IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN:2278-487X, p-ISSN: 2319-7668. Volume 26, Issue 9. Ser. 11 (September. 2024), PP 12-24
www.iosrjournals.org

The Mediating Role Of Organizational Competences On The Relationship Between Operations Strategy And Performance Of Management Consultancy Firms In Nairobi City County, Kenya

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Abstract
In the wake of globalization and intensified competition, identification and naturing of key competencies has become more critical especially in service industry. Besides, scope of competencies has widened from employee competencies to decision-making, innovation, customer service, strategic perspectives, teamwork, risk-taking and strategic leadership. This study sought to investigate the moderating role of organizational competence on the relationship between operations strategy and performance of management consultancy firms in Nairobi County. Social capital theory anchored the study where positivism philosophy was adopted alongside descriptive and explanatory research designs. Target population consisted of management consultancy firms in marketing, human resource, finance and accounting and operations management in Nairobi County from which a sample of 144 management consultancy firms was selected using stratified sampling technique. Data was analysed using descriptive statistics and inferential analysis via multiple regression analysis. R^2 was used to test the robustness of the model, F-statistic was computed at 95% confidence level to test the overall significance of the model while p-values were used to determine the significance of variables at 0.05 significance level. To test the mediating effect of organizational competence on the relationship between operations strategy and performance among management consultancy firms in Kenya, Baron and Kenny four step approach was used. It was concluded that operations strategies have a significant positive effect on performance of management consultancy firms and that the relationship between the adopted operations strategy and performance of management consultancy firms is dependent on the level of competences generated from the deployment of the operations strategy.

Keywords: *Management Consultancy Firms; Operations Strategy; Organizational Competences; Performance*

Date of Submission: 15-09-2024 Date of Acceptance: 25-09-2024

I. Introduction

Organizational competence has previously been thought to be simply employee skills necessary to achieve organizational goals that drive integrated business strategy implementation and alignment (Aqel & Alkshali, 2022) However, in the modern era the concept of organisation competence is used to describe what the organization can do best. Consequently, these competences and capabilities may be viewed from the perspective of how the company expects to accomplish its strategic goals. According to Dunlap and Jorgenson (2015), competences may include decision-making skills, problem-solving skills, attention to details, innovation, customer service, strategic perspectives, teamwork, risk-taking, as well as strategic leadership. On the other hand, Hackman and Oldham (2010) identified four types of organizational competences to include allocated competences, transactional competences, technical competences and administrative competences.

Allocated competence is the combination of practical and theoretical knowledge, cognitive skills, behaviour and values used to improve performance. Such commences according to Grant (2015) involve decisions regarding what to produce and how to price it. Transactional competence on the other hand refers to distinctive capabilities and strengths grounded in economic efficiency such as innovation, quality, customer responsiveness and productivity. Often, these competences deal with decisions on whether to make or buy and whether to work alone or in collaboration (Siruri & Cheche, 2021). Technical competence is the ability to design and develop products or services and refers to the ability to operate facilities efficiently. They represent knowledge, skill and practices required for successful accomplishment of a business, job or task (Sanghi, 2016). Finally, Administrative competence addresses the ways of designing structure and policies to enable sustainable organizational performance. These competencies also involve skills, attitudes, behaviours and strategies that are necessary to excel in the administrative work.

To be a source of competitive advantage, Laurén (2023) concluded that organizational competence must be heterogeneously distributed within an industry, difficult to purchase in the market and must be difficult or impossible to imitate. The operations strategies associated with these competences are applied by firms as they operate in rapidly changing environments where the market forces are expected to play a significant role in the kind of strategies to be adopted by the firm. In the context of management consultancy firms, attention is focussed to decision makers to continuously scan the environment in which the firm operates, determine any mismatch between the environmental requirements and the firm's internal operations and develop appropriate strategies to respond to them (Dunlap & Jorgenson, 2015).

Wandiga, Kilika and James (2017) postulated that deployment of the various operations strategies enables firms to build competences needed in service delivery thus leading to superior performance. Subsequently, operations strategy is viewed as a key contributor to organization's performance which is achieved through a series of events organized in a logical flow right from acquisition and configuration of resources, developing capabilities, building competences and eventually resulting in a superior performance. Further, Nowak (2012) alluded that operations strategy decisions mainly focus on two areas: structural and infrastructure. Structural attributes relate to facility capacity and choice of processes while infrastructure strategies focus on workforce, quality, and procurement and organization layout.

