MANAGERIAL CAPABILITIES AND COMPETITIVE advantage OF
NUMERICAL MACHINING COMPLEX COMPANY LTD NAIROBI

By

OCHARO EVANS NYANDIGISI

D53/CTY/PT/33144/2014

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION (STRATEGIC MANAGEMENT) OF THE SCHOOL
OF BUSINESS KENYATTA UNIVERSITY

MAY 2018
DECLARATION

Declaration by the Student

This research project is my original work and has not been presented to any other University. No part of this research should be reproduced without my consent or that of Kenyatta University.

Signature: .................................................. Date:.............................................

OCHARO EVANS NYANDIGISI.

D53/CTY/PT/33144/2014

Declaration by the supervisor

This research project has been submitted with my approval as Kenyatta University appointed supervisor.

Signature: .................................................. Date:.............................................

DR. LINDA KIMENCU.

Lecturer
Business Administration Department
School of Business
Kenyatta University
DEDICATION

I dedicate this research project to the almighty God for his continued blessings throughout the work and my parents for their financial support. Special thanks for their inspiration and support throughout my research. Without them it couldn’t be possible to accomplish this task.
ACKNOWLEDGEMENT

I thank my supervisor Dr. Linda Kimencu, for giving me the opportunity to work in a very interesting area and for her support and guidance throughout my proposal at Kenyatta University. I thank the members of my class for their encouragement and moral support of my work. I thank my parents for their love and support while I decided to be a student for a while.

Finally, I thank the entire friends I’ve met over the last two years at Kenyatta University. I learned a great deal from each of them, all of which will be remembered forever. God bless you all in a very special way.
TABLE OF CONTENTS

DECLARATION .......................................................................................................................... ii
DEDICATION .......................................................................................................................... iii
ACKNOWLEDGEMENT ........................................................................................................... iv
TABLE OF CONTENTS .......................................................................................................... v
LIST OF TABLES .................................................................................................................. viii
LIST OF FIGURES ................................................................................................................. ix
ACRONYMS AND ABBREVIATIONS ................................................................................. x
OPERATIONAL DEFINITION OF TERMS ........................................................................ xi
ABSTRACT ............................................................................................................................. xii

CHAPTER ONE ..................................................................................................................... 1

INTRODUCTION .................................................................................................................... 1

1.1 Background of the Study ................................................................................................. 1

1.1.1 Managerial Capabilities ......................................................................................... 2

1.1.2 Numerical Machining Complex Ltd ......................................................................... 4

1.2 Statement of the Problem .............................................................................................. 5

1.3 Objectives of the Study ................................................................................................. 6

1.3.1 General Objective ..................................................................................................... 6

1.3.2 Specific Objectives .................................................................................................. 6

1.4 Research Questions ........................................................................................................ 6

1.5 Significance of the Study ............................................................................................... 7

1.6 Scope of the Study ......................................................................................................... 7

1.7 Limitation of the study .................................................................................................. 8

1.8 Organization of the Study ............................................................................................. 8

CHAPTER TWO ..................................................................................................................... 9

LITERATURE REVIEW ......................................................................................................... 9

2.1 Introduction .................................................................................................................... 9

2.2 Theoretical Review ....................................................................................................... 9

2.2.1 Dynamic Capability Theory .................................................................................. 9

2.2.2 Resource-Based View Theory ................................................................................. 10

2.3 Empirical Review .......................................................................................................... 12

2.3.1 Knowledge Management and Competitive Advantage ......................................... 12

2.3.2 Organizational Transformation and Competitive Advantage ............................... 13

2.3.3 Coordination of Managerial Processes and Competitive Advantage .................... 14
4.6.2 Agreement with Statements on Discontinuous Innovation Effect .......................... 34
4.5 Coordination of Managerial Processes ................................................................. 35
  4.5.1 Extent of Coordination of Managerial Processes Effect .................................... 35
  4.5.2 Agreement with Statements on Coordination of Managerial Processes Effect .... 36
4.7 Competitive Advantage of Manufacturing Firms ...................................................... 37
4.8 Inferential Analysis .................................................................................................. 37

CHAPTER FIVE .............................................................................................................. 41

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ........................................ 41
  5.1 Introduction ............................................................................................................. 41
  5.2 Summary ............................................................................................................... 41
  5.3 Conclusions ........................................................................................................... 42
  5.4 Recommendations ............................................................................................... 42

REFERENCES ............................................................................................................... 44

APPENDICES ................................................................................................................. 50
  Appendix I: Letter of Transmittal ............................................................................. 50
  Appendix II: Research Questionnaire ....................................................................... 51
LIST OF TABLES

Table 3. 1: Target Population ................................................................. 21
Table 3. 2: Sample Size ........................................................................ 22
Table 4. 1: Response Rate ..................................................................... 26
Table 4. 2: Reliability of Measurement Scales ........................................ 27
Table 4. 3: Component Matrix ................................................................. 27
Table 4. 4: Gender of the Respondent .................................................... 28
Table 4. 5: Respondents Age Bracket ...................................................... 29
Table 4. 6: Respondents Highest Level of Education ............................... 29
Table 4. 7: Extent of Knowledge Management Effect ............................. 30
Table 4. 8: Agreement with Statements on Knowledge Management Effect 31
Table 4. 9: Extent of Organizational Transformation Effect .................... 32
Table 4. 10: Agreement with Statements on Organizational Transformation Effect 32
Table 4. 11: Extent of Discontinuous Innovation Effect .......................... 34
Table 4. 12: Agreement with Statements Discontinuous Innovation Effect 34
Table 4. 13: Extent of Coordination of Managerial Processes Effect ........ 35
Table 4. 14: Agreement with Statements on Coordination of Managerial Processes 36
Table 4. 15: Agreement with Various Statements on Competitive Advantage 37
Table 4. 16: Model Summary .................................................................. 38
Table 4. 17: ANOVA Test ....................................................................... 38
Table 4. 18: Coefficients of Determination ............................................. 39
LIST OF FIGURES

Figure 2.1: Conceptual Framework ............................................................................... 20
<table>
<thead>
<tr>
<th>ACRONYMS AND ABBREVIATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANOVA</td>
</tr>
<tr>
<td>CEO</td>
</tr>
<tr>
<td>EPZ</td>
</tr>
<tr>
<td>GDP</td>
</tr>
<tr>
<td>HRO</td>
</tr>
<tr>
<td>ICT</td>
</tr>
<tr>
<td>IDF</td>
</tr>
<tr>
<td>IT</td>
</tr>
<tr>
<td>KNBS</td>
</tr>
<tr>
<td>K-R</td>
</tr>
<tr>
<td>RBV</td>
</tr>
<tr>
<td>SME</td>
</tr>
<tr>
<td>SPSS</td>
</tr>
<tr>
<td>VAT</td>
</tr>
<tr>
<td>NMC</td>
</tr>
</tbody>
</table>
OPERATIONAL DEFINITION OF TERMS

Competitive advantage is defined as comparing the expected results with the actual ones, investigating deviations from plans, assessing individual competitive advantage and examining progress made towards meeting the targeted objectives.

Coordination of managerial processes is a set of processes and tools that are essential for the work that must occur to form a collaborative process and keep it operating and implementing its vision and strategic plan.

Discontinuous innovation failure of the processes in use of the resources where many firms facing a discontinuous environment are not able to overcome their own organizational inertia and have failed, as they have not changed internally themselves.

Knowledge management about how a company wants its customers to perceive its product or service in relation to their perception of their competitors and what marketing strategies they should adopt to reach this perceptual goal. A knowledge position will happen whether or not you are proactive, reactive or passive about the on-going process of developing and sustaining a market position.

Manufacturing industry refer to industrial production, where raw materials are transformed into finished goods on a large scale.

Management capabilities is the interaction of individual and organizational routines at a high level to purposefully create, extend or modify its resource base.

Organizational transformation is about organizational change which the change goes to the depths of what an individual feels and will affect what people feel about the organization, what they do in the organization and maybe what they hold dear to life. It is about changing the organizational culture in one or more ways.

Strategic competitive response refers to processes aiming at understanding and adapting to environmental trends.
ABSTRACT

In fast-moving corporate environments open to global competition and characterized by dispersion in the geographical and industrial firms' sources of innovation. High cost of inputs, as a result of poor infrastructure and high cost of doing business, prices of locally manufactured products are relatively high. This limits their competitiveness in regional markets and also negatively impacts on capacity utilization. NMC Company is facing a slowdown in production, leading to cancellation of orders by key clients. These needs have been changing as witnessed in the global market. The main objective of this study was to evaluate the managerial capabilities and competitive advantage of manufacturing Numerical Machining Complex Company Ltd Nairobi. The specific objectives were to determine the effect of knowledge management, organizational transformation, coordination of managerial processes, and discontinuous innovation on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. The study adopted a descriptive research designed to aim at evaluating the managerial capabilities on competitive advantage in the manufacturing industry. The target population of this study was the 167-management staff and subordinate staff in Numerical Machining Complex (NMC) Ltd from which 50 respondents were picked using stratified random sampling which is 30 per cent of the target population which composed top level management, middle level management, and subordinates. Primary data was obtained using self-administered open and closed ended questionnaires. Quantitative data was analyzed using descriptive statistics such as frequencies, percentages, mean score and standard deviation. The study used multiple regressions analysis to analyze the collected data to measure the managerial capabilities on competitive advantage in NMC. The information was presented inform of tables and graphs. In practice, this research would be beneficial to the Numerical Machining Complex Ltd top management and strategic planning managers, as it would help them apply managerial capabilities for value addition, business growth and enhancing competitive advantage. The study would also help Government policy makers, for instance, the National Treasury, among others, to utilize the findings to regulate the manufacturing industry by coming up with customized regulatory policies that promote growth of the manufacturing companies and set up fair competition in the market. The study found that knowledge management affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly, that organizational transformation affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly, that coordination of managerial processes affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly and that discontinuous innovation affects the competitive advantage in the Numerical Machining Complex Company Ltd Nairobi to a moderate extent. The study concluded that organizational transformation had the greatest effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi followed by knowledge management then discontinuous innovation while coordination of managerial processes had the least effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. The study recommends that management in firms in Kenya should engage with emerging markets more closely, that management practices needs continuous and sustained supervision, improvement and adequate funding in view of it importance’s and that organizations should endeavor to improve their employees’ skills and competences through training and good working environment to help keep the employees who are experienced and attract other competent ones and therefore help companies to achieve sustainable competitive advantage.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

In the global world of competition, sustainable competitive advantage has been found to be of great importance in both marketing and strategic management of business. Alternative systems are being focused in the current researches conducted on marketing and management of organizations that tend to prove the worth of managerial capabilities within organizations (Tripsas & Gavetti, 2015). Propositions in regard to the use of managerial capabilities in organizations with respect to product innovation, environmental dynamism and firm competitive advantage are being continuously developed for achievement of organizational goals.

Today, many institutions struggle to envision how they would apply management capabilities in order to offer the best to the market and remain competitive. This struggle is understandable, given that increased proper resource utilization is key to the companies’ survival (Sapienza & Teece, 2014). The management capabilities view of sustained competitive advantage has focused on the capabilities that give industrial firms the competence of adapting to change in their environment and competitive position (Teece, 2007).

