

**OPERATIONS STRATEGY AND PERFORMANCE OF MANAGEMENT
CONSULTANCY FIRMS IN NAIROBI CITY COUNTY, KENYA**

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DECLARATION

I declare that this thesis is my original work and has never been presented to any academic institution for a degree or any other award.

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DEDICATION

I dedicate this thesis to my family: My husband, Apollo Nderitu and my sons, Martins Kiuri and Ryan Wandiga for their support and encouragement during the time of writing this thesis.

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OPERATIONAL DEFINITION OF TERMS

- Customer:** It is used in this study to refer to clients who obtain services from the consultancy firms.
- Facility Strategy:** This refers to a Consultancy firm's plan that identifies the nature, quantity and location of spaces required to fully support the organizations business initiatives for designing, preparation and delivery of a consultancy service and operationalized through specific decision areas on location of the firm, layout and processes.
- Firm Performance:** Actual outcome/output of consultancy firms in terms of services measured using leads generated, customer acquisition and repeat business.
- Knowledge Based Value Chain Strategy:** Essential activities that consultancy firms are able to perform in order to acquire information, create and deliver value to their clients through services that lead to competitive advantage and better performance. The activities entail knowledge acquisition, knowledge dissemination and knowledge application.
- Management Consultancy Firms:** Organizations that provide professional management services to and on behalf of their clients
- Operations strategy:** Consultancy firm's plan of action used to reach their objectives by examining, developing and implementing effective and efficient systems for using available resources, work processes and personnel.

- Organizational competence:** This refers to a state of capability attained by the consultancy firm that derives from the operations strategy as it seeks to sustain superior performance. The competence take four forms: technical, administration, transactional competence and allocated competence.
- Regulatory framework:** Macro institutional factors that exert pressure on the consultancy firms including the government laws and regulations and industry self-regulation by professional bodies through professional ethics and professional standards
- Resource Management Strategy:** Refers to how firms identify the resources to be acquired and how they will be organized to maximize their utility.
- Value Proposition Strategy:** Consultancy firm's plan that identifies and communicates all the benefits that the firm will provide to target customers and approximate price it will charge each customer segment for those benefits.

ABBREVIATIONS AND ACRONYMS

ANOVA:	Analysis of Variance
CBN:	Central Bank of Nigeria
CEFIC:	European Chemical Industry Council
CEO:	Chief Executive Officer
CGF:	Concentrated Growth Factor
CSOs:	Community Services Organisations
CSR:	Corporate Social Responsibility
EO:	Entrepreneurial Orientation
FM:	Facility Management
GDP:	Gross Domestic Product
IFA:	International Fiscal Association
IFPMA:	International Federation of Pharmaceutical Manufacturers and Associations
IT:	Information Technology
KA:	Knowledge Acquisition
KBIS:	Knowledge Based Intensive Sector
KM:	Knowledge Management
KMIC:	Knowledge Management Infrastructure Capabilities
KPMG:	Klynveld Peat Marwick Goerdeler
KVC:	Knowledge Value Chain Model
MTN:	Mobile Telephone Network

NACOSTI:	National Commission for Science, Technology and Innovation
OC:	Organizational Culture
OL:	Organizational Learning
OSS:	Open Source Software
R&D:	Research and development
RBV:	Resource-Based View
ROA:	Return on Assets
ROE:	Return on Equity
ROI:	Return on Investment
SMEs:	Small and Medium-Size Enterprises
SPSS:	Statistical Package for Social Sciences
TQM:	Total Quality Management
VP:	Value Proposition

ABSTRACT

Competition in the modern world requires consultancy firms to adopt operations strategies that will ensure superior performance. Previous studies have identified challenges facing consultancy firms which have led to their poor performance such as uncertainty of returns, poor reputation, development of sustainable strategies and inadequate resources. Strategic management literature has not addressed performance dimensions of these firms and the dimensions used by practising firms have not been tested empirically. Previous research on operations strategy has concentrated on manufacturing sector through conceptual reasoning and at aggregate levels only. There is lack of empirical investigation linking operations strategy with performance among management consultancy firms. Therefore, this research aimed at investigating the effect of operations strategy on performance of management consultancy firms in Nairobi City County, Kenya. More specifically, it assessed the effect of resource management strategy, facility strategy, value proposition strategy and knowledge-based value chain strategy on performance of management consultancy firms in Nairobi City County. The study also sought to establish the mediating and moderating effect of organizational competences and regulatory framework respectively on the relationship between operations strategy and performance. This study was anchored on resource-based view theory, knowledge value chain model, social capital theory, Hayes and Wheelwright four stage model and the institutional theory. The study was founded on positivism philosophy and adopted a descriptive and explanatory research designs. Target population for the study was all the 227 management consultancy firms in human resource, marketing, accounting and finance and operations management in Nairobi City County out of which 144 were selected using stratified random sampling technique. Primary data was collected using semi structured questionnaire. Quantitative data was analysed using descriptive and inferential statistics. Hypotheses testing was carried out at 5% significance level and F-statistic was used to test the significance of the model and computed at 95% confidence level. Quantitative data was presented in form of tables and charts. Qualitative data collected through open ended questions was analysed using conceptual content analysis. The study found that resource management strategy, value proposition strategy and knowledge-based value chain strategy have a significant positive effect on performance of management consultancy firms in Nairobi City County while facility strategy has no significant effect. Organizational competences have a partial mediating effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County while regulatory framework has no significant moderating effect on the relationship between operations strategy and performance. The study recommends that the management of management consultancy firms in Nairobi City County should focus on deploying resource management, value proposition and knowledge based value chain strategies in a more strategically aligned manner in order to gain value, rarity, inimitability, organization specificity and non- substitutability. They should focus on building competences such as allocated, administrative, transactional and technical competences to guarantee sustained performance through maintaining their staff for a longer period of time, organising training seminars, meetings and encouraging information sharing. They should also develop and implement strategies to minimize the effect of the regulatory framework on the performance of consultancy firms and the government should come up with policies that are not punitive to the consultancy firms so as not to negatively affect their performance. The study called on future research to investigate the effect of operations strategy on performance in other service oriented organisations.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the modern business environment characterized by heightened competition, business organizations are forced to employ strategies that will give them an upper hand above their competitors (Barney, 2014). Thus, the firms have become aggressive and more dynamic in identifying and implementing strategies that guarantee survival through superior performance. Therefore, strategic management becomes a key ingredient for all business organizations that want to survive in this kind of business environment (Melby, 2015). The concept of organizational performance is based upon the idea that an organization is a voluntary association of productive assets, including human, physical and capital resources for the purpose of achieving a shared purpose (Barney, 2001). As a consequence, the essence of performance is the creation of value. Thus, if the utilisation of organisation resources generates equal to or greater value than the expected, then the firm objectives shall have been achieved.

Generally, consultancy firms across the world are categorized depending on the sectors that they serve and mainly fall under financial and accounting, information technology, management, human resources, legal services, hotel and hospitality industry as well as health care (Kipping & Clark 2012). The major foreign multinational consultancy firms include Ernest and Young, Price Waterhouse Coopers, Deloitte and Touche, Klynveld Peat Marwick Goerdeler (KPMG), Hawkins and associates among others. These firms form the higher proportion of the consultancy services in most African countries (Ghulam, 2010). Further, these firms enjoy good reputation, financial stability, development and mobilization of required skills and resources (Aaker, 2012). For this reason, these firms are big in size and have better performance compared to indigenous consultancy firms in relation to turn over and profitability.

The African consulting market has demonstrated strong growth, both in size and maturity (Jacobs, Swink & Linderman, 2015). In 2011 the industry was valued at about \$1.28 billion followed by a 9% growth in 2012 and 5% growth in the following year, the sector is currently assessed at over \$1.7 billion, slightly larger than the Indian consulting market and nearly six times smaller than the UK market (\$8.8 billion)

(Lăzăroiu, 2015). The West African region and in particular Nigeria as well as East African region are seen as the key drivers of this growth. West Africa and East Africa enjoyed tremendous growth rates, with 26% to \$123 million and 18% to \$89 million respectively since 2011. Both regions also benefited from immense natural resources wealth, a growing middle class, foreign investment and an improved manufacturing base. In contrast, South Africa, which is a predominant heavyweight in the African consulting market experienced slowed growth in GDP. This was mainly attributed to instability resulting from waves of strikes in the mining sector, electioneering period interruptions, reduced domestic and foreign investment leading to a mere 2.5% growth in consulting (Tanui, 2015).

In Kenya, there has been an exponential growth in the number of consultancy firms especially in Nairobi City County where many organizations and business firms have their offices. This is largely attributed to the modern trend of information research being relied upon in many undertakings of different institutions as well as expansionary policies adopted by the Government (Cheruiyot, 2011). This sector is estimated to contribute approximately 46% of the country's GDP. Like the rest of the world, Kenyan consultancy industry is dominated by foreign consultancy firms (Mungai, 2012). Majority of local consultancy firms constantly face financial uncertainty, low turnover levels, poor reputation, inadequate skills and resources and often have little experience (Aaker, 2012). For this reason, majority end up closing down their operations in their first few years of operation.

Since operations strategies entail action-oriented decisions which are made periodically and lead to direct implementation of the strategic objectives set at business and corporate levels, organizations should formulate operations strategies depending with the set or intended objectives (Hill, Jones & Schilling, 2014). According to Pearce and Robinson (2012), this implies that every consultancy firm must have its own strategies focusing on improvement to enhance overall performance of the consultancy firms. To this end, operations strategy acts as part of the firm's functional strategy and addresses the key questions about how the key organizational resources are acquired and configured so as to attain the set objectives (Slack, 2015).

1.1.1 Firm Performance

Firm performance refers to the end result of activities or the outcomes of the organization operational process (Terziovski 2010). Performance is achieved in a series of events organized in a logical flow starting from acquiring and configuring of resources, developing capabilities and building competences hence resulting to superior performance. Additionally, performance in general consists of the actual results or output compared to the intended output or goals and objectives (Kaplan & Norton, 1992). It refers to the output generated from different factors such as; group communication, work processes, innovation and creativity, organizational culture, organizational interaction, leadership, corporate image, organizational policies and procedures, as well as the business environment (Haworth, 2007). Armstrong (1994) defines performance as the record of outcomes produced on a specified job function or activity during a specified period of time. Therefore, performance is measured in terms of output and outcome, profit, internal processes and procedures, organizational structures, employee attitudes, and organizational responsiveness to the environment among others.

Rasula, Vuksic and Stemberger (2012) viewed performance as the competency of an organization to transform the resources within the firm in an efficient and effective manner to achieve organizational goals. It is further viewed as the organization's ability to acquire and utilize its scarce resources as expeditiously as possible in the pursuit of its operational goals. According to Kaplan and Norton (1992) performance incorporates different areas of outcomes expressed in terms of results and specific actions undertaken and reported at the end of every activity. For instance, McNair, Lynch and Cross (1990) offered a four-level performance pyramid where the top level shows the vision, the second level with objectives per business unit in market and financial terms, the third level with objectives per business operating system in terms of customer satisfaction, flexibility and productivity, and finally the bottom level with operational objectives for quality, delivery, process time and costs. In agreement, Kent and Weese (2012) proposed that firm's performance is measured by the congruence between the goals of the organization objectives and the observed outcome.

At the same time, with the emergence of the resource-based view (RBV) of the firm, the focus of performance diverted from industry to firm's specific assets (Terziovski

2010). Traditionally firm performance was measured based on financial indicators only and mostly using a 3-item scale: sales growth, market share growth and ROA. For instance, Terziovski 2010 (2005) adopted ROA, Shrader (2001) and Stuart (2000) used sales growth. However, financial performance measurement approach is considered to be limited since it only examines indicators such as sales growth level, profitability, ROI, ROA, ROE and perhaps earnings per share which make cross sectional comparison of performance difficult since they are based on the accounting policies adopted by the reporting firm. Additionally, the measures focus on only one aspect of the firm ignoring other non-quantifiable processes that contribute to firm performance (Spanos & Lioukas, 2001).

Over time, new performance measurement dimensions accommodating both the financial and non-financial measurement indicators have been introduced. They include, the Performance Measurement Questionnaire (PMQ) (Dixon, Nanni & Vollmann, 1990), the Balanced Scorecard, the Business Excellence Model of EFQM, Reference Model developed by Bititci, Carrie and Nanni (1997), the DuPONT model, which links accounting measures and financial ratios, the Performance Measurement Matrix (PMM) developed by Keegan, Eiler and Jones (1989) which integrates financial and non-financial internal and external facets of business performance. Each of these models provides a unique and different lens through which to view an organization's performance (Richard, Devinney, Yip & Johnson, 2009).

However, consultancy firms experience numerous challenges in trying to measure their performance owing to lack of a standardised measure of their performance. Srinivasan (2014) noted that the services offered by these firms are complicated to measure and quantify since different firms have different differentiation strategies and are not homogeneous in their business focus. Most of the consultancy firms specialize in one or a few areas and in rare occasions, only the large ones are able to focus on multiple areas of consultancy such as marketing, accountancy, human resources and strategy. It is also noted that these firms operate under secrets making it difficult to access information on their performance.

Following the identified challenges in measuring performance of consultancy firms, practising consultants and consultancy firms have proposed several dimensions of performance of these firms. Hill (2018) observed that these measures include utilization

percentage, customer acquisition, repeat business and leads generated. Utilization percentage is obtained by dividing the number of billable hours during the period by the available work hours of the staff. High utilization percentage leads into higher revenues. Customer acquisition is measured by the number of proposals sent during a given period and number of new clients generated from the sent proposals for that period. Repeat business is measured by the number of compliments received and number of repeat customers during a given period while leads generated is measured through the number of customers generated through referrals, enquiries, social media, networking and business events during a particular accounting period. Even though these indicators of performance are used by management consultancy firms to measure performance, this study notes that the measures have not been tested empirically. Hence for the purpose of this study, performance was measured in terms of leads generated, customer acquisition and repeat business.

1.1.2 Operations Strategy

The operations system in an organization is key to its performance since it brings together the inputs and the processes that make the products and services needed by customers (Cases & Case, 2004). Operations play a significant role in defining the daily activities of the organization including how it delivers its products and services to customers. It is vital to note that every business has a goal of value creation to the clients. However, the processes used to achieve this objective are the core determinants of the firm's success (Haider, 2009). Operations strategy is viewed as a key contributor to firm's performance which is achieved through series of events organized in a logical flow right from acquisition and configuration of resources, developing capabilities, building competences and eventually resulting in a superior performance.

Cameron, Bateman and Snell (2014) noted that strategic management involves specifying the organizational objectives and defining the main direction of the business by formulating plans and necessary policies required for accomplishment of these objectives as well as allocating required resources. There are three levels where managers adopt strategies: corporate level, business level and functional level to achieve competitive advantage and superior performance for their organizations (Johnson, Scholes & Whittington, 2008). Operations strategy forms part of the firm's functional strategy and addresses key questions about how key organizational resources

are acquired and configured so as to attain the set objectives (Slack, 2015). The operations strategy incorporates the firms' actions and strategic decisions which are essential in shaping the long-term capabilities of the operations and their role towards overall strategy through reconciliation of market needs with operation resources (Slack, 2015). In addition, it involves collective and concrete actions chosen by the firm and executed within the operations function of the firm (Melby, 2015). The role of operations strategy as discussed by Duarte, Brito, Di Serio and Martins (2011) entails setting up a plan for the operations functions to best utilize firm resources and therefore achieve high performance. Haider (2009) observed that an operations strategy involves formulation of the entity's long-term plan for ensuring proper use of resources for a high level of firm's compatibility between these resources, overall corporate strategy and performance.

Operations strategy decisions as discussed by Oparanma (2010) may be divided into two major categories; those focusing on the structural elements consisting of facility, capacity as well as the choice of processes and those focusing on infrastructure such as workforce, quality, procurement and organization structure. Luz Martín-Peña and Díaz-Garrido (2008) identified three types of generic operations strategy from review of literature: Strategies for minimizing cost whose purpose is to achieve greater efficiency and avail products and services on a timely basis to customers; Strategies for ensuring high quality products which aim at quickly identifying consumers' needs and responding to them rapidly through provision of quality products and after-sales services; Strategies that implant new technology and operations processes which aim at introducing new designs and products rapidly, ensuring flexibility in new designs and incorporating customers' requirements through differentiation.

Slack (2015) argues that there are four decision areas that are needed to manage the resources of the operations. These decision areas form the types of operations strategy in firms; Capacity strategy which deals with configuration and organization of capacity and facilities; Supply network strategy that deals with how operations is integrated with other functions of organization and the role undertaken by each function in the firm; Process technology strategy which involves determining the choice and development of processes and systems that transform resources into final products and Development and improvement strategy that deals with decisions on how the operation

system is run on a continuous basis. Wandiga, Kilika, and James (2017) identified four types of operations strategy from a theoretical review of literature which are applicable to Knowledge Based Intensive sector: resource management strategy, knowledge value chain strategy, facilities strategy and value proposition strategy.

According to Gottschalg and Zollo, (2007), firm's performance and competitive advantage can be achieved with a well-formulated and executed resource strategy. The operations strategy acts as part of the firm's functional strategy in addressing the big question of how the key organizational resources must be acquired and organized to achieve the set objectives (Slack, 2015). Facility strategy on the other hand ascertains the various categories, layout and location of spaces needed to fully support the initiatives of the business in attaining the organization objectives. The facility strategy must be aligned with the corporate strategy (Maas & Pleunis, 2006).

Haynes, Nunnington and Eccles (2017) noted that in consultancy firms, investment in critical facilities has significant influence on their operations and resilience. Moreover, it may also have a great impact on external stakeholders while at the same time protecting customers identity and confidentiality where required. Earlier, Shi, Ye, Lu and Hu (2014) concluded that adequate facilities help a firm to prioritize its facilities from a business criticality perspective which leads to avoiding disruption to services delivery. It is also noted that these consultancy firms set up offices where they carry out administrative tasks, planning for clients work and in some cases clients work is carried out in the consultancy firm's offices. For this reason, consultancy firms require facilities for smooth operation and administrative purposes.

Value proposition strategy involves developing a clear, simple statement of the benefits, both tangible and intangible that the company will provide, along with the approximate price it will charge each customer segment for those benefits. Anderson *et al.* (2006) suggested that organizations adopt one of three approaches to developing value propositions: all benefits - by identifying a list of all benefits a company can deliver to customers; favourable points of difference – identifying benefits relative to those delivered by key competitors; and resonating focus – key benefits truly valued by chosen customers that are delivered or potentially could be delivered. Value proposition (VP) of a firm is viewed as the most important aspect of strategy because it helps in determining why customers buy the products of the company.

Knowledge based value chain strategy involves the process of creating new knowledge in the organization, disseminating that knowledge throughout the firm and its application in the day-to-day activities of the firm (Al-adaileh, 2013). Holsapple and Oh (2013) defined knowledge value chain as a construct that comprises nine essential activities that a knowledge-driven firm is able to perform in ways that yield competitive advantage and better performance. These critical activities come from knowledge management activities and they include primary activities of Knowledge acquisition, selection, generation, assimilation and emission plus the secondary activities of measurement, control, coordination and leadership (Holsapple & Joshi, 2002).

Arising from the above discussion, the study notes that there are different types of operations strategies that are adopted by different organizations depending on the environment in which the organizations are operating, the competitive priorities they want to achieve and the products offered or services provided. For the purpose of this study four types of operations strategy were adopted which are applicable to knowledge-based organizations: resource management strategy, knowledge based value chain strategy, facilities strategy and value proposition strategy (Khalili, Salimian, Nazemi & Alborzi, 2013; Wandiga, Kilika & James, 2017). Deployment of the various types of operations strategies enables firms to build competences needed in service delivery thus leading to superior performance. Operations strategy is viewed as a key contributor to the organizational performance which is achieved through series of events organized in a logical flow right from acquisition and configuration of resources, developing capabilities, building competences and eventually resulting in a superior performance.

1.1.3 Organizational Competences

Traditionally, organizational competence has been thought to be simply employee skills necessary to achieve organizational goals that drive integrated business strategy implementation and alignment (Grant 2015). Organizational competences describe what the organization can do best. These competences and capabilities describe how the company expects to accomplish what needs to be accomplished. Such competences may include decision-making, risk-taking, problem-solving skills, attention to details, innovation, customer service, strategic perspectives, teamwork as well as strategic leadership (Nowak, 2012).

Hackman and Oldham (2010) identifies four types of organizational competences; allocated, transactional, technical and administrative competences. Allocated competence according to Teece (2008) is a combination of practical and theoretical knowledge, cognitive skills, behaviour and values used to improve performance and revolve around the decision about what to produce and how to price it. Transactional competence refers to distinctive capabilities and strengths grounded in economic efficiency such as innovation, quality, customer responsiveness and productivity and deals with decisions on whether to make or buy and whether to work alone or in collaboration. Technical competence according to Nowak (2012) is the ability to design and develop products or services and refers to the ability to operate facilities efficiently. They represent knowledge, skill and practices required for successful accomplishment of a business, job or task (Sanghi, 2016).

Administrative competence addresses the ways of designing structure and policies to enable sustainable organizational performance. These competencies also involve skills, attitudes, behaviours and strategies that are necessary to excel in the administrative work. To be a source of competitive advantage, Purce (2014) concluded that organizational competence ought to meet three conditions: it must be heterogeneously distributed within an industry: it must be difficult to purchase in the market and it must be difficult or impossible to imitate. For the purpose of this study, organizational competence was operationalised through allocated, transactional, technical and administrative competence.

The operations strategies associated with these competences are applied by firms as they operate in rapidly changing environments where the regulatory forces are expected to play a role. In the context of management consultancy firms, the role of the regulatory environment needs the attention of decision makers and managers should continuously scan the environment, determine any mismatch between the environmental requirements and the firm's internal operations and develop appropriate strategies to respond to them (Dunlap & Jorgenson, 2015).

1.1.4 Regulatory Framework

Organizations operate in an open system and are therefore influenced by forces which are both external and internal (Ndumia, 2015). The forces have resulted to firms being directed by legitimated forces which includes; professional certification, state

requirements and standard operating procedures that often have impact on the organizational task performance. The regulatory framework includes government laws and regulations, industry self-regulation and they are therefore expected to influence the development of operations strategies and performance of the management consultancy firms (Klossner, 2014).

