Influence of Strategic Capability on Competitive Advantage Of Cut flowers Exporting Firms in Nairobi, Kenya

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The study sought to explore the influence of strategic capabilities on competitive advantage of cut flower exporting companies in Kenya. Specific objectives of the study were: To assess the influence of human resource capability on competitive advantage of cut flower exporting companies in Kenya; To determine the influence of financial capability on competitive advantage of cut flower companies in Kenya; To establish the influence of knowledge management on competitive advantage of cut flower exporting companies in Kenya; To assess the influence of financial capability on competitive advantage of cut flower exporting companies in Kenya and to establish the influence of technological capability on competitive advantage of cut flower exporting companies in Kenya. It was anchored on the theories of Resource Based Theory (RBT); Dynamic Capability and Human Resource Theory. The target population was 228 composed of directors, marketing managers, financial officers and accountants as well as supervisors. A sample size of 70 respondents was used. The primary data was collected using a questionnaire pretested for validity and reliability. Data was analyzed using descriptive statistics and inferential statistics where data was coded and descriptive statistics generated using Statistical Packages for Social Sciences. Results were presented using tables. The study found that human resource capabilities and knowledge management capabilities have positive and significant influence on competitive advantage of cut flower exporting companies in Kenya. Financial capability had a negative significant influence while technological capabilities had positive but insignificant influence on competitive advantage of cut flower exporting companies in Kenya. The study recommended that firms should strive to cultivate organizational capabilities. Recommendation is made to the cut flower firms’ management to come up with ways and procedure to enhance the capabilities of individual players such as the managers and subordinate staff in terms of technology, knowledge management capabilities and financial capabilities.

Key Words: Strategic Capabilities, Human Resource Capabilities, Financial Capabilities, Knowledge Management Capabilities, Technological Capabilities, Competitive Advantage

I.0 INTRODUCTION

1.1 Background of the Study

Today’s companies operate in a context characterized by rapid changes brought about by technological advancements and globalization of the world. To be more competitive over the competition, firms are therefore called upon to swiftly align their operations if they are to maintain their competitive position (Imbambi, 2018). Strategic management is defined as a process of determining the long-term direction and performance of an organization by ensuring a careful formulation, proper implementation, and control strategies (Williams, Smith, Aaron, Manley, & McDowell, 2020). This is done by analyzing the environment a business operates in and matching the capabilities of the organization to the strategy chosen. Strategic management is the ongoing process of ensuring a competitively superior fit between the organization and its ever-changing environment (Teece, 2007).

A competitive position is normally one of the elements that provides a competitive edge to a business over and above the competition that it faces. Possession of strategic capabilities enable a firm to directly improve its value offering to the market or customers in terms of products or services which are a result of possession of core competencies (Wanjiku, & Deya, 2021). Core competence describes an organization specific capability which helps it stand out from the rest in the industry. It is the asset that defines the essence of the
firm’s business in terms of core capabilities which make it possible for the firm to compete with other firms in the industry effectively.

The global perspective on strategic capabilities and competitive advantage highlights the importance of financial and technological capabilities in determining a firm's success. According to Stuart (2007), Financial capability includes variables like attitude, knowledge, skills, and self-efficacy related to money management. Technological capability encompasses knowledge, procedures, methods, equipment, and experience that give firms a competitive edge. Asian countries like China and India have leveraged their unique technological capabilities to compete globally, while many firms in emerging economies struggle to do so (Brafu-Insaidoo & Ahiakpor, 2011).

In the Kenyan context, studies have shown that strategic capabilities, including human resources, infrastructure, distribution networks, brand strength, technology, and innovation, play a crucial role in gaining a competitive advantage (Muganda & Fadhili, 2013). Organizational capabilities, like entrepreneurship, relationship building, and product development, are also significant factors in performance. Strategy implementation and communication processes have been found to positively influence organizational capability (Hassan, 2016).

In the specific case of Kenyan cut flowers exporting firms, the industry has experienced growth in both volume and value of exports, with Kenya being a leading cut flower exporter to the EU (Kenya flower industry, 2023). However, the sector faces challenges such as competition from other countries with lower production costs and changing consumer spending patterns. Kenyan cut flower firms have implemented strategies like product portfolio management, supply chain efficiency, and stakeholder engagement to remain competitive. The adoption of technology in the industry is influenced by factors like literacy, financial ability, government policies, and firm size.

1.2 Statement of the Problem

Businesses Strategic management can assist in deploying an organization’s internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Tatar & Moradi, 2015). According to Melchorita (2013), strategic management addresses the reason why some organizations succeed while others fail. Over the first few decades, the flower industry has shown a rapid growth. World Bank, (2016) report shows Columbia, Netherlands, Israel, and Ecuador are lead in producing and exporting flowers. The floriculture industry varies widely and is extremely competitive which therefore means that strategic capability and competitive framework is essential to ensure viable decisions are made on common factors that ensure success among players in the industry.

Several studies have been conducted on strategic capabilities and competitive advantage in varying contexts which include, Tuan and Yoshi (2010) who tested a link between organizational capabilities, performance and competitiveness and revealed that organizational capabilities play an important role when it comes to competitive positioning of the firm. It was revealed that organizational capabilities significantly result into competitiveness. The study was conducted in Vietnam hence there is a contextual gap the current study would seek to fill. Similarly, Seyhan, Ayas, Sönmez and Uğurlu (2013) focused on the relationship between strategic capabilities and competitive performance in Turkey. The study found that strategic capabilities have a positive effect on competitive performance. This study also was conducted in a different context as the current study hence the need to bridge the contextual gaps. Teeratansirikool, Siengthai, Badir, &
Charoenngam, (2013). looked at mediating role performance measurement in Thai. The research was mail survey where 101 listed firms were interviewed. Findings showed that the competitive strategies used had a positive and significant influence on firm performance. Studies conducted locally include, Imbambi, (2018) who focused influence on strategic capabilities on competitive advantage of sugar manufacturing firms. The study established a statistically significant and direct link between technology and material capabilities and competitiveness. However, the study focused on technology capability and material capability while the current study focused on human resource capability, financial resource capability, intellectual capital capability, cost efficiency capability on competitive advantage. Scant research has been done on cut flower exporting companies with regards to strategic capabilities and competitive advantage with most research being concentrated on individual flower farms in specific areas. Those studies include Kurendi (2013) looked at factors influencing strategy implementation among flower organizations in Naivasha. The findings revealed that strategy implementation was a challenge with top management commitment, legal requirements, and budget constraints as major hindrance. Despite this background limited studies have been done to determine the influence of strategic capability on competitive advantage of cut flower exporting firms in Nairobi, Kenya hence the need for this study on influence of strategic capabilities on competitive advantage of cut flower exporting companies in Kenya to bridge the gaps

1.3 Objectives of the study
The study was guided by the following objectives.

1.3.1 General objective of the study
The general objective of the study was to explore the influence of strategic capability on competitive advantage of cutflowers exporting firms in Nairobi, Kenya

1.3.2 Specific objectives of the study
1. To establish the influence of Human Resource Capability on competitive advantage of cut flower exporting companies in Nairobi, Kenya
2. To explore the influence of Financial Resource Capability on competitive advantage of cut flower exporting companies in Nairobi, Kenya
3. To determine the influence of Knowledge Management Capability on competitive advantage of cut flower exporting companies in Nairobi, Kenya
4. To evaluate the influence technological Capability on competitive advantage of cut flower exporting companies in Nairobi, Kenya

1.4 Research questions of the study
1. To what extent does Human Resource Capability influence competitive advantage of cut flower exporting companies in Nairobi, Kenya?
2. What is the effect of Financial Resource Capability on competitive advantage of cut flower exporting companies in Nairobi, Kenya?
3. To what extent does Knowledge Management Capability influence the competitive advantage of cut flower exporting companies in Nairobi, Kenya?
4. How does technological Capability influence competitive advantage of cut flower exporting companies in Nairobi, Kenya and to what extent?