Since the industrial firms’ environment has become very competitive, the managerial competences need to change constantly. With the capabilities concept, the value of industrial firms may hold is the ability to alter its resource base (Makadok, 2011). Thus, its competitive advantage can be increased by the creation, integration, recombination and realization of resources. A reflection of the view on resources and capabilities, brings to the fore the importance of industrial firms being able to learn with each relationship (internal and external, with different stakeholders). A common topic in contemporary managerial capabilities, result to persistent competitive advantage differences among firms (Aryeetey, 2012).

Competitive advantage is defined as contrasting the normal outcomes and the genuine ones, researching deviations from plans, surveying individual upper hand and analyzing progress made towards meeting the focused goals (Ngah & Ibrahim, 2010). For viable administration, it is central to quantify the effect of administration activities. Without legitimate and
dependable estimation of the effect of administration, it turns out to be exceptionally hard to build up an exhaustive hypothesis of learning or information resource (Ahn & Chang, 2012).

There is no unique way to measure competitive advantage related to managerial capabilities. Competitive advantage can arise from making products of the highest-quality, providing the customers with superior services, achieving costs levels that are lower than rivals or just having the most convenient geographic location. Competitive advantage can also arise from designing products whose performance is better than competing brands. A successful competitive advantage position arises when the firm provides superior value for the customers’ money (Tukker & Tischner, 2017).

Competitive advantage is arrived at through competitive strategy. This refers to all the moves a firm takes to attract buyers while fending off competition. Competitive strategy is what a firm does or is doing to gain competitive advantage over them. Competitive strategy can be offensive, defensive or shifting from one market to another in response to market conditions. Since managers of companies fit strategy to the needs of their company, competitive strategies vary from company to another. However, the strategies are grouped into low-cost leadership, differentiation and focus (Porter, 1996). Hislop (2013) and balanced score card (Lee & Fink, 2013).

As indicated by Olatokun and Nwafor (2012), conventional estimation methods that underline exclusively on money related upper hand can deceive and counter-profitable in an advancement domain. Coordination must be done ceaselessly amid the administration procedure. For sure many firms confronting a broken situation are not ready to conquer their own authoritative dormancy and have bombed, as they have not changed inside themselves. Consequently, it is fundamental to receive an estimation approach that can comprehensively assess the results of administration. Carneiro (2011) proposed that other than utilizing money related markers, associations can receive non-budgetary ones to quantify the results of administration.

1.1.1 Managerial Capabilities
Abilities have been characterized as the ability to recharge capabilities in order to accomplish compatibility with the changing business condition by adjusting, incorporating, and reconfiguring inner and outside authoritative aptitudes, assets, and utilitarian skills (Teece, Pisano & Shuen, 1997). All the more as of late, Helfat and Peteraf (2009) have
characterized ability as the limit of an association to intentionally make, expand or change its asset base.

They are organizational processes in the most general sense or routines (Zollo & Winter, 2012) which may have become embedded in the firm over time, and are employed to reconfigure the firm’s resource base by deleting decaying resources or recombining old resources in new ways (Simon & Hitt, 2013). This means that managerial capabilities are viewed to be essentially path dependent, as they are shaped by the decisions the firm has made throughout its history, and the stock of assets that it holds (Eisenhardt & Martin, 2010). The concept of managerial capability can be discussed in three phases. First, Barney (2013) defines this concept as the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. According to Eisenhardt and Martin (2010), managerial capabilities are seen as specific organizational and strategic processes such as product innovation, strategic decision making by which managers alter their resource base. The authors believe that “the firm’s processes use resource to match and even create market change.

The idea of administrative capacity as talked about by Barney (2010), is the company's capacity to incorporate, form, and reconfigure inward and outside capabilities to address quickly evolving situations. As indicated by Eisenhardt and Martin (2010), administrative capacities are viewed as particular hierarchical and vital procedures, for example, item development, key basic leadership by which chiefs change their asset base. As indicated by Baldoni (2016), additionally contend that upper hand is worked anytime and could be formed by the advantages the firm has (inside and showcase) and the developmental way it has received/acquired. The previous is identified with RBV: for this situation organizations acquire a decent return since they have separated asset in connection to their rivals. The last mentioned, capacity building is connected to Capability. Along these lines organizations acquire leeway in connection to their opponents through asset and capacity improvement (Deford, 2013).

As Sapienza and Teece (2014) clarify, the idea of abilities accentuates on the improvement of administration capacities, and it depends on the trouble of mimicking mixes of hierarchical, utilitarian and innovative aptitudes. Administrative capacities draw from both the asset based perspective of the firm and developmental financial matters. From an asset based point of view, capacities were initially conceptualized to change a hole in the capacity of the asset
based view to clarify manageable upper hand in, Schumpeterian conditions. These are conditions in which existing skills are crushed, requiring the improvement and elaboration of new capabilities. Researchers embracing the asset-based view accentuate that capacities are a basic part of a company’s capacity to recharge its upper hand over opponents, frequently through discount change and sensational changes (Tripsas & Gavetti, 2015).

Associations trying to adjust amid turbulent circumstances can't drive change through simply specialized methodologies, for example, rebuilding and reengineering. They require another sort of initiative capacity to reframe quandaries, reinterpret alternatives, and change operations and to do as such persistently (Lawson & Price, 2011).

Great communication must be available between all offices, inside workers themselves and even amongst chiefs and their subordinates. All communication obstructions and holes must be maintained a strategic distance from and settled. Great communication maintains a strategic distance from false impressions in the association. This general aides in coordination (Robbins, 2010). Spasmodic advancement is set apart by high specialized and market vulnerability. Distinctive parts of specialized vulnerabilities, for example, the breadth and precision of the fundamental logical information, how much the specialized details of the item can be executed, the consistency of the assembling procedures, practicality, et cetera (Rice et al., 2012).

1.1.2 Numerical Machining Complex Ltd
Numerical Machining Complex (NMC) Ltd was formed on fourth January 1994 to assume control over the advantages and liabilities of the previous Nyayo Motor Corporation, and further the first goals the Government of Kenya had when it was set up by Nyayo Motor Corporation. Numerical Machining Complex Ltd has enhanced and is currently offers particular mechanical building administrations utilizing Computer Numerically Controlled (CNC) innovation for high accuracy machining and in addition Computer Aided Design (CAD). Presently, the organization is engaged with the plan and make of fantastic mechanical and car parts using the best accessible innovation and advertising the same to the clients’ fulfillment. After some time, NMC has possessed the capacity to assemble a solid notoriety in the generation of an extensive variety of astounding extras and car parts.

NMC is engaged with Commercial creation of steel, building plan and improvement of hardware and parts and additionally retailing and preparing in designing programming (Auto CAD and Inventor). Progressively, NMC has possessed the capacity to assemble a solid
notoriety in the creation of an extensive variety of top notch extras and car parts. Numerical Machining Complex is overseen by profoundly prepared and experienced staff in their different zones of specialization. With broad involvement in the assembling segment, they can create and fabricate high respectability apparatus and parts that surpass client necessities. Besides, the ISO 9001:2008 affirmation affirms to NMC's clients that the organization has great practices that guarantee reliable conveyance of administration in accordance with all around perceived models. The organization is focused on the conveyance of value items and administrations consistently (Marketing study report, 2013).

1.2 Statement of the Problem
The Numerical Machining Complex ltd in Kenya faced with a challenge to maintain a top position in the industry and also to improve their competitive advantage (Muriuki, Cheruiyot & Komen, 2017). The customers have been having different tastes and needs. Documents seen by The East African show NMC has been unable to fulfil customer orders for the past few months, forcing some of the traditional customers for its precision mechanical engineering products to look for alternative suppliers. The documents show that while orders received between September 24, 2012 and April 2, 2013 amounted to Ksh16 million ($188,235) in terms of value, completed orders were worth just Ksh296,511 ($3,482). NMC Company was facing a slowdown in production, leading to cancellation of orders by key clients. These needs have been changing as witnessed in the global market. There is therefore the need for the industries to formulate and implement competitive strategies. They all want to have the larger share of the market to themselves. Furthermore, only a limited number of NMC Company have sought to adopt and implement managerial capabilities by knowledge management, organizational transformation, coordination of managerial processes and organizational transformation to the employees. Thus, the NMC Company has to adapt to the managerial capabilities in order to boost its organizational competitive advantage (Miano, 2010).

Locally, several studies regarding effects of capabilities have been done. For instance, Omangi (2010) focused on Cooperative Bank of Kenya Limited, in light of the findings the study recommends that since most of the commercial banks in Kenya have been successful in the application of dynamic capability approaches so far, there is need to focus on how their expansion strategy is affecting their competitive advantage, and how globalization is affecting their competitive advantage. Kanake (2011) evaluated strategic capabilities as a
strategic tool in Commercial Bank of Africa and recommended that the process of capitalizing on strategic capabilities should be supported by the top management. Similarly, Ngugi (2011) conducted a research on strategic capabilities at BBC and asserted that success of any organization requires alignment of strategic capabilities and resources to the needs of the markets and those needs must be defined in a clear manner. Muhura (2012) evaluated the use of organization capabilities at Airtel as a source of competitive advantage. The study revealed that capabilities can be safeguarded through mechanisms such as; issuing a confidentiality agreement to the staff and partners, establishing strict policies on company assets and using firewalls on information technology infrastructure among others to achieve a sustained competitive advantage. Therefore, while studies on the relationship between strategic capabilities and competitive advantage have been done in different industries in the market. These studies looked at managerial capabilities on different variables and none looked at manufacturing industries in Kenya which is the gap that the study is seeking to fill.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of this study was to evaluate the managerial capabilities and competitive advantage of Numerical Machining Complex Company Ltd Nairobi.

1.3.2 Specific Objectives

This study was to achieve the following objectives;

i) To determine the effect of knowledge management on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi.

ii) To assess the effect of organizational transformation on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi.

iii) To evaluate the effect coordination of managerial processes on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi.

iv) To assess how discontinuous innovation affect competitive advantage of the Numerical Machining Complex Company Ltd Nairobi.

1.4 Research Questions

i) What is the effect of knowledge management on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?
ii) To what extent does organizational transformation affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

iii) What is the effect of coordination of managerial processes on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

iv) How does discontinuous innovation affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

1.5 Significance of the Study

The study would be beneficial to researchers and academicians as they would be able to understand the area of study on competitive advantage in the Numerical Machining Complex Ltd. The findings of this study would be a source of empirical literature for future studies besides suggesting areas for further studies where they can study. This way, the study would be a source of additional information to the existing literature on managerial capabilities and competitive advantage of manufacturing industry.

In practice, this research would be beneficial to the Numerical Machining Complex Company Ltd Nairobi. Also, Kenyan manufacturing’s’ top management and strategic planning managers, as it would help them apply managerial capabilities for value addition, business growth and enhancing competitive advantage. They would also be equipped with relevant knowledge on how to operate competitively in the competitive market by designing managerial capabilities.