Operations strategy play a significant role in defining the daily activities of the organization including how it delivers its products and services to customers and best utilization of resources aimed at achieving higher performance (Oparanma, 2010). Three classification of generic operations strategy have since been. They include strategies for minimizing cost to achieve greater efficiency, strategies for ensuring high quality products an strategies that implant new technology and operations processes which aim at introducing new designs and products rapidly, ensuring flexibility in new designs and incorporating customers' requirements through differentiation (Cameron, Bateman & Snell, 2014). These strategies are adopted at three levels of corporate, business and functional levels.

The paper adopted Wandiga, Kilika and James (2019) operationalization of operations strategy into resource management strategy, knowledge value chain strategy, facilities strategy and value proposition strategy. In this regard the authors suggested that properly formulated and executed resource strategy may help a firm achieve competitive advantage and greater performance. This is because operations strategy acts as the firm's functional strategy which helps in addressing the fundamental question of how the key organizational resources must be acquired and organized to achieve the set objectives (Slack, 2015).

Facility strategy on the other hand ascertains the various categories, layout and location of spaces needed to fully support the initiatives of the business in attaining the organization objectives. The facility strategy must be aligned with the corporate strategy. Shi, Ye, Lu and Hu (2014) concluded that consultancy firms set up offices where they carry out administrative tasks, planning for clients work and in some cases clients work is carried out in the consultancy firm's offices. On their part, Haynes, Nunnington and Eccles (2017) opined that in consultancy firms, investment in critical facilities has significant influence on their operations, resilience and external stakeholders while at the same time protecting customers' identity and confidentiality.

Helmold (2020) posits that Value Proposition (VP) strategy outlines the tangible and intangible benefits that the firm seeks to provide to its customers. As suggested by Slack (2015), there are three approaches to developing value propositions. All benefits approach identifies a list of all benefits a company can deliver to customers, favourable points of difference approach identifies benefits relative to those delivered by key competitors while resonating focus approach identifies key benefits truly valued by chosen customers that are delivered or potentially could be delivered. Consequently, value proposition strategy of a firm may be viewed as the most important strategy because it explains why customers buy the products of the company.

Furthermore, knowledge based value chain strategy involves the process of creating new knowledge in the organization, disseminating that knowledge throughout the firm and its application in the day-to-day activities of the firm. Holsapple and Oh (2013) defined knowledge value chain as a construct that comprises nine essential activities that a knowledge-driven firm is able to perform in ways that yield competitive advantage and better performance. These critical activities come from knowledge management activities and they include primary activities of Knowledge acquisition, selection, generation, assimilation and emission plus the secondary activities of measurement, control, coordination and leadership.

Management consultancy firms according to Tanui (2015) generally fall under the service sector which major in provision of tailor-made solutions to the challenges facing customers in specific market niches. Some of the services provided by these firms include marketing consultancy, human resource management, operations management and accounting and finance, legal services, hotel and hospitality, health care as well as information technology consultancy. In Kenya management consultancy firms are instrumental in economic growth and development as they contribute 46% of the total GDP (Imbuhila, 2016).

It is noted that majority of consultancy firms in Kenya are based in Nairobi City County and are predominantly exotic such as such as Ernest and Young, Price Waterhouse Coopers, Deloitte and Touche, KPMG, Hawkins and associates (Tanui, 2015). Literature further supports that there has been an exponential growth in the number of consultancy firms where many organizations and business firms have their offices in Nairobi City

County. This is largely attributed to the modern trend of information research being relied upon in many undertakings of different institutions as well as expansionary policies adopted by the Government (Cheruiyot, 2011). However, in spite of the growth in the increased number of management consultancy firms, little is known on how operations strategy affects the performance of these forms of business organisations.

Statement of the Problem

Management consultancy firms in Nairobi City County have over the years faced numerous challenges ranging from financial uncertainty, low turnover levels, poor reputation, inadequate skills and financial resources and often have little experience (Tanui, 2015). In addition, these firms face stiff competition from their foreign multinational counterparts operating in the same environment. For this reason, majority end up closing down their operations in their first few years of operation due to poor performance. Srinivasan (2014) notes that even though operations strategy has received considerable attention in strategic management, its effect of performance of management consultancy firms has not been due attention. Studies conducted in Nairobi City County on management consultancy firms have not linked operations strategy to performance of these firms. Further, the role of organizational competence in the relationship between operations strategy to performance remain understudied.

