The Role of Employee Behaviour and Organizational Structure in the Relationship Between Strategic Planning and Competitive Advantage of Large Manufacturing Firms in Kenya

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Abstract

Several studies have been carried out in the past to find out how strategic planning and competitive advantage are connected and the causes of differences in competitive advantage among firms. Scholars have argued that competitive advantage can emanate from either internal or external sources and is usually in several forms which include; valuable resources, the position held within the industry, position within the marketplace, operating at lower costs than rival firms, differentiation, capabilities and dynamic capabilities. This study sought to advance knowledge and was based on the premise that strategic planning influences competitive advantage both directly and also indirectly by way of the mediating influence of employee behaviour and the moderating effect of organizational structure. The study was underpinned by the competitive advantage typology/theory, the resource-based theory, dynamic capabilities theory, goal-setting theory and contingency theory. The study used a positivist research paradigm and a cross-sectional survey design. Data collected from 122 large manufacturing firms was analyzed using both descriptive and inferential statistics. Hypotheses were tested using both simple and multivariate regression analysis as well as hierarchical analysis for mediating and moderating effects. The findings indicate that overall strategic planning has a statistically significant influence on competitive advantage and that employee behaviour completely mediates the relationship between strategic planning and competitive advantage while organizational structure has a partial moderating effect between strategic planning and competitive advantage. In addition, the joint influence of employee behaviour and organizational structure is different from the influence of individual variables on the relationship between strategic planning and competitive advantage. The outcomes from this research lend support to previous enquiries and support all the theories used to underpin the study.

Keywords: strategic planning, competitive advantage, employee behaviour, organizational structure, lower costs, differentiation, capabilities, dynamic capabilities

1. Introduction

There is no single explanation as to why firms attain competitive advantage and therefore different concepts have been used to explain the causes. The type of business level strategy applied, either low cost or differentiation, can generate competitive advantage (Porter, 1980, p. 35). A different conceptual foundation that focusses more on "capabilities of the firm states that a firm's ability to achieve and sustain competitive advantage is directly related to its firm-specific resources (Barney, 1991, p. 105; Peteraf, 1993, p. 189; Rumelt, 1984, p. 561; Wernerfelt, 1984, p. 171)." Hamel and Prahalad (1994) have argued that know-how, knowledge, intellectual assets and competencies are the key drivers of competitive advantage and as a result superior performance. Hamel and Prahalad (1994), agree with Pfeffer (1994) who has isolated human resources practices including organizational structure as the main driver of competitive advantage.

In most of the previous studies cited by the researcher, nearly all the elements contributing to competitive advantage have been studied in isolation or in some combination. "Mutunga and Minja (2014, p. 1) studied the generic strategies employed by Food and Beverage firms in Kenya and their effects on competitive advantage and established a positive relationship." Gowrie, Sreenivasan and Govindan (2012, p. 29) studied "the critical success

factors of sustainable competitive advantage of manufacturing firms in Malaysia and established the factors including cost leadership and differentiation." Dirisu, Iyiola & Ibidunni (2013, p. 258) studied product differentiation as a tool of competitive advantage on the Unilever firm in Nigeria and found a positive relationship. The reviewed empirical literature indicates conceptual gaps because the studies cited so far did not consider how the strategic planning and competitive advantage relationship is influenced by employee behaviour and organizational structure.

Studies to establish causes of competitive advantage have been done under various contexts. A study between "strategic planning and competitive advantage in Kenya's ICT Small and Medium Enterprises (SMEs) sector" (Awino, 2013, p. 191) was carried out and a positive relationship established. Mutunga and Minja (2014, p. 1) carried out their study on "generic strategies employed by the Food and beverage sector in Kenya's manufacturing industry and established a positive relationship." Dirisu et al. (2013) carried out their study on one manufacturing firm, Unilever PLC Nigeria and established the existence of a positive influence of product differentiation on organizational performance. Gowrie et al. (2012) carried out their study on manufacturing firms as a whole in Malaysia. They did not distinguish between small, medium-sized or large firms. Chavunduka, Chimunhu & Sifie (2015, p. 12) carried out a study on the "intensity of strategic planning and how it affects the performance of a firm using the case of Zimbabwe Mining Development Corporation and found a positive relationship." Kumar (2015, p. 64) carried out "a study on the correlation between strategic planning and firm performance based on European, Asian and American firms in India and found a positive association between strategic planning and performance regardless of size of the firm." Flamholtz and Hua (2010, p. 222)) carried out a study in the USA "on searching for competitive advantage in the black box and established a positive relationship between organizational development factors and competitive advantage.

There seems to be contextual gaps between the empirical studies cited by the researcher and this study. Firstly, the researcher has not come across a similar or nearly similar study to the one being studied that has been carried out on large manufacturing firms in Kenya. Secondly, the context for the current study is all large manufacturing firms in Kenya as per the Kenya Association of Manufacturers (KAM) 2015 Directory. Most of the other contexts studied were different and included the ICT sector in Kenya, food and beverage sector in Kenya, case study of one firm in Nigeria and other contexts in far off countries including the USA, India and Malaysia.