1.5 Scope of the study
The study focuses on the influence of strategic management capabilities on competitive advantage cut flowers exporting in Nairobi, Kenya. It will be carried out in sampled regions where cut flowers are grown. This study will specifically explore four strategic management capabilities which include human resource capability, financial resource capability, knowledge management capability and technological capabilities. Four theories will form the basis of the study, they include the generic strategy theory, dynamic capability theory, competitive advantage theory and resource-based theory. It will target all senior managers in Nairobi
cluster comprising of 38 directors, 38 marketing managers, 76 financial officers and 76 supervisors a total of 228.

LITERATURE REVIEW

2.1 Theoretical Review
The theoretical review of this study draws from three key theories: Resource-Based Theory (RBT), Dynamic Capability Theory, and Human Capital Theory. These theories provide a foundational understanding of how firms can gain and sustain a competitive advantage, especially in a dynamic and ever-changing environment.

2.1.1 Resource-Based Theory (RBT): This theory, pioneered by Barney (2002), focuses on how firms can leverage their unique resources and capabilities to achieve a competitive advantage. It emphasizes that valuable, rare, and non-substitutable resources are essential for gaining a competitive edge. In this study, RBT is instrumental in conceptualizing technological and knowledge management capabilities as key resources for commercial banks.

2.1.2 Dynamic Capability Theory: Teece (1990) introduced the concept of dynamic capabilities, emphasizing the need for firms to continuously adapt, reconfigure, and renew their resources and competencies in response to a rapidly changing business environment. This theory highlights the importance of agility and the ability to create new competitive advantages through dynamic capabilities. It is particularly relevant in understanding how commercial banks must adapt to technological and market changes.

2.1.3 Human Capital Theory: Becker (1964) proposed this theory, emphasizing the pivotal role of human capital in the production of goods and services. It suggests that an educated and skilled workforce is crucial for firms to adopt and integrate new technologies effectively. This theory is particularly relevant in the context of the study, as it underlines the importance of human resource capability and training in creating competitive advantages for cut flower firms.

2.2 Conceptual Framework

<table>
<thead>
<tr>
<th>Human resource Capability</th>
<th>Financial resource Capability</th>
<th>Knowledge management capability</th>
<th>Technological capability</th>
<th>Competitive advantage</th>
<th>Dependent variable</th>
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<tr>
<td>Training</td>
<td>Proper book keeping</td>
<td>Market research</td>
<td>Digital marketing</td>
<td>Market share</td>
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<td>Incentives</td>
<td>Cash management</td>
<td>Benchmarking</td>
<td>Automated money transfer</td>
<td>Production costs</td>
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**Figure 2.1: Conceptual Framework**

2.3 Empirical review
A literature review is a text of a scholarly paper, which includes the current knowledge including substantive findings, as well as theoretical and methodological contributions to a particular topic. Literature reviews use secondary sources, and do not report new or original experimental work. The literature review is important because it describes how the proposed research is related to prior research in statistics; it shows the originality and relevance of your research problem. Empirical literature will be reviewed according to the variables.

2.3.1 Human resource capability

Nguyen, Neck, and Nguyen (2009) researched on the relationship between Knowledge Management (KM) and Sustaining Organizational Competitive Advantage in the construction industry in Vietnam basing on Resource based theory. Three main constructs were technical knowledge management capability, social knowledge management capability and competitive advantage (CA) and were measured using seven-point Likert type scales. Multiple linear regression analysis was performed, and the findings showed that cultural and technological KM dimensions made a unique statistically significant contribution to a firm’s CA. The study recommends for further research to be conducted in other sectors.

Al-Zoubi (2012) study found out that leadership competences had a statistically significant impact at level of \( p \leq 0.05 \) on competitive advantage in the Jordan Telecommunications industry. A simple random sampling technique was used to select two working companies out of three. Data was collected through a five-point weighted Likert questionnaire and analyzed to fully investigate the effect of leadership competencies on competitive advantage. Descriptive analysis frequencies, means and standard deviation were calculated while one way ANOVA was used to test the hypothesis, and finally simple regression analysis was calculated to assess the impact of leadership competences on competitive advantage in the JTI The research on Achieving competitive advantage through empowering employees by Kahreh, Ahmadi, and Hashemi (2011) established that internal processes largely rely on how capabilities are harnessed for competitive advantage. Data was gathered from 55 academicians and experts in the field of financial services by means of a questionnaire. Statistical analysis showed that empowering employees is positively affected on the three main dimensions of competitive advantage (responsiveness, innovation, and efficiency) for the organizations in the financial services sector in Iran.

In the Kenyan context, Bula, Edward, & Muruku, (2014) researched on the influence of Labour Turnover in the Sugar Industry in Kenya and found out that labor turnover was spread throughout the year and that it frustrated and impacted negatively on the sugar firms. The study showed that employee commitment is not an independent factor, but it depends on other factors such as salary, promotion, training, leadership style and other human resource practices. Salary was a major factor causing labour turnover followed by training, promotion, performance appraisal and work condition. A sample of three sugar firms was used and 120 questionnaires were distributed with a responds rate of 94.17%. Mutunga, Minja, and Gachanja (2014) found out that Executive and Management competencies at innovation are critical success factors in food and beverage companies in Kenya. The population of the study consisted of 138 food and beverage manufacturing firms in Kenya registered with the Kenya Association of Manufacturers (KAM) by 2011 from which 95 companies located in Nairobi, Mombasa and their environs were chosen as the sample. A questionnaire on a 5-point Likert type scale was sent to all the 95 members where only one executive represented each company and 32 questionnaires were received back.

2.3.2 Financial resource capability

Financial capability is the ability to produce goods and services at a lesser cost compared to that of competitors. Cost leadership strategy is demonstrated by low differentiation levels, application of information gained from previous experience together with the addition of new products only after there is market demand for them Porter (1980). In financial inclusion, the cost leadership strategy can be expressed through non-bank or low-cost financial institutions as is the case in microfinance institutions (Onaolapo & Odetayo, 2012). Studies (Hilman, & Kaliappan, (2015); Nandakumar, Ghobadian, & O'Regan,(2011) noted a tangible relationship between cost leadership and the level of firm competitiveness. The competitor orientation concept affects the performance of the business and further insight into the matter needs to be done and the relationship needs to be well stated. Literature review illustrates that the cost leadership strategy
seeks to attain good returns on investment compared to its competitors and to maximize on economies of scale. The banking industry should shift attention to cutting costs by all means so as to achieve cost leadership.

According to Stuart (2007), financial institutions employ different criteria to distinguish their customers such as size of transaction, payment of high interest rates on large savings, but differentiation involves large customer categories, with adequate variation to bring about cross subsidization. In their study of marketing financial institutions in Ghana, Brafu-Insaidoo & Ahiakpor (2011), found that the financial institutions had introduced a range of products for their consumers which included import financing, varying terms of loan and group financial schemes and sale of insurance products, as practiced by banks in the rural setup. Their findings showed that the demand for deposit facilities is influenced by several determinants and can therefore be achieved with various savings products offering varying return and liquidity levels.