According to Dunlap and Jorgenson (2015), regulatory control instituted by the state and professional bodies can be applied in a number of functions manifested in observance to rules and regulations, recommended codes of practice, policies and procedures, standards and orders, organization's structure and relationships and type of production system. In addition, control can also be applied on systems that focus on compliance to quality standards and total quality control. Moreover, Forman and Hunt (2013) concluded that regulations can be put in place to improve performance by changing individuals or organizational behaviour in ways that can generate positive impact in terms of solving organizational, societal and economic problems. Therefore, effective control mechanism geared towards improving performance can be attributed to compliance to rules and regulations.

McFadden, Lee, Gowen and Sharp (2014) noted that Knowledge Based Intensive Sector (KBIS) firms are most likely to rely on qualified professionals, with high level of expertise in particular functional domain, or technical disciplines and supply information or any other knowledge-based services for delivering value to the clients. Professional associations also exist for representing the interests of the associated members. However, they may have delegated full or partial authority to govern their roles and working within a designated framework which is recognized by government. They usually regulate the profession through formulation of professional standards and ethical guidelines in form of code of ethics. In some areas of specialization, it is mandatory to be a member of the professional body in various countries and some profession regulators require the members to have a practicing license, or to be registered as a professional for them to perform their duties.

For purpose of this study, the major concern was the regulatory framework put in place by the government and professional bodies who determine which consultancy firms will operate, and how they will operate. Purce (2014) affirms that strategy helps an organisation to cope with changes in the regulatory environment. Thus, according to

Grant (2000), survival and success of an organisation occurs when an organisation adopts a strategic balance between its strategy and environment as well as strategic match between its internal competences and the strategy. Regulatory framework in this study was operationalized through state control in terms of legal framework as well as professional bodies control in terms of professional ethics and standards.

1.1.5 Management Consultancy Firms

Consulting firms are those business organizations that provide professional advice to an individual or an organization, often for a fee. The purpose of a consulting firm is to provide access to industry-specific specialists and subject-matter experts. Consultancy firms according to Kipping and Clark (2012) are categorized depending on the sectors that they serve and they mainly fall under the following fields: financial and accounting, information technology, management, human resources, legal services and hospitality industry. They are part of the KBIS and are deeply involved in knowledge exchange and their core activity is to transfer information, design, experience or professional knowledge to client firms and assist in applying it (Bouncken & Kraus, 2013). Miles (2005) notes that the work of these firms entails collecting, generating, analysing and distributing knowledge with the aim of providing competences and solutions that the clients cannot develop for themselves.

According to Walsman, Brandon-Jones, Lewis and Verma (2015) management consulting business has grown rapidly over the past few years because of the expansion in economic activity globally that can be associated with the rise of management as a unique field of study. As such, the sector is viewed as one of the fastest growing sectors in the knowledge economy. According to Mukkamala and Razmerita (2014) consultancy firms have in the recent past been changing their names by dropping the word consulting. This is in part explained by changes in customer demands and workforce preferences as well as the urge to diversify and offer more services such that the term consulting becomes limiting and no longer captures the entirety of their offerings (Dunlap & Jorgenson, 2015). This pressure to offer variety of services is affecting both small and large consulting firms alike. Equally, numerous consulting firms have been launching innovation hubs throughout the world while at the same time freelance based consulting model is continuing to grow where consultants are able to obtain clients online (Imbuhila, 2016).

Several studies have been conducted internationally among consultancy firms and touching on different aspects such as the challenges facing these firms. For instance, Ling and Gui (2009) observed that Chinese consulting firms in Shenzhen lag behind in relation to design and technical capability, experience in international orientation, capability as well as financial capacity as compared to their peers globally. In agreement, Ylinenpaa and Roininen (2010) concluded that consultancy firms with little experience are perceived as lacking the ability to provide quality services and are unable to satisfy several critical assignments simultaneously.

According to Eisenhardt and Martin (2000), winners in the global market have been firms demonstrating timely responsiveness and rapid flexible product innovation, along with the management capability to effectively re-configure the internal and external resources and competences. Aaker (2012) noted that consulting firms are faced with a number of challenges including building good reputation, financial uncertainty, gaps between assignments, development and mobilization of the required skills sets and resource base, development of strategic alliances and business relationships.

Nikolova, Reihlen and Schlapfner (2009) earlier observed that management consultancy services have distinct characteristics that reflect the nature of services provided. These include intangibility, heterogeneity, perishability, inseparability, variability and lack of ownership. Srinivasan (2014) argue that due to the nature of services offered by management consultancy firms and their unique characteristics, there has been difficulties studying, quantifying and measuring performance of these firms hence leading to stakeholders giving little attention to monitoring performance trends in the sector. Thus, very little information exists on performance of management consultancy firms (Fincham, Mohe and Seidl, 2013)

1.1.6 Management Consultancy Firms in Nairobi City County

In Kenya, management consultancy firms are incorporated by the Registrar of Companies as Limited Liability Companies and have become leaders in the provision of tailor-made solutions to the challenges facing customers in specific market niches. Foreign multinational firms such as Ernest and Young, Price Waterhouse Coopers, Deloitte and Touche, KPMG, Hawkins and associates account for a large proportion of management consulting services in Kenya and they are located in Nairobi. These multinational firms heavily dominate management consulting services, with indigenous

firms accounting for a small share (Ikiara 2000). However, the indigenous firms are predominantly managed by local citizens. Management consultancy firms fall in the service sector which contributes 46% of the GDP (Tanui, 2015).

In Nairobi City County, there has been an exponential growth in the number of consultancy firms where many organizations and business firms have their offices. This is largely attributed to the modern trend of information research being relied upon in many undertakings of different institutions as well as expansionary policies adopted by the Government (Cheruiyot, 2011). Majority of local consultancy firms constantly face financial uncertainty, low turnover levels, poor reputation, inadequate skills and financial resources and often have little experience (Tanui, 2015). For this reason, majority end up closing down their operations in their first few years of operation due to poor performance. Srinivasan (2014) notes that even though the use of management consultancy firms has increased overtime little research attention has been given to this area.

Several studies have been conducted locally among consultancy firms and touching on different aspects such these firms. For instance, Muchungu (1997) conducted a study on marketing of building consultancy services in Kenya focusing on consulting engineering firms, quantity surveying firms and architectural firms and found that most marketing building consultancy firms do not market their services effectively because of slowness and rigidity to accept changes by the consultants themselves, compounded by the strict professional ethics by the professional bodies affect their methods of marketing.

Studying service delivery approaches and strategic positioning of information technology in management consultancy firms in Kenya, Mbithi (2005) found that those firms which tend to have a variety of delivery approaches and methodologies practice some form of differentiation strategy. They also have business segments in which focus strategies are employed. Kigathi (2007) analysed factors that influence the choice of management consulting firms based on companies listed in the Nairobi stock exchange and found that both external and internal factors are considered in the selection criteria. The factors commonly considered include expertise, experience, pricing and the reputation of the consulting firm. Cheruiyot (2011) evaluated the use of Information and Communications Technologies in consultancy services among Engineering,

Architectural and Quantity surveying consultants in Nairobi County, Kenya. The study established that 95 % of all employees work with computers and that IT has increased productivity mostly in general administration and design.

Tanui (2015) evaluated the interaction between information technology capability, environmental conditions and competitiveness of consultancy firms in Nairobi County, Kenya and found that IT capability positively influences firm competitiveness and competence. Further, Imbuhila (2016) studied the influence of strategic planning practices on performance of engineering consultancy firms in Kenya and found that strategic planning practices have positive significant impact on Kenya's engineering consultancy firms' financial performance.

From the above discussion, this study notes that consultancy firms in Kenya share the same experiences and face the same challenges as other international consultancy firms. Most studies conducted on management consultancy firms have not given attention to performance of management consultancy firms and this is the same situation facing the international firms (Srinivasan, 2014). In addition the studies conducted in Nairobi City County on management consultancy firms have not linked operations strategy to performance of these firms.

Considering these challenges in the context of management consultancy firms, it is observable that each raises an implication on the operations system of the firms and the emergent operations strategy since firms' ability to achieve desired performance objectives depends on the effectiveness of the operations strategy built into the operations system (Wandiga, Kilika & James, 2017). Therefore, it is important for the consultancy firms to develop operation strategies and competences that will aid in addressing the identified challenges hence improving performance (Kipping & Clark, 2012). Operations strategy can help the management consultancy firms to develop and reconfigure unique resources, build their knowledge value chain and deliver the promised value proposition to clients thus enhancing their competitiveness.

In Kenya management consultancy firms are classified depending on the sectors they serve and mainly fall under financial and accounting, operations management information technology, human resources, marketing, legal services, hotel and hospitality industry as well as health care (Imbuhila, 2016). This study adopted

management consultancy firms located in Nairobi City County which operate in the business management field since it is in line with researchers' area of specialization and they also form the largest bulk of all management consultancy firms. These are marketing consultants, human resource consultants, operations management consultants and accounting and finance consultants as classified by *Yellowpageskenya.com* as at 30th June 2017. This source was found to be suitable since only legitimate and operational management consultancy firms would keep updating their details in the directory and it is also in line with other several past studies in China and Kenya which have used telephone directory-based populations. For example, a study conducted in China by Zhang, Han, Huang, Wu, Dong and Xu (2008) adopted telephone directory-based population and random digital dialling for the final sample. Tanui (2015) also used *Yellowpageskenya.com* to determine his target population.

1.2 Statement of the Problem

It has been noted that consultancy firms worldwide face numerous challenges, touching on uncertainty of returns, poor reputation, development of sustainable strategies, gaps between consultancy assignments and inadequate financial, technical and human resource base (Jacobs, Swink & Linderman, 2015; Aaker, 2012; Ling & Gui, 2009). According to Tanui (2015), these challenges pose a threat to the competitiveness and ultimate performance of management consultancy firms. Cheruiyot (2011) found that most management consultancy firms in Kenya report poor performance because of the persistent struggle to attract and maintain new clients. Over and above these challenges, Fincham, Mohe and Seidl (2013) and Srinivasan (2014) observed that the nature of services offered by consultancy firms are difficult to study, quantify and measure hence leading to a situation in which stakeholders have given little attention to monitoring performance trends in the sector. In addition, considering the heterogeneous nature of services provided by these firms, the strategic management literature has not addressed the issue of performance dimensions of the consultancy firms. Further, the dimensions proposed by practising consultants and consultancy firms have not been tested empirically (Hill, 2018). Thus, very little information exists on performance of management consultancy firms.

In spite of the identified challenges facing management consultancy firms, an appropriate operations strategy holds potential for streamlining these organizations

towards enhancing their performance through reconciliation of customer needs and operation resources (Slack, 2015) since performance is a construct that practically derives from the operations system of an organization. Even though a lot of research in strategic management has concentrated on relating a number of factors such as strategies and resources with firm performance, such an effort has failed to appreciate the important role the operations strategy plays towards improving organizations performance (Jacobs, Swink & Linderman, 2015; Dibrell, Craig & Neubaum, 2014).

The attempts made to investigate the role of an operations strategy have faced empirical challenges. While early efforts made towards understanding operations strategy processes focused on conceptual reasoning to articulate the operations strategy (Anderson, Cleveland & Schroeder, 1989; Boyer & Lewis, 2002; Ward, Duray, Leong, & Sum, 1995), recent studies show that there is a link existing between operations strategy and other broader aspects such as strategic leadership, institutional conditions, market orientation, organisational context and corporate strategy. The studies have used both empirical data and conceptual reasoning in establishing the links between variables only at an aggregate level (Shehu & Mahmood, 2014; Craig & Neubaum, 2014; Dibrell, Bharadwaj, Chauhan & Raman, 2015; Nawaz, Hassan & Shaukat, 2014; Wandiga, Kilika & James 2017). Other studies that have been conducted on firm resources management, facility management, value proposition and Knowledge based value chain, have only looked at them as mere organizational functions and not as types of operations strategies (Ombaka, Machuki & Mahasi, 2015; Myeda & Pitt, 2014; Ekman, Raggio & Thompson, 2017). Therefore, the specific types of operations strategies in a knowledge-based sector have not received adequate attention from researchers.

It is also noted that most of the empirical literature on operations strategy research has been carried out outside Kenya and Africa. For example, in Kenya, only a few empirical studies have been done that have focused on consultancy firms and they have not given attention to performance of the firms (Muchungu, 1997; Kigathi, 2007; Cheruiyot, 2011; Tanui, 2015). Thus, in spite of the long history of the existence of consultancy firms and intense research on operations strategy as a construct, there is lack of empirical investigation on the types of operations strategies adopted by management consultancy firms as well their impact on firm performance. In addition, some of the studies have not shown the linkages between firm's performance and the adopted

operations strategies in management consultancy firms in Kenya in the context of other influencing factors such as organizational competence and regulatory framework (Dunlap & Jorgenson, 2015). Therefore, this study sought to investigate the effect of operations strategy on performance of management consultancy firms in Nairobi City County, Kenya.

1.3 Research Objectives

1.3.1 General Objective

The general objective of the study was to investigate the effect of operations strategy on performance of management consultancy firms in Nairobi City County, Kenya.

1.3.2 Specific Objectives

The study sought to achieve the following specific objectives;

- i) To determine the effect of resource management strategy on performance of management consultancy firms in Nairobi City County, Kenya.
- ii) To assess the effect of value proposition strategy on performance of management consultancy firms in Nairobi City County, Kenya.
- iii) To evaluate the effect of facility strategy on performance of management consultancy firms in Nairobi City County, Kenya.
- iv) To determine the effect of knowledge-based value chain strategy on performance of management consultancy firms in Nairobi City County, Kenya.
- v) To assess the mediating effect of organizational competences on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County, Kenya.
- vi) To assess the moderating effect of regulatory framework on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County, Kenya.

1.4 Research Hypotheses

The study tested the following hypotheses.

- H₀₁** Resource management strategy has no significant effect on performance of management consultancy firms in Nairobi City County, Kenya.
- H₀₂** Value proposition strategy has no significant effect on performance of management consultancy firms in Nairobi City County, Kenya.

- H₀₃** Facility strategy has no significant effect on performance of management consultancy firms in Nairobi City County, Kenya.
- H₀₄** Knowledge based value chain strategy has no significant effect on performance of management consultancy firms in Nairobi City County, Kenya.
- H₀₅** Organizational competences have no mediating effect on the relationship between operations strategy and performance of the management consultancy firms in Nairobi City County, Kenya.
- H₀₆** Regulatory framework have no moderating effect on the relationship between firm operations strategy and performance of management consultancy firms in Nairobi City County, Kenya.

1.5 Significance of the Study

The findings of this study are significant to a number of stakeholders. First, the study's findings are significant to the top management of management consultancy firms in Nairobi City County, Kenya, as they will help them to understand the concept of operations strategy and its implications on firm performance. The managers will therefore be in a position to develop operations strategies that will accord the firm competitive advantage and superior performance. The study results will also be of importance to practitioners and management consultants since it will enable them develop strategies aligned to the sector to help them achieve superior performance. In particular, this study highlights the importance of operations strategies in organizations management leading to development of all-inclusive strategies that will eventually lead to better organization performance.

The findings of the study are also important to the Kenyan government through the relevant Ministries and other arms of the government such as the legislature and the judiciary in developing and enforcing government policies on government development agenda especially in management consultancy. This is informed by the fact that all business organizations, consultancy firms included, operate with the mandate of the government and are as such regulated by the state. Additionally, the government collects revenue in form of taxes and licensing fees from these firms and will therefore be interested in their level of performance. Finally, the study findings significantly contribute to the pool of existing knowledge regarding the concept of operations strategy and its effect on firm performance. Scholars and other researchers

will find the outcomes of this study relevant as reference material to advance their research. It will facilitate researchers in identifying the gap in the existing research and hence coming up with a study that will bridge the identified research gaps.

1.6 Scope of the Study

This study sought to investigate the effect of operations strategy on performance among management consultancy firms in Nairobi City County, Kenya. This study specifically evaluated the effect of facility strategy, value proposition strategy, resource management strategy and knowledge-based value chain strategy on the firm performance. It also examined the mediating effect of organizational competences and moderating effect of regulatory framework on the relationship between operations strategy and performance of management consultancy firms.

The study was conducted among management consultancy firms in Nairobi City County because most management consultancy firms are located in Nairobi where many business enterprises are also located. The target population of the study was 227 management consulting firms in Nairobi City County which specialize in human resource, marketing, operations management and accounting and finance consultancy. These management consultancy firms were selected because they form the largest bulk of all management consultancy firms and their profession of practice is in business management which is the researchers' area of specialization. The respondents for the study were the partner, director, chief executive officer, administrator or the general manager as could be applicable. A sample size of 144 firms was selected.

Data was collected using a semi structured questionnaire for a period of five years from 2013 to 2017. The period was selected because it is within this period that Kenya experienced a drastic growth in the number of consultancy firms especially locally owned. It is also within this period that multinational consultancy firms increased and diversified their operations in Kenya.

1.7 Limitations of the Study

The main limitation of this study was the contextual scope of the study. This is because the study was conducted in Nairobi City County which is only one county out of the 47 Counties in Kenya. The study may therefore suffer from generalizability of the results

since the contextual factors that affect other counties may not be the same as those that affect Nairobi County and will therefore affect variables differently.

Another limitation of the study was the scope of the population. The findings of this study are limited to management consultancy firms in Nairobi City County and may not be applicable to other forms of business organisations. For this reason, the conclusions reached in this study can only be inferred to other management consultancy firms that have similar characteristics and not to other type of business organisations.

The study used a cross sectional design where the study collected data for a period of five years from 2013 to 2017 which was selected for because most of the management consultancy firms were incorporated during this period. The findings in this study were therefore limited to this period only and may not refer to any other period. The findings therefore may not be reliable to make long-term inferences about the performance of management consultancy firms.

1.8 Organization of the Study

This study is structured in five chapters. Chapter one covers the introduction to the study including the main variables which are, the independent, moderating, mediating and dependent variable, the context of study, problem statement, research objectives, hypothesis, significance of the study, limitations of the study and organization of the study. The second chapter covers literature review of the theories supporting study variables, empirical review of the research objectives and presents the conceptual framework for the study. Chapter three presents the research philosophy and methodology proposed for the study, empirical models for the study and the target population, research instrument, pilot testing of the research instrument, operationalization of the research variables, methods of collecting data and data analysis techniques. Chapter four presents the data analysis results and discussions of the study findings. Chapter five presents the study summary, conclusions, recommendations with policy implications, contributions of the study to knowledge, and areas for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides review of literature on the key theories that supported the variables under investigation, review of empirical literature on variables, summary of the empirical review and research gaps and finally a conceptual framework.

2.2 Theoretical Literature Review

This study sought to establish the relationship that exists between operations strategy and firm performance. The study considered the postulates and contributions of the Resource-Based View of the firm, Knowledge value Chain Model, Hayes and Wheelwright Four Stage Model and The Institutional Theory.

2.2.1 Resource Based View

The Resource-Based View (RBV) of the firm initiated in 1980s by Wernerfelt (1984), Rumelt (1984) and Barney (1986) has become one of the dominant contemporary approaches to the analysis of sustained competitive advantage and its implication on firm performance. The RBV posits that the possession of key resources together with their effective development and deployment enables organizations to achieve and sustain competitive advantage. It focuses on the relationship between firm's resources and performance and helps to address the question why firms in the same market environment perform differently (Jena, 2008). According to RBV assets with certain characteristics will lead to sustainable advantage and therefore high strategic returns in terms of market share or profits. However, a resource-based view strategy cannot provide competitive advantage without being operationalized (Barney, 2014). The operationalization of RBV theory is fundamental because it directs managers in their resource-based strategy implementation.

The RBV theory is based on two critical assumptions; that resources must be heterogeneous and immobile. However, these assumption are only necessary but not sufficient conditions in gaining competitive advantage, the resources must in addition be valuable in a way that delivers value to the firm and rare so as to deliver a unique strategy compared to other firms in the industry. Moreover, resources must be inimitable in that it should not be possible for the competing firms to imitate nor obtain

the resource and non-substitutable such that there must be no strategically equivalent valuable resources that other firms can easily acquire (Bowman & Ambrosini, 2003). A firm loses its competitive advantage where the resource is imitable by the existing or potential competitor.

Barney (2011) noted that a firm has competitive advantage if it has a relative advantage over their competitors or where the competitor is incapable of duplicating and implementing similar strategies. RBV theory offers guidelines for appropriate resource identification and selection and it addresses the main issue on how resources are bundled (Ghapanchi, Wohlin & Aurum, 2014). The theory was used to support the resource management strategy and facility strategy since these strategies address major questions of how resources are acquired and configured so as to achieve the desired objectives. The theory was also used to support firm performance since the theory is used to explain why some firms operating in the same market environment perform better than others and it also analyses the relationship between competitive advantage and performance.

2.2.2 Knowledge Value Chain Model

A value chain refers to the way activities required to provide the desired products and services to the current and potential customers are conceptualized. The model portrays how the products or services gain value as they go through various stages of design, production process, sales and marketing, delivery, and after sale service to the customers. The value chain model shows the particular configuration of activities that are needed to create value in a product or service (Qiao, Zhang & Cheng, 2016). Competitive advantage results from the way different activities are carried out along the value chain. The value chain is a network of independent activities. These activities produce goods/services thus creating value for the organization.

Porter (1980) proposed a generic value chain model which was used in the context of the traditional manufacturing firms which includes the primary activities of inbound logistics, operations, outbound logistics, marketing and sales and service and secondary activities of infrastructure, human resource, and technology. Cooke (2013) argues that this value chain describes the chain of activities the firm has to accomplish (with its resources) to achieve its competitive strategy.

Adopting the Porter's value chain analysis approach, Chyi and Yang (2010) proposed a Knowledge Value Chain Model (KVC). A KVC is viewed as a sequence of intellectual tasks by which knowledge workers build their employers unique competitive advantage. The model consists of three parts: input knowledge, knowledge activities, and output values. The knowledge value chain (KVC) consists two major sets of activities, knowledge acquisition and knowledge application. This reflects the division of labour in knowledge work that has evolved in large, complex organizations (Grant, 2015). In this context, knowledge workers are essentially tasked with acquisition and development of knowledge and its application in making appropriate decisions in the business so as to achieve desired results.

This model was used to support knowledge-based value chain strategy and it is relevant to this study because consultancy firms are knowledge intensive hence the theory will enable the researcher to understand how the firms manage their KVC in an effort to achieve superior performance. Competitive advantage comes from the way firms organise and carry out the specific activities in the KVC and these are measured by the core competence of firms (Cooke, 2013).