As for the methodology used in some of the empirical literature reviewed; Awino (2013), Mutunga and Minja (2014), Gowrie et al. (2012), Awino (2007) and Manar (2014) used descriptive cross sectional surveys and on large samples. This same methodology was applied under the current study. On the other hand, Dirisu et al. (2013) used a case study of one firm, Flamholtz and Hua (2010) sampled sixteen companies drawn from eight industries while Cees, Van R, Guido and Majorie (2009) collected their data from three (3) large companies via on-line surveys. All the scholars noted studied different topics from the one being studied and therefore, even for the scholars who had cross sectional surveys as their methodology, there still exists methodological gaps because of the subject of study.

As demonstrated, there remained unresolved issues along the conceptual, contextual and methodological spheres in the relationship among the variables being studied. The current study was on strategic planning being the predictor variable while competitive advantage was taken as the outcome variable. At the same time, employee behaviour was taken as the mediating variable while organizational structure was taken as the moderating variable. The researcher has not identified a similar study undertaken that has considered the three variables so far in the literature reviewed and even from the empirical studies documented. Most contexts of the studies nearer the one undertaken were from far away countries. This study addressed the gaps identified from the literature reviewed and attempted to answer the question: Is the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya influenced by employee behaviour and organizational structure?

The overall objective of the study was to determine whether the relationship between strategic planning and competitive advantage of large manufacturing firms is influenced by employee behaviour and organizational structure. The specific objectives were to:

(i)   Determine the influence of strategic planning on the competitive advantage of large manufacturing firms in Kenya.

(ii) Determine the influence of employee behaviour on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

(iii) Establish the effect of organizational structure on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

(iv) Establish the joint influence of employee behaviour and organizational structure on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

1.1 Materials

The study to establish the influence of employee behaviour and organizational structure on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya was anchored on various theories. Michael Porter's typology (theory) was the main theory. The other supporting theories included the Goal-setting theory which underpins employee behaviour, contingency theory which underpins organizational structure, resource-based theory (RBT) and dynamic capabilities theory (DCT) which underpin competitive advantage (Barney, 1991, p. 99; Teece, Pisano & Shuen., 1997, p. 509) and to some extent, employee behaviour and organizational structure concepts.

The theory of competitive advantage by Porter (1990, p. 34) "proposes that states and businesses need to pursue policies that create goods of high quality for sale at high prices in the market. The competitive strategy is concerned with taking offensive and defensive actions that lead to the creation of a defendable position in an industry in order to cope successfully with competitive forces and create a superior return on investment." Porter (1990) argues that the foundation for above-average performance within an industry is sustainable competitive advantage. Two ways of achieving competitive advantage have been identified; one is through cost leadership and the other is through differentiation.

Porter's competitive advantage theory has been criticized for the confusion between firms and nations. It has also been said that the theory is characterized by an environmental determinism and a linear cartesian point of view towards complex problems. This orientation assumes an enterprise is just the sum of its parts rather than being a complex, uncertain and ever-changing relationship amidst its parts. Beyond these criticisms, the theory of competitive advantage still stands strong. This study proposed that a firm can select a firm-level strategy like low cost or differentiation at the strategic planning stage. This firm-level strategy would lead to a review of the organizational structure. Once a structure that is suitable to employees is selected, the firm is in a position, by applying the selected firm-level strategy, to work towards attaining a sustainable competitive advantage position.

"Goal-setting theory (Locke and Latham, 1990, 2002, p. 705) was developed in an inductive manner within the industrial/organizational (I/O) psychology in over a period of 25 years. It was founded on 400 laboratory and field studies. These studies indicated that some specific and high or hard goals invariably lead to higher levels of task performance than do easy, unclear or abstract goals including the exhortation to individuals to do their best." If an individual is "committed to the goal, has the required capability to achieve it and does not have other conflicting goals, then there exists a positive, linear relationship between goal difficulty and the performance of the task" (Yearta, Maitlis & Briner, 1995, p. 238). Due to the fact that goals refer to future valued results, goal setting becomes primarily a discrepancy creating process. It involves dissatisfaction with an individual's current condition and the longing to achieve an objective or result.

Goal setting has faced several criticisms. "The very strong concentration on the goals that are set makes individuals fail to notice a striking component of their visual world" (Bazerman and Chugh, 2006, p. 88). With goals, individuals limit their focus and this limiting or narrowing effect can blind individuals to significant matters that do not appear related to their goal, and yet such matters may be important in accomplishing the task. "The inclination to focus too narrowly on goals gets even worse when managers choose the wrong course by setting the wrong goals. It has also been argued that goal setting can distort risk preferences" (Neale and Bazerman., 1985, p. 19).

