positioning, and customer relations are vital to performance. The study is focused on high-level technology firms in Mexico, while this study examined FMCG firms in Kenya.

Agyapong (2015) examined the link between marketing capabilities and firm performance in Ghana's microfinance industry. The study utilized a mix of descriptive and explanatory research design, with data being collected from a sample of 520 managers within microfinance firms. The study relied on structural equation modelling in the analysis. The results reveal that marketing capabilities are critical to the performance of MFI firms. The study indicates that product innovation, market sensing, and customer relationship marketing capabilities positively improve performance levels. The study is, however, focussed on microfinance firms while this research examines the non-financial performance of FMCG firms.

Agyapong, Osei, and Akomea (2015) studied marketing capability, competitive strategies, and performance of micro and small family businesses in Ghana. The study sampled 264 firms and utilized the bootstrapping method in the testing of the research hypothesis. The study results show that differentiation within the firm cost leadership and marketing capacity significantly influence firm performance. The findings show that controlling for the age and size of the firm, deploying competitive strategies significantly improves firm performance in family businesses. The study, however, fails to consider other firm capabilities such as managerial and technological and how they influence firm performance.

Musyimi (2016) explored the influence of marketing capabilities on firm performance in fashion retailing in Nairobi County. The study relied on primary data collected from 62 branded

fashion firms in the County. The analysis relied on descriptive, correlation, and multiple linear regression. Findings reveal that better price management, product management, promotional activities, and image of the firm predicted the performance of the fashion businesses. The study notes that marketing capabilities significantly predict the level of customer acquisition, loyalty, new product development, and fosters market share. The study is only limited to a single firm capability; hence there is a need for further examination of firm capabilities in general.

Lagat and Frankwick (2017) examined marketing capability, marketing strategy implementation, and performance in small firms. The study sampled 296 small firms in Kenya and relied on a self-administered questionnaire. The findings of the study indicate there is a positive relationship between marketing capabilities and the performance of small businesses. The results show a positive correlation between distribution channels, pricing strategies, product innovation, promotional practices, management planning, and the level of market performance. The study focuses on market performance, while the current study generally examined non-financial performance in FMCG firms in Kenya.

2.3.4 Resource Capabilities and Non-financial Performance

Hashim, Raza, and Minai (2018) examined the relationship between entrepreneurial competencies and small firm performance in Malaysia. The study employed a survey research design and utilized questionnaires in the data collection. The findings indicate a positive relationship between entrepreneurial competencies and firm performance. The study notes that the level of staff competencies, financial resources, knowledge capacity, and market information enhanced the level of firm performance. The study reveals that dynamic capabilities positively mediate the link between entrepreneurial competencies and small firm performance.

Wyne and Hafeez (2019) studied the effect of strategic resources on small and medium enterprises' performance. The research employed a descriptive research design, with 67 SMEs being considered in Pakistan. The results of the research show that the level of capital invested, entrepreneurial bricolage, availability of technological infrastructure, human capital, and skills enhancement are critical to superior SME performance. The study does not incorporate firm capabilities in the examination hence the need for further examination of the predictors of firm performance.

Eton, Ebong, Fabian, Mutesigensi, and Benard (2018) examined human resource capabilities, financial support, and enterprise development of small and medium enterprises. The study

adopted a cross-sectional research design with a population of 120 respondents being considered in the data collection. The study employed a mix of descriptive and inferential statistics in the analysis. The results of the study indicate there is a positive association between human resource capabilities, financial support, and enterprise development. The study reveals that integrative skills, innovative staff members, access to credit, and business culture are key aspects of better business development. The research fails to examine the non-financial performance within FMCG firms in Kenya.

Nyachanchu, Chepkwony, and Bonuke (2017) studied the role of dynamic capabilities in the performance of manufacturing firms in Nairobi County, Kenya. The study was anchored on the RBV theory. The research utilized an explanatory research design and sampled 271 small and medium firms in Nairobi County. The results of the hypothesis testing indicate that sensing capabilities, reconfiguration capabilities, and seizing capabilities predicted 25.9% of variations in firm performance. The research notes that selecting the necessary competencies, acquiring the required resources, and having adequate staff is key to the performance of manufacturing firms. The current study analyzed the non-financial performance of FMCG firms in Kenya.

Mutunga and Owino (2017) examined the moderating role of firm size on the relationship between micro factors and the financial performance of manufacturing firms in Kenya. The study employed a descriptive research design with self-administered questionnaires being distributed in 180 manufacturing firms in Kenya. The results of the study show a statistically positive and significant direct relationship between micro factors on firm financial performance. The study reveals that the level of operational practices, production capacity, and management practices are essential in improving the financial performance of the firm. The research reveals that firm size positively moderates the association between the research variables. The study focuses on financial performance while this research examines the non-financial performance of FMCG firms in Kenya.

2.3.5 Technological Capabilities and Non-financial Performance

Jajja, Kannan, Brah, and Hassan (2017) studied the linkages between firm innovation strategy, suppliers, product innovation, and business performance. The study employed an explanatory research design with structural equation modelling being used to test the hypotheses of the study. The results indicate that improving the innovation capacity of the firm enhances buyer engagement and buyer-supplier relationships, which is key to improved business performance. The study indicates that the development of digital strategies can be key to better innovation

performance. The study, however, fails to focus on firm-level capabilities and how they influence non-financial performance.

Hassan, Iqbal, Malik, and Ahmad (2018) explored the role of technological developments and open innovation in the survival of SMEs in Pakistan. The study adopted a thematical analysis of empirical literature on SMEs in Pakistan as well as structured questionnaires in the review. The findings of the study indicate that increased utilization of social networking sites, increased online marketing, and open innovation have been integral in spurring the survival rate of SMEs. The study further shows that computerized records management and digitalization of business operations are key to SME survival. The study focuses on business survival, while current research examines the non-financial performance of SMEs in Kenya.

Emmanuel (2017) studied the influence of entrepreneurship education, technology, and globalization on the performance of SMEs in Nigeria. The research employed a cross-sectional research design with structured questionnaires being used to collect data from 400 SME managers. The results of the hypotheses testing indicate that adoption and use of technology platforms and globalization efforts improve the productivity and profitability of the firms. The study notes that acquiring new technologies, adoption of cross-border transactions, digitalization efforts, and innovativeness were key to profitability in the SMEs. The study only considers financial performance, while this research examined the non-financial performance of FMCG firms.

Machuki and Wasike (2019) examined product innovation and the performance of a Kenyan medium-sized company. The study adopted a longitudinal approach and used both primary and secondary data in examining the FMCG firm in Kenya. The research shows that product innovation positively influences the level of firm performance. The results of the study indicate that with an increase in product innovation, the firm was able to witness a 50% increase in sales revenue. The study notes that increased research and development, as well as sustained service innovation, can spur growth within the FMCG firm. The study was only limited to product innovation and did not take into consideration other technological capabilities within the firm.

Martin and Kinoti (2017) studied innovation strategies and business performance of foreign-owned firms entering the Kenyan Market in the Edible Oils Industry. The study adopted a case study research design with primary data being utilized in the research. The study relied on content analysis in examining qualitative research. The study notes that the utilization of various innovative strategies has been vital in improving business performance. The research

indicates that product innovation, process innovation, and expanding the technological capacity of the firm was key to improved firm performance. The study notes that expanding innovative strategies enabled the firm to enhance its competitiveness and profitability in the local market. This study used a quantitative approach to examine the non-financial performance of FMCG firms in Kenya.

Anitah (2019) conducted a case study research on the influence of Industry 4.0 technologies on the operational performance of Fast-Moving Consumer Goods Manufacturers in Kenya. The research relied on interview guides to collect data from staff members within L'Oréal East Africa and Unilever Kenya. The study established that Industry 4.0 technologies improve the operational performance of FMCG firms. The research notes that the utilization of autonomous robots, data analytics, cloud computing, and augmented reality were vital in predicting decision making, minimizing errors, and understanding consumer behavioral patterns. The study fails to take into consideration how other firm capabilities impact the non-financial performance of the FMCG industry at large.

2.3.6 Non-Financial Performance

The non-financial performance is of great concern for managers because it allows them to assess the success of elements of organizational strategy in real terms (Nazarian & Atkinson, 2017). Crowe (2018) indicates that non-financial performance metrics have gained attention as they provide managers with invaluable insights into the workings of the business and deliver another frame to assist them in exhaustively examining firm performance. The research indicates that non-financial metrics look at the satisfaction of employees, customers, the competitiveness of a firm, understanding of business customers, and the alignment of business operations.

Westerlund and Leminen (2012) contend that the balanced scorecard approach has helped firms in the evaluation of non-financial performance as it emphasizes the customers, external stakeholders, learning, and growth within the firm, which allow for in-depth interrogation of non-financial metrics. Vision Edge (2016) notes that non-financial measures help the organization to understand its impact on stakeholders and society. There are four main categories of non-financial performance measures; company reputation, customer value, competitiveness, and innovation. Ahmad, Mohamed, and Shafie (2016) demonstrated that non-financial performance measurement could be centred around the efficiency of the firm, product development, growth, and the firm's social responsibility.

Mukulu, Nteete, and Namusonge (2012) observe that for firms to improve in performance, there must be a clear way of measuring it with clear indicators. Kotler (2010) suggested that to measure organizational performance, one can consider customer satisfaction, product development, innovative capacity, customer preference, the share of customer mind, and customer perception, among others. Researchers have identified various measures as metrics of non-financial performance Tsiotsou and Vlachopoulou (2011) pointed to improved service efficiency and employee satisfaction. Ramayah, Samat, and Lo (2011) posit that service quality, customer satisfaction, product development, and productivity are non-financial firm metrics. Overall, the following non-financial metrics are considered in the examination of firms; expansion in market share, customer satisfaction, employee satisfaction, environmental performance, and social performance (Santos & Brito, 2012).