Recent studies (Shehu & Mahmood, 2014; Dibrell, Craig & Neubaum, 2014; Bharadwaj, Chauhan & Raman, 2015; Nawaz, Hassan & Shaukat, 2014; Wandiga, Kilika & James 2019) show that there is a positive relationship between operations strategy and other broader aspects such as strategic leadership, institutional conditions, market orientation, organisational context and corporate strategy. Other studies have been conducted on firm resources management (Ombaka, Machuki & Mahasi, 2015), facility management (Myeda & Pitt, 2014), value proposition and Knowledge based value chain (Ekman, Raggio & Thompson, 2017), but these studies only focused on individual functions and not as types of operations strategies.

It is also noted that most of the empirical literature on operations strategy research has been carried out outside Kenya and Africa. Besides only a few empirical studies have been conducted on consultancy firms (Muchungu, 1997; Kigathi, 2007; Cheruiyot, 2011; Tanui, 2015) but even so none of these studies sought to determine the mediating role of organizational competence on the relationship between operations strategy and performance. Thus, this study sought to investigate the mediating role of organizational competence on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County, Kenya.

II. Literature Review

Theoretical Review

This study was anchored on the social capital theory as postulated by Bourdieu (1983, 1986), Coleman (1988) and Putnam (1993) contends that social relationships are resources that can lead to the development and accumulation of human capital. Bourdieu, Coleman and Putnam argued that in the modern world it is no longer sufficient to compete on content in the knowledge economy. Further, Krebs (2008) argues that the ability to find, utilize and combine the skills, knowledge and experience of others, inside and outside of the organization calls for social interaction. Social capital is derived from employees' professional and business networks. Social capital is what connects various forms of human capital (Maurer, Bartsch & Ebers, 2011). Daud and Yusoff (2010) noted that social capital consists of knowledge and organizational resources that enhance the potential for individual and collective action in human social systems.

However, Payne, Moore, Griffis and Autry (2011) opined that the theory suffers from much criticism for being poorly defined and conceptualized. This problem largely stems from the fact that social capital is multi-dimensional with each dimension contributing to the meaning of social capital although each alone is not able to capture fully the concept in its entirety. Nevertheless, the study finds the theory relevant in supporting organisational competences as a construct. This argument stems from the fact that for a firm to achieve superior performance there is need for human interaction which facilitates sharing of knowledge. In the modern business environment in which consultancy firms operate, knowledge in itself may not guarantee sustainable competitive advantage unless the knowledge is shared among the organizational employees. Consequently, it is expected that in line with the postulates of the theory knowledge and competences within management consultancy firms will lead to greater performance.

Conceptual and Empirical Review

In view of the unique characteristics of management consultancy firms, it is apparent that there are numerous challenges that have implications on their operations system and the emergent operations strategy. Thus, management consultancy firms need to formulate and implement sound operation strategies to tackle these challenges and therefore boost their performance (Lin, 2011). Besides, management consultancy firms need to develop and sustain competencies that will enable to gain competitive advantage and thereby improving their performance. The concept of core competence support efficient identification and utilization of organizations' strength.

It is assumed that core competence is cumulative and it changes more slowly as time passes compared to markets and products. The core competence concept has various strategic implications in that, firms should work systematically upon realizing their core competences in order to achieve a competitive advantage that would ensure superior firm performance (Clemonsand & Row, 2009). Further, Mintzberg (2010) stresses the usefulness of core competences especially in the traditional manufacturing and service sector given that competence is a major ingredient in the success of an organization.

In an attempt to explain the role of organizational competence, Mwihia and K'obonyo (2008) conducted a study on knowledge management strategy, organizational competence and competitiveness in Kenya's commercial books publishing industry and revealed that there is a strong and positive relationship between organizational competence and the knowledge management strategy. However, in this study, organizational competence was treated as the regressed variable while in the current study it was considered as a mediating variable. Additionally, the study was conducted among book publishing companies while the current study was conducted among management consultancy firms.

Additionally, Fadhili (2010) carried out a study on the effects of national culture on organizational capabilities aimed at explaining how national culture influences the competitiveness of off shoring firms in Kenya. Based on a mixed-method research design based on realism assumptions the study established that ICT infrastructure, capital, stifling regulations, inadequate role of government, lack of local demand and inadequate intercultural competence among the major challenges affecting offshoring firms in Kenya. In this study, organizational capabilities were treated as the dependent variable while in the current study it was treated as a mediating variable. Additionally, the study was based on realism philosophy while the current study was anchored on positivism.

Munyoki, Ogutu and Kabagambe (2012) in a study on firm competences and export performance based on small and medium manufacturing exporters in Uganda found that marketing and sales competences had positive effects on export performance while production competences had negative effect on export performance. This study provides a great insight to the current study. However, the study considered performance in terms of quantity of export and firm competences was studied as independent variable. While in the current study it was mediating variable. Secondly, this study was conducted among manufacturing companies while the current study was conducted among management consultancy firms.