2.2.3 Social Capital Theory

In the modern world it is no longer sufficient to compete on content in the knowledge economy (Bourdieu, 1983, 1986; Coleman, 1988). According to Kreuter and Lezin (2002) everyone has access to a multitude of content and everyone is highly skilled and experienced which makes it is hard to compete on such similar competencies. There is thus the need to identify and combine the skills and competencies that when shared among the employees will guarantee the organisation better performance. Krebs (2008) argues that the ability to find, utilize and combine the skills, knowledge and experience of others, inside and outside of the organization calls for social interaction. Social capital is derived from employees' professional and business networks. Social capital is what connects various forms of human capital (Maurer, Bartsch & Ebers, 2011). Daud and Yusoff (2010) noted that an employee connected to innovators and thought leaders has valuable social capital to do their job, and share with their corporate colleagues. According to Carrillo (2006), social capital consists of knowledge and organizational resources that enhance the potential for individual and collective action in human social systems.

Conversely, Payne, Moore, Griffis and Autry (2011), observed that social capital comprises of those resources such as Knowledge resources that actors may access through social ties that may affect an individual's action directed toward another based on the social structure in which the action is embedded and the history of transactions between the actors (Monavvarian, Asgari, Akhavan & Ashena, 2013). Lang (2004) suggested that social capital serves three important functions. Firstly, it represents a structure of obligations, expectations, and trustworthiness. Secondly, it serves as information channels. Finally, social capital serves as a system of norms and effective sanctions, that is, effective norms which constrain people from socially undesirable actions. Hoffman et.al (2005) suggested that social capital can be separated into five distinct dimensions. They are information channels, social norms, identity, obligations and expectations, and moral infrastructure.

This theory was used to support knowledge-based value chain strategy and organizational competences. The theory outlines that for a firm to achieve superior performance there is need for human interaction which facilitates sharing of knowledge. The theory also supports that in the modern business environment in which consultancy firms operate, knowledge in itself may not guarantee sustainable competitive advantage unless the knowledge is shared among the organizational employees and applied in the business. Therefore, as observed by Krebs (2008) it is the ability to find, utilize and combine the skills, knowledge and experience that enables the firm to achieve better performance. It is thus expected that in line with the postulates of the theory knowledge and competences within management consultancy firms will lead to greater performance.

2.2.4 Hayes and Wheelwright Four Stage Model

Hayes and Wheelwright (1985) introduced a four-stage model for operations strategies and it is applied in today's organizational setting. According to the model, the operations capabilities of the firm has been displayed with an internal perspective and strategic assessment of the competitors is displayed with an external view. The model also proposes that the organizational operations could offer sustained advantage if operations are strategically managed (Grant, 2015). Hayes and Wheelwright argued that every business entity must aspire to achieve the highest level possible, and reach stage 4 of the model. In stage one of the model, organizations desire to merely solve their

problems and be at a neutral state this stage also referred to as the internal indifference nature. During this stage, it is difficult for the firms to manage their operations strategically because the performance objectives keeps changing persistently. Therefore, firms at this phase do not have a competitive advantage over their rivals. (Nowak, 2012).

The stage two of the model constitutes the external indifference where firms desire to keep abreast with competitors with better performance. At this stage, it is assumed that the organizations are neutral externally and they make use of “benchmarking” strategy. Most organizations attempt to make use of the best practices to outperform the competitor’s strategies. Organizations also start to create a competitive advantage at this stage as they always strive to be better than the rivals in the industry. However, the operations of the firm at this stage are never related to the business strategy (Nonaka & Toyama, 2015).

Stage 3 of the model is believed to be internally supportive for firms that wish to become the best in the industry they are operating in. Operations strategies are assumed to be in line with the business strategies and they intend to support it by providing likelihood of the operations in providing the means of attaining a sustainable competitive advantage. Lastly, the stage 4 and the most important phase is the best and very supportive in terms of creating a competitive advantage. This stage is associated with operational excellence in order to meet client’s needs and the production of required products and services that will meet market needs (Khoja, Adams & Kauffman, 2016). At this stage, organizations may outperform the best practices in the industry. A stage 4 organization uses its operations excellence as the basis for its business strategy. The operations of a stage 4 organization are at the forefront of developments in best practice in that they set industry standards in ways that delight customers (Oldham & Fried, 2016).

Thus, the model is important to the study since organization’s operations are believed to play a significant role in attracting and retaining customers and hence, improving the overall performance. To remain competitive, management consultancy firms must continually develop their operations capabilities because any source of advantage can be imitated by competitors. Particularly the theory supports knowledge-based value chain strategy since the knowledge-based competency is developed in a series of events.

The firms should learn how to maximize the use of their existing resources and competences and learn how to develop new capabilities to achieve operational excellence (Orodho, 2004).

2.2.5 Institutional Theory

Institutional theory as a framework for analysing and explaining social phenomena characterised by strict rules regulations, practices, and structures. The origin of the institutional theory may be traced back to the history of social theory. However, the modern institution theory is credited to the works of Meyer and Rowan (1977) and DiMaggio and Powell's (1983). Meyer and Rowan (1977) argued that, organizations in the modern environment operate in a highly institutionalized context from ranging from various professions, policies, and programs, which serve as powerful myths. For this reason, they argued that many organizations ceremonially incorporate their products, services, techniques, policies, and programs in line with the conceived rationality. Therefore, firms align their organizational structures within the institutional context in order to attain stability and obtain resources needed for survival in the industry.

DiMaggio and Powell's (1983) on the other hand viewed institutional processes as a means by which the business context makes entities to appear similar in their practices and outlined three isomorphic processes. Coercive isomorphism, which may lead to either formal or informal forces being imposed on the firms by the government, rivals, or even market forces in the organizational environment. Mimetic isomorphism on the other hand, arises due to uncertainty in technology and market dynamics forcing institutions to embrace organizational structures that model other leading entities in the same industry. Normative isomorphism, which results from the standards and cognitive frameworks that are created and enforced by professions and other moral standards making bodies. Such factors make these organizations more similar in terms of structures, policies and organizational policies that become their culture over time.

The processes by which structures such as norms, routines, schemas, and rules are established within an organization as a social behaviour are described in the institutional theory (Hogan & Coote, 2014). Campbell (2007) posits that institutional theory shapes the behaviour of organizations and enables firms to behave in a socially responsible way. The state and the professional bodies play a significant role in shaping the institutional environments in the modern business context. Knowledge based sector

comprise of professional firms that consider knowledge as their primary input. Therefore, knowledge capabilities are essential to the entities in this industry. The operation strategies employed by such firms ought to be in line with guidelines provided by the respective regulating bodies (Hogan & Coote, 2014). This theory support regulatory framework and it is therefore expected to have an impact on the inter relation between operations strategy and the firm's overall performance.

2.3 Empirical Review

2.3.1 Operations Strategy and Firm Performance

Aranda (2002) examined the relationship between operations strategy and size in engineering consulting firms (knowledge –intensive firms). A sample of 71 firms out of 129 firms with a turnover higher than 150,000 Euros were selected and Factor analysis was used to analyse the data collected. In addition, a path analysis model was applied to enhance the understanding of the relationships. The results of the study indicated a significant relationship between operations strategy and size in consulting engineering firms and noted that small firms use customer-oriented operations strategies, medium sized firms followed process-oriented operations strategies and larger firms follow service-oriented operations strategies. The study focused on the size of engineering firms and not performance of the firms and operations strategy was conceptualized using customer-oriented, process-oriented and service-oriented operations strategies while in this study it was conceptualized using resource management, knowledge value chain, facilities and value proposition strategies.

Akgul, Gozlu and Tatoglu, (2015) sought to link the operations strategy, environmental dynamism and firm performance in their study in some of the Turkish manufacturing companies using a survey research through structured questionnaire and structural equation modelling approach. The study found that environmental dynamism is positively and significantly related to operations strategy dimensions and environmental dynamism have a strong and positive influence on firm performance. There was also strong support regarding the effect of operations strategy on firm performance. Operations strategy was operationalized through cost, quality, delivery, flexibility, production times, new product development, customer satisfaction and supplier performance. However, this study concentrated on performance of Turkish

manufacturing companies. It follows that the findings of the study were not be applicable in the current scenario.

Kipngetich (2016) conducted an empirical study on the influence of operational strategy and organizational performance of Ailing Firms in Kenya. The study used a descriptive survey design and a sample of 100 out of 331 respondents was selected using simple random selection method. The study found that though the ailing firms adopt the operations strategy practices, the practices might not be competitive for their market environments thus explaining their poor performance. The operations strategy practices used by the firms were superior customer responsiveness and technological innovations hence they should give priority to operational efficiency. The focus of the study was ailing firms operating in Nairobi region only. The findings of the study were therefore not be applicable to firms operating outside Nairobi.

From the reviewed empirical literature, it comes out clearly that most studies emphasized on various aspects of the organizational operations strategy in establishing relationships existing between various constructs such as external environment, business strategy, competitiveness, organization structure and leadership and the studies have been conducted in specific contexts especially manufacturing firms. However, in line with the views espoused by Slack, (2015) and Johnson, *et al.* (2005) on the relationship between the above determinants of performance and operations strategy, this study conceptualised operations strategy to be inclusive resource management strategy, facility strategy value proposition strategy, and knowledge-based value chain strategy.

2.3.2 Resource Management Strategy and Firm Performance

Barney (1991) assessed the integration between organizational resources and attained competitive advantage leading to superior performance and identified four requirements that firm resources must meet in the attempts of generating competitive advantage over the other firms in the industry. These are considered to be value, rareness, inimitability and non-substitutability. According to Gottschalg & Zollo, (2007), a well-designed and executed resource strategy is vital as it gives the firm a competitive advantage. The resource-based perspectives offer a platform to plan and implement appropriate strategies by assessing the current position of the internal

resources and capabilities of the organization to achieve a desired competitive advantage (Barney, 2012).

Rose, Abdullah and Ismad (2010) conducted a theoretical review on the inter-relation existing amongst the firms' competitive advantage, organizational resources, and performance. This study established that in agreement with Barney (1991), for organizations to achieve a competitive advantage level that not only can at least match those of their business rivals' but also was able to exceed the industrial performance averages, business organizations should seek to understand the relationship between their internal resources, competitive advantage and performance. This review however considered only one element of operations strategy. Moreover, this study has no empirical foundation, hence the need to carry out an empirical analysis on the study variables.

Kithusi (2015) evaluated the firm's macro environment, firm's resources, entrepreneurial strategy and organizational performance of micro, and small and medium furniture sector entities in Kenya. Employing a wide-range survey design with the use of primary data obtained from a sample of 140 out of a population of 221 licensed MSMEs in all the 8 sub counties in Nairobi City County. The study found that organizational resources and entrepreneurial strategy had a significant impact on the overall performance of the firm. However, external environment was observed not to have significant moderating effect. The study was limited to firm resources, which is only one aspect of operations strategy. In addition, the study was conducted among Micro, small and medium enterprises in the furniture sector making it difficult to infer the results on management consultancy firms.

Ombaka, Machuki and Mahasi (2015) conducted a study on organizational resources, external environment, innovation and firm performance. To achieve the objective, primary data was collected through the use of an interview guide. Ten managers who were involved in formulation of corporate strategies and implementation from insurance companies in Kenya were interviewed. The findings revealed that firm's resources have a significant impact on the performance. This study was based on insurance companies and the results may not be applicable to management consultancy firms. Additionally, the study population was very small since only ten managers were interviewed.

The literature reviewed brings out the importance of resource management strategy in assisting firms to achieve competitive advantage but this depends on the type of resources acquired by firms and how they are configured/bundled (Gottschalg & Zollo, 2007). Management consultancy firm's key resource is knowledge and their ability to embed the knowledge into their services will determine their ability to offer quality services which will enable the firms retain their clients and attract new ones hence improving their performance.

2.3.3 Facility Strategy and Firm Performance

Amaratunga and Baldry (2000) conducted a study on assessment of facilities management performance in higher education properties using a pilot study and case study research which utilized questionnaires and interviews. The study found that the balance score card is a useful tool in evaluating FM performance in higher education establishments and in addition it provides the following benefits: communication and team work, commitment and feedback and learning. This study focused on facilities management in higher education institutions while the current study was focused on management consultancy firms. Additionally, the study did not specify the study population and sampling design. This makes it difficult to generalize the outcomes to the current scenario.

Chotipanich and Lertariyanun (2011) conducted a study on facility management strategy among commercial banks in Thailand. The study used a Case study approach of five leading banks in Thailand and concluded that four types of facility management strategies were identified based on key value intent that FM attempts to deliver to its customers. The strategies identified were facility cost focused and facility performance focused, business value focused, and workplace focused. Each strategy was representing a specific domain focus of FM practice, which is highly dependent on the organization's core operations. The study concentrated on only one aspect of operations strategy and used a case study approach which may limit generalization of the study findings. Secondly, the study was conducted among commercial banks in Thailand and may therefore not apply in the current context.

Myeda and Pitt (2014) studied facilities management from a strategic point of view in Malaysia emphasized on the role of FM in facilitating organisational performance, and in providing competitive advantage. The paper proposed seven elements/factors in

understanding FM development in Malaysia: Level of growth, practice, service, profession, opportunities, demands and challenges. The study also found that firms with well formulated FM strategies and objectives will successfully attain optimum efficiency in the survival strategy and increasing prosperity of its future. The study was conducted using a mixed method approach by first reviewing FM literature and then a survey of Malaysian FM practitioners. This study was conducted in Malaysia. In addition, the study did not show how facilities management influences firm performance.

Fraser (2014) conducted a study aimed at identifying facility maintenance management strategies and systems through a detailed literature review and found out 37 maintenance management strategies and models with four major strategies identified: total productive maintenance (TPM), condition-based maintenance (CBM), reliability-centred maintenance (RCM), and condition monitoring (CM). The study does not identify the context under which it was conducted and therefore the findings needed to be tested in the context of management consultancy firms in Nairobi. In addition, this study was a theoretical review and the results are not empirically tested.

The reviewed literature highlights the importance of developing facilities strategy, which should be aligned with business strategy so as to achieve corporate goals. However, much of the studies have been conducted in banking, health and manufacturing sector and giving less attention to the service sector. In addition, although these studies have shown there is a positive relationship between facilities management and performance, the studies did not show whether the relationship is direct or not.

2.3.4 Value Proposition Strategy and Firm Performance

Osterwalder and Pigneur (2010) suggested that there is much need of studying value proposition throughout its entire life cycle because elements of value can be generated in the five stages of the value life cycle. They came up with five stages that must be followed. The various stages include; value creation stage, value appropriation stage, value consumption stage, value renewal stage and value transfer stage, where customers no longer gain value but are willing to pay for disposing certain used goods. Value proposition involves differentiating the products and services from competitors, with

an aim of understanding and perceive the idea about the value proposition (Flaherty & Rappaport, 2015).

Flaherty and Rappaport (2015) studied agents of change, sustainability and industry trade associations as an evolving value proposition. Five industry associations, composed of global companies' worth over \$4.3 trillion including CEFIC, IFA, CGF, IFPMA and Crop Life were studied based on a case study. The study found that business organizations make use of the value proposition concept to not only target clients, but also to their vendors, employees and partners. This makes their products and services stand out to consumers. In this study, value proposition was treated as a predicted variable against agents of change, sustainability and industry trade associations.

Ekman, Raggio and Thompson (2017) studied value proposition alignment. The study noted that most managers recognize corporate social responsibility (CSR) initiatives as important as they directly lead to improvements of quality, brand, and firm performance. In addition, the study revealed various effects on financial performance and its impact on consumers who acknowledges the CSR initiative undertaken by the firm. They further noted that value proposition can boost the awareness of the business's brands, create a larger client base, positive perception on products and services as well as unlocking the access to new technologies for the business. Thus, the CSR results to a competitive advantage other the rivals in the industry. However, the study did not show the relationship existing between firm performance and operations.

Payne and Frow (2014) conducted a study on developing superior value propositions as a strategic marketing imperative in financial services and telecommunications sector using case study approach. The study found that value proposition is capable of influencing new and existing workers and motivating them to support the set organizational goals and plans. Workers take a significant role in improving a stable client base and building a robust relationship. Creating a self-motivated workforce is essential in promoting the overall productivity of the employees through incentive like bonuses, special deals and even providing a conducive working environment. There is also a need to create a positive attitude of the employees towards work for attracting new customers. The study proved to be inclined to the marketing strategies as opposed to operations strategies even though it was not conducted in the current context.

The reviewed literature indicated that a strong value proposition is vital for any organization to engage with key stakeholders. For this reason, the concept of value proposition is a core aspect to the overall business model as it influence all decision-making, operations, and customer engagement (Blocker, Flint, Myers and Slater, 2011; Chandler, Broberg and Allison, 2014) observed that firms that develop sound value proposition stand to gain through focused direction, confidence, improved customer engagement and understanding the clarity of value offered by the firm and increased effectiveness of marketing.

2.3.5 Knowledge Value Chain Strategy and Firm Performance

Gold and Arvind (2001) empirically examined knowledge management (KM) from the perspective of organisational capabilities using confirmatory factor analysis and structural equation modelling. The analysis involved a survey from over 300 senior executives. It was found that knowledge infrastructure consisting of structure, technology and culture as well as knowledge process architecture of acquisition, application, and protection are significant organizational capabilities or for effective knowledge management and firm performance. This study focused on one aspect of operations strategy and it did not show how knowledge management value chain influences organizational competence and firm performance. The study used confirmatory factor analysis and structural equation modelling to analyse data.

Mohammad (2015) in his study on the impact of knowledge management on organizational performance aimed at examining KM infrastructure at Kuwait University to see how faculty members evaluate KM influence on organizational performance. The study used descriptive statistics and inferential statistics. It was found that the three knowledge components which include acquisition, information technology, and organization of knowledge have a major role on improving the organizational performance. However, the study was a case study aimed at examining the impact of KM infrastructure on performance at Kuwait University. Thus, the results of the study were not be applicable to management consultancy firms in Kenya.

The purpose of a study carried out by Mills and Smith, (2011) was to evaluate the impact of specific knowledge management resources on organizational performance. The study used descriptive survey research with data from 189 managers and structural equation modelling to evaluate the relationship between specific knowledge

management resources and firm performance. The study findings were that knowledge resources such as organizational structure, knowledge application was positively related to firm performance while others like technology and knowledge conversion are not directly related to firm performance. This study was carried out in the United States while the current study was conducted in Kenya and used structural equation modelling for data analysis.

Additionally, Zeglat and Zigan, (2013) studied the relationship between intellectual capital and business performance in the Jordanian hotel industry. Data from various managers of 4-star and 5-star hotels was obtained and analysed. The regression analyses revealed that all dimensions of intellectual capital have a strong positive impact on the organizational performance of the hotels and structural capital had the strongest and largest contribution to the overall performance. This study was undertaken in the hotel industry in Jordan and the results could not be generalized on management consultancy firms.

Abdela (2016) evaluated the impact of knowledge management on organizational performance. Using a survey design, the result of the study shows that elements of knowledge enabler capability and knowledge process capability have positive impact on knowledge management capability. Knowledge process capability is strongly related to organizational performance than knowledge enabler capability in this study. Organizational structure has strong positive relationship on knowledge enabler capability than the other elements. Knowledge application strongly influences knowledge process capability when compared to the four observable constructs. The study only concentrated on one element of operations strategy.

From the reviewed literature, it was clear that the process of creating and utilizing knowledge provides an avenue for the firms to understand the key inputs that arise from the Knowledge management activities and how they should be incorporated into the operations strategy so as to improve organizations performance.

2.3.6 Effect of Organizational Competences on Performance

Mwihia and K'obonyo (2008) studied knowledge management strategy, organizational competence and competitiveness in Kenya's commercial books publishing industry. Using a cross-sectional triangulated research approach, a census survey of 118 of

Kenyan firms in this industry was selected and general managers or at least one other top line manager were interviewed. The study used correlation and regression analysis to determine the relationship between the study variables. It was found that there is a strong and positive relationship between organizational competence and the knowledge management strategy. However, in this study, organizational competence was treated as the regressed variable while in the current study it was considered as a mediating variable. Additionally, the study was conducted among book publishing companies while the current study was conducted among management consultancy firms.

Athman (2010) carried out a study on the effects of national culture on organizational capabilities. The study sought to explain how national culture influences the competitiveness of off shoring firms in Kenya. A mixed-method research design based on realism assumptions was used. A survey of offshoring firms in Kenya was conducted while data was analysed through theoretical thematic analysis. The study established that ICT infrastructure, capital, stifling regulations, inadequate role of government, lack of local demand and inadequate intercultural competence among the major challenges affecting offshoring firms in Kenya. In this study, organizational capabilities were treated as the dependent variable while in the current study it was treated as a mediating variable. Additionally, the study was based on realism philosophy while the current study was anchored on positivism.

Munyoki, Ogutu and Kabagambe (2012) conducted a study on firm competences and export performance based on small and medium manufacturing exporters in Uganda. The study empirically assessed a survey of 76 small and medium manufacturing exporters in Uganda. The study used descriptive statistics, correlation and regression analysis as the methods of data analysis. The study found that marketing and sales competences had positive effects on export performance while production competences had negative effect on export performance. This study provides a great insight to the current study. However, the study considered performance in terms of quantity of export and firm competences was studied as independent variable. While in the current study it was mediating variable. Secondly, this study was conducted among manufacturing companies while the current study was conducted among management consultancy firms.

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

The reviewed literature brings out the importance of organizational competences as a factor of performance while at the same time being influenced by other variables such as operations strategy and business environment. Therefore, firms should attempt to identify the set of organizational competences that will facilitate in achieving the desired performance objectives hence improve performance levels. The competences need to be aligned with the demands of the market (Hafeez, Zhang & Malak, 2002).

2.3.7 Effect of Regulatory Framework on Performance

Hunter (2010) delved in legal regulatory framework for the sustainable extraction of Australian offshore petroleum resources. The study focused on how Norway was able to utilise the legal regulatory framework to encourage sustainable socio-economic development of petroleum resources for the benefit of all of Norwegian society. An analysis of the Australian petroleum legislation suggests it is a prescriptive, rule-based legislative framework that creates unnecessary regulatory burden and generates economic and social costs. In contrast, an analysis of legislative frameworks from other jurisdictions, namely Norway and South Australia (onshore petroleum legislation), indicates that a principle-based legislative framework with broad enabling legislation and complementary regulations reduces regulatory burden, thereby encouraging sustainable development. This study concluded that regulatory framework reduces

burden that encourages development. However, the study was conducted in Australia in the petroleum extraction sector while the current study was conducted among consultancy firms in Nairobi County.