Raucci, Tarquinio, Rupo, and Loprevite (2020) noted that non-financial reporting, driven by environmental and social pressures, are ways to influence firm performance towards sustainability performance. Popescu (2020) reported that intellectual capital plays a key role in discovering the optimum green marketing strategies mix, thus strengthening a firm's marketplace visibility. Ganeshkumar and Nambirajan (2013) identified customer satisfaction, employee satisfaction, the environmental performance of the firm, efficiency in firm activities, effectiveness of the firm, and the relevance of the firm activities as non-financial metrics. Abdel-Maksoud, Dugdale, and Luther (2005) suggested that effectiveness in firm procedures, adaptability of new firm products, market share, and efficiency are some of the non-financial metrics adopted in organizations. Harif, Hoe, and Ahmed (2013) demonstrated that customer satisfaction and product/service quality could be considered as key non-financial measures.

Muchoki and Njuguna (2020) examined the effects of corporate acquisitions on the non-financial performance of Kenyan commercial banks. The study sought to establish the synergy effects, capital base effects, and brand image effects on non-financial outcomes of acquisitions. The study employed a research design on a population of 1030 staff at I&M bank. The study determined that acquisitions improve the efficiency ratio, market share, greater financial power, and innovation. The company's brand name and its capital base also grew due to the synergy effects realized. The study looked at corporate acquisition on non-financial performance and not on the effect of firm capabilities on non-financial performance.

2.4 Summary of Research Gaps

The review of various empirical studies has been integral in expanding the available knowledge. The systematic review of analytic evidence indicates several contextual, methodological, and empirical gaps. The summary of the gaps is shown in the table below. Several studies have been conducted examining the non-financial performance of FMCG firms in Kenya and offer valuable insights and gaps that this research examined. Nyachanchu, Chepkwony, and Bonuke (2017) found a link between dynamic capabilities and manufacturing firm's performance, but the study focus was not on FMCG firms operating in Nairobi County. Mutunga and Owino (2017) found an association between firm size, micro factors, and financial performance of FMCG firms, while the current study focused on non-financial performance proxies of FMCG firms. Machuki and Wasike's (2019) study only focussed on product innovation within the FMCG industry, while this research examines the firm capabilities of FMCG firms in Nairobi City County.

Table 2.1 Research Gaps

Author	Title	Findings	Research Gap
Abaho (2016)	Firm capabilities, entrepreneurial competency, and performance of Ugandan SMEs	Findings indicate that firm capabilities have a positive relationship with the performance of SMEs	The study, however, does not examine FMCG firms in the Kenyan context, which is the scope of this research
Anitah (2019)	Influence of Industry 4.0 technologies on the operational performance of FMCG firms	The study established that Industry 4.0 technologies improve the operational performance of FMCG firms	The study fails to take into consideration how other firm capabilities impact the non-financial performance of the FMCG industry at large
Arief and Basuki (2015)	Dynamic capability and the business performance within FMCG firms	The study notes that deployment of dynamic capabilities is	The review is, however, not limited to non-financial performance, which

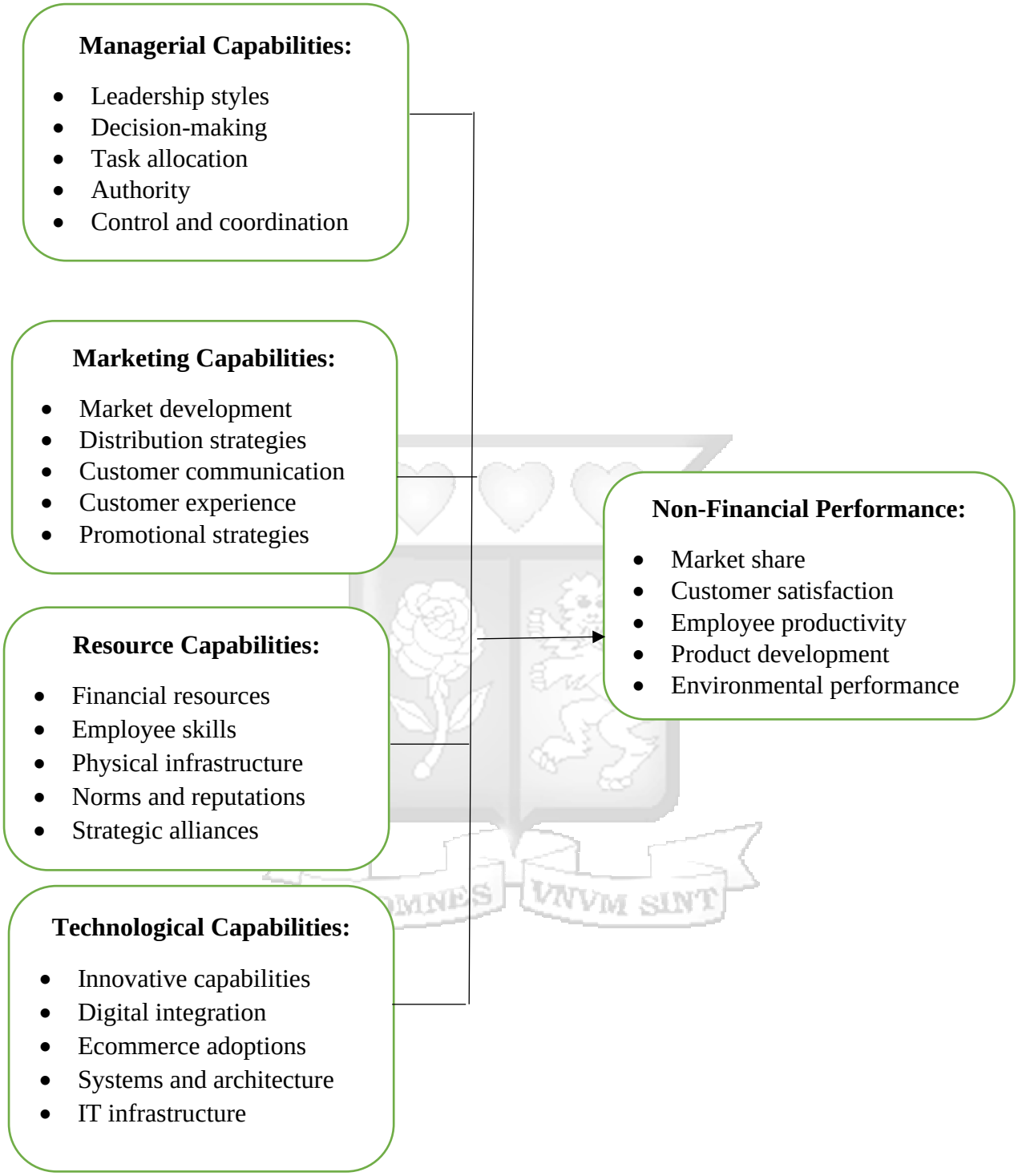
		vital to improved business performance	this study sought to analyze within FMCG firms.
Machuki and Wasike (2019)	Product innovation and performance of a Kenyan medium-sized company	The results indicate that with an increase in product innovation, the firm increases sales revenue	The study was only limited to product innovation and did not take into consideration other technological capabilities within the firm
Musyimi (2016)	Influence of marketing capabilities on firm performance in fashion retailing in Nairobi County	Findings show that price management, product management, promotional activities, and image of the firm predicted the performance	The study is only limited to a single firm capability; hence there is a need for further examination of firm capabilities in general
Nyachanchu, Chepkwony, and Bonuke (2017)	Role of dynamic capabilities in the performance of manufacturing firms in Nairobi County, Kenya	Sensing capabilities, reconfiguration capabilities, and seizing capabilities predicted 25.9% of variations in firm performance	The current study analyzed the non-financial performance of FMCG firms in Kenya

Source: Researcher (2020)

2.5 Conceptual Framework

A conceptual framework is a diagrammatic representation of the hypothesized interaction between study variables. It is also defined as an interconnected set of ideas regarding how a given phenomenon functions or is related to its parts (Kana, 2017). The below conceptual framework identifies the relationship between firm capabilities and the non-financial performance of fast-moving consumer goods firms in Kenya.

Independent Variables **Dependent Variable**



Source: Researcher (2020)

Figure 2.1 Conceptual Framework

The above conceptual framework identifies the hypothesized relationship between firm capabilities and the non-financial performance of FMCG firms in the Nairobi Metropolitan

Area. The firm's capabilities are measured in terms of managerial capabilities, marketing capabilities, resource capabilities, and technological capabilities. The operationalization of the variables is shown in Table 2.2 below.

Table 2.2 Operationalization of Research Variables

Variable	Indicators	Data collection tool	Data analysis	Supporting literature
Managerial capabilities	• Leadership styles • Decision-making • Task allocation • Authority • Control and coordination	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Arief and Basuki (2015); Abaho (2016); Wanyoike (2016); Gathungu and Mwangi (2012)
Marketing capabilities	• Market development • Distribution strategies • Customer communication • Customer experience • Promotional strategies	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Kamboj and Rahman (2015); Agyapong (2015); Musyimi (2016); Lagat and Frankwick (2017)
Resource capabilities	• Financial resources • Employee skills • Physical infrastructure • Norms and reputations • Strategic alliances	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Hashim, Raza, and Minai (2018); Wyne and Hafeez (2019); Mutunga and Owino (2017)
Technological capabilities	• Innovative capabilities • Digital integration • Ecommerce adoptions	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Jajja, Kannan, Brah and Hassan (2017); Hassan, Iqbal, Malik

	• Systems and architecture • IT infrastructure			and Ahmad (2018); Machuki and Wasike (2019); Martin and Kinoti (2017)
Organization performance	• Market share • Customer satisfaction • Employee productivity • Product development • Environmental performance	Structured questionnaire; 5-point Likert scale	Descriptive analysis and inferential analysis	Crowe (2018); Vision Edge (2016); Ahmad, Mohamed, and Shafie (2016); Westerlund and Leminen (2012)

Source: Researcher (2020)

2.6 Chapter summary

This chapter consisted of a review of the existing literature on the relationship between dependent and independent variables. The chapter is made up of the theoretical review of the dynamic capabilities and stakeholder theory, the empirical review of the research variables, the summary of the research gaps, the conceptual framework, and concludes with the operalization of research variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is critical to the study in presenting the various methodological procedures and tools that are necessary for undertaking the study. This chapter entailed a description of the philosophy, the design, population, instruments, and analysis techniques that were applied during this research.