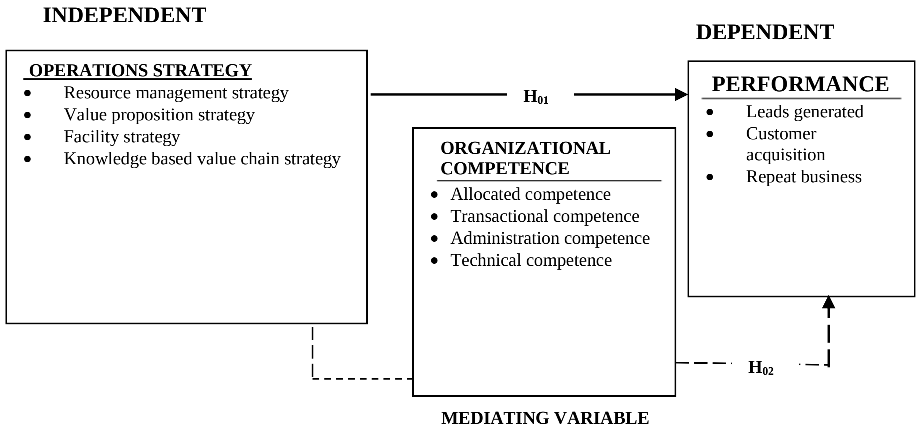
Otuoma (2014) conducted a study on the influence of organizational capabilities in the realization of organizational objectives at Kenya national assembly. The study aimed at establishing the role of organizational capabilities in the attainment of organizational objectives at the Kenya National Assembly (KNA). The study utilised primary data obtained through the interview guide and analysed qualitatively using content analysis. The study established that KNA had several internal strategic capabilities such as a qualified work force, advanced IT platform, a leadership with a long-term view and also a good working relationship among both the internal and external stakeholders that gave it an edge in being able to realize its objectives set in the strategic plans. In this study, an organizational capability, which is used synonymously to mean competence, was used as an independent variable while in the current study it was used as a mediating variable. Additionally, study was based on qualitative data only while this study will use both qualitative and quantitative data. Further, the current study was conducted among management consultancy firms.

The reviewed literature brings out the importance of organizational competences as a factor of performance while at the same time being influenced by other variables such as operations strategy and business environment. Therefore, firms should attempt to identify the set of organizational competences that will facilitate in achieving the desired performance objectives hence improve performance levels. The competences need to be aligned with the demands of the market.

Conceptualization and Hypothesis

The conceptual framework represents the relationship between operations strategy, organizational competences and performance. The conceptual framework is presented in figure 1

Figure 1: Conceptual Framework



Source: Author (2023)

From the conceptual framework above, Operations strategy was the independent variable which was operationalized with use of the following indicators: Knowledge based value chain strategy, Facility strategy, Value proposition strategy and Resource management strategy. Firm performance was the dependent variable and was operationalized through leads generated, customer acquisition and repeat business. The construct of organizational competence was the mediating variable which was operationalized through technical, administration, allocated and transactional competence (Hackman & Oldham, 2010). The competences generated by management consultancy firms from the deployed operations strategy provides a solid base that guarantees sustained superior performance.

The study thus developed the hypothesis as follows;

H₀₁ *Operations strategy has no significant effect on performance of management consultancy firms in Nairobi County.*

H₀₂ *Organizational competence has no significant mediating effect on the relationship between operations strategy and performance of the management consultancy firms in Nairobi County.*

III. Research Methodology

The study followed a positivistic philosophical foundation which is based on real facts, objectivity, neutrality, measurement and validity of results (Saunders, 2011). The philosophy maintains that knowledge should be based on facts and no abstractions and can thus be predicated on observations and experiments (Park *et al*., 2020). The epistemological position of positivism was found appropriate since it is based on real facts, objectivity, neutrality, measurement and validity of results (Arbale & Mutisya, 2024).

Descriptive and explanatory research designs were adopted in this study. Descriptive research design was applied in describing characteristics of the population of interest or phenomenon being investigated. Explanatory research design was used to identify the extent and nature of cause-and-effect relationship existing among resource management strategy, value proposition strategy, facility strategy, knowledge-based value chain strategy and firm performance. According to Sekaran and Bougie (2016) explanatory research design is used in order to assess effect of specific changes on existing norms or processes and focus on analysing a situation or a specific problem to explain the patterns of relationships between variables.