"Goal setting can bring about behaviour, which is unethical (Barsky, 2007, p. 63)). One study carried out tried to establish a direct connection between goal setting and not telling the truth. In this study, it was found out that participants were more likely to misrepresent what their performance was or even cheat when they were faced with a specific challenging goal, than when they were not." This was more the case "when their actual performance level just fell a bit short of attaining the set goal" (Schweitzer, Ordonez and Duma, 2004, p. 422). Goal setting can impede learning (Wood, Bandura and Bailey, 1990; Locke and Latham, 2002). "Whereas goal setting can increase extrinsic motivation, yet it can also hurt intrinsic motivation if an individual gets involved in a task just for the sake of it" (Rawsthorne & Elliot, 1999, p. 181). The criticisms of goal-setting theory notwithstanding, the theory has withstood the test of time and its applicability is still strong.

The criticisms noted notwithstanding, this study agrees with the implications of goal setting by Locke and Latham (1990, p. 706) and suggests that at the strategic planning stage, "firstly, clear-cut goals should be established and put in place to direct behaviour and maintain the individual's motivation. Secondly, the goals that have been set should

be challenging enough but also set at realistic levels, and thirdly, there should be accurate, complete and timely feedback recognizing that knowledge of outcomes is usually linked to high performance."

The contingency theory is founded on the presumption that there is no one form of organizational structure, which can be applied equally to different types of organizations. Instead, how effective an organization is depends on a fit between the technology use, its information system, the volatility of the environment, the organization size and the components of the organizational structure. Van de Ven and Drazin (1985, p. 333) "have explained the idea of fit in three different ways, that is, selection, interaction and systems approaches." Once a fit is obtained between strategy and structure, the firm will be in a position to work towards attaining sustainable competitive advantage. During the time the firm is reviewing and changing its structure, it will have to ensure the type of structure selected can enable employees to adopt a strategically aligned behaviour and that they will be motivated and committed to work towards attaining the goals and objectives set out. Contingency theory can be used to support the organizational structure variable.

The basic research problem of contingency theory is that it is inherently dynamic. This is in spite of the concepts of fit used in actual research being not dynamic but static. Based on classical comparative studies, the concepts of fit presuppose a balanced or equilibrium position in both time and space. This equilibrium position has left a lacuna between applied ontology in contingency theory research and an ontology that is required for explaining the research problem. This study proposes that after a firm has determined the strategy to follow at the strategic planning stage, thereafter it will have to review and change its structure in order to align it to the new strategy.

According to Peteraf and Barney (2003, p. 309), "an organization will achieve a competitive advantage position when it generates additional economic benefit than its competitors in its product market. The RBT is based on two foundational assumptions about organization-based resources to clarify how sustained competitive advantage is generated" (Peteraf & Barney, 2003, p. 309). The first assumption is that organizations own bundles of resources, which are different even when they are operating within a similar industry. The second assumption is that the resource differences may be sustained for a while due to the difficulty of buying and selling of resources across organizations.

This difficulty in trading makes it possible for benefits from diverse resources to be sustained over a period of time (Barney & Hesterly, 2012). Four conditions have to be simultaneously met for sustained competitive advantage (SCA) to exist and these are; the resources have to be Valuable, Rare, inimitable and there should be good Organization (VRIO framework). An organization must be well organized in order to utilize the maximum competitive potential of the resources and capabilities it possesses (Barney & Hesterly, 2012).

Some criticisms have been levelled against the RBT. For example, methodological challenges keep occurring in the RBT literature. A pivotal matter that arises is how to measure resources mainly because a number of them are of an intangible nature (Godfrey & Hill, 1995). Molloy, Chadwick, Ployhart and Golden (2011) have picked up on the theoretical disconnect existing between RBT and the measuring of intangible resources and argued that this disconnect leaves some key questions un-addressed. This disconnect further undermines confidence in empirical tests that are supposed to support RBT and narrows the usefulness of future research. Molloy et al. (2011) have identified the gap through a content analysis of how scholars studied 186 intangibles in tests of RBT, which have recently been established.

This study posits that unique resources owned by the firm can be configured and used in a way that enables the firm to attain a competitive advantage position. It must be pointed out that the behaviour of employees will play a crucial role in the way the resources are configured and deployed if the firm is to attain and even sustain a competitive advantage position.

The Dynamic Capabilities Theory (DCT) is an extension of RBV and RBT (Teece et al., 1997, p. 509). It underscores the deployment of the capabilities of the organization so as to attain higher-level performance. Dynamic capabilities (Teece et al., 1997, p. 509) "emphasize two main facets. The first facet is *dynamic*, which reflects the ability to have competencies renewed in order to agree with changes occurring in the business environment." The second facet is *capabilities*, which emphasizes the crucial part played by strategic management in making organizations "to adapt, integrate and redesign internal and external organizational skills, resources and practical competencies" (Teece et al., 1997, p. 509). All this is done in order to counter the effects of an environment that is fast changing.