3.2 Research Philosophy

According to Blaxter, Hughes, and Tight (2013), positivism posits that the procedures of social sciences should mirror the natural science ones. Researchers should be impartial in the research. Positivist researches aim to elucidate findings that lead to control and predictability. It is a predominant method of understanding the social world, as evident from its usage (Mitchell & Jolley, 2012). The positivist philosophy gives preference to utilizing observable social realities research, and the quantitative analysis can be generalized (Saunders, Lewis, & Thornhill, 2016). This research adopted a positivist philosophy because the concept of positivism relates to the philosophical stances of natural scientists. The philosophy depends on quantifiable observations that lead to statistical analyses; hence it was ideal in this research that generally relied on a quantitative approach.

3.3 Research Design

A research design is a roadmap that is employed to guide a research study. This implies that a good study is founded on a good research design (Myers, Well, & Lorch, 2010). According to Kothari (2004), a research design encapsulates decisions in respect of what, where, when, how much, and by what means regarding a certain research study. A descriptive research design was adopted in the context of this study. A descriptive study is concerned with describing specific characteristics of a certain subject. Such a study is interested in specific predictions with the narration of facts (Mitchell & Jolley, 2012). This study focused on collecting quantitative data by use of a survey; hence the descriptive research was essential in this study.

3.4 Population and Sampling

3.4.1 Target Population

Subjects or entities that share common characteristics define a target population (Kothari, 2004). The population of the research was companies dealing with Fast Moving Consumer Goods in the Nairobi Metropolitan Area. The population was drawn from multiple directories: KPMG (2016) and KAM (2019), and (GeoPoll, 2016); which indicated there were 263 firms

registered and active in the FMCG industry. The unit of observation was one senior-level manager within the firm. The respondent was selected for the research since, as an executive manager, the study assumes that they are aware of their firm capabilities as well as the non-financial performance of the institutions.

3.4.2 Sampling Design and Sample Size

According to Saunders, Lewis, and Thornhill (2016), generalizations about a population from collected data from any probability sample are based on statistical probability. The larger the size of a sample, the lower the error likelihood in generalization. The sample size choice hinges on the confidence required in the data, the acceptable margin errors, and the total population size (Myers, Well, & Lorch, 2010). According to Mutai (2013), a sample size for a survey is decided at the planning stage, together with the sample design. Resources and time dedicated to the sample size to be used. The purpose of sampling is to economize on the use of resources in gathering information.

Saunders, Lewis, and Thornhill (2016) noted that with a population of less than 10,000, the smaller sample size could be employed without affecting the accuracy. This is known as the adjusted minimum sample size. The sample size for this study was determined using the Yamane formula, as indicated below, where:

n =sample size,

N = population size (The 263 FMCG firms located in Nairobi Metropolitan Area)

e =level of precision (a p-value of 0.05)

$$n = \frac{N}{1 + N(e)^2}$$

$$\frac{263}{1 + 263(0.05)^2} = 159$$

The sample number of respondents for the study based on the application of this formula, therefore, was 159 respondents (Senior-Level manager in the FMCG). The study applied convenience sampling in selecting the firms that participated in the research. This sampling criterion ensured that firms that were easy to reach during the period were considered in the

study. The firms were selected since they form the unit of analysis of the registered FMCG firms in Kenya.

3.5 Data Collection Instruments

A data collection instrument is a tool that aids in data collection. The suitability of a tool lies in the research design and approach, sample population, and the data intended to be collected (Salkind, 2010). According to Kothari (2004), a research questionnaire is the most suitable data collection tool when the respondents are relatively many and dispersed. In this respect, therefore, a structured survey questionnaire was deployed for data collection. The survey instrument provided numerical (categorical) data that was in line with the quantitative approach being adopted in this research (Myers, Well, & Lorch, 2010). The study used a 5-point Likert scale in the development of the structured questionnaire. The first section focused on the demographic information of the participants. In contrast, the second section presented statements on the firm capabilities as well as the non-financial performance measures. The questionnaire development was based on the constructs of the research variables as captured in Table 2.1 which guided the formulation of relevant statements.

3.6 Data Collection Procedures

The data collection was preceded by obtaining the requisite consents, permits, and approvals from the relevant authorities. Firstly, the researcher obtained the approval of the University to embark on data collection. The study further sought the consent of the participants before undertaking this study. The research adopted a drop and pick method in the data collection process. As a result of the ongoing restriction of movement and social distancing guidelines, the study created a Google form that can be utilized in supplementing the drop and pick the method of data collection. This helped in ensuring there are the research and selected assistants undertake the ease in the data collection and minimal movement within the metropolitan area.

3.7 Research Quality

Questionnaires are subjected to pilot testing to ascertain that they are reliable before issuing to intended respondents (Sekaran & Bougie, 2016). A pilot test was conducted to ensure that the intended objectives of the study are attained through the questionnaire. According to Saunders, Lewis, and Thornhill (2016), pilot-testing ensures that the questionnaire is refined such that problems in answering them are reduced or eliminated. The pilot tests were conducted among 10% of the sample participants. The pilot tests assisted in conducting both the reliability and validity tests of the research instrument. The study conducted Pilot tests among 15 (10%)

FMCG firms operating within Nairobi Central Business District. These were not involved in the final study.

3.7.1 Reliability Tests

The reliability of the questionnaire was examined by administering the research instrument to the pilot population (Saunders, Lewis, & Thornhill, 2016). Cronbach Alpha was used to test the reliability of the research instrument. A construct composite reliability coefficient (Cronbach alpha) of 0.7 or above, for all the constructs, was considered appropriate for this study (Naoum, 2012). The reliability tests helped in ascertaining the internal consistency of the research instrument that was considered in this study. The study conducted a pretest of the research instrument within 15 FMCG firms that were not considered in the main survey.

Table 3.1 Reliability Statistics

Variable	**No of firms**	**Cronbach Alpha**
Managerial capabilities	15	*0.860*
Marketing capabilities	15	*0.755*
Resource capabilities	15	*0.820*
Technological capabilities	15	*0.765*
Non-financial performance	15	*0.855*

The reliability tests yielded the following alpha scores; managerial capabilities (**n= 15, 0.860)**, marketing capabilities (**n= 15, 0.755)**, resource capabilities (**n= 15, 0.820),** technological capabilities (**n= 15, 0.765)** and non-financial performance (**n= 15, 0.855)**.

3.7.2 Validity Tests

Validity is a measure of the extent to which the data collection tool measures what it purports to measure (Brewer & Crano, 2001). This implies that a valid instrument can facilitate the collection of data that can objectively and effectively address the objectives of the study. In the context of the present study, face and content validity was determined through consultation with the assigned university supervisor. Construct validity was assured through the reliability tests conducted and explained above, while external validity was assured through the application of probability sampling.

3.8 Data Analysis and Presentation

The filled questionnaires collected from the field was screened to ensure that the ones considered for analysis are filled, and the responses are in tandem with the instructions given. The rationale of data screening is to get rid of outliers that are occasioned by non-responses

and inappropriate responses (Mitchell & Jolley, 2012). This was followed by subjecting the collected data to conduct both descriptive and inferential analysis with the aid of the Statistical Package for Social Sciences (SPSS) program. Descriptive statistics included frequencies, means, and standard deviations. The inferential statistics to be employed was Spearman's correlation coefficient and multiple linear regression to examine the type and magnitude of effect between the variables, respectively. ANOVA tests was conducted to examine the significance of the study model. The study adopted the following regression model;

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Where;

Y = Dependent variable (non-financial performance of FMCG firms in Nairobi Metropolitan Area)

α = the model intercept

β_{1-4} = Coefficient of independent variables

$\mathbf{X_1}$ – managerial capabilities

$\mathbf{X_2}$ – marketing capabilities

$\mathbf{X_3}$ – resource capabilities

$\mathbf{X_4}$ – technological capabilities

$\boldsymbol{\varepsilon}$ = Error Term

The research adopted the collinearity testing, normality testing, and autocorrelation tests as the measures of testing linear regression assumptions.

3.9 Ethical Considerations

The study observed a couple of ethics prior, during, and after carrying out the study. Before embarking on data collection pertinent to this study, the researcher sought the approval of the University (SU-IERC) and also the consent of the management of FMCG firms in the Nairobi Metropolitan Area from which the data in respect of both the pilot and main studies was collected. The study also obtained an authorization letter and a research permit from the NACOSTI, which is the body mandated by the government of Kenya to give authorization in respect of research studies. The study desisted from seeking sensitive and perceptibly intrusive data from the respondents. In this respect, therefore, the research required respondents not to

indicate any personal information. The research also ensured that all the responses are considered only for academic purposes, and confidentiality is maintained throughout the research.

CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The fourth chapter presented the background information, the descriptive analysis of the study responses, the correlation tests, diagnostics tests, and the regression analysis between the independent and dependent variables.

4.2 Background Information

The background information presents the response rate obtained from the study and the biodemographic information of the research participants.

4.2.1 Response Rate

This research was conducted across fast-moving consumer goods firms in the Nairobi Metropolitan Area between August and September 2020. The study employed both physical and electronic means in the data collection process. The study aimed at obtaining responses from 159 firms within the industry. The study was able to achieve an 84% (n=134) response. The research did not obtain any responses from 16% (n=25) of the firms who held the questionnaire or failed to respond to the submitted questionnaire for 21 consecutive days. The responses obtained were deemed adequate to be subjected to data analysis and inferences for the broader population.