The target population for this study consisted of all the 227 management consultancy firms that that are registered by Registrar of Companies and consulting in marketing, human resource, finance and accounting as well as operations management in Nairobi City County. The unit of analysis was the management consultancy firms while the unit of observation and respondents were the top management (partner, director, chief executive officer, administrator or the general manager) of the management consultancy firms. This study adopted stratified and simple random sampling techniques to select a sample of 144 respondents from the management consultancy firms in Nairobi representing 63% of all the management consultancy firms in Nairobi.

Quantitative data was analysed quantitatively using multiple regression analysis. According to Tanton (2011), in many statistical methods and especially in parametric measures one presumes (at least approximate) normal distribution of the variables. Coefficient of determination (R^2) was used to test the significance of the model. F-statistic was computed at 95% confidence level to test the overall fitness of the model. Hypothesis testing was done using p-values with a significance level of 0.05 mostly used in business and social research (Mugenda & Mugenda, 2019).

Diagnostic tests were conducted to confirm that data met the assumptions of regression analysis. Table 1 shows the results of the diagnostic tests.

Table 1: Diagnostic Tests Results

Diagnostic test	Test	Observation	Conclusion
Normality	Shapiro-Wilk tests	P>0.05	Normally distributed
Multicollinearity	Variance Inflation Factor	VIF<10	No Multicollinearity
Heteroskedasticity	Breush-Pagan test	P>0.05	No heteroskedasticity

Research data (2023)

To test for the mediating effect of organizational competence on the relationship between operations strategy and performance among management consultancy firms in Kenya, Baron and Kenny (1986) four step approach for testing mediation effect was used as follows. The first step involved testing the direct relationship between operations strategy and firm performance (path A) as illustrated in Figure 1

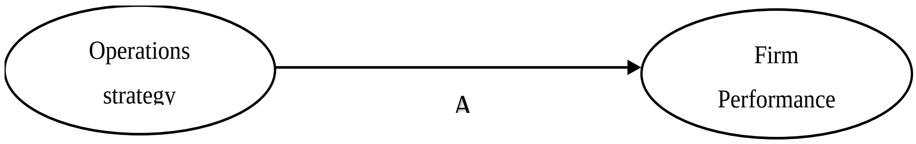


Figure 1: Direct Relationship between Operations Strategy and Firm Performance.

The second step involved testing path B, third step involved testing path C while the fourth step involved testing path A' as illustrated in Figure 2.

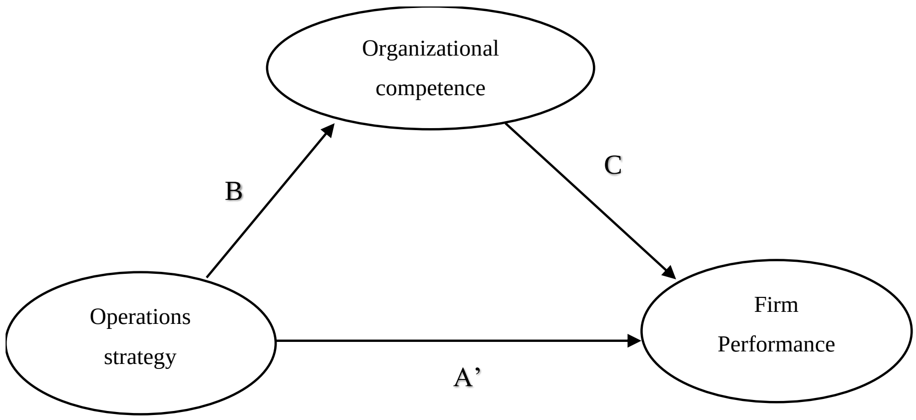


Figure 2: Mediation Relationship of Organizational competence on the Relationship between Operations strategy and Firm Performance.

Step 1: Regress Firm Performance on Operations strategy and note the significance of the relationship.
$PER_F = \beta_0 + \beta_1 OS + \varepsilon$ ……………………………………………………….….3.2

Step2: Regress organizational competence on operations strategy and note the significance of the relationship.
$O_c = \beta_0 + \beta_2 OS + \varepsilon$ ……………………………………………………...…….3.3

Step3: Regress firm performance on organizational competence and note the significance.
$PER_F = \beta_0 + \beta_3 O_c + \varepsilon$ …………………………….……………….……………3.4

Step4: Regress firm performance on operations strategy and organizational competence and note the significance.
$PER_F = \beta_0 + \beta_4 OS + \beta_5 O_c + \varepsilon$ …………………………….……….……………3.5

Where; PER_F = Composite index for Firm Performance

β_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ & β_5 = Beta coefficients

OS = Composite index for Operations Strategy
O_c = Composite index for Organizational competences
ε **=** Error Term

The decision criteria for the mediation effect is summarised in Table 2.