Service differentiation strategy focuses on the services offered to consumers by an enterprise. Differentiator firms particularly generate customer value through offering products of high-quality and good services at fair prices (Baroto et al., 2012). A firm that seeks to achieve this differentiation strategy seeks to make customers believe that their products or services exhibit unique characteristics from those of its rivals in terms of reputation and image, design, reliability, quality, and features (Baroto et al., 2012). The literature shows that firms in most developing nations seeking to implement the differentiation strategy do not only concentrate on one dimension but dwell on many dimensions such as gaining customer loyalty, image, innovation, level of service and quality (Kim, Nam & Stimpert, 2004). For example, in the microfinance sector, the services offered in comparison to the commercial banks have provided the firms with competitive advantage. Microfinance institutions in the Kenyan market and in developing countries offer financial literacy services to their consumers. This financial literacy service is assumed to empower their consumers to plan, organize and increase their investments (Muteru, 2013).

Attainment of a successful cost leadership strategy is influenced by several features and activities within a firm (Evans, Stonehouse & Campbell, 2012). The main target of a cost leader is to serve a bigger portion of the total market. Companies undergoing a low-cost strategy basically utilize the mention factors to cut down on costs of production (Porter, 1985). The high-capacity utilization; accurate demand forecasting; economies of scale; outsourcing, experience effects and technological advantages. According to Allen (1993), when a firm engages in the design, production and marketing of a product more effectively compared to its competitors, the firm has adopted cost leadership strategy. Attempts made to ensure reduction of costs will be transmitted throughout the whole organization right from product manufacture through to the sale of the product. Processes that do not contribute to cost minimization process should be handed over to others in the banking industry to maintain low costs.

Martin & Eisenhardt (2000), mentioned that dynamic capabilities mean the process to initiate market change and not just the capabilities. Zahra & George (2002) perceive dynamic capabilities as neither the abilities of a firm nor as processes but as capabilities which concur with the demands of the customers and strategies of the competitor (Zott, 2003). Raubitschek & Helfat (2000) concur that the dynamic capabilities of a firm are included in the firms’ processes. Eisenhardt & Martin (2000) mentioned that the processes of dynamic capability consist of “identifiable and specific routines” that have been deeply researched. They particularly give examples of dynamic capabilities such as strategic decision making (functional and personal expertise, pooling of diverse business), product development (combining various skills in cross-functional teams), acquisitions and alliance routines (pre-and post-acquisition routines and new resources) among others.

The effectiveness in carrying out processes regarding the level of competition is referred to as dynamic capabilities. Literature has observed close association between capabilities and the processes that must be followed (Sambamurthy, 2003). Sensing capability is termed as the ability to study the environment to gain a proper understanding of market dynamics and customer needs more than the competitors. Firms with more absorptive capability display more ability in integrating external information and transforming it into the embedded knowledge of the firm knowledge and learning from partners (Daellenbach & Woiceshyn, 2005).

The most vital elements of dynamic capabilities are absorptive capability, sensing capability, innovative capability, and integrative capability. These components influence the firm’s ability to integrate, recreate, and
renew its capabilities and resources according to the external changes. The above elements are related but remain different ideologically. Absorptive capability signifies how important it is to absorb external knowledge and use it internally. Integrative capability influences dynamic capabilities through effective resource allocation, synchronizing activities and assigning tasks. Innovative capability appropriately connects the inherent innovativeness of a firm to the benefits in the market regarding new products. Innovative capability thus explains the relationship between the resources of a firm and capabilities that exist in its product market (Prencipe & Lazonick, 2005).

While the importance of dynamic capabilities concept is still opposed by other scholars, agreement is evident in various literature that they are different from operational or functional competences by emphasizing change (Winter, 2003). In stable environments there is existence of external changes which are greatly incremental and predictable and has low rate of change compared to that experienced by similar firms in different environments. When firms are experiencing unpredictable events, unanticipated discontinuities and fast paced change in changing environments, benefits accruing due to ownership of resources will be eroded. Dynamic capabilities are found in dynamic and stable environments. The RBV illustrates the sources of sustained advantage in stable environments and an explanation is given by the dynamic capability on ways in which firms can sustain resource-based benefits in changing environments (Priem & Butler, 2001).

2.3.3 Knowledge management capability

Al-Ghazi (2014) the study aims at measuring the effect of knowledge management on organizational performance using balance scorecard perspectives. The outcomes of this study showed that there is a significant statistical influence of knowledge management in terms of creation, application and storage on organizational performance using the balance score card perspectives. The study also showed that there was a significant statistical effect of knowledge storage and application on the performance of the organization using the customer perspective of the balance score card. The study recommended that private hospitals need to pay more attention to knowledge management practices by carrying out training sessions to the hospital staff in order to increase the productivity of the organization.

Novak (2017) sought to identify applicable literature in recent years on the relationship between knowledge management on organizational performance in terms of knowledge creation, storage, transfer, and application. Most of the reviewed studies showed that there was a positive effect of knowledge management factors on organizational performance. The researchers measured organizational performance using financial and non-financial measures of performance.

A study on the influence of management practices on organizational performance with a focus on the case of compassion international in Imenti North District, Meru County by Kinoti (2012) seeking to examine the relationship between management practices and organizational performance in Compassion International. The study found that teamwork with organizational communication with participatory decision making have a positive relationship with organizational performance. The study concludes the success of Compassion International could be because of careful selection of management practices which enabled the easy transfer of knowledge thus contributing to learning and to the alignment of the strategies to meet the goals of the organization.

Kombo (2015) examined the relationship between knowledge strategy management and organizational performance. The objectives of the study were to determine the effect of knowledge strategy management in performance, to establish whether organizations mediate the relationship between knowledge strategy and performance, and to prove that innovation on performance is greater than the effect of knowledge strategy and performance. The study showed that organizational characteristics mediated the relationship between knowledge strategy and performance. Results demonstrated that the joint effect of knowledge strategy, organizational characteristics, and innovation on organizational performance was greater than the effect of knowledge strategy alone.

A similar study was conducted by Onyango (2016) who sought influence of Knowledge Management capabilities on performance of international humanitarian organizations in Kenya. The study employed a descriptive survey design. There was no sampling in this study since there are not many international
humanitarian organizations in Kenya; therefore, this study adopted a census approach since the population was not large. Primary data was sought from management using a self-administered semi-structured questionnaire. The study then concluded that KM capabilities affect the performance of international humanitarian organizations in Kenya.

Chengecha (2016) also sought to determine whether knowledge management capability is related to competitiveness of firms in the banking industry in Kenya, and to establish how firms in the Kenyan banking industry create, manage, and share knowledge. This study used descriptive survey design. Population for this study included all the commercial banks in Kenya. The study made use of primary data which was collected through semi-structured questionnaire. The study established that the knowledge capability that most of the banks in Kenya that are involved in are knowledge and that the technology of the bank enables it to relate better with customers to a great extent.

The role of leadership in knowledge management practices was rather limited and there was need for the formalization of those responsible for steering forward the knowledge management agenda within these organizations, as revealed by Githua (2013). In determining the status of knowledge management practices at selected non-profit organizations based on the health sector in Nairobi, it was established that knowledge management related practices were well-established within these select organizations.