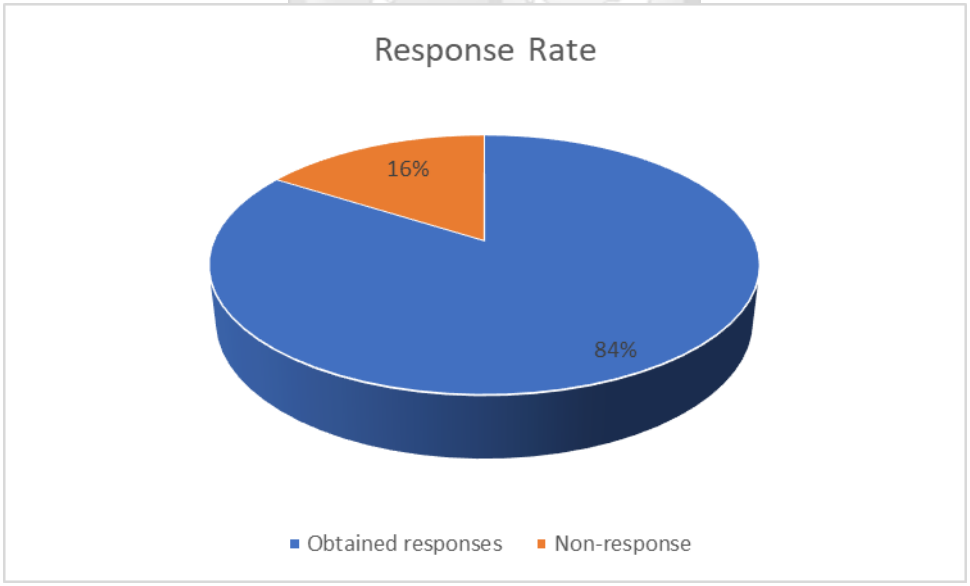


Figure 4.1 Response Rate

4.2.2 Biodemographic Information

The study presented the participants with several demographic data questions, and the summary of the responses obtained from the research respondents is presented below.

Table 4.1 Biodemographic Results

Biodemographic	Grouping	Frequency	Percentage
Highest education level	Diploma level	32	23.9%
	Graduate-level	80	59.7%
	Masters level	20	14.9%
	PhD level	2	1.5%
Current position	Top management	37	27.6%
	Middle management	79	59%
	Lower management	18	13.4%
Staff members	0-10 staff	12	9%
	11-20 staff	38	28.4%
	21-49 staff	25	18.7%
	50-99 staff	36	26.9%
	100-200 staff	15	11.2%
	Over 201 staff	8	6%
Length of working	0-3 years	19	14.2%
	4-7 years	49	36.6%
	8-11 years	32	23.9%
	12-15 years	22	16.4%
	Over 16 years	12	9%

Concerning the education of participants, findings show that the majority of the respondents, 59.7%, had attained a graduate degree, while 23.9% had attained a diploma level of education.

This implies a wealth of high human capital among the staff within FMCG firms. The study responses also show that 59% of the participants were middle-level managers, while 27.6% of the respondents were top management staff. This indicates under the position held within the firm, the respondents do yield information that can help in solving the current study problem. Concerning the staff members within FMCG firms, the results show that most of the firms, 28% had at least 11-20 employees, 26.9% had 50-99 staff, while only 6% of the respondents indicated their firms have over 201 staff members. The findings showed that most of the respondents, 36.6% (n=49), have worked within their firm for 4-7 years, 23.9% (n=32) had worked for 8-11 years, while 9% (n=12) had worked for over 16 years. The results show a wealth of experience among the participants, yielding relevant responses that can be relied upon in answering the study questions.

4.3 Descriptive Analysis

This study adopted a quantitative approach to collecting responses from the FMCG industry using Likert scale questionnaires. The research applied measures of central tendency such as means, sums, and standard deviation in tabulating the responses from the survey. Since the study had utilized Likert scale ranking, the following approach was used in interpreting the results; a mean above 4.20 indicated strong agreement, mean of 3.50-4.19 indicated agreement, 2.50-3.49 denoted somewhat agreed, 1.50-2.49 indicated disagreement while a mean of less than 1.49 denoted strong disagreement. The study further interpreted a standard deviation of above 1.00 to denote strong variation, 0.7-0.99 moderate deviation, while deviation <0.69 indicated minimal variation in responses.

4.3.1 Managerial Capabilities of Fast-Moving Consumer Good Firms

The study explored the managerial capabilities being demonstrated within the Fast-Moving Consumer Good Firms. The participants were presented with various statements and their responses are presented in the section below.

Table 4.2 Descriptive Analysis of Managerial Capabilities

	N Statistic	Sum Statistic	Mean Statistic	Std. Deviation Statistic
The management has decentralized decision making within the firm	134	536.00	4.0000	.80412
The management structure within the firm has a clear chain of authority	134	556.00	4.1493	.88008

The management has divided the firm operations into specialized units	134	563.00	4.2015	.77343
The management operates dependent on strict rules and procedures	134	571.00	4.2612	.70369
The management has laid down clear guidelines to guide the coordination of firm activities	134	561.00	4.1866	.79631
The management allows for benchmarking of the best practices with other leading entities in the region	134	542.00	4.0448	.77426
The management regularly conducts performance appraisals to improve internal processes	134	509.00	3.7985	.73351

The results showed strong agreement among respondents (mean =4.2612, dev = .70639). The management operates dependent on strict rules and procedures. The study also observed strong agreement among respondents that the management has divided the firm operations into specialized units as indicated by mean = 4.2015. The responses obtained also denoted agreement among respondents (mean = 4.0448, dev = .77426) that the management allows for benchmarking of the best practices with other leading entities in the region. The review of the responses also indicated agreement that the management structure within the firm has a clear chain of authority, as shown by a mean of 4.1493 and dev = .88008. The study also agreed that the management has decentralized decision making within the firm (mean = 4.000, dev = .80412). The study also showed agreement among respondents that the management has laid down clear guidelines to guide the coordination of firm activities (mean = 4.1866, dev = .79631). The study indicated agreement that the management regularly conducts performance appraisals to improve internal processes (mean = 3.7985, dev = .73351) showing moderate deviation.

4.3.2 Marketing Capabilities of Fast-Moving Consumer Good Firms

The research reviewed the marketing capabilities of Fast-Moving Consumer Good Firms. The summary of the responses obtained is presented in this section.

Table 4.3 Descriptive Analysis of Marketing Capabilities

	N Statistic	Sum Statistic	Mean Statistic	Std. Deviation Statistic
The firm has been deploying new marketing strategies to improve market outreach	134	508.00	3.7910	.88492
The firm is leveraging on social networking sites to improve the distribution of firm products	134	489.00	3.6493	1.13228
The firm is relying on marketing technologies to reach customers and handle complaints, thus enhancing their experience	134	503.00	3.7537	.99197
The organization regularly conducts promotional activities to drive the market demand for firm products	134	528.00	3.9403	.89073
The firm is continuously introducing new products in the market to drive up market share	134	481.00	3.5896	1.13861
The company has diversified its distribution channels through linkages with suppliers and transport firms	134	518.00	3.8657	.84774
The company has established a robust supply and transportation network to ensure constant availability of firm products countrywide	134	526.00	3.9254	.85512

The study indicated agreement among respondents that the organization regularly conducts promotional activities to drive the market demand for firm products (mean = 3.9403, dev = .89703). The respondents also agreed that the company had established a robust supply and transportation network to ensure the constant availability of firm products countrywide (mean = 3.9254, dev = .85512). The participants agreed that the firm is continuously introducing new products to drive up market share (mean = 3.5896), with high variation in responses (dev = 1.13861). The reviewed data showed agreement that the firm is leveraging on social networking sites to improve the distribution of firm products (mean = 3.6493) with high dispersion in responses (dev= 1.13228). The respondents also agreed that the company had diversified its distribution channels through linkages with suppliers and transport firms (mean

= 3.8657, dev = .84774). The findings indicated agreement (mean = 3.7537) and high deviation (dev = .99197) that the firm is relying on marketing technologies to reach customers and handle complaints, thus enhancing their experience. The study also showed agreement that the firm has been deploying new marketing strategies to improve market outreach (mean = 3.7910).

4.3.3 Resource Capabilities of Fast-Moving Consumer Good Firms

The study also explored the resource capabilities of Fast-Moving Consumer Good Firms. The summary of the responses obtained is presented in this section.

Table 4.4 Descriptive Analysis of Resource Capabilities

	N Statistic	Sum Statistic	Mean Statistic	Std. Deviation Statistic
The firm has developed suitable management tools for efficiently mobilizing and utilizing financial resources in the firm	134	526.00	3.9254	.67864
The firm has improved the training of personnel within the firm to enhance their competencies	134	531.00	3.9627	.80792
The firm has developed key strategic partnerships with suppliers and distributors to build up the firm capacity	134	521.00	3.8881	.77227
The firm has adequate technological resources to drive business activities in changing business environments	134	504.00	3.7612	.96697
The firm has maintained an adequate inventory of products to ensure sustained meeting of customer demands	134	518.00	3.8657	.84774
The firm has put in place adequate infrastructure and financial resources to enable the execution of the organization goals	134	513.00	3.8284	.81827
The company image and reputation has enhanced the competitiveness of the firm in the market	134	533.00	3.9776	.77038
The firm has adequate cash flow to finance our business activities	134	504.00	3.7612	.77730

The research showed agreement (mean = 3.9776, dev = .77038) that the company image and reputation had enhanced the competitiveness of the firm in the market. The analyzed data also showed agreement that the firm has improved the training of personnel within the firm to enhance their competencies (mean = 3.9627, dev = .80792). The study also indicated that the firm had developed suitable management tools for efficiently mobilizing and utilizing financial resources in the firm (mean = 3.9254) with minimal dispersion in responses (dev = .67864). The results showed that the firm had developed key strategic partnerships with suppliers and distributors to build up the firm capacity (mean = 3.8881, dev = .77227). The findings also indicated agreement (mean = 3.8284, dev = .81827) that the firm has put adequate infrastructure and financial resources to enable execution of the organization's goals. The research showed agreement that the firm has adequate technological resources to drive business activities in changing business environments (mean = 3.7612, dev = .96697). The study also showed agreement that the firm has maintained an adequate inventory of products to ensure sustained meeting of customer demands (mean = 3.8657). Findings also indicated that the firm has adequate cash flow to finance our business activities as noted by mean of 3.7612 and moderate deviation of .77730.