Table 2: Decision Criteria for Mediation

Model	**Significance of the beta coefficient**		**Conclusion**
Model 3.2	B_1; ($p > 0.05$)	-	There is no conclusion of mediated relationship.
Model 3.3	B_2; ($p \leq 0.05$)	-	There is a mediated relationship.
Model 3.4	B_3; ($p \leq 0.05$)	-	There is a mediated relationship.
Model 3.5	B_4; ($p \leq 0.05$)	B_5; ($p \leq 0.05$)	There is partial mediation
Model 3.5	B_4; ($p > 0.05$)	B_5; ($p \leq 0.05$)	There is full mediation

Source: Baron and Kenny (1986)

IV. Research Findings

The objective of this study was to assess the mediating effect of organizational competence on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. The associated hypothesis was formulated as organizational competence have no mediating effect on the relationship between operations strategy and performance of the management consultancy firms in Nairobi City County. To test this hypothesis, Baron and Kenny (1986) four step approach for testing mediation effect was used.

Step One: Regression of Firm Performance on Composite Operations Strategy

In this step firm performance is regressed on operations strategy to test for path A as shown in Figure 1. The results are as shown in Table 3, 4 and 5.

Table 3: Model Summary II

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.793[a]	.629	.617	.10011

a. Predictors: (Constant), Operations strategy
Source: Research Data (2023)

The results in Table 3 on the regression of performance on operations strategy show an adjusted R Square (R^2) of 0.617 implying that the model was able to predict performance of management consultancy firms in Nairobi City County by 61.7%. The remaining 38.3% of the variation in performance of management consultancy firms in Nairobi City County are explained by other factors other than operations strategy.

The results for analysis of variance are as shown in Table 4.

Table 4: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.113	1	108.113	540.545	.000[b]
	Residual	21.226	106	0.200		
	Total	129.399	107			

a. Dependent Variable: Performance
b. Predictors: (Constant), Operations Strategy
Source: Research Data (2023)

From the results in Table 4, it is observed that the regression relationship between performance and operations strategy was significant with a probability (P) value of 0.001< 0.05. In addition, the F-statistic for the model was observed as 540.545 which is greater than the F-critical value of 3.94. The study thus concludes that operations strategy was significant in predicting performance.

The coefficient results for the study variables are shown in Table 5.

Table 5: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.790	1.080		2.583	.011
	Operations strategy	.473	. 018	.393	25.959	.030

a. Dependent Variable: Performance
Source: Research Data (2023)

The results in Table 5 show a standardized beta coefficient of 0.393 with a P-value of 0.030. Since the P-value was observed to be less than the significance level of 0.05, operations strategy was found to be a significant predictor of performance. The model was summarized as follows:

$PER_F = 2.790 + 0.393OS + \varepsilon$

Step Two: Regression of Composite Operations Strategy on Organizational Competence

In this step, organizational competence was regressed on operations strategy to test for path B as shown in Figure 2. The results are as shown in Table 6, 7 and 8.

Table 6: Model Summary III

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.322[a]	.104	.095	.58365

a. Predictors: (Constant), operations strategy
Source: Research Data (2023)

The results in Table 6 show an adjusted R square of 0.095 implying that the operations strategy predicted 9.5% of the variations in organizational competence. The study also conducted the analysis of variance to determine the significance of the model and the results are as shown in Table 7.

Table 7: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.429	1	4.429	12.988	.001[b]
	Residual	35.866	106	.338		
	Total	40.295	107			

a. Dependent Variable: Organization competence
b. Predictors: (Constant), Operations strategy
Source: Research Data (2023)

From the results in Table 7, it was noted that the model had a significance level of 0.001 and an F-statistic of 12.988. Since the P-value was less than the significance level of 0.05 and the F-statistic greater than the F-critical of 3.94, it is concluded that the model was significant in predicting organizational competence. The coefficients for the variables are as shown in Table 8.

Table 8: Coefficients[a]

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	1.278	.573		2.230	.028
	Operations strategy	.673	.051	.322	13.196	.001

a. Dependent Variable: Organization competence
Source: Research Data (2023)

Based on the results shown in Table 8, it was found that the standardized coefficient for the operations strategy was 0.322 with a P-value of .001. From these results it is concluded that operations strategy is a significant predictor of organizational competence since the P-value is less than the significance level. The regression model is summarised as follows.

$O_c = 1.278+0.322OS + \varepsilon$

Step Three: Regression of Firm Performance on Organizational Competence

In this step, firm performance is regressed on organizational competence to test for path C as shown in Figure 2. The results are as shown in Table 9, 10 and 11.