The study would also help government policy makers, for instance, the National Treasury, among others, to utilize the findings to regulate the manufacturing industry by coming up with customized regulatory policies that promote growth of the manufacturing companies and set up fair competition in the market. The policy makers in addition, would align the existing regulation in manufacturing industry to fit the dynamic organizational changes. These policies would help manufacturing companies get equipped with relevant knowledge on how to operate competitively in the competitive market by designing managerial capabilities.

1.6 Scope of the Study

This study was to evaluate the effect of managerial capabilities on competitive advantage in the manufacturing industry in Kenya. The study specifically focused on determining the effect of knowledge management, organizational transformation, training and development coordination of managerial processes and discontinuous innovation on competitive advantage.
of the Numerical Machining Complex Company Ltd Nairobi. The researcher carried out a survey in the numerical machining complex company ltd Nairobi County where the respondents comprised of the management staff and employees since they are the one conversant with the subject matter of the study as they are in charge of day to day running of the organizations. The study would be carried

1.7 Limitation of the study

The study anticipated encountering some limitations that would hinder access to information that the study sought. The respondents targeted in this study would be reluctant in giving information fearing that the information being sought would be used to intimidate them or print a negative image about them. The researcher handled this by carrying an introduction letter from the University to assure them that the information they gave would be treated with confidentiality and will be used purely for academic purposes. However, the study encountered some few respondents who were uncomfortable to reveal information which they classify as confidential.

1.8 Organization of the Study

This study was organized into five chapters. Chapter one contains the introduction to the study. It presents background of the study, statement of the problem, purpose of the study, objectives of the study, research questions, significance of the Study, delimitations of the study, limitations of the Study and the definition of significant terms. On the other hand, chapter two reviews the literature based on the objectives of the study. It further looked at the conceptual framework and finally the summary. Chapter three covers the research methodology of the study. The chapter describes the research design, target population, sampling procedure, tools and techniques of data collection, pre-testing, data analysis, ethical considerations and finally the operational definition of variables. Chapter four will present analysis and findings of the study as set out in the research methodology. The study will close with chapter five which presents the discussion, conclusion, and recommendations for action and further research.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter presents the literature from other scholars and researchers. It comprises of the theoretical and empirical reviews, conceptual framework, a section on critical review of literature, summary of literature, and finally the research gaps.

2.2 Theoretical Review
The study was hinged on the capability theory supported by theory of the growth of the firm and also the resource-based view theory.

2.2.1 Dynamic Capability Theory
Dynamic abilities hypothesis analyzes how firms coordinate, form, and reconfigure their interior and outside firm-particular skills into new capabilities that match their turbulent condition (Teece, Pisano & Shuen, 2010). The hypothesis accepts that organizations with more noteworthy capacities will outflank firms with littler abilities. The point of the hypothesis is to see how firms utilize abilities to make and maintain an upper hand over different firms by reacting to and making natural changes (Teece, 2007). Abilities are an accumulation of abnormal state, scholarly, designed, dreary practices that an association can perform better with respect to its opposition. Hierarchical capacities are called 'zero-level' abilities, as they allude to how an association procures a living by proceeding to offer a similar item, on a similar scale, to similar clients (Winter, 2013)

The idea of capacities emerged from a key inadequacy of the asset based perspective of the firm. The RBV has been censured for disregarding factors encompassing assets, rather accepting that they just "exist". Contemplations, for example, how assets are created, how they are incorporated inside the firm and how they are discharged have been under-investigated in the writing (Teece, 2007). Abilities, for example, great coordination of administrative procedures endeavor to connect these holes by receiving a procedure approach.

With dynamic capacities, supported upper hand originates from the association's administration capacity to use and reconfigure its current skills and resources in ways that are significant to the client however troublesome for different contenders to mirror (Teece, 2007). This capacity puts a premium on senior administration's capacity to finish two basic
assignments. A key component of this dynamic capacity see is the coordination and combination to advancement, i.e., the scale to which an association's administrative and specialized abilities, mechanical design, social and subjective structure, culture, and qualities are adjusted to and upheld. As per Pavlou and Sawy (2006), dynamic abilities ‘help firms reconfigure existing practical capacities so they can fabricate items that better match rising client needs and exploit innovative leaps forward.

Coordination and reconciliation of authoritative capacities are the hierarchical schedules and work rehearses that, in blend with certain socio-subjective auxiliary properties (for instance favored communication and sense-production approach), give the hierarchical ‘paste’ that backings the essential hidden action required for dynamic ability arrangement and development. Market situating is crucial to advertising technique, particularly for new and creative items. In new item improvement, advertisers can advance by including novel capacities, or they can develop by modifying the physical type of the item to build stylish or hedonic interest. The trouble is that creative changes in shape are frequently incongruent with purchaser desires (Farjoun, 2010).

2.2.2 Resource-Based View Theory

The asset based view (RBV) created by Grant (1996) has turned out to be a standout amongst the most persuasive and refered to hypotheses ever. The asset based perspective of the firm (RBV) is in this way a compelling hypothetical system for seeing how upper hand inside firms is accomplished and how that preferred standpoint may be supported after some time (Teece et al, 1997). This point of view concentrates on the inward association of firms, as is a supplement to the conventional accentuation of methodology on industry structure and vital situating inside that structure as the determinants of upper hand. Specifically, RBV accept that organizations can be conceptualized as groups of assets that those assets are heterogeneously appropriated crosswise over firms, and that asset contrasts continue after some time (Amit & Schoemaker, 2003).

The distinguishing proof of specific procedures as unique abilities has a few ramifications. For one, it opens up RBV thinking to a huge, substantive assemblage of experimental research that has regularly been dismissed inside the worldview. This exploration on abilities, for example, item advancement and partnership development reveals insight on these particular procedures, as well as on the summed up nature of dynamic capacities. Along these lines, as opposed to the feedback that dynamic capacities need observational establishing
(Waburi, 2009), dynamic abilities as particular procedures frequently have broad experimental research bases and administration pertinence.

High-speed markets are a limit condition for RBV, a truly necessary expansion to the hypothesis (Priem & Butler, 2013). In such markets, the company's administration must adapt to the outside test of rivalry, as well as with the inward test of conceivably crumbling dynamic capacities. An association must have the capacity to change, through adaptable, inventive, and versatile hierarchical procedures and instruments keeping in mind the end goal to remain an important contender by utilizing its extraordinary inborn assets. This infers associations must create components that guarantee soundness and consistency while likewise empowering flexibility and strength, which may suggest contending destinations.

2.2.3 Porter Five Forces Model

Porter’s (1985) model identifies the forces that influence competitive advantage in the marketplace. Of more prominent interest to most supervisors is the improvement of a methodology went for setting up a productive and manageable position against these five powers (Kamhawi, 2012). Dynamic abilities 'help firms reconfigure existing practical capacities so they can fabricate items that better match rising client needs and exploit innovative leaps forward. Coordination and reconciliation of authoritative capacities are the hierarchical schedules and work rehearses that, in blend with certain socio-subjective auxiliary properties (for instance favored communication and sense-production approach), give the hierarchical 'paste' that backings the essential hidden action required for dynamic ability arrangement and development.

As indicated by Kamhawi (2012), watchman's model has been utilized to create techniques for organizations to build their focused edge and it likewise exhibits how IT can improve the aggressiveness of companies. It appears that two sorts of upper hand bring down cost and separation, are fundamentally unrelated. As indicated by Porter (2001), instructive assets in the 21st aggressive time are critical and inescapable too in light of the fact that they enable firms to perform exercises that make focal points specifically showcases. The aggressive estimation of assets can be improved or dispensed with by changes in innovation, contender conduct, or purchaser needs which an internal concentrate on assets will neglect. As indicated by Porter 1990), advancement is another method for doing things that is marketed. The new information (Paquette & Desouza, 2011) can be mechanical or showcase related. Mechanical information alludes to parts, procedures, and linkages that add to a yield. Market learning
eludes to the skill of the particular market flow, for example, appropriation channels and client desires.

2.3 Empirical Review
There is much debate as to whether capabilities directly provide competitive advantage for organizations. Regardless of whether abilities basically allow firms to reconfigure their assets, or whether they are additionally attached personally to firm upper hand and supportable upper hand, remains a matter of verbal confrontation (Lyles & Peteraf, 2009). Research by Teece et al (2007) claims that abilities add to upper hand while Shamsie, Martin and Miller (2009) found no connection amongst capacities and firm upper hand in an example of venture-based firms. This area audits different parts of capacities and how they give upper hand to associations.

2.3.1 Knowledge Management and Competitive Advantage
As indicated by Tremblay and Balkin (2012), learning administration is about how an organization needs its clients to see its item or administration in connection to their impression of their rivals and what showcasing systems they should embrace to achieve this perceptual objective. In any case, an organization can emphatically impact these discernments by creating and actualizing purposeful market situating methodologies (Robbins, 2010). When building up a market position an organization needs to choose the most convincing important and one of a kind purposes of distinction that will enable it to go after the biggest number of potential clients.

Rugut (2012) additionally explored the Marketing techniques embraced by little and medium ventures in Nairobi focal business locale and built up that SMEs utilize the advertising blend systems which include the item, put, advancement, value, influence, perusing the market and receiving promising thoughts, scanning for showcase openings, makers of progress and the fundamental changes in the market, separation, advertise improvement, enhancement, showcase infiltration, cost authority and item advancement. The situating methodologies utilized by the SMEs were half and half constructs, situating in light of advantages, situating on particular item includes, situating against another item or a contending business, and item class disassociation.

Ambrosini, Bowman and Collier (2009) did an investigation on abilities: An investigation of how firms recharge their asset base. The point of this paper was to broaden the idea of abilities. Expanding on earlier research, we propose that there are three levels of abilities
which are identified with managers’ view of ecological dynamism. A key component of this dynamic capacity see is the coordination and combination to advancement, i.e., the scale to which an association's administrative and specialized abilities, mechanical design, social and subjective structure, culture, and qualities are adjusted to and upheld. As per Pavlou and El Sawy (2006), dynamic abilities 'help firms reconfigure existing practical capacities so they can fabricate items that better match rising client needs and exploit innovative leaps forward. Coordination and reconciliation of authoritative capacities are the hierarchical schedules and work rehearses that, in blend with certain socio-subjective auxiliary properties (for instance favored communication and sense-production approach), give the hierarchical 'paste' that backings the essential hidden action required for dynamic ability arrangement and development. Market situating is crucial to advertising technique, particularly for new and creative items.

2.3.2 Organizational Transformation and Competitive Advantage

Adaptive capability is defined as a firm’s ability to identify and capitalize on emerging market opportunities (Hooley, Ferrier & Grimm, 2011). In this way, versatile abilities are fundamental with regards to commercialization. Versatile ability concentrates on viable inquiry and adjusting investigation and misuse methodologies (Staber & Sydow, 2012). This sort of "adjusting" act is conveyed to a key level and connected to the asset point of view. The advancement of versatile capacity is frequently joined by the development of hierarchical structures.