4.3.4 Technological Capabilities of Fast-Moving Consumer Good Firms

The study also explored the technological capabilities exhibited by the Fast-Moving Consumer Good Firms. The summary of the responses obtained is presented in this section.

Table 4.5 Descriptive Analysis of Resource Capabilities

	N Statistic	Sum Statistic	Mean Statistic	Std. Deviation Statistic
The organization has put in place mechanisms to help employees communicate their innovative ideas	134	513.00	3.8284	.93008
The organization has put in place the necessary information systems infrastructure to support efficient firm operations	134	512.00	3.8209	.84827

There is continuous improvement of the firm's system to refine the processes and enhance service offering	134	517.00	3.8582	.84206
The organization has been expanding the integration of digital technologies in the firm processes	134	484.00	3.6119	.99556
The organization has transferred most of the firm processes to e-commerce platforms to supporting seamless service provision	134	445.00	3.3209	.97024
The organization maintains a business-IT alignment to ensure there is synergy in business operations	134	479.00	3.5746	.96850
The firm has witnessed a growth in customer retention and demand for products	134	525.00	3.9179	.85882

The analysis of data indicated agreement that the firm has witnessed a growth in customer retention and demand for products (mean = 3.9179, dev = .85882). The findings indicated agreement that there is continuous improvement of the firm's system to refine the processes and enhance service offering (mean = 3.8582, dev = .84206). The results showed participants agreed that the organization had put mechanisms to help employees communicate their innovative ideas (mean = 3.8284, dev = .93008). The review of the data showed agreement that the organization has been expanding the integration of digital technologies in the firm processes (mean = 3.6119, dev = .99556). The study indicated agreement that the organization has put in place the necessary information systems infrastructure to support efficient firm operations (mean = 3.8209, dev = .84827). The findings also indicated agreement that the organization maintains a business-IT alignment to ensure there is synergy in business operations (mean = 3.5746). The results showed moderate agreement that the organization has transferred most of the firm processes to e-commerce platforms to supporting seamless service provision (mean = 3.3209, dev = .97024).

4.3.5 Non-Financial Performance of Fast-Moving Consumer Goods Firms

The dependent variable of the study investigated the level of non-financial performance within selected FMCG firms in Nairobi City County.

Table 4.6 Descriptive Analysis for Non-Financial Performance

	N Statistic	Sum Statistic	Mean Statistic	Std. Deviation Statistic
The firm has witnessed a growth in customer retention and demand for products	134	525.00	3.9179	.85882
There is an improvement in the level of employee satisfaction and productivity in the firm	134	527.00	3.9328	.87743
The firm can attain better efficiency in the internal processes	134	523.00	3.9030	.85725
There is improved effectiveness in the provision of the firm services	134	528.00	3.9403	.89913
The company has been able to retain most of the employees, ensuring continuous firms' operation	134	512.00	3.8209	.91644
The firm has witnessed an improvement in the competitiveness of the firm products over other industry players	134	518.00	3.8657	.84774

The findings showed agreement that there is improved effectiveness in providing the firm services as denoted by a mean of 3.9403 with a deviation of .89913. The results showed participants agree that the firm has witnessed employee satisfaction and productivity in the firm (mean = 3.9328, dev = .85725). The analysis indicated that the firm had witnessed a growth in customer retention and demand for products (mean =3.9179, dev = .85882). The study showed agreement that the company has retained most of the employees, ensuring continuous firms' operation (mean = 3.8209, dev = .91644). The results also showed respondents agreed that the firm could attain better internal processes (mean = 3.903, dev = .85725). The study also showed that the firm has witnessed an improvement in the competitiveness of the firm products over other industry players as indicated by a mean of 3.8657 and deviation of .84774.

4.4 Correlation Analysis

The study relied on an ordinal scale; hence, Spearman rank correlation was deemed most suitable in testing for the effect of the independent variables on the dependent variable. The correlation matrix is presented in this section.

Table 4.7 Spearman Correlation Results

			Managerial Capabilities	Marketing Capabilities	Resource Capabilities	Technological Capabilities	Non-Financial Performance
Spearman's rho	Managerial Capabilities	Correlation Coefficient	1.000				
		Sig. (2-tailed)	.				
		N	134				
	Marketing Capabilities	Correlation Coefficient	.425**	1.000			
		Sig. (2-tailed)	.000	.			
		N	134	134			
	Resource Capabilities	Correlation Coefficient	.441**	.555**	1.000		
		Sig. (2-tailed)	.000	.000	.		
		N	134	134	134		
	Technological Capabilities	Correlation Coefficient	.115	.381**	.419**	1.000	
		Sig. (2-tailed)	.187	.000	.000	.	
		N	134	134	134	134	
	Non-Financial Performance	Correlation Coefficient	.457**	.465**	.581**	.439**	1.000
		Sig. (2-tailed)	.000	.000	.000	.000	.
		N	134	134	134	134	134

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

The first objective sought to establish the effect of managerial capabilities on the non-financial performance of FMCG firms. The findings established a moderate positive and significant effect of managerial capabilities on the non-financial performance (Rho = .457, Sig = .000<.05). The second objective reviewed the effect of marketing capabilities on the non-financial performance of FMCG firms. The results indicated a moderate positive and significant effect of marketing capabilities on the non-financial performance (Rho = .465, Sig = .000<.05).

The third study objective sought to establish the effect of resource capabilities on the non-financial performance of FMCG firms. The findings established a strong positive and significant effect of resource capabilities on the non-financial performance (Rho = .581, Sig = .000<.05). The fourth research objective sought to establish the effect of technological capabilities on the non-financial performance of FMCG firms. The findings established a moderate positive and significant effect of technological capabilities on the non-financial performance (Rho = .439, Sig = .000<.05).

4.5 Diagnostic Analysis

The study employed a multiple linear regression to determine the direction and strength of the relationship between the study variables. As a rule of thumb, a set of regression assumptions must be satisfied to ascertain that the data set is suitable for regression analysis. The study employed three main regression assumption tests. The normality p-p plot showed that the observations drawn in the study fitted within the normal curve, which indicated that the data adopted for the research met the normal distribution criterion.

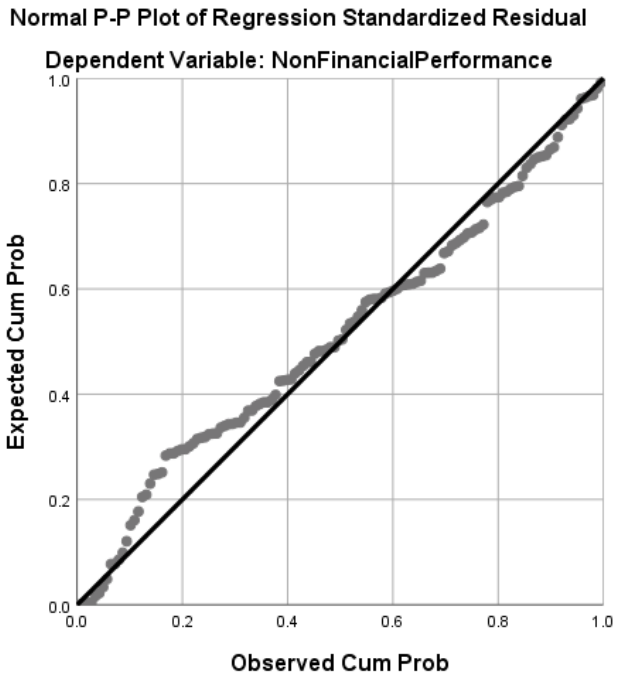


Figure 4.2 Normal P-P Plot

The study further employed collinearity tests to determine if the independent variables of the study are linearly dependent on each other. As a rule of thumb, the Variance Inflation Factor (VIF) should lie be less than ten, which implies a lack of collinearity problems within the predictor variables.

Table 4.8 Collinearity Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Managerial Capabilities	.758	1.319
	Marketing Capabilities	.597	1.674
	Resource Capabilities	.562	1.781
	Technological Capabilities	.783	1.277

a. Dependent Variable: Non-Financial Performance

The findings above show that the VIF values for the study variables were below 10; managerial capabilities (VIF = 1.319), marketing capabilities (VIF = 1.674), resource capabilities (VIF = 1.781), and technological capabilities (VIF = 1.277). These results show a lack of collinearity issues, which signifies that regression analysis can be applied within the study.

The study further conducted autocorrelation tests to examine any serial correlation from the residuals of the models (they were not autocorrelated). As a rule of thumb, a lack of serial correlation requires the Durbin-Watson statistics to be between 1.5-2.5.

Table 4.9 Autocorrelation Results

Model	Durbin-Watson
1	1.543

a. Predictors: (Constant), Technological Capabilities, Managerial Capabilities, Marketing Capabilities, Resource Capabilities

b. Dependent Variable: Non-Financial Performance

The study yielded a Durbin Watson score of 1.543 within the acceptable range, thus indicating there is no autocorrelation within the regression model adopted.

4.6 Regression Analysis

The main purpose of the research was to determine the effect of firm capabilities on the non-financial performance of FMCG firms in the Nairobi Metropolitan Area. The study adopted a multiple linear regression analysis to test the relationship.

Table 4.10 Regression between Firm Capabilities and Non-Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.665[a]	.442	.425	2.91157	1.543

a. Predictors: (Constant), Technological Capabilities, Managerial Capabilities, Marketing Capabilities, Resource Capabilities

b. Dependent Variable: Non-Financial Performance

The regression analysis output shows a coefficient of determination $R^2 = .442$. This statistic indicates that holding other factors constant, the firm capabilities determine 44.2% of the variations in the non-financial performance of FMCG firms. This shows that other factors not considered in the model account for 55.8% of changes in non-financial performance.

The research further employed ANOVA tests to establish if the above-confirmed relationship was statistically significant. The study relied on the f-calculated and the sig-value to establish statistical significance.