The creation of knowledge-sharing culture is enabled by information technological applications and a favorable organizational culture (Maina, 2015). The research findings also recognize the value in knowledge management and observe that knowledge management has improved the use of organizational memory and intellectual capital and made efforts to improve operational performance. The alignment of knowledge management policy to organizational strategy in health sector non-profit organizations would act as a guideline on knowledge dissemination within these organizations (Maina, 2015).

In essence knowledge application has a positive significant effect on the performance of audit firms in Kenya as shown by Muhoya (2016) while establishing the effect of knowledge management practices on Kenyan auditing firms. Other variables that had a significant impact include knowledge identification, acquisition and sharing. The recommendations of the study indicated that there is need for firms to improve on their knowledge transfer as there is a positive relationship between performance of audit firms in Kenya and transfer of knowledge. In addition, there is a need for firms to improve on knowledge application strategies.

Tubigi and Alshawi (2015) sought to determine the impact of knowledge management processes on organizational performance. The model proposed aims at determining the potential of knowledge management processes in improving organizational performance. This model can guide the process of knowledge management application in order to maximize on the influence of knowledge management process on the performance of the organization.

2.3.4 Technological capability

Francis, Okorocha, & Akujor, (2015), looked at Effects of Production Facilities Maintenance on Competitive Advantage in Nigeria and established that it is more costly to carry out maintenance on a failed system than to prevent the system from failing, owing to repair cost, downtime of equipment, loss of production, customers, market, and profit. The study results showed that maintenance of production facilities can improve competitive advantage of manufacturing firms. The study adopted the descriptive survey method, and five points Likert scale questionnaire were used to obtain data from 30 respondents. Integration of maintenance function into production and manufacturing operations and its efficient and effective implementation is critical for a manufacturing firm to enjoy competitive advantage.

Maletic, Maletic, Al-Najjar, and Gomiseck (2014) research on the role of maintenance in improving company's competitiveness and profitability in Slovenian textile company established that around 3% of additional profit could be generated if all unplanned stoppages and loss of quality due to decrease in the productivity would be prevented. The findings represent the economic result of an effective maintenance due to its impact on productivity and profitability of a manufacturing process. A gap analysis was used to address the research problem and to identify potential improvement areas. A five-point Likert scale questionnaire was used to gather the required information.
In the Kenyan context, Bulitia, Obonyo, and Ojera (2016) study on Moderating Effect of Technology Innovation on the Human Resource Management Practices and Firm Performance established that 82% of the respondents perceived that the firm’s improvement was attributed to technological innovation. Respondents from both indigenous and multinational firms affirmed that good performance could be associated with technological improvement with a mean score of 4.56 and 4.05 out of the best score of 5.0 respectively. A census survey of medium and large manufacturing firms involved in production and marketing of edible oils, soaps and detergents, beverages or sugar registered by the Kenya Association of Manufacturers directory 2012 was used. Data was collected through self-administered questionnaires sent out to 68 firms, of which 50 responded. Obembe, Ojo and Ilori (2014) revealed that technological capabilities have positive impacts on the performance of the firms on new furniture products. Though the sample was adequate the study failed to categorize the firms according to their sales as they were other firms which serve market that is yet to develop.

### 2.3.5 Competitive advantage

A firm has a competitive advantage when it can create more economic value than its rivals (Rothaermel, 2008). The three traditional means of gaining competitive advantage are financial, strategic, and technological capabilities (Ulrich & Lake, 1991). The authors, further state that organizational capability which is composed of financial, marketing, and technological capabilities leads to competitive advantage. Lippman, & Rumelt, (2003), cites the definition of competitive advantage by various authors as follows: According to Porter (1985), competitive advantage means having low costs, differentiation advantage, or a successful focus strategy; Peteraf, & Bergen, (2003), defines competitive advantage as “sustained above normal returns”; To Barney (2002) a firm experiences competitive advantage when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions. A firm has a competitive advantage when it has the ability to do better than comparable firms in productivity, sales, market shares, or profitability (Lall, 2001).

A company is said to have a competitive advantage over its rivals when its profitability is greater than the average profitability of all other companies competing for the same set of customers. Competitive advantage is only achieved if a company manages to sustain its edge over its rivals over time. The higher its profitability relative to rivals, the greater its competitive advantage will be. A firm’s competitive advantage evolves from the resources available to the firm. The success of a competitive firm can be measured by both objective and subjective criteria. Objective criteria include return on investment, market share, profit and sales revenue, while subjective criteria include enhanced reputation with customers, suppliers, and competitors, and improved quality of delivered services (Barney, 2002).

Hill and Jones (2010) opined that a firm aiming to develop a competitive advantage might also adopt product and technology innovation. Porter (1985) noted that product innovation creates a sustainable competitive advantage the firm characterized by high magnitude of product acceptance by customers in the market. Additionally, Pearce and Robinson (2007) argued that product market share may be used to measure the competitive advantage which the products and technology are able to stand against competitors. Most strategic management literatures explain that innovative technology contributes to competitive advantage when the technology is significant to global trends. Technological innovation as an organizational capability may boost a firm's productivity interconnected production system at different levels to achieve efficient input, control production costs hence lowering product prices, ultimately increasing sales, and raising profitability. The firm that integrates its value chain can benefit from the economies of scope than potential competitors that are not integrating, reducing the intensity of competition (Nalebuff, 2004).

According to Porter (1985) the performance of each value chain activity determines its direct contribution to customer needs resulting to cost leadership, product and market differentiation. Porter (1980) suggested that a firm might also acquire competitive advantage based on market leadership by low-cost leadership and product differentiation. As a result, Pearce and Robinson (2011) contend that a firm achieving low-cost leadership is able to effectively gain higher market share and profit margins by dominating the industry. Porter (1985) argued that the low-cost leaders usually excel in performance since in most cases; they possess...
unique capabilities that include supply of scarce raw materials, high degree of capitalization, and dominance of production technology. Wheelen, Hunger, Hoffman, Bamford, (2017), indicated that a firm that is cost leader gains competitive advantage by offering its products at lower prices than the competitors offer.

Richardson and Dennis (2003) showed that competitive advantage based on cost-leadership and differentiation was best for niche segments in UK wine industry; Spanos, Zaralis and Lioukas (2004) found the same approach was preferable in Greek manufacturing sector. The construct of competitive advantage was conceptualized as a mediating variable in the current study where indicators will be innovation, value chain integration and market leadership were adapted to measure competitive advantage and growth faster, presumably, because it may fight competitors (Neely, Filippini, Forza, Vinelli, & Hill, 2001; Akman &Yilmaz, 2008; Perez &Wiklund, 2011). Value chain integration is another strategic practice, whereby the firm intends to outperform rivals. According to Porter (1985) a firm is said to have integrated value chain when it operates successive.

2.4 Critique of existing literature
Contrary, Mohammad, Mohammad, Ali, & Ali, (2012). carried a quantitative study to find out the influence of knowledge management capabilities on organizational performance of private university in Malaysia. However, it is notable that the element of knowledge management capabilities is lacking the emphasis on knowledge sharing. Similarly, the study failed to point out which element in knowledge management capability can lead to superior performance while Onyango (2016) concluded that knowledge management capabilities affect the performance of international humanitarian organizations in Kenya. However, the study was specifically conducted in humanitarian organizations which are controlled by donors. The study also failed to evaluate performance of humanitarian organizations in relation to each variable such as technological advancement.