Aterido, Hallward-Driemeier and Pagés (2011) in their study of the relationship between employment growth and business environment across firms, used data of over 56,000 firms in ninety countries. The survey found that the business environment varies considerably from one firm to another depending with the size and that there are imperative nonlinearities impacting the employment growth. The finding also revealed that small and medium firms enjoy the benefit of adequate access to finances from various sources associated with the growth in the investment. The study focused more on growth and not firm performance. Additionally, the study was conducted in 90 countries which puts questions on the generalizability of the results in all the countries.

Rogge, Schleich, Haussmann, Roser and Reitze (2011) conducted a study on the role of the regulatory framework for innovation activities in the German paper industry. This study explored the relevance of the regulatory framework for innovation activities based on a framework, which combining environmental, economics and innovation studies. The study relied on survey data of paper producers and technology providers. The study findings suggested that innovation activities are mainly governed by market factors and are hardly affected by the European emission trading system and other climate policies. Also, the impact of these policies on innovation activities is lower for technology providers than for paper producers. This study was based in German which is developed country. The findings of the study therefore suffered from generalisation in the current context which is management consultancy firms in Kenya. The study was conducted in manufacturing sector in the paper industry and therefore the operationalisation of regulatory framework through emission trading system and climate policies could not be applicable in the current context.

Haidar (2012) sought to establish the impact of business regulatory reforms on economic growth. The study investigated the link between business regulatory reforms and economic growth in 172 countries based on a 5-year dataset on business regulatory reforms from the World Bank's doing business reports. The results provide a robust support for the claim that business regulatory reforms are good for economic growth. The paper establishes that, on average, each business regulatory reform is associated

with a 0.15% increase in growth rate of GDP. However, this study investigated the role of regulatory framework on economic growth measured through growth rate in GDP while the current study focused on the moderating role of regulatory framework on the relationship between operations strategy and performance of management consultancy firms.

Mwiga (2011) evaluated the effectiveness of the Regulatory Framework in Providing Planned Land in Urban Areas. This study is intended to investigate the effectiveness of the current regulatory framework in facilitating the process of availing planned urban residential plots and development for land seekers, in the context of the 20,000 plots project. Using a case study approach the study found that the current regulatory framework is supportive in cadastral works, but not so related to provision of basic infrastructures and land development. The setting of the regulatory framework as well as its implementation in cadastral works and land allocation is good. In land development the implementation of framework is also not supportive, because plots are not developed as expected. This study was conducted in the public sector in Tanzania and therefore its findings were not be applicable among management consultancy firms in Kenya. It was also a case study approach hence findings could not be generalizable to other sectors.

Regis (2013) conducted a study on the contribution of legislation to ethical performance of local government administrators: a case of Wakiso District in Uganda. A total of 226 Local Government Administrators who participated in the study were selected through a stratified sampling. The findings revealed that there is a moderate and positive relationship between legislation and ethical performance. The study also concluded that legislation is relevant to the performance of Local Government Administrators. However, the ethical performance of the Local Government Administrators is based on fear of the law which means that the Local Government Administrators do not perform ethically as required by the laws. This study though relevant to the current study was conducted in the public sector in Uganda and therefore its findings may not be applicable to management consultancy firms which operate as private sector. The dependent variable was ethical performance while the current study focused on financial performance.

Okiro (2014) conducted a study on corporate governance, capital structure, regulatory compliance and performance of firms listed at the East African community securities exchange. The purpose of the study was to establish the effect of corporate governance, capital structure, and regulatory compliance on performance of firms listed at the East African community securities exchange. A census survey was carried out on all the 98 listed companies between 2009 and 2013 in Nairobi Securities Exchange, Uganda Securities Exchange, Dar es Salaam Stock Exchange and Rwanda Stock Exchange. The findings revealed that there was a significant positive relationship between corporate governance and firm performance. The study also confirmed that there is a positive significant intervening effect of capital structure (leverage) and a positive significant moderating effect of regulatory compliance on the relationship between corporate governance and firm performance. This study was conducted on listed companies while the current study was conducted on management consultancy firms which are often small and medium entities.

Ndumia (2015) sought to establish the influence of regulatory framework on performance of building construction projects in Nairobi County, Kenya. Adopting a descriptive survey research design and a random sample of 19 licensed quantity surveyors, 28 licensed architects and 132 licensed building contractors operating in Nairobi. The study concluded that a regulatory framework in which regulators challenge firms to improve based on constructive and active engagement can be effective in ensuring compliance before a serious problem emerges and regulatory framework governing the construction industry could seek legal capacity to prosecute errant developers. Although this study was conducted in Nairobi County, the study was conducted in the construction industry while the current study was conducted among management consultancy firms. In addition, the study only showed the influence of regulatory framework on performance construction projects but did not link performance to operations strategy. Regulatory framework was studied as independent variable while the current study examined it as moderating variable.

Based on the reviewed literature, it is worth noting that majority of the studies conducted are in outside Kenya and indeed Africa. Therefore, the available literature suffers from the generalizability of the results in the current context. The review also establishes that previous studies on regulatory framework have not given attention to

the effect of state control and professional bodies control on the relationship between the study variables. Additionally, none of the studies reviewed outlined the specific regulatory factors that affect management consultancy firms. This necessitated an empirical study on the influence of regulatory framework on the relationship between operations strategy and firm performance in the context of management consultancy firms in Kenya.

2.4 Summary of Empirical Review and Research Gaps Identified

Based on the reviewed empirical literature it came out clearly that most studies gave more attention on the broader aspects of operations strategy while explaining the relationships existing amongst the constructs such as external environment, business strategy, competitiveness, customer engagement, organization structure and leadership and the studies have been conducted in specific contexts especially manufacturing firms. Literature brought out the importance of resource management strategy in assisting firms to achieve competitive advantage but this depends on the type of resources acquired by firms and how they are configured/bundled (Gottschalg & Zollo, 2007). Consultancy firm's key resource is knowledge and the ability to embed the knowledge into their services will determine their ability to offer quality services which will enable the firms retain their clients and attract new ones hence improving their performance. Additionally, literature highlighted the importance of developing facilities strategy which should be aligned with business strategy so as to achieve corporate goals.

As shown by Chandler, Broberg and Allison (2014), a strong value proposition is vital to the business to ensure effective engagement and connection with the key stakeholders within the organization. For this reason, value proposition is central to the overall business model and influence all decision-making, operations, and customer engagement (Blocker, Flint, Myers, & Slater, 2011). Firms that develop sound value proposition stand to gain through focused direction, confidence, improved customer awareness and commitment, precision of business value and increased effectiveness of marketing. However, this study found that there is limited literature on all the elements of operations strategy. Much of the studies have been conducted in banking, health and manufacturing sector leaving out the service sector, which supports the manufacturing sector. Even though studies have been conducted on organization resources, facility

management, value proposition and KB value chain, researchers have looked at them as functions in organizations and not as types of operations strategies, hence there is need to consolidate them and determine their effects on firm performance.

From the reviewed conceptual and empirical literature the study identified various gaps; limited research on the specific types of operations strategies, inadequate research on the influence of operations strategies on performance among management consultancy firms in Kenya, lack of clear understanding of the influence of operations strategies on organizational competences, inadequate investigation on the influence of organizational competences on firm performance, little and inconclusive research on the moderating effect of regulatory framework on the relationship between operations strategy and firm performance. Finally, the available literature suffers from the generalizability of the results in the current context.

Table 2.1 presents a summary of the empirical literature review on the main variables of the study which are resource management strategy, value proposition strategy, facility strategy, knowledge-based value chain strategy, organizational competences and regulatory framework.

Table 2. 1: Research Gaps

Authors & Year	Study Title	Finding	Identified gaps	Focus of the current study
Amaratunga and Baldry (2000)	Assessment of facilities management performance in higher education properties	The study found that the balance score card is a useful tool in evaluating FM performance in higher education establishments and in addition it provides the following benefits: communication and team work, commitment and feedback and learning.	The study focused on facility management in education properties only and could therefore not be generalized in other sectors.	This study included other operations strategies such as resource, value proposition and knowledge-based value chain Secondly, the study was conducted among management consultancy firms in Kenya
Gold and Arvind (2001)	Knowledge management: An organizational capabilities perspective	The study found that knowledge infrastructure consists of technology, structure, and culture with architecture of acquisition, conversion, application, and protection are vital in enhancing the organizational performance.	This study focused on knowledge management and ignored other operations strategy components such as resource, value proposition and facility strategy. The study used confirmatory factor analysis and structural equation modelling.	The current study used multiple regression analysis. Over and above knowledge management strategy the study also considered resource, value proposition and facility management strategies.
Rapp, Trainor and Agnihotri (2010)	Performance implications of customer-linking capabilities	Technology and customer orientation have a strong relationship to the firm's performance and enhancing strong customer relationships	The study was narrowly scoped focusing on customer capabilities as factor of firm performance.	The current study in addition to organizational capabilities considered other variables that affect firm performance.
Wiklund and Shepherd (2011)	Relationship between resources, entrepreneurial orientation and performance	The study found an empirical support for the notion that EO might be a performance-variance, enhancing strategic orientation rather than a performance-mean enhancing orientation.	The study is narrowly scoped and considered only resources and entrepreneurial orientation as factors of performance	In addition to resource management strategy, this study also looked into the relationship between facility, value proposition and KB value chain strategies on firm performance
Chotipanich and Lertariyanun (2011)	Facility management strategy among commercial banks in Thailand	The strategies identified were business value focused, workplace focused, facility performance focused and facility cost focused	This study was conducted among commercial banks in Thailand and the findings could therefore not be applicable to management consultancy firms in Kenya	The current study was conducted among management consultancy firms in Kenya

Hoq and Chauhan (2011)	Effects of organizational resources on organization performance	Unique resources of a firm lead superior performance	This study considered Cultural resources as independent variable	The current study looked at culture as mediating variable rather than independent variable.
Oluikpe (2012)	Developing a corporate knowledge management strategy at the Central Bank of Nigeria (CBN)	The study identified the need to align KM strategy with business strategy as critical to the success of KM. The study also noted that the resource strategy is linked to operations strategy and performance	This study was conducted in Nigeria and could therefore not be applicable in Kenya. The study was also conducted in central bank hence results could not be applicable to management consultancy firms in Kenya.	The current study was conducted among management consultancy firms in Kenya
Khalili, Salimian, Nazemi and Alborzi (2013)	Operations strategy and business strategy alignment model in Iranian industries	Alignment is significantly different in successful and unsuccessful companies	The study was conducted in Iran and did not examine the effect of operations strategy and business alignment on firm performance.	The current study was conducted among management consultancy firms in Kenya. It also sought to determine the influence of operations strategy on performance.
Regis (2013)	Contribution of legislation to ethical performance of local government administrators: a case of Wakiso District in Uganda	There is a moderate and positive relationship between legislation and ethical performance. It also concluded that legislation is relevant to the performance of Local Government Administrators.	The study was conducted in the public sector in Uganda being a case study and therefore its findings could not be applicable to management consultancy firms which operate in private sector. The dependent variable was ethical performance while the current study focused on financial performance.	The current study was conducted among management consultancy firms in Kenya and examined the moderating effect of regulatory framework on the relationship between operations strategy and business performance.
Ghapanchi, Wohlin and Aurum, (2014)	Resources contributing to gaining competitive advantage for open source software projects: An application of resource-based theory	The study confirmed that developers' interest in and users' contribution to the project as well as frequently updating and releasing the software affect the project's ability to gain	Although this study was conducted in knowledge-based sector, the study focused on resource strategy only.	This study was broadened to include other operations strategies such as facility, value proposition and knowledge-based value chain strategies.

		competitive advantage through effective defect-fixing		
Myeda and Pitt (2014)	Facilities management from a strategic point of view in Malaysia: The role of FM in facilitating organisational performance, and in providing competitive advantage	Level of growth, practice, service, profession, opportunities, demands and challenges were found as factors affecting Facilities management. The study also found that firms with well formulated FM strategies and objectives will successfully attain optimum efficiency in the survival strategy and increasing prosperity of its future.	The study focused on only one operation strategy. I.e. facility strategy. The study was conducted in Malaysia and could not be applicable in Kenya	This study included other specific operations strategy such as resources, value proposition and knowledge-based value chain strategies
Payne and Frow (2014)	Developing superior value propositions as a strategic marketing imperative in financial services and telecommunications sector	The study found that value proposition is capable of influencing new and existing workers and motivating them to support the set organizational goals and plans	The study was inclined to the marketing strategies as opposed to operations strategies, It was conducted on financial and telecommunications sector using case study hence the findings could not be applicable to management consultancy firms.	The current study was conducted on operations strategy in the management consultancy firms and not a case study.
Downes (2014)	Knowledge management practices in non-profit community services organisations in Australia	The findings recognise the appropriateness of a 'clan' culture in Australian CSOs, positively influencing attitudes towards knowledge creation, organisational structure, social interaction, leadership, and incentives.	The study was conducted among Non-Profit Community Services organisations in Australia and could not be generalized on management consultancy firms in Kenya	The current study was conducted among management consultancy firms in Kenya
Akgul, Gozlu and Tatoglu, (2015)	Operations strategy, environmental dynamism and firm performance in Turkish manufacturing companies	Environmental dynamism is positively related to operations strategy dimensions and environmental dynamism have a strong positive influence on firm performance	Although the study sought factors influencing firm performance, it focused on operations strategy and environmental dynamism only. Secondly, the study was conducted in Turkey limiting the generalization of	The current study was conducted among management consultancy firms in Kenya.

			findings to other emerging economies like Kenya.	
Kithusi (2015)	Firm resources, external environment, entrepreneurial strategy and performance of Micro, small and medium furniture sector enterprises in Nairobi city county, Kenya	The study established that firm resources and entrepreneurial strategy had a statistically significant influence on firm performance. However, external environment was not statistically significant in moderating effect on the relationship	The study was conducted among Micro, small and medium furniture sector enterprises in Kenya and therefore the findings could not be applicable in knowledge-based sector.	The current study was conducted among management consultancy firms in Kenya
Ombaka, Machuki and Mahasi (2015)	Organizational resources, external environment, innovation and firm performance	The study concluded that organization resources have a direct impact on performance.	The study was not empirically tested to support the findings and concentrated on one aspect of operations strategy; Resources.	The current study included other types of operations strategy such as facility, value proposition and KB value chain strategy and it was empirically tested.
Flaherty and Rappaport (2015)	Agents of change, sustainability and industry trade associations-an evolving value proposition.	The study found that businesses organizations can use the value proposition to not only target customers, but also partners, employees and suppliers.	The study was carried among blue chip companies outside Kenya and the findings could not be inferred on all management consultancy companies in Kenya.	The current study focused on operations strategy and firm performance among management consultancy companies in Kenya.
Ndumia (2015)	Influence of regulatory framework on performance of building construction projects in Nairobi County, Kenya.	The study concluded that a regulatory framework in which regulators challenge firms to improve based on constructive and active engagement can be effective in ensuring compliance before a serious problem emerges.	The study was conducted in the construction industry. In addition, the study only showed the influence of regulatory framework on performance construction projects but did not link performance to operations strategy. Regulatory framework was studied as independent variable while the current study examined it as moderating variable.	The current study was conducted among management consultancy firms, Regulatory framework was examined as moderating variable.
Mohammad (2015)	The impact of knowledge management on organizational performance	The study results showed that the three knowledge components i.e. knowledge acquisition, information technology, and knowledge organization have a significant impact on organizational performance.	The study focused on Knowledge management only. In addition, the study was conducted in Kuwait University and its findings could not be applicable in management consultancy firms in Kenya	This study included other specific operations strategy such as resources, value proposition and knowledge-based value chain strategies among management consultancy firms in Kenya.

Kipnetich, O. (2016)	Influence of Operational Strategy and Organizational Performance of Ailing Firms in Kenya	Though the ailing firms adopt the operations strategy practices of superior customer responsiveness and technological innovations, the practices might not be competitive for their market environments thus explaining their poor performance hence they should give priority to operational efficiency	The paper did not examine how operations strategy practices enhance firm performance. Use of 10 ailing firms' leads to a narrow scope of the study hence could not reflect a conclusive picture of all ailing firms.	The current study was conducted among management consultancy firms in Kenya and it tested how different types of operations strategy influence firm performance.
Ekman, Raggio and Thompson (2017)	Developing superior value propositions: a strategic marketing imperative	Value proposition should be able to influence new employees or motivate existing employees to support the businesses goals and plans. Employees can improve the business client base and build a stronger relationship.	The study was conducted within business-to-business (B2B) and business-to-consumer (B2C) sectors in Australia and could therefore not be applicable in Kenya. It did not link value proposition to performance.	The current study focused on operations strategy and firm performance among management consultancy companies in Kenya.
Nyongio 2013)	Factors influencing the choice of operational strategies of deposit taking financial institutions in Kenya	The study revealed internal factors such as firms' resources, KB based factors, product, performance and structure and external factors such as political legal, business environment, social, economic, and technological factors affect the choice of operations strategies adopted.	This study only concentrated on factors affecting choice of strategy and did not consider performance of the institutions.	This study focused on specific operations strategy and their impact on performance among management consultancy companies in Kenya.

Source: Author and literature review (2018)

2.5 Conceptual Framework

The conceptual framework represents the relationship between operations strategy, organizational competences and performance. It also brings in the role played by regulatory framework in operational decisions by firms. The key element in developing a successful operations strategy is for a firm to provide its customers with additional benefits at a cost that is perceived to be less than the benefits and specifically value is added through the competitive priority or priorities that are selected to support a given strategy. The conceptual framework is presented in figure 2.1

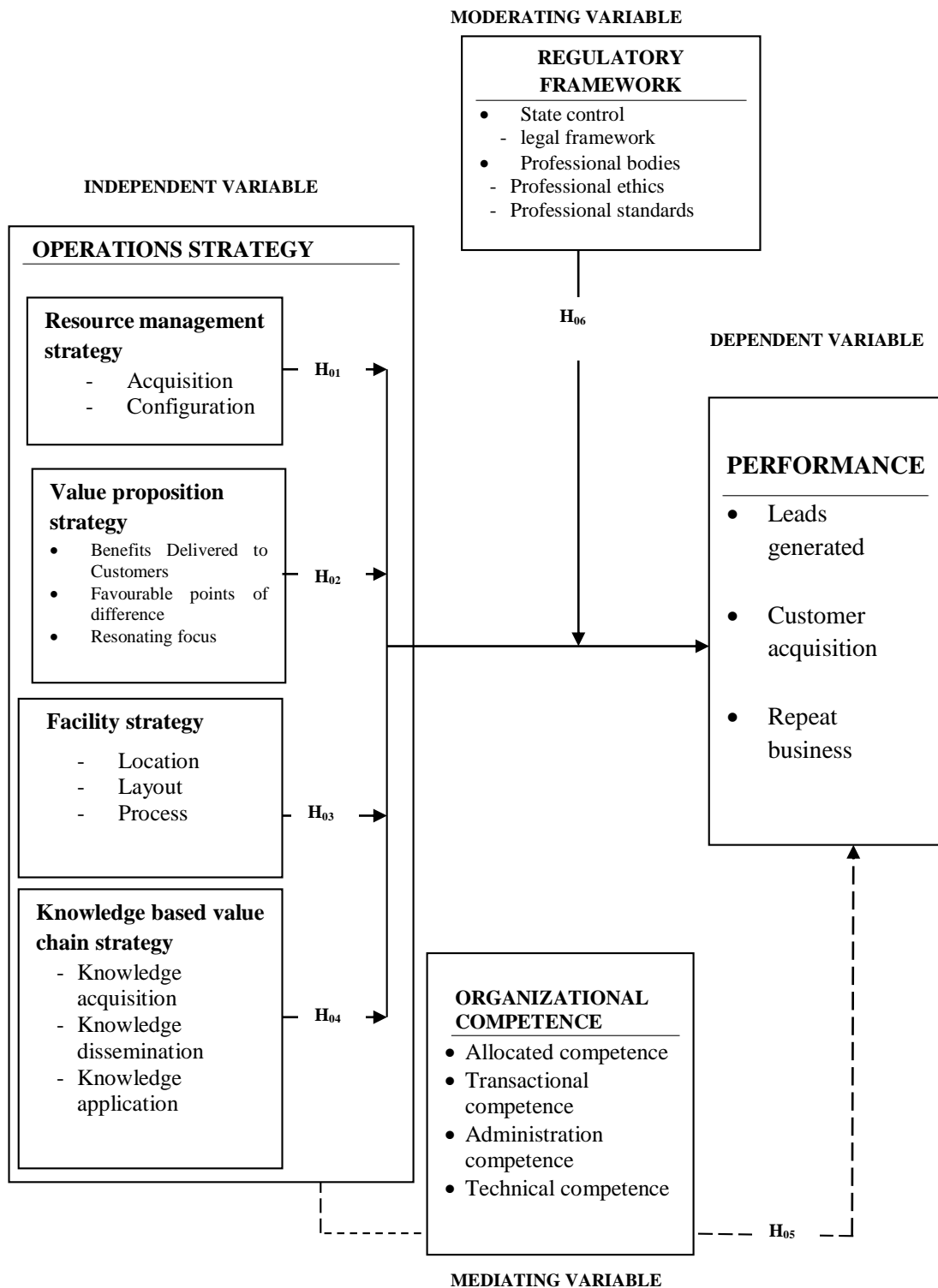


Figure 2.1: Conceptual Framework

Source: Author (2018)

From the conceptual framework above, Operations strategy was the independent variable which was operationalized with use of the following indicators: Knowledge

based value chain strategy, Facility strategy, Value proposition strategy and Resource management strategy. Firm performance was the dependent variable and was operationalized through leads generated, customer acquisition and repeat business. The construct of organizational competence was the mediating variable which was operationalized through technical, administration, allocated and transactional competence (Hackman & Oldham, 2010). The competences generated by management consultancy firms from the deployed operations strategy provides a solid base that guarantees sustained superior performance. In the absence of regulatory framework, performance can be summarized as a function of internal processes and strategies. As clearly outlined by McFadden, Lee, Gowen and Sharp (2014) professional associations represent the interests of their members but may also have delegated authority to govern their profession and work within a regulatory framework established by government. Regulatory framework was the moderating variable and it was operationalized through state control and professional bodies' standards and ethics.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology that was used by the researcher to find answers to the research hypothesis. The chapter is presented in the following structure, research philosophy, research design, target population, sampling procedure, data collection methods, validity and reliability of the research instrument and operationalization of variables. In addition, an explanation of how data was analysed to provide the required information which is essential for the study. Empirical model for direct relationship, test of hypotheses and diagnostics tests that were conducted. Finally, the chapter provides the ethical issues.