Table 4.11 ANOVA for Firm Capabilities and Non-Financial Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	866.027	4	216.507	25.540	.000[b]
	Residual	1093.562	129	8.477		
	Total	1959.590	133			

a. Dependent Variable: Non-Financial Performance

b. Predictors: (Constant), Technological Capabilities, Managerial Capabilities, Marketing Capabilities, Resource Capabilities

The ANOVA tests above yielded a F-value = 25.540, Sig = .000<.05. This implies there is a statistical significance between the two variables. The study thus showed there is a positive and statistically significant effect of firm capabilities on the non-financial performance of FMCG firms in the Nairobi Metropolitan Area. Below are the coefficients yielded from the regression analysis;

Table 4.12 Regression Coefficients for Firm Capabilities and Non-Financial Performance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.145	2.542		.057	.954
	Managerial Capabilities	.187	.084	.168	2.225	.028
	Marketing Capabilities	.214	.073	.248	2.919	.004
	Resource Capabilities	.257	.083	.272	3.095	.002
	Technological Capabilities	.193	.073	.197	2.656	.009

a. Dependent Variable: Non-Financial Performance

$$\mathbf{Y = .145 + .187X_1 + .214X_2 + .257X_3 + .193X_4 + 2.542}$$

The above findings indicate a model $\boldsymbol{\alpha = .145}$ that was not statistically significant Sig .954>.05. Results indicate that managerial capabilities constant $\boldsymbol{\beta_1 = .187}$ was statistically significant (Sig = .028<.05). This shows that a unit change in the managerial capabilities within the firm will result in a 0.187 change in the non-financial performance. The findings also showed managerial capabilities constant $\boldsymbol{\beta_2 = .214}$ was statistically significant (Sig = .004<.05). This implies that a unit change in the marketing capabilities within the firm will result in a 0.214 change in the non-financial performance. The findings also showed resource capabilities constant $\boldsymbol{\beta_3 = .257}$ was statistically significant (Sig = .002<.05). This implies that a unit change in the resource

capabilities within the firm will yield a 0.257 change in the non-financial performance. The results indicated that technological capabilities constant **β_4= .193** were statistically significant (Sig = .009<.05). This implies that a unit change in the technological capabilities within the firm will yield a 0.193 change in non-financial performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the summary and discussion of the findings of the research, as outlined in chapter four. The chapter further presented the conclusions drawn, the recommendations, and suggestions for further research work.

5.2 Summary

The FMCG industry is a vital contributor to economic growth by providing products and services to the public. In the recent past, most of the local firms have faced challenges in achieving their set organization objectives, which has translated into limited performance. This study sought to establish the effect of firm capabilities on the non-financial performance of FMCG firms in the Nairobi Metropolitan Area. The study specifically examined the effect of managerial capabilities, marketing capabilities, resource capabilities, and technological capabilities. The dynamic capabilities theory was central to selecting the key capabilities that are vital to competitiveness and attainment of firm goals within an organization. In line with previous literature, the study findings affirmed that individual and unique capabilities of the firm are key to fostering competitiveness and performance. This was achieved in the study results which indicated that firm capabilities are vital to the performance of FMCG firms. This shows that reliance on unique capabilities of the organization are critical drivers of organization performance. The stakeholder theory explained how the management of FMCG firms could shape firm activities to achieve the organization's goals and meet stakeholder needs. The stakeholder theory was informative in the current study in deconstructing the measures of the non-financial performance based on qualitative measures. The results of the study indicated that FMCG firms have been able to support better performance which meets stakeholders expectations from the industry.

The study adopted a quantitative descriptive research design. The research population was the FMCG firms operating within Nairobi City County. The research obtained an 84% response rate across the participating firms. The findings indicated that most of the FMCG firms had over 11 staff members. The responses also indicated that most of the research participants were middle-level managers within the FMCG firms. The results illustrated that most participants have been working within the FMCG industry for more than four years. The study adopted correlation analysis, and the findings showed there was a moderate positive and significant effect of managerial capabilities, marketing capabilities, technological capabilities on the non-

financial performance. The research also showed a strong positive and significant effect of resource capabilities on the non-financial performance of FMCG firms in the Nairobi Metropolitan Area. The research

The study adopted multiple linear regression to estimate the effect of firm capabilities on non-financial performance. The results indicated that 44.2% of the changes in the non-financial performance of FMCG firms are a result of the firm capabilities. The findings revealed a statistically significant influence of managerial capabilities, resource capabilities, marketing capabilities, and technological capabilities on the non-financial performance of FMCG firms.

5.3 Discussion

This section reviewed the various results of the study against the empirical literature contained within the research work.

5.3.1 Managerial Capabilities and Non-Financial Performance

The findings showed that FMCG firms have decentralized decision making and have a centralized structure with a clear chain of authority. The respondents also indicated that FMCG management has divided organization operations into specialized units. The results agree with Arief and Basuki (2015), who opined that improving governance, decision-making, and streamlining firm operations is critical to advancing business performance. The results showed agreement that FMCG firms operate under strict rules and procedures. The findings noted agreement among participants that the management has laid down clear guidelines to guide firm activities. Abaho's (2016) study also found out that improving task execution, organizing employees based on their skills, and improving business management is vital to firm performance. Nawaz and Shaukat (2014) suggested that improving organization learning, improving communication are essential for fostering firm effectiveness.

The study results noted that FMCG firm's management allows for benchmarking of the best practices with other leading entities in the region. The respondents also agreed that the management regularly conducts performance appraisals to improve internal processes. Gathungu and Mwangi (2012) noted that constant review of firm routines and improving internal procedures is essential for attaining better firm performance. Wanyoike (2016) is also of the view that was continuously improving firm operations, fostering decision making, and alignment of firm objectives is fundamental to the attainment of performance goals. Overall, the study established a positive and significant effect of managerial capabilities on the non-

financial performance of FMCG firms. Similarly, Aduloju (2014) revealed that managerial capabilities significantly improve firm performance.

5.3.2 Marketing Capabilities and Non-Financial Performance

The research showed agreement that the FMCG firm has deployed new marketing strategies to improve market outreach. The study showed participants agree that the firm is leveraging social networking sites to improve the distribution of firm products. These findings are in line with Kamboj and Rahman (2015), who concluded that improving distributional practices, amplifying marketing strategies, and production activities are key to better firm performance. The participants also showed that the firm relies on marketing technologies to reach customers and handle complaints, thus enhancing their experience. Martin, Javalgi, and Cavusgil (2017) noted that deploying innovation in marketing activities and improving customer relations is essential to attaining competitiveness within the firm. A review of research data showed that the FMCG firm regularly conducts promotional activities to drive the market demand for firm products. Agyapong, Osei, and Akomea (2015) suggested improving pricing strategies, deploying cost leadership and competitive strategies are vital to businesses' effectiveness.

The participants agreed that FMCG firms continuously introduce new products to drive up market share and has diversified its distribution channels through linkages with suppliers and transport firms. Lagat and Frankwick (2017), in their study, also outlined that product innovation and promotional/pricing strategies are vital to better market performance. The study showed agreement that the firms have established a robust supply and transportation network to ensure the constant availability of firm products countrywide. Similarly, Kamboj and Rahman (2015) indicated that better distribution and supply chain management is vital to attaining better firm performance. The analysis of the association of variables indicated a positive and significant effect of marketing capabilities on the non-financial performance of FMCG firms. Agyapong (2015) also revealed a positive association between marketing capabilities and performance levels of firms. Musyimi (2016) concluded that price, product, promotional, and better firm brand image is vital to business performance.

5.3.3 Resource Capabilities and Non-Financial Performance

The study reviewed resource capabilities in FMCG firms, and results indicated agreement that the firms have developed suitable management tools for efficiently mobilizing and utilizing financial resources. The research showed agreement that the firm has improved the training of personnel within the firm to enhance their competencies. The above findings are in line with Wyne and Hafeez (2019), who revealed that improving human capital and infrastructure

technologies support improved firm performance. Hashim, Raza, and Minai's (2018) study indicated that entrepreneurial competencies ensure there is better management of financial resources and employees skills, which can lead to superior firm performance.

The respondents agreed that FMCG firms had developed key strategic partnerships with suppliers and distributors to build up the firm capacity. The analysis showed that FMCG firms have adequate technological resources to drive business activities in changing business environments. These results are in tandem with Eton et al. (2018) research, which showed that supporting innovativeness within the firm, managing staff competencies, and enhancing integrative skills within the firm is essential to driving business development. The study also noted that the firm had maintained an adequate inventory of products to ensure sustained meeting of customer demands. The review of research data also showed that the firm has put in place adequate infrastructure and financial resources to enable the execution of the organization's goals. Nyachanchu, Chepkwony, and Bonuke (2017) also noted that adopting and maintaining the right capabilities within the firm, such as adequate resources and competent employees, is expected to drive firm performance.

The study participants agreed that the company image and reputation had enhanced the competitiveness of the firm in the market. Findings also showed that the firm has adequate cash flow to finance our business activities. Mutunga and Owino (2017) noted that micro-factors within the organization do positively improve firm performance. The results also revealed a positive and significant effect of resource capabilities on the non-financial performance of FMCG firms. Eton et al. (2018) concluded that resource capabilities lead to better business development. Wyne and Hafeez (2019) also showed that strategic resources positively contributed to better firm performance.

5.3.4 Technological Capabilities and Non-Financial Performance

The study participants noted that the organization had put mechanisms to help employees communicate their innovative ideas. Findings also showed that FMCG firms have put in place the necessary information systems infrastructure to support efficient firm operations. Emmanuel's (2017) study indicated that the productivity and profit growth in firms could be tied down to acquiring new technologies, digitalization, and innovative capacity within the organization. Similarly, Machuki and Wasike (2019) opined that improving innovation and research and development can help drive organization performance. The current research had similar results, which showed that within FMCG firms, there is continuous improvement of the firm’s system to refine the processes and enhance the service offering. The respondents agreed

that the organization has been expanding the integration of digital technologies in the firm processes. Jajja, Kannan, Brah, and Hassan (2017) revealed that the development of digital strategies within a firm is essential to improving innovativeness and firm performance.