"In spite of the extensive utilization of the dynamic capabilities construct, a widely accepted definition has taken long to be developed" (Easterby-Smith, Lyles & Peteraf, 2008, p. 2). Scholars from varied traditions have viewed

dynamic capabilities differently depending on their background. Zollo and Winter (2002, p. 339) for example have "defined dynamic capabilities in terms of routines." On the other hand, Eisenhardt and Martin (2000, p. 1105) "have defined dynamic capabilities in terms of processes whose nature varies with the degree of market dynamism taking the form of simple rules in high velocity environments."

The study posits that knowledge and good organizational skills will be developed and deployed after the firm has determined its strategic direction. Such knowledge, which is embedded within the employees in the organizational structure, once implemented will ensure the resources of the firm are exploited to maximum advantage and therefore enable the firm to attain and even sustain a competitive advantage position.

1.2 The Strategic Planning and Competitive Advantage Model

The strategic planning and competitive advantage model used in the study is shown in Figure 1. From the model, strategic planning is the independent variable while competitive advantage is the dependent variable. Employee behaviour is the mediating variable while Organizational structure is the moderating variable.
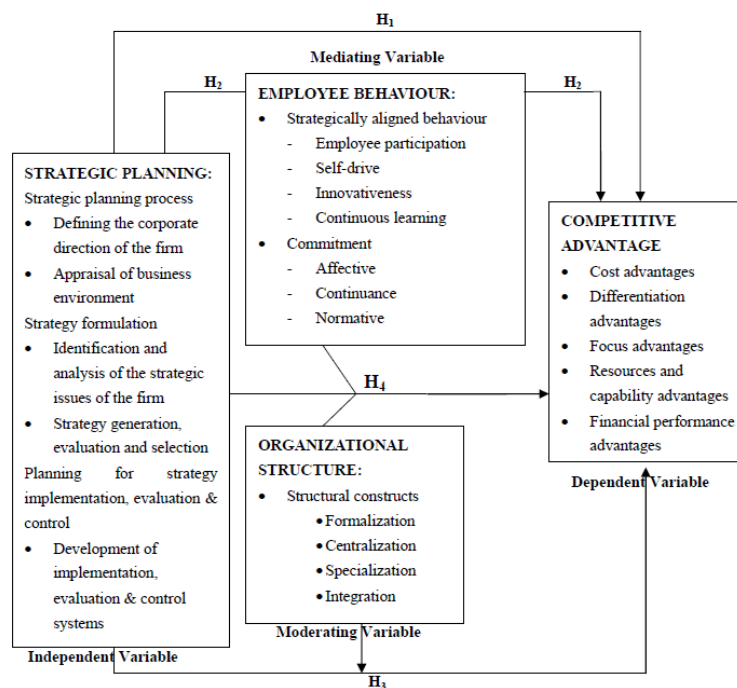

Figure 1. Strategic planning and competitive advantage model

1.3 Hypotheses of the Study

From the objectives of the study and through the relationships in the strategic planning and competitive advantage model given in figure 1, the following four hypotheses were formulated for further testing:

H_1- Strategic planning significantly influences the competitive advantage of large manufacturing firms in Kenya.

H_2- Employee behaviour significantly influences the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

H_3- Organizational structure significantly affects the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

H_4- The joint influence of employee behaviour and organizational structure is different from the influence of individual variables on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

2. Method

The philosophical foundation of this study was positivism. "By using the positivist paradigm, the researcher was

guided by objectivity and could not influence the outcome of the study. The researcher was external to the process of collecting data and there was little he could do to alter the substance of the data collected" (Easterby-Smith, Thorpe & Jackson, 2012, p. 22). This study adopted a descriptive cross-sectional approach in order to establish the link between strategic planning and competitive advantage, the mediating influence of employee behaviour and the moderating effect of organizational structure in large manufacturing firms in Kenya. "A cross-sectional design involves collecting of data on more times than one and at more than one point in time with a view to having an amount of quantitative or qualitative data relating to two or even more than two variables, which are subsequently tested in order to establish any correlation between them" (Bryman & Bell, 2011, p. 53).

The KAM Directory (2015) had only one measure of categorising manufacturing firms and that is turnover of the firm. Firms with a turnover of between Kshs 50 million and Kshs 150 million were categorised as small in size while firms with a turnover of between Kshs 151 million and Kshs 250 million were categorised as medium in size. Firms with a turnover of over Kshs 251 million were categorized as large in size. The total number of manufacturing firms as per the KAM Directory (2015) excluding the service sector was 604. Out of this total, 299 firms were categorized as small, 181 firms categorized as medium while 124 firms were categorized as large in size. It is these 124 firms which formed the population of interest in this study.