3.2 Research Philosophy

Research philosophy is the foundation of knowledge on which underlying predispositions of a study are based (Robson, 2014). According to Glesne (2015), research philosophy involves the development of research background, research knowledge and its nature. There are two major ways of thinking about research philosophy: epistemology and ontology. Epistemological considerations refer to the issue of what is or should be regarded as acceptable knowledge in a discipline and the interaction between the researcher and the researched (Bryman & Bell, 2011). Ontology on the other hand is concerned with the form and nature of reality and what there is to be known about it.

There exists two major research philosophies in social sciences namely; positivism and the interpretivism (Mytton, 2010). The positivistic philosophical foundation is based on real facts, objectivity, neutrality, measurement and validity of results (Saunders, 2011). Positivism maintains that knowledge should be based on facts and no abstractions, thus knowledge is predicated on observations and experiments in contrast to the phenomenological paradigm of searching for inner meaning or the essence of things (Robson, 2014). Interpretivists intentionally build knowledge and the knowledge they build should reflect their particular goals, culture, experience, history, that is, persons' lived experience (Mytton, 2010). Consequently, interpretivism advocates respecting the difference between individuals and the objects of the natural science (Glesne, 2015). It

requires researchers to enter the social world of their research subjects and understand others' points of view (Wahyuni, 2012).

Consequently, the epistemological position in this study is positivism because this philosophical foundation is based on real facts, objectivity, neutrality, measurement and validity of results (Saunders, 2011). Positivism maintains that knowledge should be based on facts and no abstractions, thus knowledge is predicated on observations and experiments. According to the study objectives, the study aimed at establishing the effect of operations strategy on performance of management consultancy firms in Nairobi, Kenya. The results the study was pursuing was not how the relationship is but if the relationship existed and the study was independent from the difference of individual's subjective opinions.

This study collected primary data through Questionnaire and tested the data through both descriptive statistics and inferential analysis. In line with objectivity tenet of positivism, this study carried out an objective analysis of the collected data to make inference. Therefore, creating and testing hypothesis through statistical techniques and generating the explanation of the resulting findings matches the philosophy of positivism.

3.3 Research Design

According to Lewis (2015), research design is a roadmap of how the researcher intends to go about answering the research questions. Saunders (2011) views a research design as the research plan that the researcher intends to use to obtain answers to research questions in an understandable manner. There are three types of designs that are mainly adopted when planning a research project. These designs include exploratory, causal, and descriptive research designs (Ghauri & Gronhaug, 2010).

Descriptive and causal or explanatory research designs were adopted in this study. According the Bryman and Bell (2015), descriptive research design is an organized, empirical inquiry where the researcher lacks a direct control of independent variable since their manifestation has already taken place or because they cannot be manipulated. The design was applied in describing characteristics of the population of interest or phenomenon being investigated. It answers the big question of "what exists" with respect to the identified variables or conditions (Saunders, 2011). The choice of

this design is appropriate as it helped the researcher achieve the research objectives by describing the data and characteristics about the population of phenomenon being studied; operations strategy and firm performance.

Causal research design, also known as explanatory research design was used to identify the extent and nature of cause-and-effect relationship existing among resource management strategy, value proposition strategy, facility strategy, knowledge-based value chain strategy and firm performance. According to Sekaran and Bougie (2010) explanatory research design is used in order to assess effect of specific changes on existing norms or processes and focus on analysing a situation or a specific problem to explain the patterns of relationships between variables. For this reason, the design was found to be suitable as it was used to establish the effect of operations strategy on performance of management consultancy firms in Kenya.

3.4 Empirical Model

Model specification according to Gustafsson, Herrmann and Huber (2013) refers to the process of defining the empirical model by inclusion of relevant independent variables and exclusion of irrelevant independent variables. An empirical model usually defines the relationship between study variables to be verified by empirical research. In this study, multiple linear regression analysis was conducted to establish the relationship between the study variables. The model is found suitable because firm performance which is the dependent variable is a continuous variable (Field, 2013).

3.4.1 Empirical Model for Direct Relationship

The following multiple linear regression model was conducted to establish the relationship between firm performance and the four independent study variables.

$$PER_F = \beta_0 + \beta_1 R_{ms} + \beta_2 V_{ps} + \beta_3 F_s + \beta_4 K_{bvs} + \epsilon \dots\dots\dots 3.1$$

Where: -

- PER_F = Composite index for Firm Performance
- β_0 = Constant
- $\beta_1, \beta_2, \beta_3 \& \beta_4$ = Beta coefficients
- R_{ms} = Composite index for Resource Management Strategy
- V_{ps} = Composite index for Value Proposition Strategy
- F_s = Composite index for Facility Strategy

K_{bvs} = Composite index for Knowledge Based Value Chain Strategy
 ϵ = Error Term

3.4.2 Empirical Model for the Mediated Relationship

To test for the mediating effect of organizational competence on the relationship between operations strategy and performance among management consultancy firms in Kenya, Baron and Kenny (1986) four step approach for testing mediation effect was used as follows. The first step involved testing the direct relationship between operations strategy and firm performance (path A) as illustrated in Figure 3.1

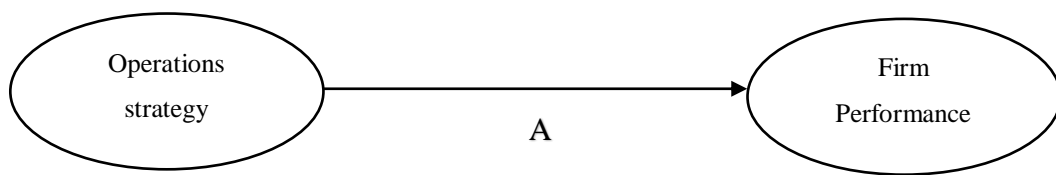


Figure 3.1: Direct Relationship between Operations Strategy and Firm Performance.

The second step involved testing path B, third step involved testing path C while the fourth step involved testing path A' as illustrated in Figure 3.2

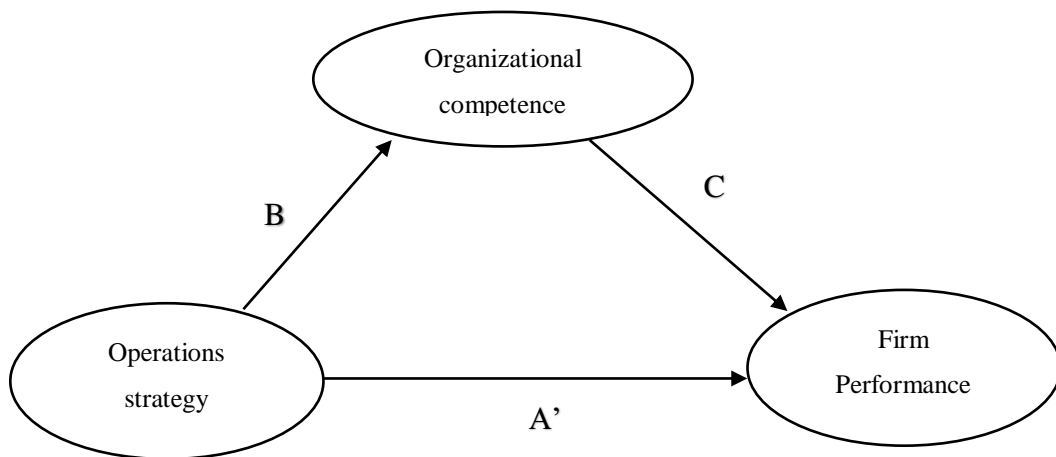


Figure 3.2: Mediation Relationship of Organizational competence on the Relationship between Operations strategy and Firm Performance.

Step 1: Regress Firm Performance on Operations strategy and note the significance of the relationship.

$$PER_F = \beta_0 + \beta_1 OS + \epsilon \dots\dots\dots 3.2$$

Step2: Regress organizational competence on operations strategy and note the significance of the relationship.

$$O_c = \beta_0 + \beta_2 OS + \varepsilon \dots\dots\dots 3.3$$

Step3: Regress firm performance on organizational competence and note the significance.

$$PER_F = \beta_0 + \beta_3 O_c + \varepsilon \dots\dots\dots 3.4$$

Step4: Regress firm performance on operations strategy and organizational competence and note the significance.

$$PER_F = \beta_0 + \beta_4 OS + \beta_5 O_c + \varepsilon \dots\dots\dots 3.5$$

- Where; PER_F = Composite index for Firm Performance
 β_0 = Constant
 $\beta_1, \beta_2, \beta_3, \beta_4$ & β_5 = Beta coefficients
 OS = Composite index for Operations Strategy
 O_c = Composite index for Organizational competences
 ε = Error Term

The decision criteria for the mediation effect is summarised in Table 3.1.

Table 3.1: Decision Criteria for Mediation

Model	Significance of the beta coefficient	Conclusion	
Model 3.2	B ₁ ; (p > 0.05)	-	There is no conclusion of mediated relationship.
Model 3.3	B ₂ ; (p ≤ 0.05)	-	There is a mediated relationship.
Model 3.4	B ₃ ; (p ≤ 0.05)	-	There is a mediated relationship.
Model 3.5	B ₄ ; (p ≤ 0.05)	B ₅ ; (p ≤ 0.05)	There is partial mediation
Model 3.5	B ₄ ; (p > 0.05)	B ₅ ; (p ≤ 0.05)	There is full mediation

Source: Baron and Kenny (1986)

3.4.3 Empirical Model for the Moderated Relationship

To establish the moderating effect of regulatory framework on the relationship between operations strategy and performance among management consultancy firms in Kenya, the following multiple linear regression steps was employed.

Step 1: Regress Firm Performance on Operations Strategy and note the r square value (r^2_1). Note the level of significance (at $p < 0.05$)

$$PER_F = \beta_0 + \beta_1 OS + \epsilon \dots\dots\dots 3.5$$

Step2: Introduce the Regulatory framework and note the new r square value (r^2_2). Note also the level of significance (at $p < 0.05$) for the interactive term for the independent variable and moderating variable.

$$PER_F = \beta_0 + \beta_1 OS + \beta_2 R_f + \beta_3 OSR_f + \epsilon \dots\dots\dots 3.6$$

Where; PER_F = Composite index for Firm Performance

β_0 = Constant

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

OS = Composite index for Operations Strategy

R_f = Composite index for Regulatory Framework

OSR_f = Interaction of Operations Strategy and Regulatory Framework

According to Fairchild and MacKinnon (2009), the regression coefficient for the interaction term, β_3 provides an estimate of the moderation effect of regulatory framework on the relationship between operations strategy and firm performance. If β_3 is statistically different from zero, there is evidence that regulatory framework significantly moderates the relationship between operations strategy and performance of management consultancy firms. The significance of the moderation is determined by identifying the level of significance of beta coefficient for the interactive term. If $p < 0.05$, the H_0 was rejected and if $p > 0.05$, H_0 was not rejected.

3.5 Test of Hypotheses

To test the hypotheses, this study adopted empirical models presented in table 3.2, in the order of the research objectives.

Table 3.2: Test of Hypotheses

Hypotheses	Statistical test	Interpretation
1. Resource management strategy has no significant effect on performance of management consultancy firms in Nairobi City County Kenya.	Multiple linear regression test of the form $PER_F = \beta_0 + \beta_1 R_{ms} + \beta_2 V_{ps} + \beta_3 F_s + \beta_4 K_{bvs} + \epsilon$	Note the values of r^2 , β_1 and F for the regression model If $p < 0.05$, Reject H_{o1} If $p > 0.05$, Accept H_{o1}
2. Value proposition strategy has no significant effect on performance of management consultancy firms in Nairobi City County Kenya.		Note the values of r^2 , β_2 and F for the regression model If $p < 0.05$, Reject H_{o2} If $p > 0.05$, Accept H_{o2}
3. Facility strategy has no significant effect on performance of management consultancy firms in Nairobi City County Kenya		Note the values of r^2 , β_3 and F for the regression model If $p < 0.05$, Reject H_{o3} If $p > 0.05$, Accept H_{o3}
4. Knowledge-based value chain strategy has no significant effect on performance of management consultancy firms in Nairobi City County Kenya		Note the values of r^2 , β_4 and F for the regression model If $p < 0.05$, Reject H_{o4} If $p > 0.05$, Accept H_{o4}
5. Organizational competences have no significant mediating effect on the relationship between firm operations strategy and performance of management consultancy firms in Nairobi City County Kenya	Step 1: $PER_F = \beta_0 + \beta_1 OS + \epsilon$ Step 2: $O_c = \beta_0 + \beta_2 OS + \epsilon$ Step 3: $PER_F = \beta_0 + \beta_3 O_c + \epsilon$	Note the values of r^2 , β_1 and F change for regression in step 1. If β_1 is significant, there is a relationship to be mediated. Note the values of r^2 , β_2 and F change for regression in step 2. If β_2 is significant, then OS affects O_c Note the values of r^2 , β_3 and F change for regression in step 3. If β_3 is significant, then O_c there is mediated relationship

	<p>Step 4:</p> $PER_F = \beta_0 + \beta_4 OS + \beta_5 O_c + \epsilon$	<p>Note the values of r^2, β_3, β_4 and F change for regression in step 4, after controlling for O_c</p> <p>Note the change in the beta coefficient for Firms operations strategy ($\beta_4 - \beta_1 < 0$)</p> <p>If β_1 and either β_2 or β_3 is also Significant, then some mediation is supported.</p> <p>If β_4 is no longer significant after controlling for O_c, then full mediation is supported.</p> <p>If β_4 is significant after controlling for O_c, then partial mediation is supported</p>
<p>6. Regulatory framework has no significant moderating effect on the relationship between firm operations strategy and performance of management consultancy firms in Nairobi City County Kenya</p>	<p>Step 1:</p> $PER_F = \beta_0 + \beta_1 OS + \epsilon$ <p>Step 2:</p> $PER_F = \beta_0 + \beta_1 OS + \beta_2 R_f + \beta_3 OSR_f + \epsilon$	<p>Note the values of r^2, β and F change for regression step 1 and step 2</p> <p>Note the change between r^2_1 and r^2_2</p> <p>If β_3 is statistically different from zero, there is a significant moderation. If $p < 0.05$, the H_0 is rejected and if $p > 0.05$, H_0 is accepted.</p>

Source; Author (2018)

3.6 Target Population

Target population is a well-defined and specified set of people, group of things, households, firms, services being investigated by the researcher (Cooper, Schindler & Sun, 2006). The target population for this study consisted of all management consultancy firms that consult in marketing, human resource, finance and accounting and operations management in Nairobi City County. These management consultancy firms were selected because they form the largest bulk of all management consultancy firms and their profession of practice is in business management which is the

researchers' area of specialization. According to the *Yellowpageskenya.com*, there were 227 management consultant firms in Nairobi as at 30th June 2017 which were also registered by Registrar of Companies as shown in appendix III. This was in line with other several past studies in China and Kenya which have used telephone directory-based populations. For example, a study conducted in China by Zhang, Han, Huang, Wu, Dong and Xu (2008) adopted telephone directory-based population and random digital dialling for the final sample. Tanui (2015) also used *Yellowpageskenya.com* to determine his target population. This approach was found satisfactory because only legitimate and operational management consultancy firms would keep updating their details in the directory.

The unit of analysis was management consultancy firms operating in Nairobi City County in the field of marketing, human resource, finance and accounting and operations management. The unit of observation was the top management that is the partner, director, chief executive officer, administrator or the general manager of the management consultancy firms classified based on the services they offer. The respondents for the study were the partner, director, chief executive officer, administrator or the general manager as could be applicable. The researcher obtained a target population summarized in table 3.3

Table 3.3: Target Population

Operational Area	TOTAL NO.	PERCENTAGE
Operations management consultants	84	37.0
Accounting and finance consultants	47	20.7
Marketing management consultants	79	34.8
Human Resource consultants	17	7.5
Total	227	100.00

Source: *Yellowpageskenya.com* (2017)

3.7 Sample Size and Sampling Procedure

The sampling plan identifies the sampling procedures, sampling unit, sampling frame, and the sample size to be used in the study. The sampling frame describes the list of all population units from which the sample was selected (Blumberg, Cooper & Schindler, 2014). The sampling frame for this study was partners, directors or general managers of management consultancy firms operating in Nairobi County. Any statements made about the sample should also be true representative of the population. According to

Mugenda (2009), a sample of between 10 and 30 percent is an acceptable representation of the population while a sample of over 50% is desirable. Based on this argument, this study adopted stratified and simple random sampling techniques to select a sample of 144 respondents from the management consultancy firms in Nairobi representing 63% of all the management consultancy firms in Nairobi. The sample of 144 firms was arrived at by calculating the target population of 227 management consultancy firms in Nairobi with a 95% confidence level and an error of 0.05 using the below formula adopted from Kothari (2004).

$$n = \frac{z^2 \cdot N \cdot \hat{p}^2}{(N - 1)e^2 + z^2 \hat{p}^2}$$

Where; n = Size of the sample,

N = Size of the population and given as 227,

e = Acceptable error and given as 0.05,

\hat{p} = The standard deviation of the population and given as 0.5 where not known,

Z = Standard variate at a confidence level given as 1.96 at 95% confidence level.

The summary of the sampled population is shown in table 3.4.

Table 3.4: The Sampling Matrix

Operational Area	Total no.	Ratio	Sample Size
Operations management consultants	84	0.63	53
Marketing management consultants	79	0.63	50
Human Resource consultants	17	0.63	11
Accounting and finance consultants	47	0.63	30
Total	227		144

Source: Author (2018)

3.8 Data Collection Instrument

The study utilized questionnaires to collect primary data from the respondents. According to Sekaran and Bougie (2010), the questionnaire is the most appropriate instrument due to its ability to collect a large amount of information in a reasonably quick span of time. It guarantees confidentiality of the source of information through anonymity while ensuring standardization. It is for these reasons that this study finds the questionnaire the most appropriate instrument for data collection in this study. The questionnaire was semi-structured and contained both open ended and close ended questions which facilitated the collection of both qualitative and quantitative data.

According to Matthews and Ross (2014) close ended questions are essential in guiding the responses while open ended questions allow the respondents to give their own views without being restricted. Additionally, the questionnaire is structured in a way that is easy for the respondents to fill-in the data. Further, the questionnaire has two major sections. The first section collected information on the respondents' demographics while the second section focused on collecting data relating to the study variables as shown in appendix II

3.9 Pilot Testing

Pilot testing was carried out to establish the validity and reliability of the research instrument and to enhance face validity (Joppe, 2009). From the pilot results, reliability and validity was tested. The pilot testing was done using a questionnaire administered to 15 management staff of the consultancy firms not included in the final sample. The pilot team was selected through random sampling. Sekaran and Bougie (2010) proposes the questionnaire pilot testing should be done through personal interviews with the respondents to observe their reactions and attitudes. All aspects of the questionnaire were pre-tested including question content, wording, sequence, form and layout, question difficulty and instructions. Consequently, the feedback obtained was taken into consideration to improve the questionnaire before final administration to the study respondents.

3.9.1 Validity of the Research Instrument

Validity is the accuracy and meaningfulness of inferences, based on the research results (Golafshani, 2012). It refers to the degree in which the measuring instrument is accurately measuring what it is intended to measure (Liu, 2010). The study used face and content validity to ascertain the validity of the questionnaires. Face validity measures how representative a research instrument is on its face value and whether it appears to be a good research instrument. It involved subjectively determining whether the research instrument covered the concept it purports to measure (Resnick & Jenkins, 2000). Measuring this validity involves the researcher selecting items which seem likely prove a point. However, this validity is never sufficient because it depends on the judgment of the observer.

Content validity draws an inference from test scores to a large domain of items similar to those on the test (Yaghmaei, 2003). It involved matching the questions in the research

instrument to accurately evaluate the attributes of the study variables and concepts as intended to be measured. The researcher engaged peers doing research and experts to ascertain the content and face validity of the questionnaire (Milton, Bull & Bauman, 2011). In addition, the researcher engaged others who have successfully completed their research projects and the supervisors and other lecturers from the university to validate the questionnaire.

The validity results showed that the questionnaire had both face and content validity. The response from peers and supervisor indicated that the questionnaire had adequately covered all the variables in the study. The reviewers noted that the questionnaire had face validity and the questions in the questionnaire were rated as a good translation of all the study constructs. Regarding the content validity, the questionnaire was found to be valid since the relevant content domain for all the constructs had been covered.

3.9.2 Reliability of the Research Instrument

Instrument reliability refers to the extent to which the research instrument produces similar and consistent results in various occasions under similar conditions. This can also be said to be the degree of consistency of the instrument in generating results in the aspect it is used to measure (Hair, Black, Babin Anderson & Tatham, 1998). Cronbach's alpha (α) was used to measure the reliability coefficient of the research. A reliability co-efficient (Cronbach alpha) of 0.6 or above is usually considered to be adequate (Field, 2009). In this study, a construct composite of 0.7 or above for all the constructs, was considered satisfactory.

3.10 Data Collection Procedure

The researcher obtained an introduction letter from the university which helped the researcher to get access to required data from the targeted respondents. Permission to conduct the research was obtained from the NACOSTI office before contacting the sampled respondent. The questionnaire was administered through drop and pick method so as to give the respondents enough time to go through the questionnaire and fill in their responses. The research assistants who were used to collect data were trained on how to create rapport with the respondents, to convince respondents to give relevant data and seeking clarifications where needed. Research assistants sought appointments with respondent in the organizations 2 days before visiting the individual respondents to administer the questionnaire and they administered the questionnaire personally to

the respondents. This enabled the researcher to create rapport and explain the purpose of the study and clarify the meaning of items that were not clear (Matthews & Ross 2014).

3.11 Operationalization of Variables

Operationalization refers to finding a measurable, quantifiable, and valid index for the independent and dependent variables (Trochim & Donnelly, 2008). Factors that are objective, independent and concrete are more easily measured by use of appropriate equipment, while factors that are subjective, dependent or abstract are hard to measure. All the variables were operationalized as detailed in the table 3.5.