A study conducted by Chengecha (2016) carried a descriptive survey study to determine whether knowledge capability is related to competitiveness of firms in the banking industry in Kenya, and to establish how firms in the Kenyan banking industry create, manage and share knowledge. The study failed to establish whether there is consistency on knowledge capability as a strategic resource to enhance firm competitiveness as it focused only in banking industry which is dissimilar to manufacturing industry. However, Musuva,(2013) showed that knowledge capability has a positive influence on the degree of internationalization and performance of a firm. However, it should be noted that this was a census of 58 publicly quoted companies and the response rate was adequate to draw conclusions about the population. The cross-sectional data may have been affected by the respondent’s predisposition of any events that have happened in the past or conditions at the time of filling in the questionnaire.

Obembe, Ojo and Ilori (2014) revealed that technological capabilities have positive impacts on the performance of the firms on new furniture products. Though the sample was adequate the study failed to categorize the firms according to their sales as they were other firms which serve market that is yet to develop. Okwemba, (2019), demonstrated that technological capabilities have a significant effect on organizational innovation intensity, which in turn has a positive impact on export performance. In this study, technological capabilities were used as moderating variable but in the current study uses technological capability as an independent variable. However, Reichert and Zawislak (2014) found out that relationship between investments in technological capability and firm performance was found to be positive and significant. The study utilized only secondary data which was not sufficient to measure technological capability of the firm. Azubuike (2013) survey findings verified the existence of correlation between technological innovation and firm performance on new product development. The methodology was appropriate for the study, but the small sample could not be generalized to all the firms.

2.5 Research gaps
A study by Obembe, Ojo and Ilori (2014) evaluated the effects of Technological Capabilities, Innovations, and clustering on the performance of firms in furniture making industry in Southwestern Nigeria. Although the study sought to address the problem of firm performance through technological capabilities, it was conducted in Nigeria thus presenting a scope gap and focused solely on furniture making thus failure to address the problem in the manufacturing industry in Kenya. A study by Okwemba, (2019). examined the
impact of technological capabilities on organizational innovation and the influence of organizational innovation on export performance. The study although it attempted to find a solution to performance through technological capabilities, it was not conducted in Kenya but in Portugal thus presenting a scope gap. Zawislak Cherubini Alves, Tello-Gamarra, Barbieux and Reichert (2012), investigated the relationship between investments in technological capability and economic performance in Brazilian firms. The study was conducted in Brazil thus presenting a scope gap. The study thus failed to address the influence it has on competitive advantage of cut flower exporting companies in Kenya. Huda, Mohammad and Binti (2014) sought to find out the influence of knowledge management capabilities on organizational performance of Private University in Malaysia. Although the study focused on knowledge management capabilities and performance of organizations, the context was different from the current study in that it focused on the education sector as well as being conducted in Malaysia which is a developed country as opposed to Kenya, a developing nation. It was therefore impossible to generalize the findings to Kenyan cut flower exporting companies.

3.0 RESEARCH METHODOLOGY

The research design involved the use of cross-sectional and correlation designs Charles, & Omwenga, (2018), employing a random sample of flower firms in the Nairobi cluster. The study's target population consisted of 38 directors, 38 marketing managers, 76 financial officers, and 76 supervisors, totaling 228 participants. The sample size, determined by selecting 30% from each stratum, resulted in 70 respondents. Primary data collection was conducted through semi-structured questionnaires, involving senior managers, farm managers, and marketing managers. A pilot study was performed to refine the questionnaire, and validity and reliability of the research instruments were assessed. Data analysis encompassed data cleaning and the application of statistical techniques, including percentages, frequencies, mode, mean, and regression analysis. The relationship between strategic capability and competitive advantage was evaluated through multiple regression analysis, with various capabilities (human resource, financial resource, knowledge management, and technological) as independent variables and competitive advantage as the dependent variable.

Findings and Discussion

4.1 Response rate

The number of questionnaires that were administered to cut flower exporting companies in Nairobi was 70. This was done through drop and pick. A total of 67 were properly filled and returned. This represented an overall successful response rate of 95.7% as shown on Table 4.1. This agrees with Babbie (2004) who asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on this assertion 95.7% response rate is adequate for the study.

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>67</td>
<td>95.7</td>
</tr>
<tr>
<td>Non-response</td>
<td>3</td>
<td>4.3</td>
</tr>
<tr>
<td>Total</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2 Descriptive statistics

Descriptive analysis for both the dependent, moderator and independent variables was conducted.

4.2.1 Human resource Capabilities and competitive advantage

The first objective was to determine the influence of human resource capabilities on competitive advantage of cut flower companies in Kenya. Results are presented in Table 4.2. The results in Table 4.2 revealed the highest mean of the statements was 3.9403 as observed in the statement the Organization cares for employees’ general satisfaction at work. The statement also had the lowest standard deviation of 1.01325. The overall mean of the statements was 3.7701 which indicated that most agreed to the statements and
overall standard deviation of 1.27072 indicated that the responses were varying. Coaching and mentoring training approach was used in career development.

Table 4.2 Human resource capabilities

<table>
<thead>
<tr>
<th>Human resource capabilities</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training needs of employees are assessed on the basis of their performance appraisal</td>
<td>67</td>
<td>3.7313</td>
<td>1.03839</td>
</tr>
<tr>
<td>Coaching and mentoring training approach is used.</td>
<td>67</td>
<td>3.7463</td>
<td>1.29502</td>
</tr>
<tr>
<td>Managers and employees of our firm have relevant experience in their jobs</td>
<td>67</td>
<td>3.7313</td>
<td>1.58193</td>
</tr>
<tr>
<td>The Organization cares for employees’ general satisfaction at work</td>
<td>67</td>
<td>3.9403</td>
<td>1.01325</td>
</tr>
<tr>
<td>Continuous efforts are made in our organization to create a sense of belonging and team spirit among employees</td>
<td>67</td>
<td>3.7015</td>
<td>1.42505</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td></td>
<td>3.7701</td>
<td>1.27072</td>
</tr>
</tbody>
</table>

4.2.2 Financial Capabilities and competitive advantage

The second objective was to determine the influence of financial capability on competitive advantage of cut flower companies in Kenya. Descriptive for financial capability were presented in Table 4.3. The results in Table 4.3 revealed the highest mean of the statements was 3.6716 as observed in the statement the company borrows heavily to finance its capital expenditure. The statement had the lowest standard deviation of 0.99068. This indicates that the responses were varied. The overall mean of the statements was 3.5403 which indicated that most agreed to the statements and overall standard deviation of 1.33497 indicated that the responses were varying.

Table 4.3 Financial Capabilities

<table>
<thead>
<tr>
<th>Financial Capabilities</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization pays its farmers within the stipulated timelines</td>
<td>67</td>
<td>3.4627</td>
<td>1.47019</td>
</tr>
<tr>
<td>The organization pays its other suppliers within the stipulated or agreed timelines</td>
<td>67</td>
<td>3.4627</td>
<td>1.38529</td>
</tr>
<tr>
<td>The company has adequate cash reserves which are used for new asset creation and investment to grow its production facilities</td>
<td>67</td>
<td>3.6269</td>
<td>1.46511</td>
</tr>
<tr>
<td>The company borrows heavily to finance its capital expenditure</td>
<td>67</td>
<td>3.6716</td>
<td>0.99068</td>
</tr>
<tr>
<td>Weakening Kenya shilling decreases revenue from the exports.</td>
<td>67</td>
<td>3.4776</td>
<td>1.36358</td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td></td>
<td>3.5403</td>
<td>1.33497</td>
</tr>
</tbody>
</table>

4.2.3 Knowledge management Capabilities and competitive advantage

The third objective was to determine the influence of knowledge management capabilities on competitive advantage of cut flower exporting companies in Kenya. Results are presented in Table 4.4. The results in Table 4.4 revealed the highest mean of the statements was 3.6418 as observed in the statement my organization uses knowledge to respond to consumer needs and preferences. However, the statement did not have the lowest standard deviation. Variability in responses was also observed with the lowest standard deviation being 1.31666. The overall mean of the statements was 3.44476 which indicated that most were undecided to the statements and overall standard deviation of 1.42 indicated that the responses were varying.