As indicated by Rindova and Kotha (2001) firms experience extensive, ceaseless changes in items, administrations, assets, abilities and methods of sorting out. Other exact investigations (Alvarez & Merino, 2011) likewise uncover that the capacity to adjust to condition and adjust interior assets to outside request is basic to firm advancement and survival in a few enterprises. Versatile capacities frequently allude to the association's capacity to adjust their item showcase extension to react to outside circumstances, to examine the market, screen clients and contenders and designate assets to promoting exercises, and to react to changing business sector condition in a quick way. As indicated by Gibson and Brikinshaw (2004) versatile capacity alludes to the administration capacity to urge individuals to challenge outdated customs, hones and consecrated dairy animals, which enables the firm to react rapidly to changes in the market and advance quickly in light of movements in its business needs. With regards to recently settled firms this ability alludes to situating itself in the market space. Firms trying to adjust amid turbulent circumstances can't compel change
through absolutely specialized methodologies, for example, rebuilding and reengineering. They require another sort of administration ability to reframe problems, reinterpret choices, and change operations and to do as such ceaselessly (Lawson & Price, 2011).

Zott (2011) investigated how the abilities of firms may represent the development of differential firm upper hand inside an industry. Incorporating bits of knowledge from both vital and hierarchical hypothesis, four upper hand applicable qualities of capacities are proposed: timing of ability organization, impersonation as a component of the scan for elective asset setups, cost of capacity sending, and figuring out how to convey capacities. One of the fascinating discoveries of this examination is that regardless of the possibility that abilities are equifinal crosswise over firms, powerful upper hand contrasts may emerge crosswise over firms if the expenses and timing of capacity sending vary crosswise over firms.

2.3.3 Coordination of Managerial Processes and Competitive Advantage

Robbins (2008) indicates that for an organization to attain competitive advantage over others, coordination must be a continuous process. It must not be a one-time action. The procedure of coordination must start when the association begins, and it must proceed until the point that the association exists. Coordination must be done consistently amid the administration procedure. It must be finished amid arranging, sorting out, coordinating and controlling. As indicated by Rees (2006), for an association to accomplish an upper hand, coordination must begin at a beginning time in the administration procedure.

As per Robbins (2010), co-appointment was fruitful just within the sight of a successful communication. Great communication must be available between all divisions, inside workers themselves and even amongst supervisors and their subordinates. All communication obstructions and holes must be kept away from and settled. Great communication stays away from mistaken assumptions in the association.

As per Lucas and Diener (2012), Coordination was effective just if there exists a shared regard all through the association. All chiefs working at various levels (best, center or lower) must regard each other. Communication, all workers must demonstrate an agreeable state of mind and should regard each other amid cooperations. Firms trying to adjust amid turbulent circumstances can't compel change through absolutely specialized methodologies, for example, rebuilding and reengineering. They require another sort of administration ability to
reframe problems, reinterpret choices, and change operations and to do as such ceaselessly (Lawson & Price, 2011). Zott (2011) investigated how the abilities of firms may represent the development of differential firm upper hand inside an industry. Incorporating bits of knowledge from both vital and hierarchical hypothesis, four upper hand applicable qualities of capacities are proposed: timing of ability organization, impersonation as a component of the scan for elective asset setups, cost of capacity sending, and figuring out how to convey capacities.

Ebers and Delfmann (2012) did an examination on the estimation of abilities for vital administration. The concentration of this observational examination was determined to the specialty unit level of extensive organizations from different businesses working in Germany. Inside the field period of three months the survey was sent to 626 firms. While demonstrating that the measure of capacities is decidedly identified with the advancement of operational abilities, the outcomes additionally obviously exhibit that these are two particular builds. By just applying measures for ability advancement as intermediary for capacities, we hazard to disregard elective clarifications for watched relations. When intermediaries are connected for measuring capacities when testing for their belongings (e.g. on firm upper hand) we hazard to attribute qualities or impacts to capacities which really identify with an alternate develop.

Ngeera (2013) in his study on the application of capabilities approaches in commercial banks in Kenya stressed that firms need to focus on customer demands, market trends, company mission and vision as the main factors to enhance their capability approaches in their businesses. Manufacturing companies in Kenya can therefore, focus on how their expansion strategy is affecting their competitive advantage, and how globalization is affecting their competitive advantage. This will enable manufacturing companies to attain the full benefit of the application of capability approaches. Ogina (2014) reviewed the capability activities that most service companies in Kenya greatly implemented such as, integrating resources, leveraging knowledge, market positioning, networking and information gathering.

2.3.4 Discontinuous Innovation and Competitive Advantage

As Zahra et al., (2013) clarify in unpredictable conditions, for example, in high-innovation businesses firms need to over and over reconfigure their arrangement of significant assets and as an end product they should have the capacity to have the ability to adjust their current administrative abilities. The nearness of these regenerative administrative capacities can be surmised, as it might help clarify why a few firms discover achievement notwithstanding
natural turbulence, while their rivals come up short (Danneels, 2012). For sure many firms confronting an intermittent domain are not ready to beat their own hierarchical latency and have flopped, as they have not changed inside themselves (Tushman & Romanelli, 2009). (Gilbert (2005) reports that piece of the issue is an inability to change the procedures that utilization the assets (Leonard-Barton, 2011), we contend here that firm disappointment could be ascribed to supervisors utilizing the surviving arrangement of administrative capacities, when these are not fitting for the new condition.

The conventional area of broken advancement is set apart by high specialized and market vulnerability. Rice et al. (2012) depicted distinctive parts of specialized vulnerabilities, for example, the breadth and exactness of the basic logical learning, how much the specialized particulars of the item can be actualized, the consistency of the assembling procedures, practicality, et cetera. Be that as it may, advertise vulnerabilities incorporate how much client needs and needs are clear and surely knew, the degree to which traditional types of collaboration between the client and the item can be utilized, the fittingness of regular strategies for deals and dispersion, and the task group comprehends of the relationship of the broken advancement to contenders' items. Further, they assert that intermittent development ventures include large amounts of vulnerability.

Inventive capacity alludes to a company's capacity to grow new items and (or) markets, through adjusting vital creative introduction to imaginative practices and procedures (Wang and Ahmed, 2007). This is very near the association's entrepreneurial introduction build. This incorporates a few measurements, for example, growing new items and administrations, growing new strategies for generation, recognizing new markets, looking for bizarre and novel arrangements. Ryan and Deci (2011) contemplate three measurements of hierarchical ingenuity which are pertinent for creative ability: showcase imaginativeness, vital propensity to pioneer and innovative refinement. While the lion's share of concentrates on administrative abilities have fundamentally centered around expansive and built up firms, the setting of recently settled firms made to take advancement to showcase is unique. In this setting firms are made to create and convey to showcase new items so they display inventive ability. The idea of imaginative ability in this way, applies well to how settled organizations figures out how to create new items and procedures, however for organizations set up around an advancement one could contend that all capacities are inventive. Then again, this would disregard certain essential components of what happens during the time spent
commercializing persistent advancements. In this manner, creative abilities in this investigation focus to all the more basic procedures that advance improvement, change and development in the organization.

Protogerou, Yannis and Lioukas (2013) researched the connection amongst capacities and firm upper hand. Specifically, it tends to the topic of whether capacities affect straightforwardly or in a roundabout way on upper hand. The examination utilizes prove from an example of Greek firms having a place with different assembling businesses, for example, nourishment and refreshment ventures, printing and distributing, synthetic enterprises, modern apparatus and gear and so on. Observational discoveries propose that abilities are forerunners to useful skills which thusly significantly affect upper hand. Coordinate impacts on upper hand are observed to be irrelevant. Moreover, comparable impacts appear to hold for both higher and lower levels of ecological dynamism.

Muthithi (2015) pointed out that Safaricom Limited has been applying capability management practices in its operations by embracing the following practices: ability to assimilate and exploit new technology from the environment, recognition of the value of new information, Industry-Government-University collaboration, concurrent engineering, R&D department closeness to other functional areas, internal and external sourcing of technology, Vertical integration, establishment of inter-group relations and cross-functional teams; corporate culture orientation towards innovation; and top management support. In addition, Safaricom limited has successfully adopted and implemented diverse capability practices and that, these capability practices have positively affected the competitive advantage of the firm making it a market leader in Kenya and beyond.

2.4 Summary of Literature Review and Research Gap
This study was grounded on hypothesis of asset-based view, hypothesis of the development of the firm and capacity hypothesis. For an association to accomplish an upper hand, coordination must begin at a beginning time in the administration procedure i.e. amid the arranging stage. Great co-appointment expects directors to have a Direct Contact with their subordinates as this evades false impressions, misinterpretations and question amongst administrators and subordinates subsequently chiefs can organize all the distinctive exercises of their subordinates viably and productively. Great communication must be available between all divisions, inside representatives themselves and even amongst supervisors and
their subordinates. Coordination ends up plainly effective just if there exists a common regard all through the association. All chiefs working at various levels best, center or lower must regard each other.

Market situating was about how an organization needs its clients to see its item or administration in connection to their impression of their rivals and what advertising procedures they should embrace to achieve this perceptual objective. A market position will happen regardless of whether you are proactive, receptive or inactive about the on-going procedure of creating and managing a market position. An association must have the capacity to change, through adaptable, inventive, and versatile authoritative procedures and systems to remain an important contender. This suggests associations must create components that guarantee dependability and consistency while likewise empowering flexibility and versatility, which may infer contending targets.

Robbins (2008) showed that co-appointment was fruitful just within the sight of a compelling communication. Along these lines, great communication must be available between all offices, inside representatives themselves and even amongst supervisors and their subordinates. Great communication stays away from errors in the association those aides in coordination. Be that as it may, the examination focuses significantly on enhancing coordination and not on how this coordination influences upper hand.

Pavlou and El Sawy (2009) showed that offering an advantage which is predominant relies upon the showcasing blend technique the organization embraces. Their valuing system must mirror the advantage offered and their advancement methodology should unmistakably impart this advantage. Notwithstanding, this isn't normally the case with every one of the organizations particularly those that endeavor to enter the market and set up an objective market. Notwithstanding, this is done once in a while by many organizations as most don't lead investigate and on the off chance that they do, not on a constant or general premise.

Farjoun (2010) indicates that adaptability implies that an organization can effectively change as the environment requires, be it an evolving phenomenon or unexpected even. On the contrary, change is not accepted at once. There is a lot of resistance that comes along when adopting change which perpetuates defects and negligence in production. In addition, how reliability of organizational process affects competitive advantage of a company is not clearly brought out. A few studies have been conducted locally on the subject area of organizational capabilities. Wanyanga (2009) undertook a research on the utilization of organization’s
capabilities as an operation strategy in the hotel industry in Kenya. Migunde (2011) researched on strategic capabilities at the British Broadcasting Corporation in Africa. Most of the studies reviewed in this chapter majorly focus on the companies in general and not specifically the industrial firms in Kenya. Moreover, most of the literature doesn’t bring out clearly how managerial capabilities affect competitive advantage. There was therefore a literature gap on the effect of managerial capabilities on competitive advantage in Numerical Machining Complex Ltd which this study seeks to fill.