Table 3.5: Operationalization of Variables

Variable	Variable type	Operationalization of the variable	Indicators	Measurement in the questionnaire
Resource management strategy	Independent	A firm's policy for identifying the resources to be acquired and how they were organized to maximize their utility.	<p>Resource Acquisition</p> <ul style="list-style-type: none"> • Determine resource requirements • Identify the relevant resources • Attract the identified resources • Obtain the identified resources <p>Resource configuration</p> <ul style="list-style-type: none"> • Creating value in resources • Customization of resources • Building resource combinations 	Appendix II part 2 Question 6 & 7
Value proposition strategy	Independent	A firm's plan of action that identifies and communicates all the benefits that the firm will provide to target customers and approximate price it will charge each customer segment for those benefits.	<p>Benefits Delivered to Customers</p> <p>Favourable points of difference</p> <p>Resonating focus</p>	Appendix II part 3 Question 8 & 9
Facility strategy	Independent	Firm's policy that identifies the nature, quantity and location of spaces required to fully support the organizations business initiatives for designing, preparation and delivery of a consultancy service and operationalized through specific decision areas on location of	<p>Location</p> <p>Layout</p>	Appendix II part 4 Question 10 & 11

		the firm, layout of service delivery facilities and processes.	Process	
Knowledge based value chain strategy	Independent	Process through which firms acquire, disseminate and apply knowledge required to acquire inputs, create and deliver value to their clients leading to competitive advantage and better performance.	Knowledge acquisition strategies Knowledge dissemination strategies Knowledge application strategies	Appendix II part 5 Question 12 & 13
Organizational competences	Mediating	This refers to the capabilities developed and possessed by firms which derives from the operations strategy as it seeks to sustain superior performance. The competences take four forms: technical, administration, transactional competence, and allocated competence.	Allocated competence Transactional competence Administration competence Technical competence	Appendix II part 6 Question 14 & 15
Regulatory framework	Moderating	Macro institutional factors that exert pressure on firms including, the government laws and regulations and industry self-regulation by professional bodies through professional ethics and professional standards	State control Professional bodies control	Appendix II part 7 Question 16 & 17

Performance of Management consultancy firms in Kenya	Dependent	Actual outcome/output of consultancy firms in terms of services measured using leads generated, customer acquisition and repeat business during a particular period of time.	<p>Leads generated</p> <ul style="list-style-type: none"> • Number of customers generated through referrals. • Number of customers generated through inquiries • Number of customers generated through networking and business events • Number of customers generated through social media. <p>Customer acquisition</p> <ul style="list-style-type: none"> • Number of project proposals sent to prospective clients. • Number of new clients generated from the sent proposal <p>Repeat business</p> <ul style="list-style-type: none"> • Number of compliments received from clients • Number of repeat customers over the years 	Appendix II part 8 Question 18
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Source: Author (2018)

3.12 Data Analysis

According to Saunders (2011), quantitative data is derived from meanings generated from numerical numbers, the collection results in numerical and standardized data and analysis conducted through the use of diagrams. On the other hand, qualitative data involve representation of meaning in terms of words and the collection of results in non- standardized data requiring classification into categories and analysing conducted through the use of conceptualization. Therefore, Quantitative data was analysed using Statistical Package for Social Sciences (SPSS Version 23.0) while the qualitative data was analysed with the use of conceptual content analysis. All the returned questionnaires were referenced and contents coded to make data entry easy. After cleaning the data through cross-checking for errors, descriptive statistics such as mean score, frequencies, standard deviation and percentages were calculated and interpreted with all the quantitative variables. The information was then presented in form of tables and graphs.

Descriptive statistics were used because they enabled the researcher to meaningfully describe distribution of scores or measurements using few indices (Taylor, Bogdan & DeVault, 2015). The qualitative data from the open-ended questions was analysed using conceptual content analysis. Based on Glesne (2015) recommendation on the analysis of qualitative data, collected data was organized, sorted out, coded and thematically analysed, searching for meaning, interpreting and drawing of conclusions on the basis of concepts. Inferential data analysis was conducted using Pearson correlation coefficient and multiple regression analysis. According to Tanton (2011), in many statistical methods and especially in parametric measures one presumes (at least approximate) normal distribution of the variables.

Coefficient of determination (R^2) was used to test the significance of the model and it was applied in measuring the extent to which the variation in firm performance is explained by the variations in operations strategy. F-statistic was also computed at 95% confidence level to test the overall significance of the model. Hypothesis testing was done using p-values because it aids in the decision making regarding the null hypothesis and also gives additional insight into the strength of the decision. The significance level of 0.05 was used because it is the level mostly used in business and social research (Mugenda & Mugenda, 2003). This represents that the results were at 95% confidence

level. The p-value that was obtained was based on the alpha level or the significance level.

3.12.1 Generating Variable Composite Indices

To enable the test of hypotheses a composite index for each variable in each management consultancy firm was computed to transform the quantitative data obtained through the questionnaire. This was done to summarize the data collected since the data obtained in quantitative form through a 5-point Likert scale is numerous and there is therefore need to harmonise it into one composite figure. The composite index was computed using weighted harmonic mean as recommended by (Kilika, 2012; Kilika, K'Obonyo, Ogutu & Munyoki, 2012). The harmonic mean value was adjusted to provide for the relative weight for each variable as shown in the formula below.

$$C_i = \sum_{i=1}^N \left(\left(\frac{n}{\sum_{i=1}^n \frac{1}{x_i}} \right) W_i \right)$$

Where: C_i = Composite Index for Variable i . The variables for which indices was computed were Resource management strategy, Value proposition strategy, Facility strategy, Knowledge based value chain strategy, Organizational competence, Regulatory framework and Firm performance.

N = Total Number of Components that comprises the specific Variable.

n = Total Number of Respondents who responded to the respective section of the Questionnaire.

X_i =Percentage Mean Score for each component for each management consultancy firm, computed as a ratio of the Actual score to the Maximum possible score on the statements for each Variable.

W_i = The weight of the Mean Score for each Variable for each management consultancy firm calculated as the ratio of the mean scores for each Variable to the sum of all the mean scores.

3.13 Diagnostics Tests

Diagnostic tests were carried out on the collected data before actual analysis to test the assumptions of the multiple regression models (Mutandwa, Grala & Grebner, 2016). The relevant diagnostics tests for the study included multicollinearity, normality, Heteroscedasticity, adequate sample size, outliers and linearity. To eliminate Outliers in the data recommendations of Wu and Ye (2009) of using geometric mean of the individual observations to get a composite value for each of the study variable was adopted. Linearity was verified by observing the correlation between the independent and dependent study variables as recommended by Field (2009).

3.13.1 Multicollinearity Test

Multicollinearity tests according to Iacobucci, Schneider, Popovich and Bakamitsos (2017) seek to determine whether two or more explanatory variables in a multiple regression model are linearly related. In addition, according to Field (2009), some correlation is said to exist if the correlation between two explanatory variables is greater than 0. If the correlation between two independent variables is equal to 1 or -1 then there exists a perfect multicollinearity. In practical situations, the correlation coefficient between any two explanatory variables normally lies between 1 and -1.

Tabachnick and Fidell (1996) recommended that much care be taken before including two variables exhibiting a correlation coefficient of more than 0.7, while Field (2009) recommends correction for multicollinearity for correlation coefficients of 0.9 or more. This study adopted Field (2009) recommendation on detecting multicollinearity by examination of the correlation coefficients between two explanatory variables and flag any correlation coefficient greater than 0.9 for exclusion of one of the variables.

3.13.2 Normality Test

Normality is the likelihood that the collected data relating to a certain phenomenon was normally distributed over the population sample (Kothari, 2004). Gujarati and Porter (2009) recommend that before actual data analysis via regression analysis and correlation analysis, it is important to ascertain that the normality condition is met. Normality in this study was tested by plotting a histogram of the data sample. If the histogram for the collected data is bell-shaped then the distribution was deemed normally distributed. Additionally, the study constructed a normal probability plot of the standardized residuals to confirm normality where the correlation between residuals

and the dependent variable measures the goodness of fit. For a normal distribution, probability plot approximately along a straight line, indicates high positive correlation (Field, 2009).

In addition to the histogram plot, the study also used Shapiro-Wilk and Kolmogorov-Smirnov tests for the dependent and independent variables to test for their normality. According to Field (2013), the Shapiro-Wilk test is used when the number of observations is less than 2000 while the Kolmogorov-Smirnov tests is appropriate where the number of observations are more than 2000. Since the target sample size was 144 only and less than 2000, the Shapiro-Wilk test was appropriate. For normally distributed data, Gujarati and Porter (2009) recommend that the P-value should be greater than 0.05 at 95% confidence level.

3.13.3 Test for Heteroskedasticity

Regression analysis assume that the variance of the error term remains constant across observations, if not the random variables are said to be heteroscedastic. According to Williams (2016) regression analysis is not optimal when heteroskedasticity is present because it gives similar weight to all observations when, in fact, observations with larger disturbance variance contain less information than observations with smaller disturbance variance. Additionally, the standard errors are biased in the presence of heteroskedasticity and this may result to a biased inference being made (Machado & Silva, 2013). To test for heteroskedasticity in this study, Breush Pagan test as recommended by Warner (2008), was used. The null hypothesis was that the error term is constant. If $P \leq 0.05$, reject the null hypotheses and conclude that there is presence of heteroskedasticity and if $P \geq 0.05$, accept null hypotheses meaning there is no heteroskedasticity.

3.13.4 Test of Independence

The study conducted test of independence to determine if the demographic results were statistically independent. The test was conducted through Chi-Square test. Where the underlying assumption of Chi-Square that not more than 20% of the cells should have the expected count of less than 5 is violated, the likelihood ratio will be used as advised by McHugh (2013). The decision on the significance of the test results was formed on the basis of P-value at 95% confidence level.

3.14 Ethical consideration

Ethical concerns in research deal with voluntary participation, no harm to respondents, anonymity and confidentiality, identifying purpose and sponsor, and analysis and reporting. To help eliminate or control any ethical concerns the researcher ensured that participation was voluntary. This can sometimes lead to low response rate thus introducing response bias (Cooper & Schindler (2011)). The researcher observed the following standards of behaviour in relation to the rights of study subject. In dealing with the respondents, all the respondents were informed of the objective of the study and the confidentiality of obtained information, through a letter to enable them give informed consent.

The researcher was cautious to ensure that no one was coerced to participate in the study or even be part of it. The researcher also sought to use the least time and other resources to acquire the required information. This addressed the limitation of resource scarcity to ensure that the study was completed within the scheduled time and resources. As mentioned earlier, the study adopted a quantitative research method for objectivity, reliability and independence of the researcher. Research ethics were also maintained to increase reliability of the study. For instance, the researcher ensured privacy and confidentiality of data collected throughout the study. Participation in the study was voluntary. The objectives of the study were explained to the respondents with an assurance that the data provided was used for academic purpose only.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the study findings, data analysis and discussions of the study findings. In particular, the chapter is organized as follows: response rate analysis and reliability results, demographic information, descriptive analysis showing the respondents profiles and characteristics, diagnostic tests, regression analysis and finally test of hypothesis.

4.2 Response Rate and Reliability of the Research Questionnaire

4.2.1 Response Rate

The study sought to collect data from 144 respondents from 144 management consultancy firms selected in Nairobi City County. The questionnaires returned are as shown in Table 4.1.

Table 4.1: Response Rate

Strata	Target sample	Actual Response	Response Rate
Operations management	53	30	56.6%
Marketing Consultants	50	44	88.0%
Human resource	11	9	81.8%
Accounting and finance	30	25	83.3%
Total	144	108	75.0%

Source: Survey Data (2018)

From Table 4.1, it is noted that out of the 144 questionnaires distributed, 108 were filled and returned forming a response rate of 75%. In the individual categories it was observed that there was 56.6% response rate among operations management consultancy firms, 88.0% for marketing consultancy firms, 81.8% for human resource consultancy firms and finally 83.3% for accounting and finance consultancy firms. Based on these results it is found that marketing consultancy firms had the highest response rate at 88.0%, followed by accounting and finance consultancy firms, human resource consultancy firms and lastly operations management consultancy firms had the least response rate at 56.6%. The response rate was found to be adequate for analysis

in line with observations made by Mugenda (2009) who concluded that a response rate of 50% is adequate for analysis and reporting, a rate of 60% is good while a response rate of 70% and above is excellent for analysis purposes. The response rate for marketing, accounting and finance and human resource consultancy firms were therefore excellent while that of operations management consultancy firms was good. Based on the overall response rate, it was concluded that the response rate of 75% was excellent and representative to permit data analysis and reporting.

4.2.2 Reliability of the Research Questionnaire

The study sought to establish the extent to which the questionnaire would produce similar and consistent results in various occasions under similar conditions. Reliability was tested via internal consistency using Cronbach alpha. The reliability results are as shown in Table 4.2.

Table 4.2: Summary of Reliability Statistics

Variable	Pilot	Main Study	Remarks
Resources management strategy	.910	.889	Reliable
Value Proposition Strategy	.943	.887	Reliable
Facility strategy	.928	.892	Reliable
Knowledge based value chain strategy	.921	.903	Reliable
Organizational Competence	.960	.925	Reliable
Regulatory framework	.841	.869	Reliable
Performance of Management Consultancy Firms	.962	.954	Reliable
Overall Cronbach's Alpha	.954	.936	Reliable

Source; Survey Data (2018)

The results in Table 4.2 show overall Cronbach's Alpha of 0.954 implying that the internal consistency of the study variables was very high. The results show that from the pilot study resource management strategy had a Cronbach's Alpha coefficient of 0.910, value proposition strategy had 0.943 and facility strategy had 0.928. On the hand, knowledge-based value chain strategy had a coefficient of 0.921, organizational competence 0.960, regulatory framework had 0.841 while performance of management consultancy firms had a coefficient of 0.962. Based on the pilot results the study observed that all constructs in the study had a reliability coefficient greater than 0.7. Therefore, based on the recommendations of Field (2009), the research questionnaire

was found to be reliable. Table 4.2 also show the reliability based on the final study. The results showed that resource management strategy had a coefficient of 0.889, value proposition strategy 0.887 and facility strategy 0.892, knowledge-based value chain strategy had a coefficient of 0.903, organizational competence 0.925, regulatory framework had 0.869 while performance of management consultancy firms had a coefficient of 0.954. Thus, based on the final results, all the variables have a Cronbach's Alpha coefficient greater than 0.7. It was noted that although there was a slight decrease in values of the Cronbach's Alpha coefficient in the main study from those of the pilot results, this difference was attributed to the difference in the sizes of the samples but was found to be insignificant. The study therefore concludes that there was internal consistency of the responses by the respondents in the questionnaire.

4.3 Demographic Information

The study sought to obtain demographic information relating to respondents' gender, profession of practice, position held in the organization and number of years they worked/operated in the management consultancy firm. The respondents were required to disclose their gender classified as either male or female, profession in which the management consultancy firm was practicing, the position that they held in the management consultancy firm and the number of years they had worked in the management consultancy firm. The results are as shown in Table 4.3.

Table 4.3: Demographic Information of the Respondent

Gender	Frequency	Percent
Male	57	52.8%
Female	51	47.2%
Total	108	100.0%
Profession of Organizational Practice		
	Frequency	Percent
Operations management consultants	30	27.8%
Marketing consultants	44	40.7%
Human resource consultants	9	8.3%
Accounting and finance consultants	25	23.1%
Total	108	100.0%
Position held in the organization		
	Frequency	Percent
Chief executive officer	9	8.3%
Partner	47	43.5%
Director	27	25.0%
General manager	24	22.2%
Administrator	1	0.9%
Total	108	100.0
Number of Years Worked in the Management Consultancy Firm		
	Frequency	Percent
Less than 1 year	9	8.3%
1-5 years	66	61.1%
6-10 years	19	17.6%
Over 10 years	14	13.0%
Total	108	100.0%

Source: Research Data (2018)

From Table 4.3, the results show that majority of the respondents were male as shown by 52.8% (57) of the respondents while 47.2% (51) were female. This implies that there is a slight disparity in the gender among those who operate and manage consultancy firms in Kenya with a slight majority of management consultancy firms in Kenya owned or run by men. Since men are shown as having more risk taking appetite than their female counterparts, they have ventured out in to consultancy business. This risk-taking attitude may also explain the high mortality rate in consultancy business. It is also observed that majority of the respondents as shown by 40.7%, were in marketing consultants, 27.8% were in operations management, 23.1% were in accounting and finance consultants while only 8.3% were practicing human resource consultants. It is thus concluded that majority of management consultancy firms practice in marketing

followed by operations management, accounting and finance and finally human resource. These results were consistent with the observations of Kipping and Clark (2012) and Jacobs, Swink and Linderman (2015) who noted that consultancy firms fall under marketing, financial and accounting, information technology, management, human resources, legal services, hotel and hospitality industry as well as health care.

In addition, results show that most of the respondents as indicated by 44% were partners, 25% were directors 22% were general managers, 8% were Chief Executive Officers (CEO) while only 1% were administrators. From these findings the study deduce that most management consultancy firms are owned by partners as opposed to limited companies. The results also show that most consultancy firms are owner managed with 69% of the respondents being partners or directors. Further, the study deduces that only few of management consultancy firms have professional management team with only 31% of the management consultancy firms having either, a CEO, a general manager or an administrator. This is explained by the fact that management consultancy services provide professional services to their clients and they are knowledge based (Bouncken & Kraus, 2013). This specialist knowledge is possessed by the owners/ partners and may not be delegated to others. It is also noted that the partners and directors are entirely responsible for the services provided to the clients.

Finally, the study established that regarding the number of years worked in the management consultancy firm, the results show that most of the respondents as shown by 61.1% (66) had worked in the management consultancy firm for between one and five years, 17.6% (19) had worked for between 6-10 years, 13.0% (14) had worked for over 10 years while only 8.3% (9) had worked for less than 1 year. From these results, it can be observed that most of the respondents had worked in the management consultancy firms for between 1 and 5 years. Therefore, the respondents had adequate knowledge about the management consultancy firms and therefore the information provided was reliable. The findings concur with Cheruiyot (2011), Mungai (2012) and Tanui (2015) who had earlier observed that there has been an exponential growth in the number of consultancy firms in the last decade especially in Nairobi City County.

Table 4.4: Cross tabulation of the Data

Gender	Profession of organizational practice					Total
	Operations Management	Marketing	Human Resource	Accounting and Finance		
Male	15	21	6	15		57
Female	15	23	3	10		51
Total	30	44	9	25		108

Years worked	Position held in the organization					Total
	Chief executive officer	Partner	Director	General manager	Administration	
Less than 1 year	1	7	0	1	0	9
1-5 years	3	31	14	17	1	66
6-10 years	3	5	6	5	0	19
Over 10 years	2	4	7	1	0	14
Total	9	47	27	24	1	108

	Years worked in consultancy firm/ Profession of organizational Practice					Total
	Operations management	Marketing	Human resource	Accounting and finance		
Less than 1 year	2	6	0	1		9
1-5 years	20	26	6	14		66
6-10 years	4	5	1	9		19
Over 10 years	4	7	2	1		14
Total	30	44	9	25		108

	Years worked/operated in consultancy firm				Total
	Less than 1 year	1-5 years	6-10 years	Over 10 years	
Male	4	27	17	9	57
Female	5	39	2	5	51
Total	9	66	19	14	108

	Position held in the organization					Total
	Chief Executive Officer	Partner	Director	General Manager	Administration	
Male	7	26	14	10	0	57
Female	2	21	13	14	1	51
Total	9	47	27	24	1	108

Source: Research Data (2018)

From Table 4.4, it was observed that among the male respondents, 15 were in operations management, 21 were in marketing management, 6 were in human resource management while 15 were in accounting and finance. It was also noted that of the male respondents, 4 of them had worked/operated in the consultancy firm for less than 1 year, 27 of them had worked for between 1-5 years, and 17 had worked for 6-10 years while 9 of them had worked for over 10 years. The results further show that among the respondents working in operations management consultancy firms, 2 had worked for less than a year, 20 of them had worked for 1-5 years, 4 had worked for 6-10 years while only 4 had worked for over 10 years. Among those working in marketing consultancy firms, 6 of them had worked for less than 1 year, 26 had worked for 1-5 years, 5 had worked for 6-10 years while 7 had worked for over 10 years. In addition, among those working in human resource consultancy firms, 6 had worked for 1-5 years, 1 had worked for 6-10 years while another 2 had worked for over 10 years. Further, among those working accounting and finance consultancy firms, 1 had worked for less than 1 year, 14 had worked for 1-5 years, 9 had worked for 6-10 years while only 1 had worked for over 10 years.

Furthermore, the study noted that among the male employees 7 were chief executive officers, 26 were partners in the consultancy firm, 14 were directors while 10 were general managers. On the other hand, it was observed that among the female respondents, 15 were in operations management, 23 were in marketing management, 3 were in human resource management while 10 were from accounting and finance. The study also noted that among the female respondents, 5 of them had worked in the consultancy firm for less than 1 year, 39 among them had worked for 1-5 years, and 2 had worked for between 6-10 years while 5 of them had worked for over 10 years. Finally, the study observed that among the female respondents, 2 were chief executive officer, 21 were partners, 13 were directors and 14 were general managers while only 1 was an administrator.

4.4 Descriptive Analysis

This section provides descriptive statistics on the study variables; resource management strategy, value proposition strategy, facility strategy, knowledge-based value chain strategy, organisational competence, regulatory framework and firm performance. The descriptive statistics provide a summary of the characteristics of the study variables.

The respondents were required to respond to statements on each of the variable on a scale of 1-5. Measures of central tendency specifically the mean and the standard deviation were used in this study to summarize the characteristics of the variables under investigation based on the responses given by the respondents from the 5-point Likert scale questionnaire. Each variable is discussed separately and the responses are presented in separate tables followed by discussions.

4.4.1 Resource Management Strategy

Resource management strategy was the first independent variable of the study. The variable was adopted in the study because of its relevance in influencing the performance of management consultancy firms as proposed by RBV theory which posits that possession of key resources together with their effective development and deployment enables organizations to achieve and sustain competitive advantage. Resource management strategy is one of the key components of operations strategy that addresses questions on how key organization resources are obtained and configured in order to deliver desired value to the organization (Slack, 2015). The variable was operationalised using resource acquisition via; determining resource requirements, identifying the relevant resources, attracting the identified resources, obtaining the identified resources and resource configuration through; creating value in resources, customization of resources and building resource combinations adopted from the works of Slack, (2015) and Wandiga, Kilika, and James (2017) who identified four types of operations strategy which are applicable to Knowledge Based Intensive Sector to include resource management strategy, knowledge value chain strategy, facility strategy and value proposition strategy. The questionnaire sought to measure the extent to which each management consultancy firm acquires and organizes resources. Table 4.5 presents the mean score of the responses of each attribute of resource management strategy and their respective standard deviation.