Table 4.4 Knowledge management Capabilities

<table>
<thead>
<tr>
<th>Knowledge management Capabilities</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>My organization gives orientation towards the development, transfer, and protection of strategic knowledge</td>
<td>67</td>
<td>3.3582</td>
<td>1.34504</td>
</tr>
<tr>
<td>My organization explicitly identifies strategic knowledge as a key element in our planning</td>
<td>67</td>
<td>3.3134</td>
<td>1.31666</td>
</tr>
<tr>
<td>My organization uses knowledge to respond to consumer needs and preferences</td>
<td>67</td>
<td>3.6418</td>
<td>1.62090</td>
</tr>
<tr>
<td>Employees successfully link existing knowledge with new insights</td>
<td>67</td>
<td>3.2985</td>
<td>1.37085</td>
</tr>
</tbody>
</table>
Management has effective ways of exploiting internal and external information and knowledge into processes, products, or services

Overall

4.2.4 Technological Capabilities and competitive advantage

The fourth objective was to determine the influence of technological capabilities on competitive advantage of cut flower firms in Kenya. Results are presented in Table 4.5. The results in Table 4.5 revealed the highest mean of the statements was 3.97 as observed in the statement our organization can develop new products and processes without struggle. However, the statement did not have the lowest standard deviation. Variability in responses was also observed with the lowest standard deviation being 0.87272 as observed in the statement Collaboration technologies enables the organization to outshine its competitors. The overall mean of the statements was 3.7703 which indicated that most agreed to the statements and overall standard deviation of 1.11297 indicated that the responses were varying.

Table 4.5 Technological Capabilities

<table>
<thead>
<tr>
<th>Technological Capabilities</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adoption of technology has cultivated organizational capabilities that enable our firm to outperform its competitors</td>
<td>67</td>
<td>3.8657</td>
<td>1.34723</td>
</tr>
<tr>
<td>Adoption of technology has led to the development of new services, new functions, formation of new alliances</td>
<td>67</td>
<td>3.1791</td>
<td>1.08607</td>
</tr>
<tr>
<td>Our organization is able to employ and develop a high technology for its product</td>
<td>67</td>
<td>3.9403</td>
<td>1.45520</td>
</tr>
<tr>
<td>Our organization is able to use technology to efficiently produce more products than its competitors and at the lowest cost</td>
<td>67</td>
<td>3.9701</td>
<td>.88712</td>
</tr>
<tr>
<td>Collaboration technologies enables the organization to outshine its competitors</td>
<td>67</td>
<td>3.8955</td>
<td>.87272</td>
</tr>
<tr>
<td>Overall</td>
<td>67</td>
<td>3.7703</td>
<td>1.11297</td>
</tr>
</tbody>
</table>

4.2.5 Competitive advantage of firms

Descriptive analysis for competitive advantage of cut flower exporting firms was conducted and results presented in Table 4.6. The results in Table 4.6 revealed the highest mean of the statements was 3.8060 as observed in the statement the Company profitability is due availability of financial resources. However, the statement did not have the lowest standard deviation. The lowest standard deviation was 1.01526 as observed in the statement the Cost of production is low due to level of employee productivity. The overall mean of the statements was 3.3508 which indicated that most agreed to the statements and overall standard deviation of 1.39822 indicated that the responses were varying.

Table 4.6 Organizational competitive advantage

<table>
<thead>
<tr>
<th>Organizational Competitive Advantage</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company profitability is due to available revenue stream/s.</td>
<td>67</td>
<td>3.2388</td>
<td>1.50846</td>
</tr>
<tr>
<td>Company profitability is due availability of financial resources</td>
<td>67</td>
<td>3.8060</td>
<td>1.52989</td>
</tr>
<tr>
<td>High market exports are due to effects of foreign currency exchange fluctuations.</td>
<td>67</td>
<td>2.3881</td>
<td>1.39213</td>
</tr>
<tr>
<td>There are Company competitive policies in place.</td>
<td>67</td>
<td>3.3134</td>
<td>1.36192</td>
</tr>
<tr>
<td>High level of profit is due to overall cost reduction strategy</td>
<td>67</td>
<td>3.6567</td>
<td>1.58164</td>
</tr>
<tr>
<td>Cost of production is low due to level of employee productivity</td>
<td>67</td>
<td>3.7015</td>
<td>1.01526</td>
</tr>
<tr>
<td>Overall</td>
<td>67</td>
<td>3.3508</td>
<td>1.39822</td>
</tr>
</tbody>
</table>

4.3 Inferential statistics

The study used correlation and regression analysis to determine the relationship between the independent and the dependent variables of the study. The dependent variable was cut flower exporting companies’ competitive advantage while the independent variables were human resources capability, financial capability,
knowledge management resources and technological capabilities. The study first conducted correlation then regression.

### 4.3.1 Correlation analysis

Correlation analysis was done to determine the relationship between the independent and dependent variable. In perfect positive correlation, the two variables are positively related while a value of -1 represents a perfect negative correlation when the values of one variable increase, the value of the other variable decreases. Weaker negative or positive correlations is when Correlation coefficient (r) is between -1 and +1 while a value of 0 means the variables are perfectly independent. Results were presented in Table 4.7. The table indicated that human resource capabilities and firm competitive advantage are positively and significantly related (r=0.282, p=0.021). The findings were consistent with that of Yin (2012) whose findings revealed that there was statistically insignificant positive relationship between human resource capability and financial performance. The table further indicated that financial capabilities and firm’s competitive advantage are negatively and significantly related (r= -0.310, p=0.011). The findings contradicted with that of Udoyi (2014) who found out that there was a significant positive relationship between bank performance and financial capabilities. Furthermore, the results revealed that knowledge management capabilities and firm’s competitive advantage are positively and significantly related (r =0.522, p=0.000). The results agreed with that of Rico, Hinsz, Davison, & Salas (2017) who found that knowledge management capabilities have a positive effect performance of systems. Further the findings showed a negative insignificant relationship between technological capabilities and firm’s competitive advantage (r = -0.022, p=0.861). The study contradicted Obembe, Ojo and Ilori (2014) which revealed that technological capabilities have positive impacts on the performance of the firms on new furniture products.

#### Table 4.7 Correlation Analysis Results

<table>
<thead>
<tr>
<th></th>
<th>Competitive Advantage</th>
<th>Human Resource</th>
<th>Financial Capability</th>
<th>Knowledge Management</th>
<th>Technological Capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive</td>
<td>Pearson Correlation</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>advantage</td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resource</td>
<td>Pearson Correlation</td>
<td>.282*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>67</td>
<td>67</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Pearson Correlation</td>
<td>-.310*</td>
<td>-.462**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>capability</td>
<td>Sig. (2-tailed)</td>
<td>.011</td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td></td>
</tr>
<tr>
<td>Knowledge</td>
<td>Pearson Correlation</td>
<td>.522*</td>
<td>.133</td>
<td>.108</td>
<td>1</td>
</tr>
<tr>
<td>management</td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.282</td>
<td>.386</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Technological</td>
<td>Pearson Correlation</td>
<td>-.022</td>
<td>.503</td>
<td>-.458</td>
<td>-.432**</td>
</tr>
<tr>
<td>capability</td>
<td>Sig. (2-tailed)</td>
<td>.861</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>67</td>
<td>67</td>
<td>67</td>
<td>67</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.05 level (2-tailed).