2.5 Conceptual Framework

The conceptual framework hinged on the Teece (2007) constructs shows the relationship between the independent variables (knowledge management, organizational transformation, discontinuous innovation and coordination of managerial processes) and competitive advantage of industrial firms.
Knowledge management for future positioning
- Internal capacities
- Strategic and Personal competencies
- Points to attract customers

Organizational transformation
- New performance measures
- Revised compensation and training
- Continuous improvement

Discontinuous innovation
- New markets innovation
- Processes innovation
- New products innovation
- Technological innovation

Coordination of managerial processes
- Coordination in planning stage
- Direct Contact between employees
- Interdepartmental consideration before communication channels

Competitive Advantage
- Market prominence
- Brand recognition
- Customer loyalty/Reputation
- Sustained profitability
- Valuable Resources

Figure 2.1: Conceptual Framework
Source: Author (2017)
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter provides the research design, the population and the sample size, techniques of data collection and data analysis as well as how data was presented. The choices herein were chosen to facilitate a complete synthesis and conclusion of the study in line with the research objectives.

3.2 Research design
The study utilized a descriptive research design which was essential in making the right approach both in data collection analysis. The method was suitable for the study as it allows the researcher to gather accurate data and make the right analysis. Cooper and Schindler (2003) argues that the basics of research design as an activity and time based plan; The design was utilized to evaluate the managerial capabilities on competitive advantage of descriptive design is used to collect information about people’s attitudes, opinions or habits.

3.3 Population
According to Mugenda and Mugenda (2003), target population is the members of a real or hypothetical set of people, events or objects the researcher wishes to generalize the results of the research. The study targeted a population of 167 comprising of top level management, middle level management and the subordinates of NMC.

Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level management</td>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>Middle level management</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Subordinates</td>
<td>137</td>
<td>82</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Numerical Machining Complex Company (2017)

3.4 Sampling Technique
Stratified random sampling was used to select respondents to which questionnaires were administered. It was preferred for this study because the population was heterogeneous. Mugenda and Mugenda (2003) observes that 30% of the target population was a good representation thus out of the 167 employees targeted 50 respondents were considered to provide a general view on the study.
<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Sample ratio</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level management</td>
<td>14</td>
<td>0.3</td>
<td>4</td>
</tr>
<tr>
<td>Middle level management</td>
<td>16</td>
<td>0.3</td>
<td>5</td>
</tr>
<tr>
<td>Subordinates</td>
<td>137</td>
<td>0.3</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>167</strong></td>
<td></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

*Source: Numerical Machining Complex Company (2017)*

### 3.5 Data Collection Instrument

Primary data was obtained using self-administered questionnaires. The questionnaire was made up of both open ended and closed ended questions. The open-ended questions were used so as to encourage the respondent to give an in-depth and felt response without feeling held back in illuminating of any information and the closed ended questions allowed respondent to respond from limited options that had been stated. According to Saunders (2011), the open ended or unstructured questions allow profound response from the respondents while the closed or structured questions are generally easier to evaluate. The questionnaires were used in an effort to conserve time and money as well as to facilitate an easier analysis as they were in immediate usable form. The surveys were utilized as a part of a push to save time and cash and in addition to encourage a simpler investigation as they are in quick usable shape.

### 3.6 Pilot Study

The reason for the pilot testing was to set up the legitimacy and dependability of the exploration instrumentation and to improve confronts legitimacy (Joppe, 2009). The pilot testing was led utilizing the poll to 10 respondents of the Numerical Machining Complex (NMC) Ltd. The pilot gathering was done through arbitrary examining. Saunders (2009) prescribes that the poll pre-tests was finished by individual meetings with a specific end goal to watch the respondents responses and states of mind. All parts of the poll was pre-tried including question content, wording, arrangement, frame and format, question trouble and guidelines. The criticism got was utilized to change the poll before overseeing it to the investigation respondents.
3.6.1 Validity Testing
As indicated by Golafshani (2003), legitimacy was the exactness and weightiness of derivations, in view of the examination comes about. One of the principle explanations behind leading the pilot examine was to learn the legitimacy of the survey. The testing was led utilizing the poll to 10 respondents of the Numerical Machining Complex (NMC) Ltd. The investigation utilized both face and substance legitimacy to find out the legitimacy of the surveys. Content legitimacy drew a surmising from test scores to an extensive area of things like those on the test. Content legitimacy was worried about specimen populace representativeness. Gillham (2008) expressed that the information and abilities secured by the test things ought to be illustrative to the bigger area of learning and aptitudes.

3.6.2 Reliability Testing
Instrument reliability on the other hand was the extent to which a research instrument produces similar results on different occasions under similar conditions. It's the level of consistency with which it quantifies whatever it is intended to gauge. Unwavering quality is worried about the subject of whether the aftereffects of an examination are repeatable. With a specific end goal to test the unwavering quality of the instruments, inner consistency procedures were connected utilizing Cronbach's Alpha (α). A develop composite Cronbach's Alpha (α) of 0.7 or above, for every one of the builds, is thought to be sufficient for this investigation (Rousson, Gasser & Seifer, 2012).

3.7 Data Collection Procedure
The researcher obtained an introduction letter from the university which was presented to each respondent so as to be allowed to collect the necessary data from the respondents. The drop and pick method was preferred for questionnaire administration so as to give respondents enough time to give well responses. Researcher developed rapport, convincing respondents to provide relevant data and seeking clarifications whenever necessary. Researcher booked an appointment with respondents two days before administering questionnaires. The researcher personally administered the research questionnaire to the respondents. This enabled the researcher to establish rapport and explained the purpose of the study and the meaning of items that were not clear as observed by Best and Khan (1987).

3.8 Data Analysis
Data was analyzed using Statistical Package for Social Sciences (SPSS Version 21.0). Every one of the surveys that was gotten was referenced and things in the poll were coded to
encourage information passage. After information cleaning which involved checking for blunders in passage, spellbinding insights, for example, frequencies, rates, mean score and standard deviation were evaluated for all the quantitative factors and data to be displayed illuminate of tables and charts. Illustrative insights were utilized in light of the fact that they empower the scientist to genuinely depict conveyance of scores or estimations utilizing few files (Mugenda & Mugenda, 2003). The subjective information from the open finished inquiries was examined utilizing applied substance investigation. In view of Saunders et al (2010) proposal on the investigation of subjective information, gathered information was composed, dealt with, coded and specifically broke down, hunting down importance, deciphering and reaching of inferences on the premise of ideas.

Inferential information investigation was finished utilizing relapse examination (numerous relapse examinations). The investigation utilized different relapses examination to break down the gathered information to quantify the impact of administrative capacities on upper hand of assembling ventures in Kenya. Numerous relapse endeavors to decide if a gathering of factors together anticipate a given ward variable (Babbie, 2010). Since there were four independent variables in this study the multiple regression models generally assumed the following equation;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where:-

- \( Y \) = competitive advantage
- \( \beta_0 \) = constant
- \( \beta_1, \beta_2, \beta_3, \beta_4 \) and \( \beta_5 \) = Beta coefficients
- \( X_1 \) = Knowledge management
- \( X_2 \) = Organizational transformation
- \( X_3 \) = Coordination of managerial processes
- \( X_4 \) = Discontinuous innovation
- \( \epsilon \) = Error term

### 3.9 Ethical Considerations

The researcher observed the following standards of behaviour in relation to the rights of those who became subject of the study or are affected by it: First, in dealing with the participants, they were informed of the objective of the study and the confidentiality of obtained information, through a letter to enable them give informed consent. Once consent was
granted, the participants would maintain their right, which entails but is not limited to withdraw or decline to take part in some aspect of the research including rights not to answer any question or set of questions and/or not to provide any data requested; and possibly to withdraw data they have provided. Caution was observed to ensure that no participant was coerced into taking part in the study and, the researcher sought to use minimum time and resources in acquiring the information required. Secondly, the study adopted quantitative research methods for reliability, objectivity and independence of the researcher. While conducting the study, the researcher ensured that research ethics were observed. Participation in the study was voluntary. Privacy and confidentiality would also be observed. The objectives of the study were explained to the respondents with an assurance that the data provided would be used for academic purpose only.
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction
The findings obtained from questionnaires are presented in this chapter. The chapter starts by giving the responses rate, reliability analysis and the validity interpretation. The demographic data for the respondents is presented and thereafter the findings for managerial capabilities and competitive advantage of Numerical Machining Complex Company Ltd Nairobi. Finally, regression was conducted. Data collected was analyzed, presented and interpreted as guided by the research questions.

4.1.1 Response Rate
The researcher wanted to establish the return rate of the primary instrument used for data collection. The findings were as shown in Table 4.1.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>42</td>
<td>84</td>
</tr>
<tr>
<td>No response</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research data 2017

From the findings, the researcher targeted 50 respondents to respond to questionnaires. However, data was collected from 42 respondents giving a response rate of 84%. According to Gillham (2008), a response rate of 50 percent or more is acceptable for analysis.

4.1.2 Reliability Analysis
In this study, construct reliability was determined using Cronbach alpha coefficients that test internal consistency of items on a scale and were thus considered reliable if the results showed that the Cronbach Alpha associated with the variables of the study were above 0.70 threshold as recommended by Saunders et al (2010) where it is asserted that Cronbach Alpha’s should be in excess of 0.70 for the measurement intervals. The results of the reliability analysis are presented in the table 4.2 below.
Table 4.2: Reliability of Measurement Scales

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s Alpha</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge management</td>
<td>.818</td>
<td>Reliable</td>
</tr>
<tr>
<td>Organizational transformation</td>
<td>.772</td>
<td>Reliable</td>
</tr>
<tr>
<td>Coordination of managerial processes</td>
<td>.802</td>
<td>Reliable</td>
</tr>
<tr>
<td>Discontinuous innovation</td>
<td>.862</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Research data 2017

From the table it was found that discontinuous innovation (Cronbach's Alpha = .862) was the most reliable followed by knowledge management (Cronbach's Alpha = .818) then coordination of managerial processes (Cronbach's Alpha = .802) while the organizational transformation (Cronbach's Alpha = .772) was the least. All the variables were reliable. This is in line with Rousson, Gasser and Seifer (2012) who argues that a composite Cronbach's Alpha (α) of 0.7 or above, for every variable, is thought to be sufficient for this investigation.

4.1.3 Validity Analysis

Exploratory factor analysis was used to establish the construct validity of the questionnaire. The factors that explain the highest proportion of variance the variables share are expected to represent the underlying constructs. The findings were as shown in Table 4.3.