The model summary for the regression model was as shown in Table 9.

Table 9: Model Summary IV

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.253[a]	.064	.055	1.06879

a. Predictors: (Constant), Organization Competence
Source: Research Data (2023)

The results in Table 9 show an adjusted R square of 0.055 meaning that organizational competence was able to predict 5.5% of the variations in performance of management consultancy firms in Nairobi City County. In addition, the study also conducted analysis of variance to determine the significance of the model and the results are as shown in Table 10.

Table 10: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.314	1	8.314	7.278	.008[b]
	Residual	121.086	106	1.142		
	Total	129.399	107			

a. Dependent Variable: Performance
b. Predictors: (Constant), Organization Competence
Source: Research Data (2023)

The results in Table 10 show that the model had an F-statistic of 7.278 which was found to be greater than the F-critical value of 3.9307. The P-value for the model was 0.008. Since the P-value was less than the significance level (0.05), the study concluded that organization competence significantly affected performance of management consultancy firms in Nairobi City County. The coefficient results were as shown in Table 11.

Table 11: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.332	.561		4.155	.000
	Organization Competence	.454	.168	.253	2.698	.008

a. Dependent Variable: Performance
Source: Research Data (2023)

The results shown in Table 11 indicated that the standardized coefficient for organization competence was 0.253 with a P-value of 0.008. From these results it is concluded that organization competence is a significant predictor of performance of management consultancy firms in Nairobi City County since the P-value is less than the significance level at 95% confidence level. The regression model was summarised as follows.

$\boldsymbol{PER_F}$ = 2.332+ 0.253$\boldsymbol{O_c}$ + $\boldsymbol{\varepsilon}$

Step Four: Regression of Firm Performance on Composite Operations Strategy and Organizational Competence

Finally, firm performance is regressed on operations strategy and organizational competence to test path A' as shown in Figure 2. The results are as shown in Table 12, 13 and 14.

Table 12: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.542[a]	.014	.293	1.07379

a. Predictors: (Constant), organization competence, operations strategy
Source: Research Data (2023)

The results the analysis of variance is presented in Table 13.

Table 17: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	91.331	2	45.666	126.156	.030[b]
	Residual	38.008	105	0.362		
	Total	129.399	107			

a. Dependent Variable: Performance
b. Predictors: (Constant), Organization competence, operations strategy

Source: Research Data (2023)

Results for the model coefficients are as presented in Table 14.

Table 18: Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.219	1.079		2.057	.042
	Operations strategy	.226	.065	.212	3.477	.002
	Organizational competence	.447	.0.089	.250	5.022	.014

a. Dependent Variable: Performance
Source: Research Data (2023)

The results in Table 14, shows an adjusted R square of 0.293 which means that the both operations strategy and organizational competence were able to predict 29.3% of the variations in performance of management consultancy firms in Nairobi-county. The ANOVA analysis results shown in Table 17 show a significance level of 0.03 which is less than the P-value of 0.05 implying that the model was significant. Finally, the coefficient results in Table 18 shows a standardised beta coefficient of 0.212 for operations strategy and 0.250 for organizational competence. The linear regression model was summarized as follows:

$PER_F = 2.219 + 0.212OS + 0.250O_c + \varepsilon$

The results for the mediation relationship are summarised as shown in Table 19.

Table 19: Summary of Regression Results for the Mediating Effect

Parameter	Step 1	P-value	Step 2	P-value	Step 3	P-value	Step 4	P-value	Conclusion
R^2	0.629	-	.104	-	0.253		.014	-	There is evidence of partial mediation since $P \leq 0.05$ for both coefficients. Null hypothesis is therefore rejected.
Adjusted R^2	0.617	-	.095	-	0.055		.293	-	
F Value	540.545	0.000	12.988	0.001	7.278	0.008	126.156	0.30	
β Constant	2.790	0.011	1.278	0.028	2.332	0.000	2.219	0.042	
β Operations strategy	0.393	0.030	0.322	0.001	-	-	0.212	0.002	
β Organizational competence	-	-	-	-	0.454	0.008	0.250	0.014	

Source: Research Data (2023)

When the composite index for operations strategy was regressed against firm performance the strength of the relationship as indicated by adjusted R square was found to be 0.617 and standardised beta coefficient of 0.393. When the mediating factor that is organizational competence was introduced, the strength of the relationship as indicated by adjusted R square declined to 0.293 while the standardised beta coefficient for operations strategy reduced by 0.181 to 0.212 indicating that the effect of the predictor variable reduces as the overall explanatory power of the model reduces.