Table 4.5: Descriptive Statistics for Resource Management Strategy

Statement	Mean	Std. Deviation
Maximizing utility of resources through customization to achieve desired results	3.09	1.204
Creating value in each of the resources acquired.	3.08	1.177
Determining in advance the kind of resources required for operations.	3.05	1.179
Attracting most competitive resources as identified in operations strategy.	3.03	1.271
Combining various set of resources to achieve synergy hence improving overall performance.	3.00	1.268
Identifying the set of relevant resources required from the operations strategy.	2.98	1.215
Obtaining all the required resources on time.	2.90	1.207
Aggregate	3.02	1.22

Source: Research Data (2018)

The results in Table 4.5 show that most management consultancy firms maximize the utility of their resources through customization to achieve the desired results with a mean score of 3.09 and a standard deviation of 1.204, create value in each of the resources acquired with a mean score of 3.08 and a standard deviation of 1.177. In addition, management consultancy firms in Nairobi City County constantly undertake to determine in advance the kind of resources required for their operations with a mean score of 3.05 and a standard deviation of 1.179. They also strive to attract the most competitive resources as identified in their operations strategy with a mean score of 3.03 and a standard deviation of 1.271. In addition, they attempt to combine various set of resources to achieve synergy hence improving overall performance as shown by a mean score of 3.00 and a standard deviation of 1.268.

Further, the results show that management consultancy firms in Nairobi City County attempt to identify the set of relevant resources required from their operations strategy with a mean score of 2.98 and a standard deviation of 1.215 and make every effort to obtain all the required resources on time as shown by a mean score of 2.90 and a standard deviation of 1.207. Based on the results it is observed that most management consultancy firms in Nairobi City County seek to maximize the utility of their resources through customization to achieve the desired results. It is also noted that there is a lot of disparity among the management consultancy firms in Nairobi City County

regarding management of their resources with the standard deviation ranging from 1.177 to 1.271.

On aggregate, resource management strategy had a mean score of 3.02 and a standard deviation of 1.22. This indicated that resource management strategy was emphasized and practiced at a moderate level by management consultancy firms in Nairobi City County and therefore had a moderate effect on their performance. These findings were consistent with the observations of Barney (1991) who emphasised on the integration between organizational resources, sustainable competitive advantage and superior performance. Similar results were posted by Gottschalg and Zollo, (2007) who noted that a well-designed and executed resource strategy is vital as it gives the firm a competitive advantage. At the same time the results agreed with Kithusi (2015) who found that organizational resources and entrepreneurial strategy impacts on the overall performance of the firm. The results were also consistent with the findings of Ombaka, Machuki and Mahasi (2015) who revealed that firm's resources have an impact on the performance.

4.4.2 Value Proposition Strategy

Value proposition strategy was the second independent variable in this research. Management consultancy firms are predominantly service oriented as opposed to supply of tangible goods. For this reason, they always endeavour to maximise the value for their customers by developing a clear statement of the benefits that the company will provide to the customers along with the approximate price it will charge each customer segment for those benefits. Value proposition is thus an indispensable component of their operations. This study therefore adopted this variable to understand how management consultancy firms identify the list of benefits to deliver to customers, the favourable points of difference which differentiate their solution from those of competitors and identifying the benefits truly valued by chosen customers and how they are delivered.

The variable was operationalised through benefits delivered to customers, favourable points of difference and resonating focus derived from the work of Anderson, Cleveland & Schroeder (2006). In this regard, the respondents were requested to express their opinion on how their management consultancy firms delivered benefits to customers, obtained favourable points of difference and resonating focus in the process of service

delivery. The obtained results of each attribute of value proposition strategy mean scores and their respective standard deviations are shown in Table 4.6.

Table 4.6: Descriptive Statistics for Value Proposition Strategy

Statement	Mean	Std. Deviation
Identifying one or two points of difference from those of competitors that deliver greatest value to clients.	3.25	1.161
Determining key benefits in services and providing them to customers as a strategy in delivering value to customers	3.22	1.088
Obtaining information about clients so as to identify the list of benefits to be provided to each specific client.	3.10	1.160
Ensuring that the services offered to customers are dependable.	3.08	1.216
Differentiating services from those of competitors to maximize value to customers	3.08	1.231
Increasing value delivered to customers by offering extra benefits not available from competitors	3.04	1.260
Delivering value to customers through provision of quality services	3.00	1.230
Aggregate	3.11	1.192

Source: Research Data (2018)

The results in table 4.6 show that management consultancy firms in Nairobi City County identify one or two points of difference between their solution and that of competitors to deliver greatest value to their clients to a moderate extent with a mean score of 3.25 and a standard deviation of 1.161. Further, these consultancy firms seek to determine the key benefits in services and provide them to customers as a key strategy in delivering value to customers with a mean score of 3.22 and a standard deviation of 1.088, attempt to obtain information about clients so as to identify the list of benefits to be provided to each specific client with a mean score of 3.10 and a standard deviation of 1.160. Moreover, they make it their duty to ensure that the services offered to their customers are dependable with a mean score of 3.08 and a standard deviation of 1.216, always aims to differentiate their services from those of competitors to maximize value to their customers with a mean score of 3.08 and a standard deviation of 1.231. In addition, management consultancy firms increase the value delivered to their customers by offering extra benefits which are not available from competitors with a mean score of 3.04 and a standard deviation of 1.260 and

always deliver value to their customers through provision of quality services with a mean score of 3.00 and a standard deviation of 1.230. It is noted that management consultancy firms in Nairobi City County attempt to apply Value Proposition strategy to increase customers benefit only to a moderate extent with the mean scores ranging from a high of 3.25 to a low of 3.00. The study also finds that there is high disparity in the extent to which management consultancy firms employ value proposition strategy with the standard deviation ranging from a high of 1.260 to a low of 1.088.

The overall mean score for the variable was observed to be 3.11 with a standard deviation of 1.192. These results show that most of the respondents believed that their consulting firm undertook to apply value proposition as a strategy to a moderate extent. It may thus be inferred that the variable had a moderate effect on performance of management consultancy firms in Nairobi City County. The findings of this study agreed with the findings of Flaherty and Rappaport (2015) who found that business organizations make use of the value proposition concept to target clients, vendors, employees and partners which makes their products and services stand out to consumers. Payne and Frow (2014) also found that superior value proposition is capable of influencing new and existing workers and motivating them to support the set organizational goals and plans. The results also agreed with the findings of Ekman, Raggio and Thompson (2017) who concluded that value proposition alignment directly lead to improvements of quality, brand and firm performance.

4.4.3 Facility Strategy

Facility strategy was the third independent variable in the study. The variable was adopted because of the relative importance of facilities such as adequate office space, office location, furniture and other equipment that facilitate smooth operations of the management consultancy firms in achieving their objectives. Consultancy firms set up offices where they carry out administrative tasks, planning for clients work and in some cases clients work is carried out in the consultancy firm's offices. The variable was operationalised through location, layout and process based on the works of Shi, Ye, Lu & Hu (2014) and Wandiga, Kilika & James (2017). In this section, the respondents were required to express their opinion on the extent to which the management consultancy firm establishes a plan that identifies the type, quantity and location of spaces required as a strategy to enhance service delivery and to fully support the

organizations business initiatives. Table 4.7 provides the mean scores and their respective standard deviation for each attribute of facility strategy.

Table 4.7: Descriptive Statistics for Facility Strategy

Statement	Mean	Std. Deviation
Critically evaluating several sites in search for the most appropriate location to set up the business.	3.14	1.241
Adopting office layout design that promotes transparency among staffs	3.11	1.202
Adopting the most appropriate layout strategy in order to maximise resource utility.	3.09	1.140
Processes are adequately considered in line with structures, customer involvement and resource flexibility	3.07	1.197
The office layout arrangement enhances smooth flow of processes.	3.03	1.195
Aggregate	3.1	1.2

Source: Research Data (2018)

The results in Table 4.7 show that management consultancy firms in Nairobi city county critically evaluates several sites in search for the most appropriate location to set up the business to a moderate extent as shown by a mean score of 3.14 and a standard deviation of 1.241, adopt the office layout design that promotes transparency among their staffs to a moderate extent with a mean score of 3.11 and a standard deviation of 1.202 and seek to adopt the most appropriate layout strategy in order to maximise resource utility with a mean score of 3.09 and a standard deviation of 1.140. It was also found that consultancy firms in Nairobi city county adequately considered their processes in line with structures, customer involvement and resource flexibility to a moderate extent with a mean score of 3.07 and a standard deviation of 1.197 and office layout arrangement enhances smooth flow of processes to a moderate extent with a mean score of 3.03 and a standard deviation of 1.195. Based on these results it is found that most management consultancy firms in Nairobi City County critically evaluates several sites in search for the most appropriate location to set up the business but only to a moderate extent. The aggregate mean was found to be 3.1 and a standard deviation of 1.2 which showed that based on respondents opinions, facility strategy has been established to affect performance to a moderate extent. These findings were consistent with the findings of Myeda and Pitt (2014) who found that firms with well formulated FM strategies and

objectives will successfully attain optimum efficiency in the survival strategy and increasing prosperity of its future.

4.4.4 Knowledge Based Value Chain Strategy

The fourth independent variable for the study was knowledge based value chain strategy. This variable was adopted because management consultancy firms require a value chain as they create and deliver valuable services to their customers. Holsapple and Oh (2013) identified nine essential activities that a knowledge-driven firm is able to perform in ways that yield competitive advantage and better performance. The variable was operationalised through knowledge acquisition strategies, knowledge dissemination strategies and knowledge application strategies as recommended by Holsapple and Oh (2013). In this section, the researcher sought to obtain the respondents opinion on how management consultancy firms acquire, disseminate and apply essential knowledge-based activities in order to yield competitive advantage and better performance. The results are as shown in Table 4.8.

Table 4.8: Descriptive Statistics for Knowledge Value Chain Strategy

Statement	Mean	Std. Deviation
Scanning environment to identify new information applicable to the consultancy firm.	4.02	.896
Acquiring the relevant knowledge to support operations strategy	3.85	1.057
Applying acquired knowledge in all aspects of service delivery	2.42	1.161
Evaluating information obtained to ascertain its relevance and usefulness to the firm	2.13	1.185
Identifying the type of knowledge required so as to provide better services to clients.	2.04	1.199
Knowledge dissemination as a strategy has been undertaken to form a key pillar for the success of operations strategy	2.04	1.159
There is a culture that supports and empowers acquisition and sharing of knowledge sharing among staff.	1.97	1.106
Aggregate	2.64	1.11

Source: Research Data (2018)

The results in table 4.8 show that most of the respondents were of the opinion that their management consultancy firms always scan the environment to identify new information that may be applicable to their management consultancy firm to a great extent as shown by a mean score of 4.02 and a standard deviation of 0.896. In addition,

management consultancy firms constantly undertake to acquire the relevant knowledge to support their operations strategy to a great extent with a mean score of 3.85 and a standard deviation of 1.057. Further the study noted that management consultancy firms undertake to apply the acquired knowledge in all aspects of their service delivery to a low extent as shown by a mean score of 2.42 and a standard deviation of 1.161. The information obtained is well evaluated by the consultancy firm to ascertain its relevance and usefulness to the firm to a low extent with a mean score of 2.13 and a standard deviation of 1.185. Management consultancy firms regularly identify the type of knowledge required so as to provide better services to clients to a low extent with a mean score of 2.04 and a standard deviation of 1.199. At the same time knowledge dissemination as a strategy has been undertaken to form a key pillar for the success of their operations strategy to a low extent as shown by a mean score of 2.04 and a standard deviation of 1.159. Finally, management consultancy firms have a culture that supports and empowers acquisition and sharing of knowledge among staff to a low extent as shown by a mean score of 1.97 and a standard deviation of 1.106.

The overall mean score for the variable was noted to be 2.64 and a standard deviation of 1.11. Based on the aggregate mean it is noted that knowledge value chain strategy activities are performed to a low extent. These findings were consistent with the findings of Mills and Smith, (2011) who observed that knowledge resources such as knowledge application are related to firm performance. Similarly, the findings were consistent with the findings of Gold and Arvind (2001) who concluded that knowledge infrastructure consisting of structure, technology and culture and knowledge process architecture of acquisition, application, and protection are significant organizational capabilities for effective knowledge management and firm performance.

4.4.5 Organizational Competence

Organizational competence was adopted in this study as a mediating variable. The variable was adopted because management consultancy firms provide knowledge-based services to their clients and to do this they need to possess some competences in areas such as decision-making, problem-solving skills, innovation, customer service, strategic perspectives as well as strategic leadership (Nowak, 2012). Management consultancy firms are part of the knowledge based intensive sector (KBIS) which are involved in knowledge exchange and their core activity is to transfer information,

design, experience or professional knowledge to client firms and assist in applying it in their service delivery (Bouncken & Kraus, 2013). Often service delivery will require the firm to have certain competences so as to be competitive in the industry. The variable was operationalised using allocated competence, transactional competence, administration competence and technical competence as adopted from the works of Clemons and Row (2009) Bonner (2010), Hackman and Oldham (2010) and Mintzberg (2010). In this section, the respondents were required to rate the state of competences possessed by their management consultancy firms. The results are as shown in Table 4.9.

Table 4.9: Descriptive Statistics for Organizational Competences

Statement	Mean	Std. Deviation
Allocated competence		
Demonstrating unique capabilities that are unmatched in the industry	4.19	.866
Demonstrating strong work values that propel positive behaviour at work.	3.97	.981
Demonstrating high levels of innovativeness	2.32	1.167
Sub variable aggregate	3.49	1.00
Transactional competence		
The staff demonstrate high level of responsiveness to customer needs.	3.05	1.187
Demonstrating excellence in the speed of service delivery to clients	2.12	1.083
Sub variable aggregate	2.59	1.14
Administration competence		
Boasting of consultants with very high-level set of cognitive skills.	3.97	.961
The staff and all consultants have acquired a vast wealth of theoretical and practical knowledge in management consultancy.	3.07	1.236
Demonstrating high degree of flexibility	2.44	1.113
Sub variable aggregate	3.16	1.10
Technical competence		
Demonstrating high capability of constantly designing new offers and services to clients	4.30	.777
Staff possess adequate technical skills for effective design of work solutions for clients	2.90	1.207
Staffs have acquired adequate industry experience and skills that assist in improving service delivery.	2.34	1.216
Sub variable Aggregate	3.18	1.07
Variable aggregate	3.15	1.07

Source: Research Data (2018)

The results in Table 4.9 were categorised on the basis of the various levels of competences, on average the study noted that allocated competence ranked first had mean score of 3.49 with a standard deviation of 1.00. The results revealed that the staff in the management consultancy firms had allocated competence by demonstrating unique capabilities that are unmatched in the industry with a mean score of 4.19, demonstrating strong work values that propel positive behaviour at work with a mean score of 3.97 and demonstrating high levels of innovativeness with a mean score of 2.32.

The study further noted that technical competence ranked second with a mean score of 3.18. The study observed that consultancy firms had this competence by demonstrating high capability of constantly designing new offers and services to clients as shown by a mean score of 4.30, possessing adequate technical skills for effective design of work solutions for clients with a mean score of 2.90 and having acquired adequate industry experience and skills that assist in improving service delivery as shown by a mean score of 2.34.

Administration competence ranked third with a mean score of 3.16. The staff demonstrated this competence as they indicated that they have high-level set of cognitive skills with a mean score of 3.97, the staff and all consultants have acquired a vast wealth of theoretical and practical knowledge in management consultancy with a mean score of 3.07 and demonstrating high degree of flexibility as shown by a mean score of 2.44. Transactional competence came in last with a mean score of 2.59. This competence was demonstrated by the high level of responsiveness to customer needs with a mean score of 3.05 and demonstrating excellence in the speed of service delivery to clients as shown by a mean score of 2.12.

The aggregate mean score and the associated standard deviation were found to be 3.15 and 1.07 respectively. This showed that organisational competences were present in the management consultancy firms in Nairobi City County at a moderate level. The deviation of 1.07 show that there was a relatively low disparity in responses between the respondents. The results concurred with the findings of Mwihiya (2008) who asserted the usefulness of core competences as a major ingredient in the organizational success and Mintzberg (2010) who concluded that organizational competences affect firm performance. However, they are inconsistent with the findings of Munyoki, Ogutu and

Kabagambe (2012) who observed negative relationship between competences and performance.

4.4.6 Regulatory Framework

This variable was adopted in this study as a moderating variable. The variable was adopted because of the role played by the state and professional bodies in regulating the operations of professional firms in the economy and industry respectively. Management consultancy firms are registered under the Companies Act which regulates the way they conduct business, they are required to comply with other government legal requirements such as Taxation laws and Labour Laws. They are also members of their professional bodies which lays down the standards, procedures and ethical guidelines to be adhered to in conduct of their business. The variable was operationalised using state control in form of legal framework and professional bodies control in form of ethics and standards as recommended by (Dunlap & Brulle, 2015) and Forman & Hunt, 2013). In this section, the study sought the views of the respondents on the various components of macro institutional factors that affect the consultancy business in Nairobi City. The views of the respondents are as shown in Table 4.10.

Table 4.10: Descriptive Statistics for Regulatory Framework

Statement	Mean	Std. Deviation
Professional bodies control		
Pressure to conform to standard industry practices constrains on innovation.	3.95	1.080
Professional standards laid down by the industry players are very demanding and involving.	3.86	1.036
Professional ethics imposed by professional bodies are too restrictive and hinders individual freedom and judgement in service delivery.	3.82	.984
Sub variable aggregate	3.88	1.03
State Control		
Regulatory framework is prohibitive to the consultancy business sector.	3.75	1.051
Consultancy practice in this country faces stringent rules and regulations.	3.56	1.105
The statutory requirements for the practitioners in this industry are too demanding.	3.55	.999
Sub variable aggregate	3.62	1.05
Variable aggregate	3.75	1.04

Source: Research Data (2018)

The results in Table 4.10 show that professional bodies control had the most occurrence with an average mean score of 3.88. This is because management consultancy firms provide knowledge based services and expert advice to the clients which knowledge is possessed by professionals. To safeguard the members and clients' interests, these members form professional bodies to act as a watchdog which are usually recognised by governments as part of regulatory bodies. This control was portrayed through constraints on innovation arising from pressure to conform to standard industry practices as shown by the mean score of 3.95, professional standards laid down by the industry players are very demanding and involving with a mean score of 3.86 and professional ethics imposed by professional bodies being too restrictive and hinder individual freedom and judgement in service delivery with a mean score of 3.82.

On the other hand, state control had an average mean score of 3.62 with a standard deviation of 1.05. The study found that regulatory framework in the industry was prohibitive to the consultancy business sector as shown by a mean score of 3.75, consultancy practice in this country faced stringent rules and regulations with a mean score of 3.56 and the statutory requirements for the practitioners in the industry were too demanding as shown by a mean score of 3.55 and a standard deviation of 0.999.

On aggregate the mean score was observed to be 3.75 and a standard deviation of 1.04. From the aggregate results it is noted that most respondents on average agree that regulatory framework practices affect operations of management consultancy firms in Nairobi City County. It is also deduced that these results were true for majority of the firms as shown by the low standard deviation of 1.04. The results of the study were in agreement with findings of Haidar (2012) that business regulatory reform is associated with increase in growth rate of GDP and Regis (2013) findings that there exist a moderate relationship between legislation and ethical performance and that legislation is relevant to the performance. However, the findings are inconsistent with the findings of Hunter (2010) who concluded that legislative framework creates unnecessary regulatory burden and generates economic and social costs.

4.4.7 Firm Performance

Firm performance was adopted as the dependent variable. It was adopted because it is the end product of the management consultancy firms' operations. Kaplan and Norton (1992) stated that performance in general consists of the actual results or output

compared to the intended output or goals and objectives. For this reason, management consultancy firms need to establish their level of performance to determine if the objectives are being met. In this study, performance was operationalized through leads generated, customer acquisition and customer retention as adopted from the works of Hill (2018). The study required the respondents to indicate the actual number of customers against each dimension of performance in a range of 1-20. The dimensions were: leads generated, customer acquisition and repeat business in their management consultancy firm. An average for each of the indicators for the five years and the results are as shown in Table 4.11

Table 4.11: Descriptive Statistics for Firm Performance

Dimension	Mean	Std. Deviation
The Number of Leads Generated in terms of: -		
Customers generated through referrals	3.43	1.076
Customers generated through networking and business events	3.42	1.060
Customers generated through inquiries	3.39	1.105
Customers generated through social media	3.39	1.116
Aggregate	3.41	1.089
Number of Repeat Business through: -		
Number of repeat customers over the years	3.45	1.097
Number of compliments received from clients	3.34	1.109
Aggregate	3.40	1.103
The Number of Customers Acquired through: -		
Project proposals sent to prospective clients	3.41	1.217
New clients generated from the sent proposal	3.30	1.057
Aggregate	3.36	1.137
Variable aggregate	3.39	1.10

Source: Research Data (2018)

The results in Table 4.11 show that the management consultancy firms generated business from repeat customers, referrals, networking and business events and project proposals sent to prospective clients averaging 10 to 15 with a mean score of 3.45, 3.43, 3.42 and 3.41 respectively. At the same time the study found that customers generated through inquiries, customers generated through social media, number of compliments received from clients and new clients generated from the sent proposals averaged 10 to 15 with a mean score of 3.39, 3.39, 3.34 and 3.30 respectively. The deviation as

measured using standard deviation ranged between 1.057 and 1.217 indicating that there was a high deviation in the level of performance. However, the deviation in the observation for each measurement indicators remained relatively constant. On average, the number of leads generated had a mean score of 3.41 and a standard deviation of 1.089, the number of repeat business an average mean score of 3.40 and a standard deviation of 1.103 while the number of customers acquired through proposals had the least average mean score of 3.36 and a standard deviation of 1.137. The aggregate results showed a mean score of 3.39 and a standard deviation of 1.10. It is observed from the aggregate results that average level of generated customers stood at the range of 10-15 annually. This may be attributed to the exponential growth in the consultancy firms leading to stiff competition as noted by Cheruiyot (2011), Mungai (2012) and Tanui (2015). It was further noted that this performance was relatively the same across the responding firms with a low standard deviation of 1.10.