Table 4.3: Component Matrix

<table>
<thead>
<tr>
<th></th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Internal capacities of our firm increases market prominence</td>
<td>0.345</td>
</tr>
<tr>
<td>Strategic and personal competences boosts brand recognition</td>
<td>0.011</td>
</tr>
<tr>
<td>Points to attract customers promotes customer loyalty</td>
<td>0.483</td>
</tr>
<tr>
<td>New performance measures enhances sustained profitability</td>
<td>0.283</td>
</tr>
<tr>
<td>Revised compensation and training strengthens customer loyalty</td>
<td><strong>0.848</strong></td>
</tr>
<tr>
<td>Continuous improvement determines brand recognition</td>
<td>0.054</td>
</tr>
<tr>
<td>New markets innovation in our firm enhances market prominence</td>
<td>0.044</td>
</tr>
<tr>
<td>Processes innovation has promoted sustained profitability</td>
<td>0.146</td>
</tr>
<tr>
<td>New products innovation maintained customer loyalty</td>
<td>0.308</td>
</tr>
<tr>
<td>Technological innovation has enhanced valuable resources</td>
<td><strong>0.955</strong></td>
</tr>
<tr>
<td>Coordination in planning stage has promoted our customer</td>
<td><strong>0.761</strong></td>
</tr>
</tbody>
</table>
Direct Contact between managers and their subordinates has established a strong brand recognition 0.897 0.127 0.203 0.03
Interdepartmental consideration before communication channels has promoted sustained profitability 0.156 0.058 0.113 0.409
Market prominence of the firm has greatly expanded 0.616 0.113 0.019 0.272
Our Brand is nationally recognized 0.046 0.694 0.054 0.271
Customer loyalty/ Reputation has greatly increased 0.176 0.075 0.690 0.271
Our organization’s profitability has been sustainable 0.706 0.055 0.126 0.271
The level of Valuable Resources has increased 0.136 0.036 0.161 0.871

Source: Research data 2017

The above results allowed for the identification of which variables fall under each of the 4 major extracted factors. Each of the 18 parameters were looked at and placed to one of the 4 factors depending on the percentage of variability it explained the total variability of each factor. From the factor analysis, all the variables indicators high construct validity since all exceeded the prescribed threshold of 0.40 (Babbie, 2010). Gillham (2008) agrees with the findings by arguing that a parameter with a percentage of variability of more than 40% is of high construct validity.

4.2 Background Information

In this study, the researcher collected data from different groups of respondents based on their gender, their highest level of education and their age bracket.

4.2.1 Gender of the Respondent

The researcher collected data based on the respondents’ gender by asking them to indicate their age. This data was then summarized and presented in Table 4.4.

Table 4.4: Gender of the Respondent

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>24</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: Research data 2017

According to the results in Table 4.4, most of the respondents were revealed to be male as shown by 57.1% (48) while the rest were female as illustrated by 42.9% (36). This shows that the study obtained more information from male respondents since most of the managerial posts in many companies are held by male. However, the female respondents also contributed
in giving the responses making results obtained on managerial capabilities and competitive advantage diverse as indicated by Robbins (2008) and Lucas and Diener (2012).

### 4.2.2 Respondents Age Bracket

The respondents age bracket was also explored in this study where the respondents indicated to which age bracket do they belong. Table 4.5 shows the results.

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30 years</td>
<td>9</td>
<td>21.4%</td>
</tr>
<tr>
<td>31-40 years</td>
<td>9</td>
<td>21.4%</td>
</tr>
<tr>
<td>41-50 years</td>
<td>18</td>
<td>42.9%</td>
</tr>
<tr>
<td>51-60 years</td>
<td>6</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Research data 2017*

On the age of the respondents, the study found that the majority of the respondents were between 41-50 years as shown by 42.9%, 21.49% were aged between 20-30 years and 31 to 40 years. The study also revealed that 14.3% were aged between 51-60 years old. This implies that most of the respondents were above 40 years old making them old enough to have been engaged in managerial capabilities for long enough. The advancement in years presents respondents with a lot of experience and a long engagement in companies’ managerial capabilities as reported by Zott (2011) and Ngeera (2013).

### 4.2.3 Respondents Highest Level of Education

Enquiry on the respondents’ highest level of education was done by asking the respondents questions based on their highest level of education. Table 4.6 is a summary of their responses.

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>5</td>
<td>11.9%</td>
</tr>
<tr>
<td>Diploma</td>
<td>11</td>
<td>26.2%</td>
</tr>
<tr>
<td>Degree</td>
<td>15</td>
<td>35.7%</td>
</tr>
<tr>
<td>Masters</td>
<td>7</td>
<td>16.7%</td>
</tr>
<tr>
<td>PhD</td>
<td>4</td>
<td>9.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Research data 2017*

On the respondents’ highest level of education, majority of the respondents indicated to have a degree as illustrated by 35.7%. Other respondents indicated to have a diploma as shown by 26.2%, masters as shown by 16.7%, certificate as illustrated by 11.9% and PhD as shown by 9.5%. The findings present respondents with a familiarity with the subject under research
implying that they could understand and give reliable information on the same since the level of education goes hand in hand with the ability of an individual to understand various issues as indicated by Ogina (2014) and Muthithi (2015).

4.3 Knowledge Management
The study sought to determine the effect of knowledge management on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi.

4.3.1 Extent of Knowledge Management Effect
The researcher also requested the respondents to give their response on the extent of knowledge management effect on competitive advantage of in the Numerical Machining Complex Company Ltd Nairobi. Their responses were as shown in Table 4.7.

<table>
<thead>
<tr>
<th>Extent of Knowledge Management Effect</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low extent</td>
<td>6</td>
<td>14.3</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>16</td>
<td>38.1</td>
</tr>
<tr>
<td>Great extent</td>
<td>17</td>
<td>40.5</td>
</tr>
<tr>
<td>Very great extent</td>
<td>3</td>
<td>7.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research data 2017

The respondents indicated that knowledge management greatly affects competitive advantage as illustrated by 40.5%, moderately as shown by 38.1%, lowly as shown by 14.3% and very greatly as illustrated by 7.1%. This implies that knowledge management affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly. This was in line with Robbins (2010) argue that a knowledge position happens whether or not you are proactive, reactive or passive about the on-going process of developing and sustaining a market position. However, a company can positively influence these perceptions by developing and implementing deliberate market positioning strategies. Also, Tremblay and Balkin (2012) agrees with the findings by indicating that learning administration is about how an organization needs its clients to see its item or administration in connection to their impression of their rivals and what showcasing systems they should embrace to achieve this perceptual objective. In any case, an organization can emphatically impact these discernments by creating and actualizing purposeful market situating methodologies.
4.3.2 Agreement with Statements on Knowledge Management Effect

The researcher further asked the respondents using a Likert scale of 1-5 to indicate their level of agreement with the various statements on knowledge management effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. Their responses were presented in table 4.8.

Table 4.8: Agreement with Statements on Knowledge Management Effect

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal capacities of our firm increase market prominence</td>
<td>2.857</td>
<td>0.880</td>
</tr>
<tr>
<td>Strategic and personal competences boost brand recognition</td>
<td>4.036</td>
<td>0.828</td>
</tr>
<tr>
<td>Points to attract customers promotes customer loyalty</td>
<td>4.357</td>
<td>0.670</td>
</tr>
</tbody>
</table>

Source: Research data 2017

The respondents agreed that points to attract customers promotes customer loyalty as shown by a mean of 4.357. This is in line with Pavlou and El Sawy (2006) who noted that dynamic abilities 'help firms reconfigure existing practical capacities so they can fabricate items that better match rising client needs and exploit innovative leaps forward. Coordination and reconciliation of authoritative capacities are the hierarchical schedules and work rehearses that, in blend with certain socio-subjective auxiliary properties (for instance favored communication and sense-production approach), give the hierarchical 'paste' that backings the essential hidden action required for dynamic ability arrangement and development.

The study also agreed that strategic and personal competences boosts brand recognition as shown by a mean of 4.036. This concurs with Robbins (2010) who found that SMEs utilize the advertising blend systems which include the item, put, advancement, value, influence, perusing the market and receiving promising thoughts, scanning for showcase openings, makers of progress and the fundamental changes in the market, separation, advertise improvement, enhancement, showcase infiltration, cost authority and item advancement.

The respondents were neutral that internal capacities of our firm increase market prominence as shown by a mean of 2.857. This correlate with Rugut (2012) who also investigated the Marketing strategies adopted by small and medium enterprises in Nairobi central business district and established that When building up a market position an organization needs to choose the most convincing important and one of a kind purposes of distinction that will enable it to go after the biggest number of potential clients.
4.4 Organizational Transformation

The study also sought to assess the effect of organizational transformation on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi.

4.4.1 Extent of Organizational Transformation Effect

The researcher also required the respondents to tell the extent to which organizational transformation affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi using a Likert scale of 1-5. Their responses were as shown in Table 4.9.

<table>
<thead>
<tr>
<th>Extent of Organizational Transformation Effect</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low extent</td>
<td>5</td>
<td>11.9</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>10</td>
<td>23.8</td>
</tr>
<tr>
<td>Great extent</td>
<td>17</td>
<td>40.5</td>
</tr>
<tr>
<td>Very great extent</td>
<td>10</td>
<td>23.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research data 2017

From the findings, the study found that organizational transformation affects competitive advantage greatly as shown by 40.5%, moderately and very greatly as shown by 23.8% and lowly as shown by 11.9%. This clearly implies that organizational transformation affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly. This conforms to Rindova and Kotha (2001) who argue that firms undergo comprehensive, continuous changes in products, services, resources, capabilities and modes of organizing. Alvarez and Merino (2011) likewise uncover that the capacity to adjust to condition and adjust interior assets to outside request is basic to firm advancement and survival in a few enterprises.

4.4.2 Agreement with Statements on Organizational Transformation Effect

The researcher also required the respondents to tell their level of agreement with the various statements on organizational transformation effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi using a Likert scale of 1-5. Their responses were as shown in Table 4.10.

<table>
<thead>
<tr>
<th>Statement on Organizational Transformation Effect</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>New performance measures enhance sustained profitability</td>
<td>4.393</td>
<td>0.621</td>
</tr>
<tr>
<td>Revised compensation and training strengthens customer loyalty</td>
<td>4.357</td>
<td>0.670</td>
</tr>
<tr>
<td>Continuous improvement determines brand recognition</td>
<td>3.214</td>
<td>0.865</td>
</tr>
</tbody>
</table>

Source: Research data 2017
The respondents agreed that new performance measures enhance sustained profitability as expressed by a mean score of 4.393. This concurs with Rice et al. (2012) depicted distinctive parts of specialized vulnerabilities, for example, the breadth and exactness of the basic logical learning, how much the specialized particulars of the item can be actualized, the consistency of the assembling procedures, practicality, et cetera. Be that as it may, advertise vulnerabilities incorporate how much client needs and needs are clear and surely knew, the degree to which traditional types of collaboration between the client and the item can be utilized, the fittingness of regular strategies for deals and dispersion, and the task group comprehends of the relationship of the broken advancement to contenders' items.

The respondents also agreed that revised compensation and training strengthens customer loyalty as expressed by a mean score of 4.357. These findings are in line with Gibson and Brikinshaw (2004) who noted that adaptive capability refers to the management ability to encourage people to challenge outmoded traditions, practices and sacred cows, which allow the firm to respond quickly to changes in the market and evolve rapidly in response to shifts in its business priorities.

The respondents were however neutral that continuous improvement determines brand recognition as expressed by a mean score of 3.214. This is in line with Flint (2005) who suggested that transforming the organization refers to any significant change made to an organization such as, restructuring an organization or reengineering an organization and/or there is a significant change in the way business is done.