The entire population of 124 large manufacturing companies were studied and therefore no sampling was necessary. The researcher chose a census study because it could enable the study to capture variability of responses. A census study also facilitated comparative analysis and ensured adequate representation, accuracy and reliability. Primary data was collected by using questionnaires while secondary data was extracted from information and documents maintained by the manufacturing firms. Reliability tests were performed to test quality of measurement while "validity tests were undertaken to test the quality of the questionnaire with improvements made where necessary (Sekaran & Bougie, 2014, p. 225)." In this study, "the Likert-type scale (Saunders, Lewis & Thornhill, 2012, p. 436) was used and respondents were requested to respond by choosing one option from statements usually given in five degrees of agreement or disagreement."

Collection of data was undertaken between February and May 2018. Out of the 124 firms selected for the study, 122 questionnaires were returned and upon further scrutiny, it was established that all of them had been completed well except in some few instances under the general information section where some respondents had not responded to all the questions. The effective response rate was therefore 98.4%. Out of the 122 respondents, 91.0% were in top management position while 5.7% were in middle management. Only 3.3% of the respondents failed to indicate what their position was. The 98.4% response rate was good and compared well with other studies on large-scale manufacturing firms in Kenya carried out by other scholars in the past. Awino (2007) achieved a response rate of 65% and proposed that an average response rate of 65% for empirical studies is acceptable. Kidombo (2007) achieved a response rate of 64% while Magutu (2013) had a response rate of 75%.

3. Results

The overall objective of the study was to determine whether the relationship between strategic planning and competitive advantage of large manufacturing firms is influenced by employee behaviour and organizational structure. Four hypotheses were set corresponding to the four specific objectives of the study. The results of the four hypotheses starting with hypothesis one (H_1) are given in the Tables that follow: Table 1 gives the composite results of hypothesis one which states thus:

H_1- Strategic planning significantly influences the competitive advantage of large manufacturing firms in Kenya.

Table 1. Composite influence of strategic planning on overall competitive advantage

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.462[a]	.213	.207	.27895		
a. Predictors: (Constant), Strategic planning						
ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.

1	Regression	2.528	1	2.528	32.490	.000[b]
	Residual	9.338	120	.078		
	Total	11.866	121			

a. Dependent Variable: Competitive advantage

b. Predictors: (Constant), Strategic planning

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.543	.482		3.200	.002
	Strategic planning	.636	.112	.462	5.700	.000

a. Dependent Variable: Competitive advantage

The results in Table 1 indicate that strategic planning has a moderately weak but positive influence on competitive advantage (R = 0.462). The coefficient of determination was 0.213 and this is an indication that strategic planning explained 21.3% of the variation in competitive advantage. The remaining 78.7% is to be explained by other factors not considered in this model.

The ANOVA model had a p-value which was less than 0.05 (p-value = 0.000, F = 32.490), and the results reveal a statistically significant model which implies that strategic planning influences competitive advantage. The results also indicate that strategic planning had a positive contribution with a beta value of 0.462 to a unit change in competitive advantage using the standardized coefficients. The results further indicate statistically significant results with a p-value of 0.000 (t-value = 5.700) for strategic planning on competitive advantage.

These results confirm hypothesis H_1 and lead to the conclusion that strategic planning has a significant influence on competitive advantage. The regression model based on the standardized beta coefficient is fitted thus: CA=1.543+0.462SP.

The second hypothesis was stated thus:

H_2-Employee behaviour significantly influences the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

Table 2 below summarizes the regression results of the four steps in the mediation process:

Table 2. Summary of combined mediating influence of employee behaviour

Step	Variable Description	Summary model		ANOVA		Coefficients		Beta	t-value	Sig-p
		R	R^2	F	Sig F	Constant				
1	SP predicts CA	0.462	0.213	32.49	0.000	1.543		0.462	5.700	0.000
2	SP predicts EB	0.451	0.203	30.655	0.000	1.412		0.451	5.537	0.000
3	EB predicts CA	0.863	0.745	350.292	0.000	0.835		0.863	18.716	0.000
4	SP and EB predict CA	0.867	0.751	179.839	0.000	0.459	SP	0.091	1.772	0.079
							EB	0.822	16.053	0.000

SP - Composite index of Strategic Planning

EB - Composite index of Employee Behaviour

CA - Composite index of Competitive Advantage

According to Baron and Kenny (1986, p. 1177), "mediation can take place in three ways. In order to explain the three ways, we will label the variables as follows: X will take the place of the independent variable, M will take the place of the mediating variable while Y, will take the place of the dependent variable. The first rule is on full mediation, and this one takes place when three conditions are met. These conditions are; one, X predicts M, two, X predicts Y and three X no longer predicts Y, but M does when both X and M are used to predict Y." The second rule is on partial mediation (Baron & Kenny, 1986, p. 1177). "This takes place when three conditions are met and these conditions are: one X predicts M, two, X predicts Y and three, both X and M predict Y, but X has smaller regression coefficient when both X and M are used to predict Y than when X only is used. The third decision rule is no mediation taking place at all. This takes place when three conditions are met. The conditions are: one, X does not predict M, two, M does not predict Y and three, the regression coefficient of X remains the same before and after M is used to predict Y."