The analysis of responses showed agreement that the organization has transferred most of the firm processes to e-commerce platforms to supporting seamless service provision. Hassan, Iqbal, Malik, and Ahmad (2018) found that integration of social networks, advancing open innovation, computerization of business processes is vital to better firm survival. Findings illustrated agreement that FMCG firms maintain a business-IT alignment to ensure there is synergy in business operations. The study also showed consensus that they have witnessed a growth in customer retention and demand for products. The analysis revealed a positive and significant effect of technological capabilities on the non-financial performance of FMCG firms. Jajja, Kannan, Brah, and Hassan (2017) concluded that innovation capacity is vital to enhancing business performance. Martin and Kinoti (2017) revealed that enhancing the firm's technological capacity positively enhances firm performance.

5.4 Conclusions

The study concluded that firm capabilities do have a positive and significant influence on the non-financial performance of FMCG firms. The first objective examined the effect of managerial capabilities on non-financial performance. The research concluded that managerial capabilities do have a statistically significant influence on non-financial performance. The study revealed that decentralization of decision making, the chain of authority, having clear rules and guidelines for coordination could positively enhance non-financial performance. The second objective examined the effect of marketing capabilities on the non-financial performance of FMCG firms. The study concluded that marketing capabilities have a positive and significant influence on non-financial performance. The research concludes that elaborate marketing strategies, utilization of social networks in distribution and customer handling, and promotional activities will lead to better performance.

The third objective examined the effect of resource capabilities on the non-financial performance of FMCG firms. The research concluded there is a positive and significant influence of resource capabilities on non-financial performance. The study concluded that mobilizing adequate resources, adequate technological resources, training of firm personnel, improving infrastructure, and management of cash flows can significantly lead to better non-financial performance. Lastly, the study examined the effect of technological capabilities on the non-financial performance of FMCG firms. The study concludes that technological

capabilities do have a positive and significant influence on non-financial performance. The research opined that supporting employee innovativeness, acquiring adequate technological infrastructure, utilizing emerging digital technologies, and implementing business-IT alignment will significantly contribute to the better performance of FMCG firms.

5.5 Recommendations

5.5.1 Managerial Recommendations

The study demonstrated that firm capabilities have a positive influence on the non-financial performance of FMCG firms. To the management team within the firm, the study recommends that the organization should foster decentralization of firm decision making to employees as this will enhance efficiency within the business. Further, the firms should develop clear chains of authority that will ensure communication is effective within the firm. The study also recommends that FMCG firms should regularly review their internal structures to ensure there is effective coordination within the organization and internal processes are being conducted efficiently. The research recommends that FMCG firms should improve the integration of digital technologies in their marketing activities as this will enhance efficiency in distribution networks and the supply chain. Further, the study recommends that FMCG firms should expand research and development, which will support the introduction of new products and servicing of a larger market share.

The study also recommends that the firms should invest in emerging technologies, which will foster customer handling and enhance service experience within the organization. The study recommends that the organization's leadership should continuously invest in the professional development of their staff as this will enhance their productivity and competitiveness. The research also recommends that the firms should acquire competent personnel who can help in ensuring there is better management of firm resources and the strategic partnerships of the firm. The study recommends that organizations should invest in promotional activities and brand management as this will improve the firm reputation and competitiveness within the industry. The research recommends that the firm leverage the available digital technologies to improve firm activities by implementing e-commerce platforms and automation.

5.5.2 Policy Recommendations

The Kenyan FMCG industry is vital to attaining economic growth within the country as a key contributor to the GDP and the creation of wealth. With the current ravaging pandemic that has decimated most businesses and negatively affected economic projection across the country, the

findings of this study can advance policy formulation. The findings can be vital to institutions such as the Kenya Association of Manufacturers who can leverage the results in developing guidelines that can be adopted by firms to streamline their internal capabilities. This will help in shaping business resilience through reviewing the firm capabilities, which are key to the attainment of better firm performance.

5.5.3 Theoretical Implications

Theoretically, the findings of this research foster the available evidence on the suitability of dynamic capabilities as key predictor of firm performance. The study results thus expand the available empirical evidence that can be used as basis of future research work and scholarly review of both dynamic capabilities theory and the stakeholder theory.

5.6 Limitations of the Study

The research only focussed on no-financial performance within FMCG firms. This may limit the applicability of the study findings in directing ways that firm capabilities can support the financial performance of FMCG firms. Further, the study was conducted during the Covid-19 pandemic, which has largely influenced the performance of the FMCG firms. This could have adversely affected the relationship between firm capabilities and the non-financial performance of the firms.

5.7 Suggestions for Further Research

The research was only conducted across FMCG firms in Nairobi; there is a need for further research to be conducted, considering external capabilities and how they influence FMCGs performance across the country. The results indicated that almost 56% of the non-financial performance is as a result of other factors not considered in the study. The research thus suggests that more research work should be undertaken, taking into consideration more firm capabilities and internal factors that can impact the non-financial performance of FMCG firms in Kenya.

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APPENDICES

Appendix I: Introduction Letter

To the Managing Director

……..

Dear Sir/Madam

Ref: **Request to Collect Research Data from your Organization**

Greetings, I am Judith Mwazo, an MBA student at Strathmore University. As part of partial requirements for the award of my degree, I am undertaking a study that filled the knowledge gap and enhance professional practice within the FMCG industry in the country. I am currently undertaking a study on the '***effect of firm capabilities on the non-financial performance of FMCG firms in the Nairobi Metropolitan Area.***

I kindly request you to allow me to access relevant information that helped in solving the research problem from target respondents within your firm. The findings of the research are expected to help to enhance the body of knowledge, and that is expected to be of practical assistance to all FMCG firms in the country. The collected research data was treated with the utmost confidentiality and only for underlined purposes. If requested, the findings of the research were made available to your reputable office. All the assistance rendered was highly appreciated.

With Regards,

Appendix II: Questionnaire for FMCG Firms Managers

The purpose of this questionnaire is to help collect data for purely academic purposes. Your details or data provided will not be passed onto a third party without your permission. Please respond by ticking (√) in the appropriate box in the blank spaces provided that closely matches your view or write your answers in the space provided. Information collected wastreated with strict confidentiality.

RESPONDENT'S CONSENT:

I agree to participate in this research:

Yes ( )

No ( )

SECTION A: BACKGROUND INFORMATION

1. What is your highest education level?

Diploma level ( ) Graduate level ( )

Masters level ( ) PhD level ( )

2. What is your current position within the organization?

Top management ( ) Middle management ( )

Lower management ( ) Others ( )

3. How many staff members are working within the firm?

0-10 staff ( ) 11-20 staff ( )

21-49 staff ( ) 50-99 staff ( )

100- 200 staff ( ) Over 200 staff ( )

4. How long has your organization been working within the FMCG industry?

0-3 years ( ) 4-7 years ( )

8-11 years ( ) 12-15 years ( )

Over 16 years ( )

PART B: *EFFECT OF FIRM CAPABILITIES ON THE NON-FINANCIAL PERFORMANCE OF FAST-MOVING CONSUMER GOOD FIRMS IN KENYA.*

Please tick the level of agreement of the following statements.

5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

No	Managerial capabilities	1	2	3	4	5
1)	The management has decentralized decision making within the firm					
2)	The management structure within the firm has a clean chain of authority					
3)	The management has divided the firm operations into specialized units					
4)	The management operates dependent on strict rules and procedures					
5)	The management has laid down clear guidelines to guide the coordination of firm activities					
6)	The management allows for benchmarking of the best practices with other leading entities in the region					
7)	The management regularly conducts performance appraisals to improve internal processes					

Please tick the level of agreement of the following statements.

5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

No	Marketing capabilities	1	2	3	4	5
8)	The firm has been deploying new marketing strategies to improve market outreach					
9)	The firm is leveraging on social networking sites to improve the distribution of firm products					
10)	The firm is relying on marketing technologies to reach customers and handle complaints thus enhancing their experience					
11)	The organization regularly conducts promotional activities to drive the market demand for firm products					

12)	The firm is continuously introducing new products in the market to drive up market share					
13)	The company has diversified its distribution channels through linkages with suppliers and transport firms					
14)	The company has established a robust supply and transportation network to ensure constant availability of firm products countrywide					

Please tick the level of agreement of the following statements.

5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

No	**Resource capabilities**	**1**	**2**	**3**	**4**	**5**
15)	The firm has developed suitable management tools for efficiently mobilizing and utilizing financial resources in the firm					
16)	The firm has improved the training of personnel within the firm to enhance their competencies					
17)	The firm has developed key strategic partnerships with suppliers and distributors to build up the firm capacity					
18)	The firm has adequate technological resources to drive business activities in changing business environments					
19)	The firm has maintained adequate inventory of products to ensure sustained meeting of customer demands					
20)	The firm has put in place adequate infrastructure and financial resources to enable execution of the organization goals					
21)	The company image and reputation has enhanced the competitiveness of the firm in the market					

22)	The firm has adequate cash flow to finance our business activities					

Please tick the level of agreement of the following statements.

5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

No	**Technological capabilities**	**1**	**2**	**3**	**4**	**5**
23)	The organization has put in place mechanisms to help employees communicate their innovative ideas					
24)	The organization has put in place the necessary information systems infrastructure to support efficient firm operations					
25)	There is continuous improvement of the firm's system to refine the processes and enhance service offering					
26)	The organization has been expanding the integration of digital technologies in the firm processes					
27)	The organization has transferred most of the firm processes to e-commerce platforms to supporting seamless service provision					
28)	The organization maintains a business-IT alignment to ensure there is synergy in business operations					

Please tick the level of agreement of the following statements.