4.5 Discontinuous Innovation
The study also sought to assess how discontinuous innovation affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi.

4.6.1 Extent of Discontinuous Innovation Effect
The researcher further asked the respondents to give their response on the extent of Discontinuous Innovation effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. Their responses were as shown in table 4.11.
Table 4.11: Extent of Discontinuous Innovation Effect

<table>
<thead>
<tr>
<th>Extent of Discontinuous Innovation Effect</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low extent</td>
<td>11</td>
<td>26.2</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>13</td>
<td>31.0</td>
</tr>
<tr>
<td>Great extent</td>
<td>12</td>
<td>28.6</td>
</tr>
<tr>
<td>Very great extent</td>
<td>6</td>
<td>14.3</td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Research data 2017

As per the results, the respondents revealed that discontinuous innovation affects the competitive advantage in the Numerical Machining Complex Company Ltd Nairobi to a moderate extent as shown by 31%, to a great extent as shown by 28.6%, to a low extent as shown by 26.2% and to a very great extent as shown by 14.3%. This clearly reveals that discontinuous innovation affects the competitive advantage in the Numerical Machining Complex Company Ltd Nairobi to a moderate extent. This concurs with Zahra et al (2013) who explain that in volatile environments such as in high-technology industries firms need to repeatedly reconfigure their set of valuable resources and as a corollary they need to be able to have the capacity to modify their current managerial capabilities.

4.6.2 Agreement with Statements on Discontinuous Innovation Effect

The researcher further asked the respondents to indicate their level of agreement with the various statements on discontinuous innovation effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. Their responses were as shown in table 4.12.

Table 4.12: Agreement with Statements Discontinuous Innovation Effect

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>New markets innovation in our firm enhances market prominence</td>
<td>4.036</td>
<td>0.828</td>
</tr>
<tr>
<td>Processes innovation has promoted sustained profitability</td>
<td>4.357</td>
<td>0.670</td>
</tr>
<tr>
<td>New products innovation-maintained customer loyalty</td>
<td>2.714</td>
<td>0.844</td>
</tr>
<tr>
<td>Technological innovation has enhanced valuable resources</td>
<td>3.821</td>
<td>0.933</td>
</tr>
</tbody>
</table>

Source: Research 2017

The respondents agreed that processes innovation has promoted sustained profitability as shown by an average of 4.357 and new markets innovation in our firm enhances market prominence as shown by an average of 4.036. This concurs to Robbins (2010) who noted that co-ordination was successful only in the presence of an effective communication and that good communication must be present between all departments, within employees themselves and even between managers and their subordinates. This also agreed with the findings by Muthithi (2015) that Safaricom Limited has been applying capability management practices in its operations by embracing the following practices: ability to assimilate and exploit new
technology from the environment, recognition of the value of new information, Industry-Government-University collaboration, concurrent engineering, R&D department closeness to other functional areas, internal and external sourcing of technology, Vertical integration, establishment of inter-group relations and cross-functional teams; corporate culture orientation towards innovation; and top management support.

The respondents also agreed that technological innovation has enhanced valuable resources as shown by an average of 3.821 while they were neutral that new products innovation-maintained customer loyalty as shown by an average of 2.714. These findings are similar to Zott (2011) who investigated how the abilities of firms may represent the development of differential firm upper hand inside an industry and found that incorporating bits of knowledge from both vital and hierarchical hypothesis, four upper hand applicable qualities of capacities are proposed: timing of ability organization, impersonation as a component of the scan for elective asset setups, cost of capacity sending, and figuring out how to convey capacities.

4.5 Coordination of Managerial Processes

The study further sought to evaluate the effect coordination of managerial processes on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi.

4.5.1 Extent of Coordination of Managerial Processes Effect

The researcher also requested the respondents to give their response on the extent of coordination of managerial processes effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. Their responses were as shown in table 4.13.

<table>
<thead>
<tr>
<th>Extent of Coordination</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low extent</td>
<td>8</td>
<td>19.0</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>12</td>
<td>28.6</td>
</tr>
<tr>
<td>Great extent</td>
<td>16</td>
<td>38.1</td>
</tr>
<tr>
<td>Very great extent</td>
<td>6</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Research data 2017

The respondents indicated that coordination of managerial processes greatly affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi as illustrated by 38.1%, moderately as illustrated by 28.6%, lowly as shown by 19% and very greatly as illustrated by 14.3%. This implies that coordination of managerial processes affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly.
This is in line with Rogers (2012) who indicates that all managers must have a Direct Contact with their subordinates. Ngeera (2013) also in his study on the application of capabilities approaches in commercial banks in Kenya stressed that firms need to focus on customer demands, market trends, company mission and vision as the main factors to enhance their capability approaches in their businesses. Manufacturing companies in Kenya can therefore, focus on how their expansion strategy is affecting their competitive advantage, and how globalization is affecting their competitive advantage. This will enable manufacturing companies to attain the full benefit of the application of capability approaches.

4.5.2 Agreement with Statements on Coordination of Managerial Processes Effect

The researcher also requested the respondents to tell their level of agreement with the various statements on coordination of managerial processes effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. Their responses were as shown in table 4.14.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coordination in planning stage has promoted our customer reputation</td>
<td>2.821</td>
<td>0.894</td>
</tr>
<tr>
<td>Direct Contact between managers and their subordinates has established a strong brand recognition</td>
<td>4.321</td>
<td>0.809</td>
</tr>
<tr>
<td>Interdepartmental consideration before communication channels has promoted sustained profitability</td>
<td>4.036</td>
<td>0.828</td>
</tr>
</tbody>
</table>

*Source: Research data 2017*

From the findings, the respondents agreed that direct contact between managers and their subordinates has established strong brand recognition as illustrated by a mean of 4.321 and interdepartmental consideration before communication channels has promoted sustained profitability as illustrated by a mean of 4.036. This is in line with Danneels (2012) who argue that the presence of these regenerative managerial capabilities can be inferred, as it may help explain why some firms find success in the face of environmental turbulence, whilst their competitors. Lucas and Diener (2012) also argued that Coordination was effective just if there exists a shared regard all through the association. All chiefs working at various levels (best, center or lower) must regard each other. Communication, all workers must demonstrate an agreeable state of mind and should regard each other amid cooperations. Firms trying to adjust amid turbulent circumstances can't compel change through absolutely specialized methodologies, for example, rebuilding and reengineering.
The respondents were neutral that coordination in planning stage has promoted our customer reputation as illustrated by a mean of 2.821. This concurs with Leonard-Barton (2011) who argues that firm failure could be attributed to managers using the extant set of managerial capabilities, when these are not appropriate for the new environment.

4.7 Competitive Advantage of Numerical Machining Complex Ltd

The researcher requested the respondents to tell their level of agreement with the various statements on competitive advantage of Numerical machining Complex Ltd. Their collective responses were presented in table 4.15.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market prominence of the firm has greatly expanded</td>
<td>3.179</td>
<td>0.894</td>
</tr>
<tr>
<td>Our Brand is nationally recognized</td>
<td>3.893</td>
<td>0.677</td>
</tr>
<tr>
<td>Customer loyalty/ Reputation has greatly increased</td>
<td>3.071</td>
<td>1.039</td>
</tr>
<tr>
<td>Our organization’s profitability has been sustainable</td>
<td>4.179</td>
<td>0.604</td>
</tr>
<tr>
<td>The level of Valuable Resources has increased</td>
<td>3.393</td>
<td>0.865</td>
</tr>
</tbody>
</table>

Source: Research data 2017

From the findings, the respondents agreed that their organization’s profitability has been sustainable (Mean=4.179) and that their brand is nationally recognized (Mean=3.893). This concurs with Farjoun (2010) who indicates that adaptability implies that an organization can effectively change as the environment requires, be it an evolving phenomenon or unexpected even. On the contrary, change is not accepted at once. Martin (2010) also indicates that managerial capabilities are seen as specific organizational and strategic processes such as product innovation, strategic decision making by which managers alter their resource base. The authors believe that “the firm’s processes use resource to match and even create market change

The respondents were however neutral that the level of valuable resources has increased (Mean=3.393), that market prominence of the firm has greatly expanded (Mean=3.179) and that customer loyalty/ Reputation has greatly increased (Mean=3.071). These findings conform to Wanyanga (2009) who undertook a research on the utilization of organization’s capabilities as an operation strategy in the hotel industry in Kenya.

4.8 Inferential Analysis

Using multiple regression analysis was used to test the relationship between the variables where it shows how the dependent variable is influenced by the independent variables.
Table 4. 16: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.851</td>
<td>0.725</td>
<td>0.695</td>
<td>1.423</td>
</tr>
</tbody>
</table>

Source: Research data 2017

The ANOVA tests whether the model is fit for data. From the ANOVA table, the independent variables were statistically significant predicting the dependent variable since adjusted R square was 0.695 implying that knowledge management, organizational transformation, coordination of managerial processes and discontinuous innovation explains 69.5% variation in Competitive advantage. These findings conform to Wanyanga (2009) who undertook a research on the utilization of organization’s capabilities as an operation strategy in the hotel industry in Kenya. Tremblay and Balkin (2012) also agrees with the findings by indicating that learning administration is about how an organization needs its clients to see its item or administration in connection to their impression of their rivals and what showcasing systems they should embrace to achieve this perceptual objective. In any case, an organization can emphatically impact these discernments by creating and actualizing purposeful market situating methodologies.

Table 4. 17: ANOVA Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>213.121</td>
<td>4</td>
<td>53.280</td>
<td>24.332</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>81.019</td>
<td>37</td>
<td>2.190</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>294.14</td>
<td>41</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research data 2017

The probability value of 0.000 indicates that the regression relationship was significant in determining how knowledge management, organizational transformation, and coordination of managerial processes and discontinuous innovation influence competitive advantage. The F calculated at 5 percent level of significance was 24.332. Since F calculated is greater than the F critical (value = 2.6060), this shows that the overall model was significant. This concurs with Robbins (2010) who found that SMEs utilize the advertising blend systems which include the item, put, advancement, value, influence, perusing the market and receiving promising thoughts, scanning for showcase openings, makers of progress and the fundamental changes in the market, separation, advertise improvement, enhancement, showcase infiltration, cost authority and item advancement. This also correlate with Rugut (2012) who also investigated the Marketing strategies adopted by small and medium
enterprises in Nairobi central business district and established that when building up a market position an organization needs to choose the most convincing important and one of a kind purposes of distinction that will enable it to go after the biggest number of potential clients.