The results in Table 2 indicate that significant results were obtained in steps 1, 2 and 3. This means that strategic planning predicts competitive advantage as well as employee behaviour. Besides, employee behaviour predicts competitive advantage and in a very big way as demonstrated by the parameters in Table 2 ($R^2 = 0.745$, F = 350.292, sig F = 0.000, constant = 0.835, beta = 0.863, t-value = 18.716 and sig p = 0.000). In step 4, the last condition is determined by the parameters under the Coefficients section. It is evident that strategic planning is not statistically significant with a p-value of 0.079 (t-value = 1.772) while employee behaviour with a p-value of 0.000 (t-value = 16.053) is statistically significant. Therefore, step 4 fulfils condition three in the first rule. Because all the three conditions in the first rule are met, therefore employee behaviour completely mediates the strategic planning and competitive advantage relationship.

These results confirm hypothesis H_2 and lead to the conclusion that employee behaviour has a significant influence in the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

The third hypothesis was stated thus:

H_3-Organizational structure significantly affects the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

To assess the moderating influence of organizational structure on the relationship between strategic planning and competitive advantage, the study used Baron and Kenny (1986) method. Baron and Kenny (1986, p. 1174) posit that "moderation can only be supported if the interaction of the paths of the independent variable and the moderator variable is significant."

Baron and Kenny (1986, p.1174) "proposed three steps be taken when testing for the moderating effect. Step one involves testing the direct effect between the independent and the dependent variable. The results from this first step should be statistically significant for the researcher to proceed to the next step. Step two involves testing the effect of strategic planning and organizational structure on competitive advantage. Step three will involve testing the effect of strategic planning, organizational structure and the interaction term (between strategic planning and organizational structure) on competitive advantage.

The summarized results of the three moderating steps are shown in Table in Table 3 below:

Table 3. Summary of combined moderating effect of organizational structure

		Summary model								
	Variables			ANOVA		Coefficients				
Step	Description	R	R^2	F	Sig F	Constant		Beta	t	p-value
1	SP predicts CA	0.462	0.213	32.49	0.000	1.543	SP	0.462	5.700	0.000
2	SP and OS on CA	0.839	0.704	141.506	0.000	0.275	SP	0.159	2.929	0.004
							OS	0.763	14.048	0.000
3	SP, OS and SP.OS on CA	0.842	0.709	95.824	0.000	-1.593	SP	0.484	2.062	0.041
							OS	1.315	3.357	0.001
							SP.OS	-0.747	-1.423	0.157
	SP - Composite Strategic Planning									

OS - Composite Organizational Structure

SP.OS – Interaction term Strategic Planning X Organizational Structure

CA - Composite Competitive Advantage

Under step one, R^2 equals 0.213 indicating that strategic planning explains 21.3% of the variation in competitive advantage. The overall strength of the model in step one was 0.000 (F = 32.490). Furthermore, the p-value at 0.000 (t-value = 5.700) indicates significant results.

From step two, it is evident that the combined effects are far higher than for the single effect of strategic planning on competitive advantage. The coefficient of determination R^2 for the combined effect is 0.704 implying that both strategic planning and organizational structure can explain 70.4% of the variation in competitive advantage. The overall strength of the combined model is much stronger with a significance of 0.000 but a very high F-value of 141.506. The beta (β) coefficients are also different under the combined value with strategic planning having a beta value of 0.159 while organizational structure has a beta value of 0.763. Under the combined effect, the results were still statistically significant but had changed for the strategic planning variable. Under step one, the p-value under strategic planning was 0.000 (t-value = 5.700) but in step two, the p-value under strategic planning was 0.004 (t-value = 2.929). The p-value for organization structure in step two was 0.000 (t-value = 14.048).

Step three indicates the results after the introduction of the interaction term (SP.OS). The coefficient of determination R^2 is higher than in the other two steps at 0.709 indicating that with the interaction term included, 70.9% of the variation in competitive advantage can be explained. The overall strength of the model remains quite strong with the introduction of the interaction term at a significance p = 0.000 and an F-value of 95.824. However, this F-value is lower than in step two where it was 141.506. The constant term (β_0) has also changed into a negative (-1.593) after the introduction of the interaction term. In the first step, the constant factor was 1.543 while in step 2, it was 0.275.

Both strategic planning and organizational structure have retained their statistically significant results after the introduction of the interaction term at 0.041 (t-value = 2.062) for strategic planning and 0.001 (t-value = 3.357) for organizational structure. However, the interaction term shows non-statistically significant results with a p-value of 0.157 (t-value = -1.423).