**Correlation is significant at the 0.01 level (2-tailed).
4.3.2.1 Analysis of variance (ANOVA)
An analysis of variance was carried out on the relationship between human resource capability, financial capability, knowledge management capability and technology capability on competitive advantage of cut flower companies in Kenya.

Table 4.8 ANOVA results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>9.085</td>
<td>4</td>
<td>2.271</td>
<td>10.851</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>12.978</td>
<td>62</td>
<td>.209</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>22.063</td>
<td>66</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: competitive advantage
b. Predictors: (Constant), technological capability, knowledge management, financial capability, human resource

Results in Table 4.8 above shows that the model was significant (p-value = 0.000) at 0.05 level in explaining the linear relationship between the study variables. Additionally, the F critical at 5% level of significance was 2.46. Since F calculated (10.851) is greater than the F critical, this shows that the overall model was significant. This means that the model is appropriate for use running a factor analysis.

4.3.2.2 Coefficient of Determination of Research Variables
The researcher conducted coefficient of determination to assess the suitability of statistical model in forecasting future results. Results in Table 4.17 show that the value of R squared was 0.412 which shows that there was change of 41.2% on competitive advantage to changes in human resource capabilities, financial capabilities, knowledge management capabilities and technological capabilities at 95% confidence level. R is the correlation coefficient which represents the connection between the investigation factors, findings in Table 4.9 show a moderate positive connection between the examination factors as appeared by 0.642.

Table 4.9 Model summary results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.642*</td>
<td>.412</td>
<td>.374</td>
<td>.45752</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), technological capability, knowledge management, financial capability, human resource

4.3.2.3 Multiple Regression
Regression analysis was done to determine the influence of independent variables on the dependent variable. The researcher carried out a multiple regression analysis to understand better the relationship between various study variables. The researcher used SPSS to enter and code responses from the respondent to assist in computing the extent to which a unit changes in each independent variable cause a change to dependent variable. The findings were recorded in table 4.10 below.

Table 4.10 Regression analysis results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2.120</td>
<td>.825</td>
<td>2.569</td>
</tr>
<tr>
<td></td>
<td>Human resource</td>
<td>.015</td>
<td>.148</td>
<td>.013</td>
</tr>
<tr>
<td></td>
<td>Financial capability</td>
<td>-.219</td>
<td>.076</td>
<td>-.334</td>
</tr>
<tr>
<td></td>
<td>Knowledge management</td>
<td>.485</td>
<td>.100</td>
<td>.587</td>
</tr>
<tr>
<td></td>
<td>Technological capability</td>
<td>.074</td>
<td>.147</td>
<td>.072</td>
</tr>
</tbody>
</table>

a. Dependent Variable: competitive advantage

The results in table 4.10 show that, holding human resource capabilities, financial capabilities, knowledge management capabilities and technological capabilities constant at zero, cut flowers’ competitive advantage...
be at 2.120. The researcher found out that a unit change in human resource capabilities would cause a change in competitive advantage by a factor of 0.015, unit variation in financial capability would contribute to variation in competitive advantage of cut flower exporting companies in Kenya by a factor of -0.219, unit variation in knowledge management would contribute to variation in competitive advantage of cut flower exporting companies in Kenya by 0.485 and a unit variation in technological capability would contribute to change competitive advantage of cut flower exporting companies in Kenya by 0.074. From regression analysis results, the following multiple regression model was obtained.

\[ Y = 2.120 + 0.015 X_1 - 0.219 X_2 + 0.485 X_3 + 0.074 X_4 + \epsilon \]

Where:
- \( Y \) = Competitive Advantage of Cut-Flower Companies
- \( X_1 \) = Coefficient of Human Resource Capabilities
- \( X_1 \) = Coefficient of Financial Capabilities.
- \( X_3 \) = Coefficient of Knowledge Management Capabilities.
- \( X_4 \) = Coefficient of Technological Capabilities.
- \( \epsilon \) = Error Term

4.4 Discussions
This section discusses the findings obtained in the study considering other studies conducted beforehand. It aims to reveal consistencies and inconsistencies between the current study and those carried out in the past. It is organized concerning the objectives of the study.

4.4.1 Human resource capability and competitive advantage of cut-flower exporting companies.
Regression of coefficients results in table 4.18 revealed that human resource capabilities and organization’s competitive advantage are positively and insignificantly related (\( \beta = 0.015, p=0.920 \)). This implies that a unit rise in human resource capabilities would insignificantly lead to an increase in competitive advantage by 0.015 units. The study found that cut flower firm’s managers and employees had good experience in their work at the same time constant coaching to employee’s improved competitive advantage. In addition, management that had employee’s welfare at heart and team building improved the competitive advantage of these companies.

These findings were consistent with the findings of Mutunga, Minja, and Gachanja (2014) who found out that Executive and Management competencies at innovation are critical success factors in food and beverage companies in Kenya. The results also agreed with the study by Kahreh, Ahmadi, and Hashemi (2011) which assessed the impact of leadership competences on competitive advantage in the JTI. The research showed that competitive advantage could be achieved through empowering employees. It established that internal processes largely rely on how capabilities are harnessed for competitive advantage (Charles, & Ochieng, 2023).

4.4.2 Financial capabilities capability and competitive advantage of cut-flower exporting companies.
The study pointed out that financial resources capability positively and significantly influenced competitive advantage as supported by a p value of 0.000 <0.05. The findings are supported by Xiao et al. (2014) who states that financial resources capability improves the firms performance and firms should strive a balance between expenses and the revenue streams. Proper financial operation and governance require managers to regularly forecast and monitor both revenues and expenditures to be incurred during business operations.

4.4.3 Knowledge management capabilities and competitive advantage of cut-flower exporting companies.
Regression of coefficients results in table 4.18 revealed that knowledge management capabilities and organization performance are positively and significantly related (\( \beta = 0.485, p=0.000 \)). This implied that a unit increase in knowledge management capabilities would lead to an increase in competitive advantage by 0.485 units. The results indicated that knowledge management capabilities have positive and significant relationship with competitive advantage of cut flower exporting companies in Kenya. The results revealed that organization that had the ability to launch new products in the market successfully were able to outshine
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their competitors. Furthermore, organizations that were good at creating, maintaining, and enhancing relationships with customers had better performance (Momanyi, Nyangau, & Charles, 2023).

In addition, Management had effective ways of exploiting internal and external information and knowledge into processes, products, or services. The study further found that the organization gives orientation towards the development, transfer and protection of strategic knowledge management that responds to competitive actions that threaten the firm perform better than their competitors. The findings agreed with that of Musuva, Ogutu, Awino and Yabs (2013) who showed that knowledge capabilities have a positive influence on the performance of a firm. Further, findings agreed with Tseng and Lee (2014) who concurred that knowledge management capabilities increased performance of firms.