**Table 4. 18: Coefficients of Determination**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.235</td>
<td>0.172</td>
<td>7.180</td>
<td>0.000</td>
</tr>
<tr>
<td>Knowledge management</td>
<td>0.764</td>
<td>0.216</td>
<td>3.537</td>
<td>0.001</td>
</tr>
<tr>
<td>Organizational transformation</td>
<td>0.787</td>
<td>0.192</td>
<td>4.099</td>
<td>0.000</td>
</tr>
<tr>
<td>Coordination of managerial processes</td>
<td>0.574</td>
<td>0.208</td>
<td>2.760</td>
<td>0.008</td>
</tr>
<tr>
<td>Discontinuous innovation</td>
<td>0.733</td>
<td>0.312</td>
<td>2.349</td>
<td>0.024</td>
</tr>
</tbody>
</table>

Source: Research data 2017

The established model for the study was:

\[ Y = 1.235 + 0.764X_1 + 0.787X_2 + 0.574X_3 + 0.733X_4 + \epsilon \]

Where:

Y = Competitive advantage
\[ \beta_0 = \text{constant} \]
\[ X_1 = \text{Knowledge management} \]
\[ X_2 = \text{Organizational transformation} \]
\[ X_3 = \text{Coordination of managerial processes} \]
\[ X_4 = \text{Discontinuous innovation} \]

The regression equation above has established that taking (knowledge management, organizational transformation, coordination of managerial processes and discontinuous innovation), Competitive advantage will be 1.235. The findings presented also show that taking all other independent variables at zero, a unit increase in the knowledge management would lead to a 0.764 increase in the score of competitive advantage. Thus, variable was significant since .001 <0.05. This concurs with Robbins (2010) argue that a knowledge position will happen whether or not you are proactive, reactive or passive about the on-going process of developing and sustaining a market position. However, a company can positively influence these perceptions by developing and implementing deliberate market positioning strategies.
Further it was found that a unit increase in the score of organizational transformation would lead to a 0.787 increase in the score of Competitive advantage. Thus, variable was significant since .000<0.05. This is in line with Rugut (2012) who also investigated the Marketing strategies adopted by small and medium enterprises in Nairobi central business district and established that SMEs use the marketing mix strategies which comprise of the product.

Further, the findings show that a unit increases in the score of coordination of managerial processes would lead to a 0.574 increase in the score of competitive advantage. Thus, variable was significant since .008<0.05. This concurs with Rindova and Kotha (2001) who argue that firms undergo comprehensive, continuous changes in products, services, resources, capabilities and modes of organizing.

The study also found that a unit increases in the score of discontinuous innovation would lead to a 0.733 increase in the score of Competitive advantage. Thus, variable was significant since .024<0.05. This is in line with Zahra et al. (2013) who explain that in volatile environments such as in high-technology industries firms need to repeatedly reconfigure their set of valuable resources and as a corollary they need to be able to have the capacity to modify their current managerial capabilities.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presented summary of the findings, conclusions as well as the recommendations of the study. This study focused on the evaluating the managerial capabilities and competitive advantage of manufacturing industry in Kenya.

5.2 Summary
The study sought to determine the effect of knowledge management on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. The study showed that knowledge management affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly. The study revealed that points to attract customers promote customer loyalty and strategic and personal competences boost brand recognition. The study also found that internal capacities of our firm increases market prominence. The study also sought to assess the effect of organizational transformation on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. The study found that organizational transformation affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly. The study revealed that new performance measures enhance sustained profitability and revised compensation and training strengthens customer loyalty. The study further revealed that continuous improvement determines brand recognition. The study further sought to evaluate the effect coordination of managerial processes on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi. The study indicated that coordination of managerial processes affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly. The study findings illustrated that processes innovation has promoted sustained profitability and new markets innovation in our firm enhances market prominence. The findings also indicated that technological innovation has enhanced valuable resources while new products innovation rarely maintains customer loyalty. The study also sought to assess how discontinuous innovation affects competitive advantage of the manufacturing firms in Kenya. The study clearly revealed that discontinuous innovation affects the competitive advantage in the Numerical Machining Complex Company Ltd Nairobi to a moderate extent. From the findings, it was revealed that direct contact between managers and their subordinates has
established a strong brand recognition and interdepartmental consideration before communication channels has promoted sustained profitability. The findings also showed that coordination in planning stage has fairly promoted our customer reputation.

5.3 Conclusions
The study concluded that knowledge management for affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly. The study deduced that knowledge management affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly and that internal capacities of our firm increases market prominence.

The study also concluded that organizational transformation affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi positively. The study showed that new performance measures enhance sustained profitability and revised compensation and training strengthens customer loyalty. The study further revealed that continuous improvement determines brand recognition.

The study further concluded that coordination of managerial processes affects competitive advantage in the Numerical Machining Complex Company Ltd Nairobi greatly. The study findings illustrated that processes innovation has promoted sustained profitability and new markets innovation in our firm enhances market prominence. The new products innovation-maintained customer loyalty.

The study also finally concluded that discontinuous innovation affects competitive advantage of the manufacturing firms in Kenya greatly. It was revealed that direct Contact between managers and their subordinates has established a strong brand recognition and interdepartmental consideration before communication channels has promoted sustained profitability. The findings also showed that coordination in planning stage has promoted our customer reputation.

5.4 Recommendations
The study recommends that management practices needs continuous and sustained supervision, improvement and adequate funding in view of it importance’s. Thus, organizations should have a well-conceived strategic vision that must be communicated to all employees. It is imperative to emphasize that all employees should be carried along in implementation and implantation of strategic management process that will prepare the
company for the future, establish long-term direction and indicate the company’s intent to position itself as a market leader in the industry.

The study recommends that management in firms in Kenya should engage with emerging markets more closely. This can be done through planning and determining the cost advantages as well as the operational costs in order to keep itself competitive. The study recommends that international business participant should have an understanding of economics, finance, marketing and strategy, a social understanding of culture and managing across culture. The Numerical Machining Complex Company Ltd Nairobi should plan and launch next generation line extensions with precision and advice from physicians and patients. The study recommends that the patent protection should have lapsed and the corporation set up a defined strategy.

The study also recommends that organizations should endeavor to improve their employees’ skills and competences through training and good working environment to help keep the employees who are experienced and attract other competent ones and therefore help companies to achieve sustainable competitive advantage.

Similarly, based on the findings of this study, manufacturing firm’s managers should utilize much of differentiation strategy as it has been proven to have the highest significant effect on manufacturing firm competitive advantage. Differentiating firms also need to further look deeper into how to make uniqueness less costly in order to make differentiation a significant practice in the sector.

Finally, it is important that the managers of the manufacturing firms in Kenya continuously assess their competitive strategies in terms of appropriateness albeit changing environment. They should be aware that achieving strategic fit between competitive strategy and competitive intensity may lead to higher performance. Therefore, their strategy should match environment for superior performance. A focus on more ways of dealing with the other challenges faced is also imperative for a maximum profitability of the firms other than just use of competitive strategies.

The study was on the Numerical Machining Complex Company Ltd only. The researcher however suggests that similar studies should be done on other firms in the industry. The study suggests that another study should be done on the strategies influencing the firm’s competitive advantage.
REFERENCES


Hooley, K., W. Ferrier, & C. Grimm (2011). Managing resources: linking unique resources, management, and wealth creation in family firms, 15, 59-7


APPENDICES

Appendix I: Letter of Transmittal
OCHARO EVANS NYANDIGISI
NAIROBI.

Dear Sir/ Madam,

RE: ACADEMIC RESEARCH PROJECT

I am a master in business administration student at Kenyatta University. I wish to conduct a research entitled *managerial capabilities on competitive advantage in Numerical Machining Complex Company Ltd*. A questionnaire has been designed and will be used to gather relevant information to address the research objective of the study. The purpose of writing to you is to kindly request you to grant me permission to collect information on this important subject from your organization.

Please note that the study will be conducted as an academic research and the information provided will be treated in strict confidence. Strict ethical principles will be observed to ensure confidentiality and the study outcomes and reports will not include reference to any individuals.

Your acceptance will be highly appreciated.

Yours faithfully,

OCHARO EVANS NYANDIGISI
D53/CTY/PT/33144/2014
Appendix II: Research Questionnaire

SECTION A: Background Information (Please tick (✓) appropriate answer)

1) Please indicate your gender:  Female [ ]  Male [ ]

2) Please indicate your age bracket
   20-30 yrs. [ ]  31-40 yrs. [ ]
   41-50 yrs. [ ]  51 – 60 [ ]

3) State your highest level of education
   Certificate [ ]  Diploma [ ]  Degree [ ]  Masters [ ]  PhD [ ]
   Others (Specify)  

KNOWLEDGE MANAGEMENT

4) To what extent does knowledge management affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?
   Very great extent [ ]
   Great extent [ ]
   Moderate extent [ ]
   Little extent [ ]
   Not at all [ ]

5) What is your level of agreement with the following statements on knowledge management effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?
   Where: 5 - Strongly agree  4 - Agree  3 - Neutral  2 - Disagree  1 - Strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal capacities of our firm increases market prominence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic and personal competences boosts brand recognition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Points to attract customers promotes customer loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6) In your opinion, how does knowledge management affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?
   ____________________________________________________________
   ____________________________________________________________
   ____________________________________________________________

51
ORGANIZATIONAL TRANSFORMATION

7) To what extent does organizational transformation affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

Very great extent [ ]
Great extent [ ]
Moderate extent [ ]
Little extent [ ]
Not at all [ ]

8) What is your level of agreement with the following statements on organizational transformation effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

Where: 5 - Strongly agree       4 - Agree       3 - Neutral
2 - Disagree                  1 - Strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>New performance measures enhances sustained profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revised compensation and training strengthens customer loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous improvement determines brand recognition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9) In what way do the above aspects of organizational transformation affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

DISCONTINUOUS INNOVATION

10) To what extent does discontinuous innovation affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

Very great extent [ ]
11) What is your level of agreement with the following statements on discontinuous innovation effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>New markets innovation in our firm enhances market prominence</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processes innovation has promoted sustained profitability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New products innovation maintained customer loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technological innovation has enhanced valuable resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12) In your view, how does discontinuous innovation affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

__________________________________________________________________________

__________________________________________________________________________

COORDINATION OF MANAGERIAL PROCESSES

13) To what extent does coordination of managerial processes affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

<table>
<thead>
<tr>
<th>Extent</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Great extent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderate extent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Little extent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not at all</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14) What is your level of agreement with the following statements on coordination of managerial processes effect on competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?
| Coordination in planning stage has promoted our customer reputation | 1 | 2 | 3 | 4 | 5 |
| Direct Contact between managers and their subordinates has established a strong brand recognition |   |   |   |   |   |
| Interdepartmental consideration before communication channels has promoted sustained profitability |   |   |   |   |   |

15) In your opinion, how does coordination of managerial processes affect competitive advantage in the Numerical Machining Complex Company Ltd Nairobi?

________________________________________________________________________

COMPETITIVE ADVANTAGE OF NUMERICAL MACHINING COMPLEX LTD

16) What is your level of agreement with the following statements on competitive advantage of Numerical Machining Complex Company Ltd Nairobi?

| Market prominence of the firm has greatly expanded | 1 | 2 | 3 | 4 | 5 |
| Our Brand is nationally recognized |   |   |   |   |   |
| Customer loyalty/ Reputation has greatly increased |   |   |   |   |   |
| Our organization’s profitability has been sustainable |   |   |   |   |   |
| The level of Valuable Resources has increased |   |   |   |   |   |

THANK YOU