There are three decision rules to checking whether moderation has occurred (Baron & Kenny, 1986, p. 1174). These rules are; "one, after adding the interaction term, if there is a significant change in R^2 as well as significant effect by the new interaction term, then moderation is occurring. Decision rule number two is if the predictor and moderator are not significant with the interaction term added, then complete moderation has occurred. Decision rule number three is that if the predictor and moderator are significant with the interaction term added, then moderation has occurred, however, the main effects are also significant."

In the study model, there was a significant change in R^2 as compared to the first step, but the change was not as big as compared to the second step (with interaction term, R^2 was 0.709, while under step one, R^2 was 0.213 and in step two, R^2 was 0.704). After the introduction of the interaction term, there was a significant change in the F-value (95.824 with interaction term, 141.506 with the predictor [SP] and moderator [OS] and 32.49 with strategic planning only). This implies that the first condition for a moderation effect to exist was met. The other condition which has been met is the third one. Under this condition, the predictor (SP) and moderator (OS) have to be significant with the interaction term added and the main effects are also significant. Strategic planning produced statistically significant results with a p-value of 0.041 (t-value = 2.062) while organizational structure had a p-value of 0.001 (t-value = 3.357). The interaction term produced statistically non-significant results with a p-value of 0.157 (t-value = -1.423).

The overall results from hypothesis three were therefore that partial moderation had taken place. These findings were sufficient to support the hypothesis H_3, which states that, organizational structure significantly affects the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

The fourth hypothesis was stated thus:

H_4-The joint influence of employee behaviour and organizational structure is different from the influence of individual variables on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

Table 4 below shows the individual effects of strategic planning, employee behaviour and organizational structure on competitive advantage as compared with the overall influence of the three variables on competitive advantage.

Table 4. Summary of the sum total of the influence of the three variables on competitive advantage

Variable relationship	R	R^2	F	F - sig	t		p-value
Strategic planning (SP) on CA	0.462	0.213	32.490	0.000	5.700		0.000
Employee behaviour (EB) on CA	0.863	0.745	350.292	0.000	18.716		0.000
Organizational structure (OS) on CA	0.826	0.683	258.122	0.000	16.066		0.000
Total	**2.151**	**1.641**	**640.904**				
Joint effect of SP, EB and OS on CA	**0.894**	**0.800**	**156.857**	0.000	SP	1.617	0.109
					EB	7.498	0.000
					OS	5.322	0.000

Table 5. Joint influence of strategic planning, employee behaviour and organizational structure on competitive advantage (coefficients section)

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.227	.257		.885	.378
	Strategic Planning	.103	.064	.075	1.617	.109
	Employee Behaviour	.498	.066	.534	7.498	.000
	Organizational Structure	.349	.065	.368	5.322	.000
a. Dependent Variable: Competitive Advantage						

The results in Table 4 indicate statistically significant results for the individual influence of strategic planning, employee behaviour and organizational structure at p-values of 0.000 for all the three variables respectively. On the joint effect of the three variables on competitive advantage, strategic planning turns out non-significant results with a p-value of 0.109 (t-value = 1.617) while employee behaviour has significant results with a p-value of 0.000 (t-value = 7.498) and organizational structure also has significant results with a p-value of 0.000 (t-value = 5.322).

The variable that explains the biggest variation of competitive advantage on its own is employee behaviour, explaining 74.5%. This is followed by organizational structure, which explains 68.3%, strategic planning explains only 21.3% of competitive advantage. The three variables jointly explain 80.0% of the variation in competitive advantage.

When the R^2 of the three variables, that is, strategic planning, employee behaviour and organizational structure are added together, the total is 1.641. This would imply that if their effect on competitive advantage could be taken sequentially, that is, one variable after the other, they would explain 1.641 of the variation in competitive advantage.

The stepwise multiple regression analysis has two steps. Step one is on the influence of the independent variable, strategic planning, on competitive advantage. The R^2 under this step was 21.3%. Step two was on the joint effect of the three variables, strategic planning, employee behaviour and organizational structure on competitive advantage. The R^2 on the joint effect was 80.0%.

The overall strength of the model in step one was 0.000 but with an F distribution value of 32.490 while under step two, the strength of the model was still 0.000 with an F distribution value of 156.857. The models under steps one and two were different. Based on these results, the regression model under step one is fitted thus: CA=1.543+0.462SP (from Table 1); while under step two, the regression model is: $CA^1 = 0.227 + 0.075SP^1 + 0.534EB^1 + 0.368OS^1$ (from Table 5)

From the foregoing, the findings were sufficient to support hypothesis H_4, which states that, the joint influence of employee behaviour and organizational structure is different from the influence of individual variables on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

4. Discussion of Results and Conclusion

The overall objective of the study was to determine whether the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya is influenced by employee behaviour and organizational structure. A model was developed to empirically test these relationships. This was a census study and data was collected from senior managers (top managers) in the 124 large manufacturing firms in Kenya as per the KAM Directory (2015) in order to test the model that had been developed.