Furthermore, results agreed with those of Mohammad, Mohammad, Ali and Ali (2012) who found that the aspects of knowledge management; knowledge acquisition, knowledge application, technology infrastructure, organizational culture, and organizational structure positively and significantly affect performance. On the other hand, results disagreed with those of Bharadwaj, Chauhan and Raman (2015) who asserted that knowledge management capabilities negatively impacted on the performance of Indian firms.

4.4.4 Technological capabilities and competitive advantage of cut-flower exporting companies.

The last objective was to determine the influence of technology capability on competitive advantage of cut flower exporting companies in Kenya. Correlation analysis established that there was a weak statistically insignificant negative relationship between technology capability and competitive advantage; r=-0.022, p=0.861, CL=95% (2-tailed). This meant that even if the technology capability was enhanced then competitive advantage would not significantly improve. This contradicts with Zawislak et al. (2012) that technology development capability of the firm leads to technical change that allows for a successful innovation process. The results of this correlation further disagrees with Hermelo and Vassolo (2007) that investment in newer technology improves competitive advantage; Amaeshi et al. (2015) that maintenance of production facilities can improve competitive advantage of manufacturing firms; Maletic et al. (2014) that around 3 % of additional profit could be generated if all unplanned stoppages and loss of quality due to decrease in the productivity would be prevented and Issak, & Oluoch, (2023)that technological developments play the most prominent role to achieving competitive advantage

SUMMARY CONCLUSION AND RECOMMENDATIONS

5.1 Summary of findings

The purpose of this study was to establish the influence the strategic capabilities on competitive advantage of DTS in Nairobi County. Descriptive research was used. The target population of this study was top managers, middle level, and supervisors in the 38 cut flower companies in Nairobi County. The data obtained was analyzed via statistical Package for Social Sciences (SPSS). The qualitative data obtained was examined, and the findings presented in percentages, means, standard deviations, and frequencies. A regression analysis was utilized to investigate the relationship between the dependent and independent variables. The researcher distributed 70 questionnaires, 67 of them were filled and returned, and this number was sufficient.

Demographic attributes of respondents indicated more male respondents; most of them were middle-aged; average work experience and they were found to be well educated. Human resource capability was found to have a significant positive influence on competitive advantage of cutflower exporting firms in Nairobi, Kenya. Financial capability on the other hand exhibited negative influence on competitive advantage of cutflower exporting firms in Nairobi, Kenya. Knowledge management capability demonstrated positive influence on competitive advantage of cutflower exporting firms in Nairobi, Kenya and finally there was no significance influence of technological capability on competitive advantage of cutflower exporting firms in Nairobi, Kenya.

5.2 Conclusion

In conclusion, this study has elaborately investigated the influence of strategic capabilities on competitive advantage of cut flower exporting companies in Kenya. The four objectives established in the beginning were all achieved.

5.2.1 Human resources capabilities and competitive advantage of cut-flower exporting companies
The study concludes that human resource capability had a direct effect on competitive advantage. The key staff of the firm had undergone adequate training in various areas. There were adequate team development whereby team-based activities were actively developed and promoted. There was organizational care about employee satisfaction at work place. The key staff of the firm were highly qualified, application and training. The key staff of the firm had adequate experience in cut flower farming and export and related disciplines. There was an effective HR policy that governs practices to acquire, cultivate and retain human resources which included coaching and continuous mentoring.

5.2 Financial resources capabilities and competitive advantage of cut-flower exporting companies

The study concludes that financial resource capability had an inverse influence on competitive advantage. Cut-flower companies relies heavily on debt capital to sustain their operations. The weakening of Kenyan shillings was found to have decreased revenue. On the same note it was concluded that there adequate capital to repay their creditors whenever they fall due. Enough financial resources were set aside for the acquisition of the required assets and the firm had adequate financial resources for its day-to-day operations. The firm practiced strategic financial resource budgeting to maximize efficient use of the available resources. The organization pays its farmers within the stipulated timelines.

5.3 Knowledge management capability and competitive advantage of cut-flower exporting companies

The study further concludes that knowledge management had a positive and significant influence on competitive advantage. The firms gives orientation towards the development, transfer and protection of strategic knowledge. Management has effective ways of exploiting internal and external information and knowledge into processes, products or services. Key staffs of the firm have adequate knowledge customer tastes and preferences. Key staffs of the firm have adequate knowledge of the products and their use. Key staffs of the firm have adequate knowledge of customer behavior.

5.4 Technological capabilities and competitive advantage of cut-flower exporting companies

Finally the study concludes that technological capability has negative insignificant influence on competitive advantage of cut-flower companies. Collaboration technologies was found to have a minimal effect to outshine its competitors, despite the fact that there was use of technology in development of new services, there were no much influence.

5.5 Recommendations

5.5.1 Human resources capabilities and competitive advantage of cut-flower exporting companies

The policy makers need to ensure that there is an adequate team development whereby team-based activities is actively developed and promoted. The policy makers need to ensure that there is a performance-based pay which emphasizes rewarding employee contributions and achievements. The policy makers need to ensure that there is an effective HR policy that governs practices to acquire, cultivate and retain human resources.

5.5.2 Financial capabilities and competitive advantage of cut-flower exporting companies

The study recommends that cut flower need to strive to maintain and accurately balance its expenditure within its stream of financial resources. The financial plans and budgets need to be fully aligned to the organization’s strategic capability. Enough financial resources need to be set aside for the acquisition of the required assets and the firm need to have an adequate financial resource for its day-to-day operations. The firm need to practice strategic financial resource budgeting to maximize efficient use of the available resources. The firm need to strive to forecast income/expenditure monitors and highlights emerging financial issues. The firm ought to have a flexible financial plans and budgets to allow for spending patterns to be adjusted accordingly in order to pay creditors in time. It’s also recommended that the firms to reduce borrowing and utilize retained earnings to finance its operations.

5.5.3 Knowledge management capabilities and competitive advantage of cut-flower exporting companies

The study recommends that the key staff of the firm need to have adequate knowledge of the specific needs of the customers, organizational culture and adequate knowledge of the available technology. The management ought to ensure that the key staff of the firm has adequate knowledge of the products and their use. Knowledge management need to be properly aligned to other resources to support a variety of important
organizational operations and activities. The management of the firm need to ensure that the key staff of the firm successfully link existing knowledge with new insights.

5.3.4 Technological capabilities and competitive advantage of cut-flower exporting companies

The study further recommends that the firm need to adopt better technology to cultivate organizational capabilities that enable them to outperform its competitors. It recommends that the cost of deploying technology should not be more than the benefits derived from it.

5.5 Areas For further studies

Based on the findings and conclusions of the study on the influence of strategic capabilities on the competitive advantage of cut-flower exporting companies in Kenya, several areas for further research can be identified. These areas can provide valuable insights and contribute to a deeper understanding of the subject matter. Here are some potential areas for further studies: To conduct a comparative analysis of the influence of strategic capabilities on competitive advantage in different industries or sectors within the Kenyan economy. This would help to identify sector-specific factors that may impact the relationship between strategic capabilities and competitive advantage. Also to investigate how cultural factors may influence the relationship between strategic capabilities and competitive advantage in the context of cut-flower exporting companies. This research could explore how cultural dimensions affect knowledge management and human resource practices in these organizations. To also examine how the adoption of sustainable and environmentally friendly practices influences the competitive advantage of cut-flower exporting companies. This research could assess the impact of environmentally responsible production on market positioning and access to international markets. To undertake longitudinal studies to track changes in the competitive advantage of cut-flower exporting companies over time. This would provide insights into the dynamics of the industry and the sustainability of competitive advantages.

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