The decision on the hypothesis tested was made using the criteria recommended by Baron and Kenny (1986) which states that if in the first step of regressing firm performance against operations strategy, the coefficient of operations strategy is significant and either step two of regressing organizational competences on operations strategy or step four of regressing firm performance on operations strategy and organizational competence is also significant, then some form of mediation is supported. If in step four operations strategy is no longer significant after controlling for organizational competence, then full mediation is supported. If in step four operations strategy remains significant after controlling for organizational competence, then partial mediation is supported.

In this study it is found that in step four operations strategy remained significant after controlling organizational competence and the model was also significant hence in view of the findings and the criteria, the study rejected the null hypothesis. Therefore it was concluded that organizational competence have a partial mediating effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. Thus the strength of the relationship between operations strategy and firm performance was dependent on the state of competences generated from deployment of the operations strategy.

V. Discussions Of Results

The conclusion of this study supports the postulates of social capital theory. As noted by Prahalad and Hamel (2006), competences are important for firms to prevail in the market. The core competences are developed over time through continuous learning and improvement and when properly utilized they enable organizations to access more markets and significantly contribute to perceived customer benefits of products. The study findings also supported the existing literature. For instance, a study by Mintzberg (2010) stressed on the usefulness of core competences as a major ingredient in the organizational success. Mwihia (2008) who studied knowledge management strategy, organizational competences and competitiveness in Kenya's commercial books publishing industry found that there is a positive relationship between organizational competences and the knowledge management strategy. Munyoki, Ogutu and Kabagambe (2012) conducted a study on firm competences and export performance based on small and medium manufacturing exporters in Uganda found that marketing and sales competences had positive effects on export performance. Finally, Otuoma (2014) conducted a study on the influence of organizational capabilities in the realization of organizational objectives at Kenya national assembly and stressed internal strategic capabilities such as a qualified work force, advanced IT platform, a leadership with a long-term view and also a good working relationship give an edge in realizing organisational objectives.

Even though the current study was in a different sector, the findings are comparable to those of earlier researchers. In view of these, the findings on this hypothesis make an important contribution to strategic management knowledge in several ways, First previous studies by Mwihia (2008); Mintzberg (2010); Munyoki, Ogutu and Kabagambe (2012); Otuoma (2014) had indicated that there is a gap in the use of the construct of organizational competence as in most studies it was tested as independent variable, the studies were in other sectors and that organizational competence had not been directly linked to operations strategy and firm performance. Through this finding the study provides empirical understanding on the role of organization competence when exploring the link between operations strategy and firm performance. The study operationalized organization competence differently by using various forms of competences such as administrative, transactional, allocated and technical competences and it is also noted that this operationalization has been applied in the knowledge based service oriented sector for the first time. Additionally, the previous studies were conducted in other sectors and since the findings are in agreement with those of the current study, the current study provides empirical evidence that findings obtained can be generalized in consultancy firms in spite of their unique characteristics of the firms being studied,

VI. Implications For Theory

The objective for this study was to assess the mediating effect of organizational competence on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. The study concluded that organizational competence has a partial mediating effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. This was interpreted to mean that the strength of the relationship between operations strategy and firm performance depends on the state of competences generated from deployment of the operations strategy.

The study findings contribute to the body of knowledge in strategic management by providing an empirical understanding on the role of organizational competence in exploring the link between operations strategy and firm performance. The study provides a more comprehensive operationalization of organizational competence using various dimensions of competences such as administrative, transactional, allocated and technical competences and it is also noted that this operationalization has been applied in the service oriented sector for the first time. Additionally, the previous studies were conducted in other sectors and since the findings are in agreement with those of the current study, the current study provides empirical evidence that findings obtained can be generalized in consultancy firms in spite of their unique characteristics of the firms being studied.

VII. Conclusions And Recommendations

Arising from the study findings it was concluded that operations strategies have a significant positive relationship on performance of management consultancy firms. The adoption of operations strategy has led to the generation of diverse forms of competences such as allocated, administrative, transactional and technical. The study also concluded that the relationship between the adopted operations strategy and the performance of management consultancy firms is dependent on the level of competences generated from the deployment of the operations strategy.

Based on these conclusions, the study recommends that the top management of the consultancy firms in Nairobi City County should focus on building competences such as allocated, administrative, transactional and technical competences so as to guarantee sustained performance. This should be achieved through seeking to maintain their staff for a longer period of time since these competences are built over time and by organising training seminars, workshops, meetings and encouraging information sharing to ensure that their employees have the required competences.

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