5= strongly Agree 4= Agree 3= Somewhat Agree 2= Disagree 1= Strongly Disagree

No	**Non-financial Performance**	**1**	**2**	**3**	**4**	**5**

29)	The firm has witnessed a growth in customer retention and demand for products					
30)	There is an improvement in the level of employee satisfaction and productivity in the firm					
31)	The firm can attain better efficiency in the internal processes					
32)	There is improved effectiveness in the provision of the firm services					
33)	The company has been able to retain most of the employees ensuring continuous firms' operation					
34)	The firm has witnessed an improvement in the competitiveness of the firm products over other industry players					

Thank you for your time

Appendix III: Ethical Review Committee Approval

Strathmore UNIVERSITY

22nd September 2020

Mrs Mwazo, Judith
judith.mwazo@strathmore.edu

Dear Mrs Mwazo,

RE: Effect of Firm Capabilities on The Non-Financial Performance of Fast-Moving Consumer Goods Firms in Nairobi Metropolitan Area

This is to inform you that SU-IERC has reviewed and **approved** your above research proposal. Your application approval number is **SU-IERC0885/20.** The approval period is **22nd September 2020 to 21st September 2021.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, MTA) will be used
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-IERC.
iii. Death and life threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-IERC within 72 hours of notification
iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-IERC within 72 hours
v. Clearance for export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days upon completion of the study to SU-IERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) https://oris.nacosti.go.ke and also obtain other clearances needed.

Yours sincerely,

Dr Virginia Gichuru,
Secretary; SU-IERC

Cc: Prof Fred Were,
Chairperson; SU-IERC

STRATHMORE UNIVERSITY INSTITUTIONAL ETHICS REVIEW COMMITTEE (SU-IERC)
22 SEP 2020
TEL: +254 (0)703 034 000
P. O. Box 59857 - 00200
NAIROBI - KENYA

Appendix IV: NACOSTI Permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **543779**

Date of Issue: **25/August/2020**

RESEARCH LICENSE

This is to Certify that Miss.. Judith Mwazo of Strathmore University, has been licensed to conduct research in Nairobi on the topic: EFFECT OF FIRM CAPABILITIES ON THE NON-FINANCIAL PERFORMANCE OF FAST-MOVING CONSUMER GOODS FIRMS IN NAIROBI METROPOLITAN AREA for the period ending : 25/August/2021.

License No: **NACOSTI/P/20/6304**

543779

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

Appendix V: List of FMCG Firms

1. Frigoken
2. Giloi
3. Global fresh
4. Njoro Canning Factory Ltd
5. Octagon Express (Kenya) Limited
6. Orbit Chemical Industries Ltd
7. Power 4, Inc
8. Sameer Group Sanpac Africa Ltd
9. Shade Systems (EA) Ltd
10. Shadetents And Exquisite Designs
11. Simco Auto Parts Ltd
12. Slumberland Kenya Ltd
13. Stamet Products (K) Ltd
14. Sudi Chemical Industries Limited
15. Glacier products
16. Gonas best
17. Green forest
18. Statpack Industries Limited
19. Healthy u2000
20. Honey care
21. Jetlak foods
22. Jungle grip
23. Steel Structures Limited
24. Kapa oil
25. Mellech Engineering & Construction Ltd
26. Williamson Power Ltd
27. Wines Of The World Limited
28. Zena.net Services
29. Kamili packers
30. Metal Crown Ltd Metsec Ltd.
31. MGS International (K)
32. Kenafric
33. Mjengo Limited
34. Mohajan Trade International
35. Ndugu Transport Co Ltd
36. Unilever Kenya Limited
37. Universal Ponds Kenya Limited
38. Warren Concrete Ltd
39. Wartsila Eastern Africa Ltd
40. Welfast Kenya Ltd
41. Welrods Limited
42. Wigglesworth Exporters Ltd
43. New Ruaraka Hardwares
44. Top Tank
45. Tripac Chemical Industries Ltd

46. Unga Farm Care (EA) Ltd
47. Unga Group Ltd.
48. Unighir Ltd.
49. Kenafric bakery
50. Kedsa Invest
51. Kenya Highland seeds
52. Superfit Steelcon Ltd
53. Tamoil Africa Holdings Limited
54. Tarpo Industries Limited
55. Kenya Nut
56. Kenya Sweets
57. KWAL
58. Kevian Kenya
59. Kigelia Fresh
60. Kirinyaga Flour
61. Koba Water
62. Africa Spirits
63. Afribon
64. Stainless Steel Products Ltd
65. Afrimac Nut Company
66. Al-Noor Fiesta
67. Agriner Agricultural development
68. Royal Swiss
69. South Hill Motor Spares Ltd
70. Kenblest
71. New World Stainless Steel Ltd
72. Sunrays Solar Ltd
73. Tenacity Locks Ltd
74. The Kensta Group
75. Tianjin Haopu Chemical Co. Ltd
76. StawI Foods
77. Scepter Millers
78. Sahara venture
79. Savannah brands
80. SBC KE
81. Scrumptious Eats
82. Shree Sai
83. Selekta Ke
84. Sky foods
85. Pelican Signs Ltd
86. Print Fast Kenya Ltd
87. Victoria Juice
88. Vert ltd
89. Simply foods
90. Petroleum Institute of East Africa
91. Petmix Feed

92. Platinum Packaging Limited
93. Value park
94. Valley confectioners
95. Ustawi Grain Millers
96. Usafi services
97. Upfield Ke
98. Polythene Industries Ltd
99. Vava Coffee
100. Umoja flour Mills
101. Unga Group
102. Trust Feeds
103. Shamas Motor Spares
104. Shankan Enterprises Ltd
105. Sigma Engineering Co. Ltd
106. Tru foods
107. Superfine Africa
108. Sunny Processors
109. Spice World
110. Tropical lush
111. Stawi foods
112. Shree sai
113. Vine park
114. Weetabix EA
115. Bakex Millers
116. Bdelo
117. Belfast millers
118. Biofood Products
119. Azeala Collections
120. Bloc Ent
121. Blueplastics & waters
122. Bulto foods
123. Czarnikow
124. Excel chemicals
125. Erdemann company
126. Foods by Kikkii
127. Kenbro Industries
128. Kenya Electricity Generating Company Limited.
129. Kenya Fluorspar Company Ltd (KFC)
130. Kenya Grange Vehicle Industries Ltd
131. Euro park Industries
132. Edible oil
133. Kenya Petroleum Refineries Ltd
134. Kenya Power and Lighting Company Ltd
135. Kiesta Industrial Technical Services Ltd
136. Kenya Solar
137. Elle Kenya

138. Kim-Fay E.A Limited
139. Elekea close
140. Eastern Produce
141. Ea sea food
142. DPL Festive
143. Deyvan Foods
144. Danone Baby nutrition
145. Cadbury Kenya
146. Candy Kenya
147. Confini Limited
148. Croffs Limited
149. Zheng Hong
150. Centerfood Industry
151. Chirag Kenya
152. JET Chemicals (Kenya) Ltd
153. Kapa Oil Refineries Limited
154. KingSource Plastic Machinery Co.,Ltd.
155. Capel foods
156. Kedsa investment
157. Manji feeds
158. Kwality Kandy
159. Landeco limited
160. Mars-Wrigley
161. New KCC
162. Nestle
163. Mini Bakers
164. Miritini Kenya
165. Mjengo Limited
166. Monwalk Invest
167. NAS Airport
168. Norda
169. Orchad Juice
170. Palmhouse Dairies
171. Patco
172. Pembe flour Mills
173. Razco
174. Rafiki Millers
175. Propack Ke
176. Proctor & Allan
177. Pradip Ent
178. Premier Flour mills
179. Pernod Ricard Ke
180. Ramco Printing Works Limited
181. Java House
182. Proctor and Gamble
183. TATA Chemicals

184. PZ Cussons EA
185. Chandaria IIndustries
186. Bamburi Special products limited
187. Eveready EA
188. EA Breweries
189. Unilever Kenya
190. African Cotton Industries
191. Adhesive solutions
192. Acme container
193. 42 Geomatic services
194. Africa Kaluworks
195. Africa Oil BV
196. Beta HealthCare
197. Ashut Quality Products
198. Bogani Industries Ltd
199. Bosky Industries Ltd
200. Bilco Engineering Limited
201. Biodeal Laboratories Ltd
202. Blowplast Limited
203. Blue Ring Products Ltd
204. Protocols Microcomputer Applications
205. Pudlo Cement Company (PCC)
206. Redsea Chemist
207. Reesi Hospitality Ventures
208. Reliable Concrete Works Ltd
209. Quad cypher systems
210. Raghad Enterprises
211. Renscope Scientific Kenya
212. Rhino Special Products Ltd
213. Rock Plant Kenya Ltd.
214. ROM East Africa Limited
215. Rosewood Office Systems Limited
216. Rotam Sub-Saharan Africa
217. Rupa Cotton Mills
218. AquaSanTec
219. Aquva Agencies Ltd
220. Nairobi Arrow Rubber Stamp Company Ltd.
221. Artech Agencies (KSM) Ltd
222. Atlas Copco Eastern Africa Ltd
223. Blue Triangle Cement
224. Bobmil Industries Limited
225. Chemplus Holdings LTD
226. Chevron Kenya Ltd
227. Chloride Exide Kenya Limited
228. Climacento Green Tech Ltd
229. Colgate-Palmolive (East Africa) Ltd

230. Collis F.B
231. Commercial Motor Spares Ltd
232. Cosmos Limited
233. Creative Fabric World Co Ltd
234. Creative Innovations Ltd.
235. Crown-Berger (K) Ltd.
236. Cuma Refrigeration EA Limited
237. Doshi Group of Companies
238. East Africa Glassware Mart Ltd
239. East African Breweries Limited
240. East African Cables Ltd.
241. East African Portland Cement
242. Eastern Chemical Industries Ltd
243. Eco Consult LTD Ecolab East Africa (K) Ltd
244. Ecotech Ltd Energy Pak (K) Ltd
245. Equatorial Tea Ltd
246. Excel Chemical Ltd.
247. Fairdeal Upvc
248. Aluminium and Glass Ltd
249. Famiar Generating Systems Ltd
250. Flexoworld Ltd
251. Forbes Media Electronic Advertising Solutions
252. Furmart furnishers
253. Gahir Engineering Works Ltd
254. Goldrock international enterprises
255. Goods Chemistry
256. Guan Candle Making Machine Co.,Ltd.
257. Heluk International Limited
258. Hills Converters [K] Ltd
259. Hydraulic Hose & Pipe Manufacturers Ltd
260. Imani Workshops
261. Makiga Engineering Service Limited
262. Manzil Glass & Hardware Ltd
263. Mather & Platt Kenya Ltd