Four specific objectives had been formulated to test the relationships between the four variables. Against the four specific objectives were developed four hypotheses for further testing. The results indicated a statistically significant relationship on the first hypothesis which stated that strategic planning influenced the competitive advantage of large manufacturing companies in Kenya. On the second hypothesis that was testing whether employee behaviour influenced the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya, the results were statistically significant. It was established that employee behaviour completely mediates the relationship between strategic planning and competitive advantage. The third hypothesis was on whether organizational structure affected the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya. Partial moderation of the relationship between strategic planning and competitive advantage by organizational structure was established, and therefore the third hypothesis was confirmed.

The fourth hypothesis was on whether the joint influence of employee behaviour and organizational structure was different from the influence of individual variables on the relationship between strategic planning and competitive advantage. This hypothesis was confirmed. It was established that the influence of strategic planning on competitive advantage was different from the joint effects of the three variables on competitive advantage.

The results of the study contributed to strengthening the existing body of literature confirming empirically that strategic planning influences competitive advantage of large manufacturing firms both directly and indirectly through the mediating and moderating variables. The anchoring theory/typology of Michael Porter's competitive advantage (1990) was confirmed. Porter (1990) has argued that the foundation for above average performance within an industry is sustainable competitive advantage, which can be achived through cost leadership, differentiation or focus. "Goal setting theory (Locke & Latham, 1990; 2002, p. 705) was used to support employee behaviour. In their studies, Locke and Latham (1990, 2002, p. 705), found that specific high goals led to a higher level of task performance than do easy goals or vague, abstract goals." This is as long as a person is committed to the goal, has the requisite ability to attain it, and does not have conflicting goals." The contingency theory was used to support organizational structure. The theory is founded on the presumption that there is no one form of organizational structure which can be applied to different types of organizations (Van de Ven & Drazin, 1985). Instead, how effective an organization is depends on a fit between the technology use, its information system, the volatility of the environment, the organization size and the components of the organizational structure.

These findings inform the senior managers of large manufacturing firms that they need to focus on the three study variables if they have to influence competitive advantage and ultimately the performance of their firms significantly. The study established that the joint effect of the three variables, strategic planning, employee behaviour and organizational structure explains 80.0% of the variation in competitive advantage. This implies that senior managers of large manufacturing firms would be losing quite a large portion of what would generate competitive advantage if they ignored the three variables.

It was established that strategic planning, employee behaviour and organizational structure independently contribute more to competitive advantage than the joint effects of the variables. It can be argued that the independent effects of the variables influence firm's competitive advantage by creating synergy. In effect, no single variable can effectively influence the competitive advantage of a firm. The study has attempted to establish the synergistic effect of the study variables to create competitive advantage. This conclusion is consistent with findings from previous research and lends credence to the fact that the performance of a firm is determined, in part, by the combination of factors from both the external environment and internal capabilities.

The foregoing conclusions notwithstanding, the study lacked comparison of other similar studies done either locally or abroad. It was therefore difficult to generalize on the study findings. Besides, the study utilized a cross-sectional survey because it was the most appropriate at the time. Cross-sectional studies however, do not allow for causal effects on the observed relationships over time and therefore could not give actual relationships that exist between strategic planning, employee behaviour, organizational structure and competitive advantage of large manufacturing firms in Kenya. Future researchers could consider using approaches like longitudinal studies. Such studies can give the change in competitive advantage of large manufacturing firms over time. The study was designed to capture the

response of one respondent per firm at a given point in time. Using a single respondent for research has limitations because of the possibility of the common method bias. Although the respondents are thought and expected to give objective responses, they could have their own biases and perceptions, which could lead to misleading and subjective responses. It therefore becomes difficult to tell whether the perception was the respondent's or the organization's. Future researchers could consider using multiple respondents in order to compare views of other respondents in the firm.

The study focused on large manufacturing firms and did not consider small and medium-sized manufacturing firms. The small to medium-sized manufacturing firms may be faced with different challenges as compared to large manufacturing firms. It may therefore be difficult to generalize the results obtained from the large manufacturing firms to the small to medium-sized firms. The study was also focussed on the manufacturing sector, which mainly deals in goods. Similar studies could be carried out on the small to medium-sized manufacturing firms as well as in other sectors of the economy including banks and insurance companies.

Finally, the study operationalized competitive advantage on five perspectives of cost advantages, differentiation advantages, focus advantages, resources and capability advantages and financial performance advantages. These indicators are highly business specific. The study did not consider environmental and social aspects as indicators. These could cover areas like legality and freedom of action among others, which are exposures on environmental and social nature. Future studies could consider including environmental and social aspects as indicators of competitive advantage.

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