4.5 Diagnostic Test Results

Diagnostic tests were carried out on the collected data before actual analysis to test the assumptions of the multiple regression models. The relevant diagnostics tests for the study included test for normality, multicollinearity, heteroscedasticity and test of independence.

4.5.1 Normality Tests

The study sought to establish if the data collected was normally distributed over the sample. This test was conducted through Histogram plot as well as Shapiro-Wilk and Kolmogorov-Smirnov tests for the dependent and independent variables. The obtained results from Shapiro-Wilk and Kolmogorov-Smirnov tests are as shown in table 4.12.

Table 4.12: Tests of Normality Results

	Kolmogorov-Smirnov ^a			Shapiro-Wilk			Conclusion
	Statistic	df	Sig.	Statistic	df	Sig.	
Resource management strategy	.075	107	.171	.990	107	.610	Normally Distributed
Facility strategy	.093	107	.023	.981	107	.128	Normally Distributed
Value proposition strategy	.075	107	.166	.989	107	.554	Normally Distributed
Knowledge value chain strategy	.077	107	.128	.987	107	.406	Normally Distributed
Organization competence	.058	108	.200*	.992	108	.754	Normally Distributed
Regulatory framework	.055	108	.200*	.979	108	.079	Normally Distributed
Performance	.052	108	.200*	.988	108	.417	Normally Distributed

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction.

As shown in Table 4.12, the significance level (P-value) of the Shapiro-Wilk test for resource management strategy was 0.610, 0.128 for facility strategy, 0.554 for value proposition strategy, 0.406 for knowledge value chain strategy, 0.754 for organization competence, 0.079 for regulatory framework and 0.417 for firm performance. For normally distributed data, Gujarati and Porter (2009) recommend that the P-value should be greater than 0.05 at 95% confidence level. Since all the variables had a significance level of greater than 0.05 at 95% confidence level, the study concludes that for all the variables data was normally distributed. These results were consistent with

histogram plots as well as, normal probability plot of the standardized residuals shown in figure 4.1 to figure 4.14. The histogram plots showed a normal curve while at the same time the probability plot of the standardized residuals approximated along a straight line showing a strong positive correlation.

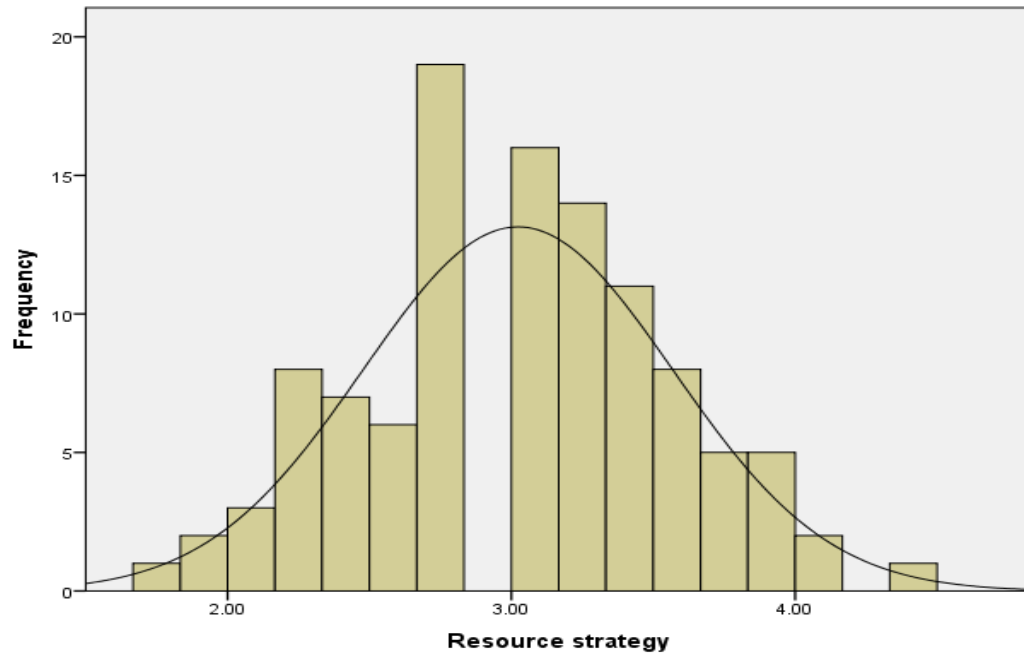


Figure 4.1: Histogram for Resource Strategy

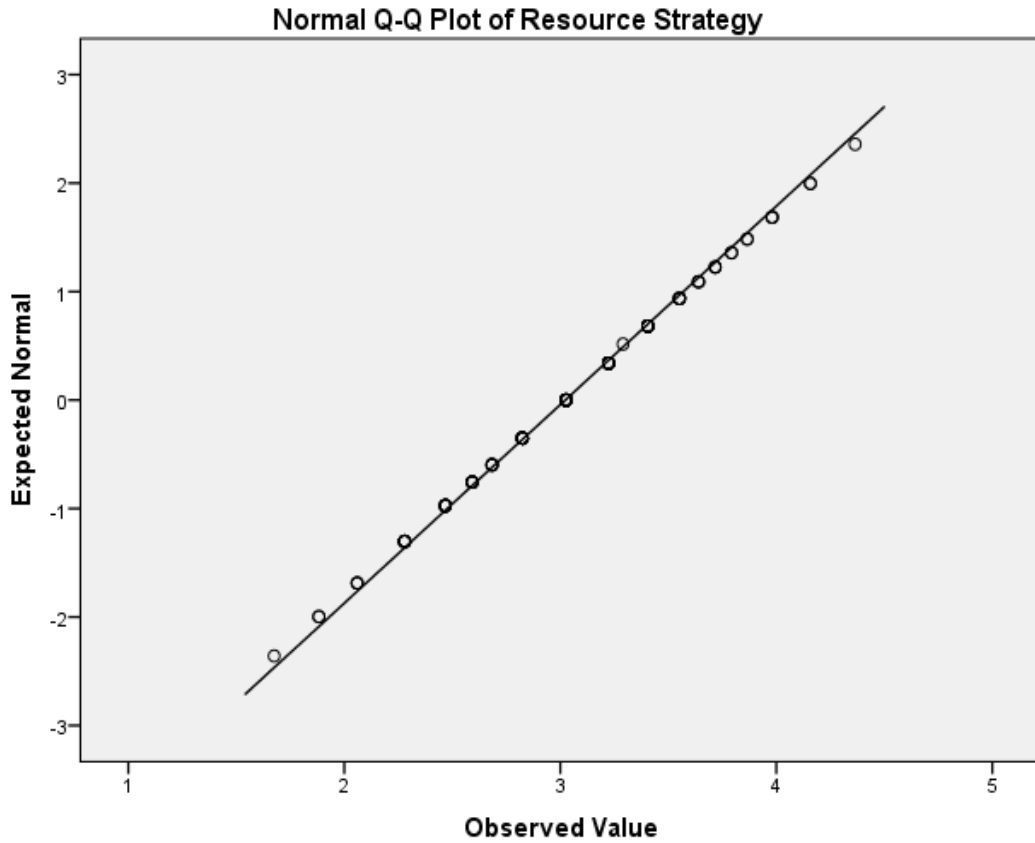


Figure 4.2: Normal Q-Q Plot for Resource Strategy

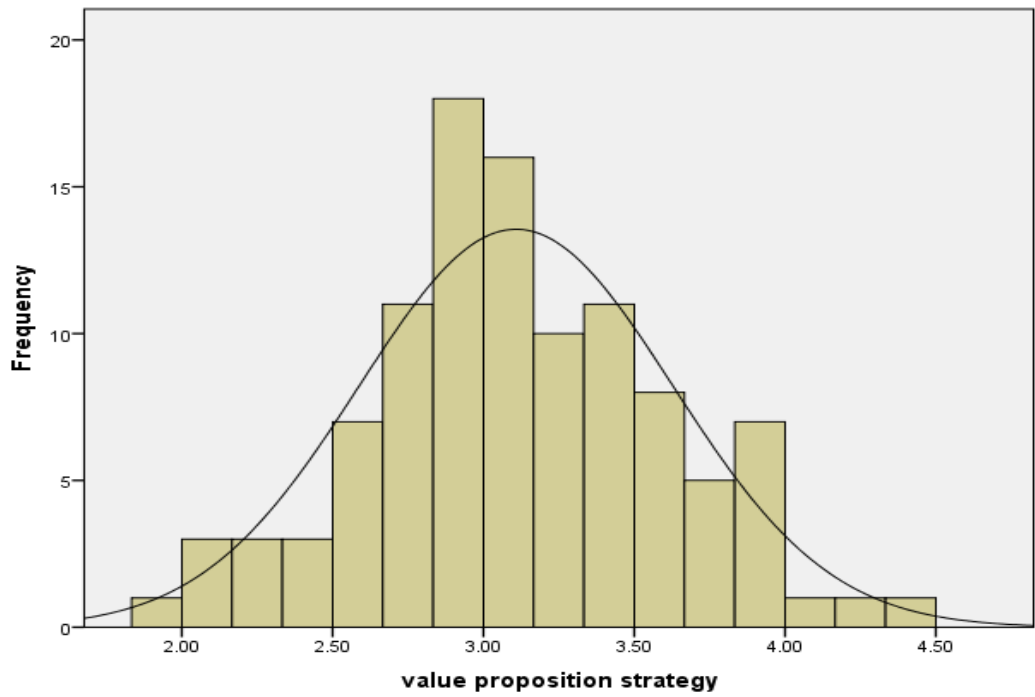


Figure 4.3: Histogram for Value Proposition Strategy

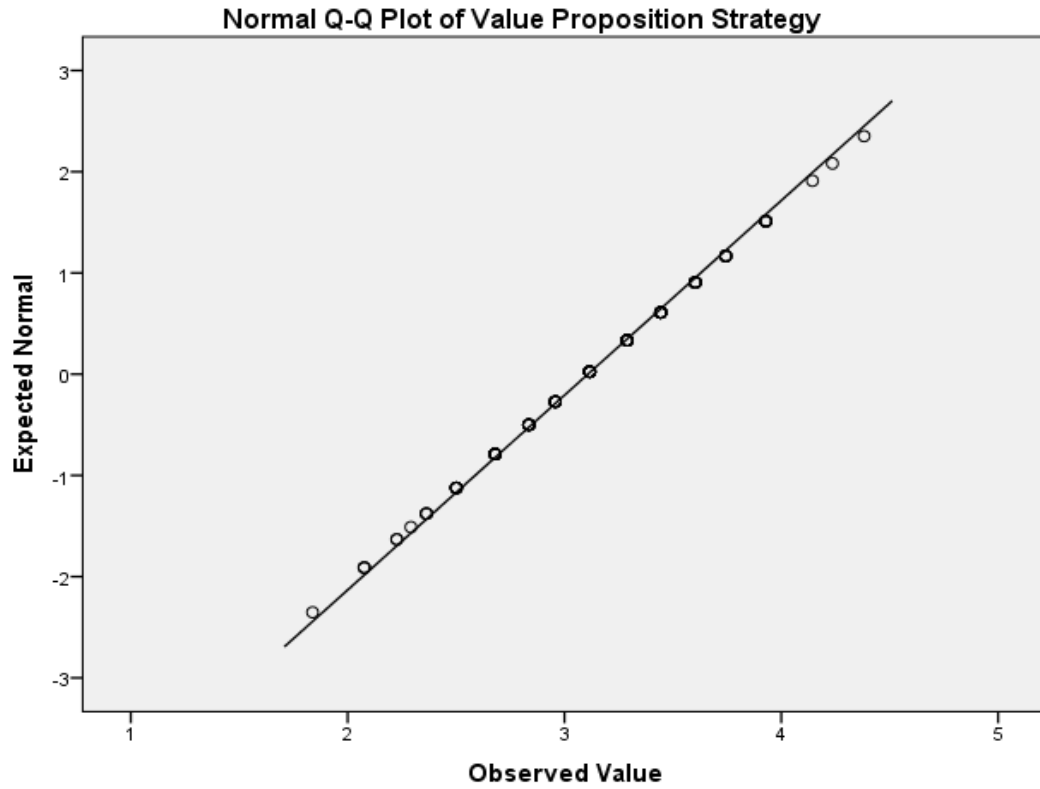


Figure 4.4: Normal Q-Q Plot for Value Proposition Strategy

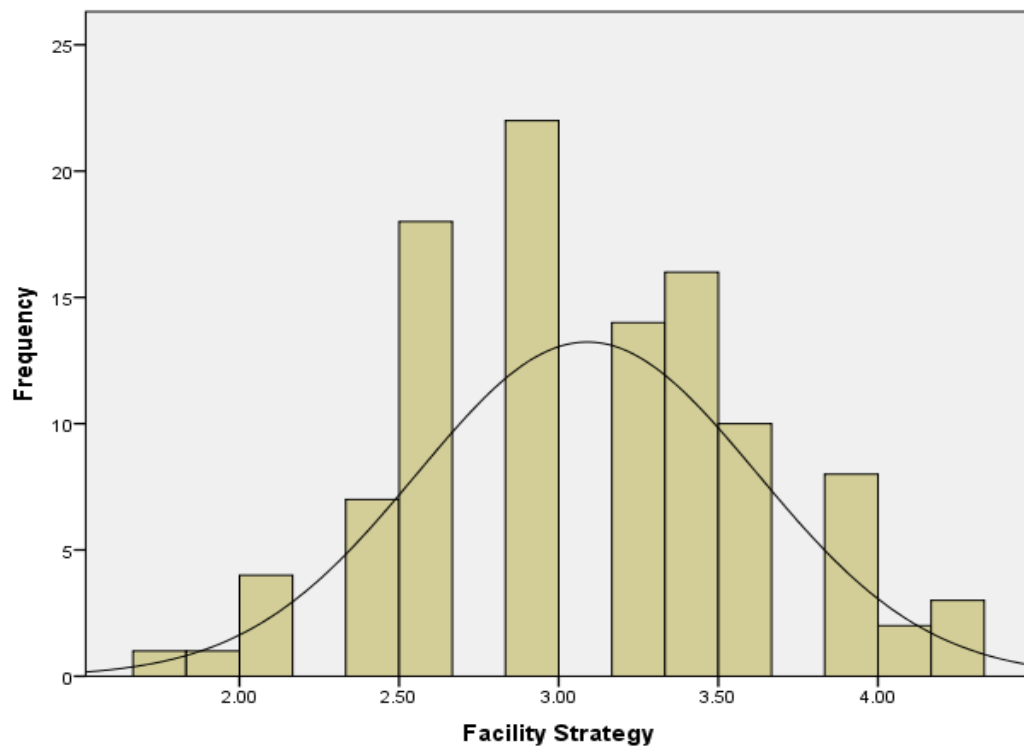


Figure 4.5: Histogram for Facility Strategy

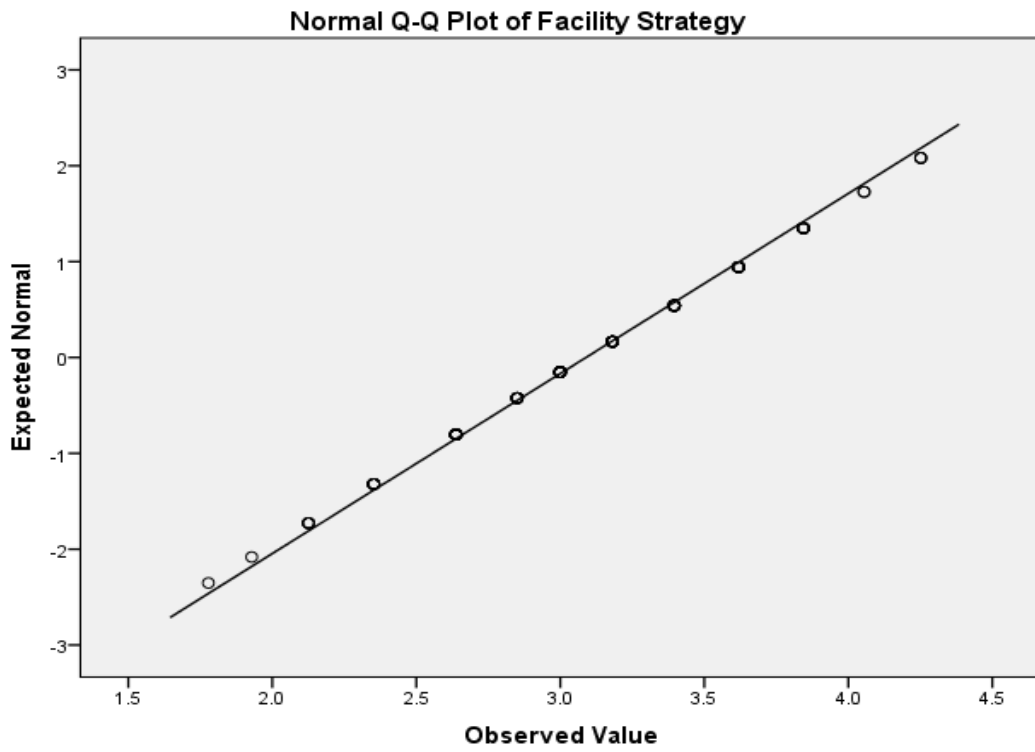


Figure 4.6: Normal Q-Q Plot for Facility Strategy

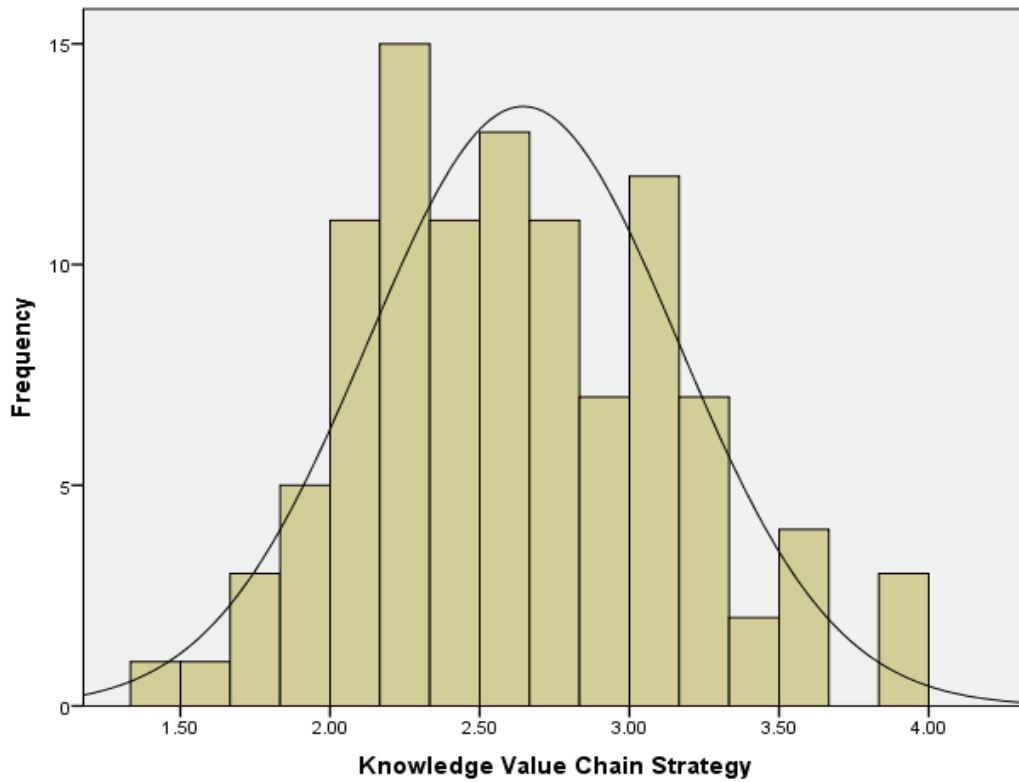


Figure 4.7: Histogram for Knowledge Value Chain Strategy

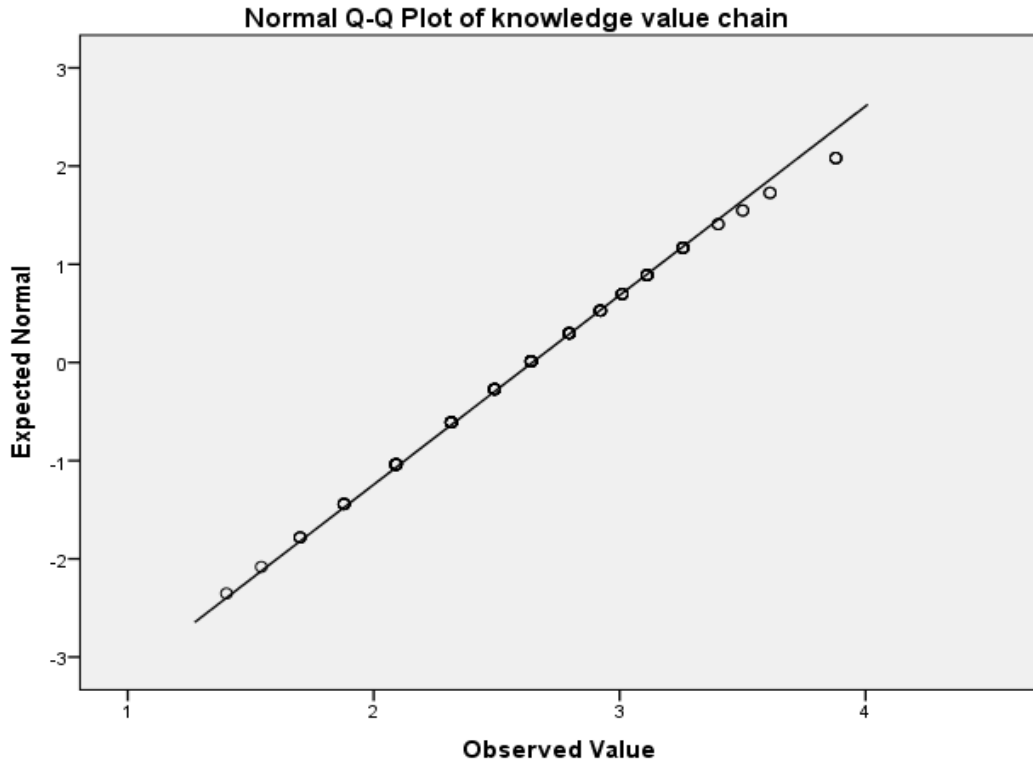


Figure 4.8: Normal Q-Q Plot for Knowledge Value Chain Strategy

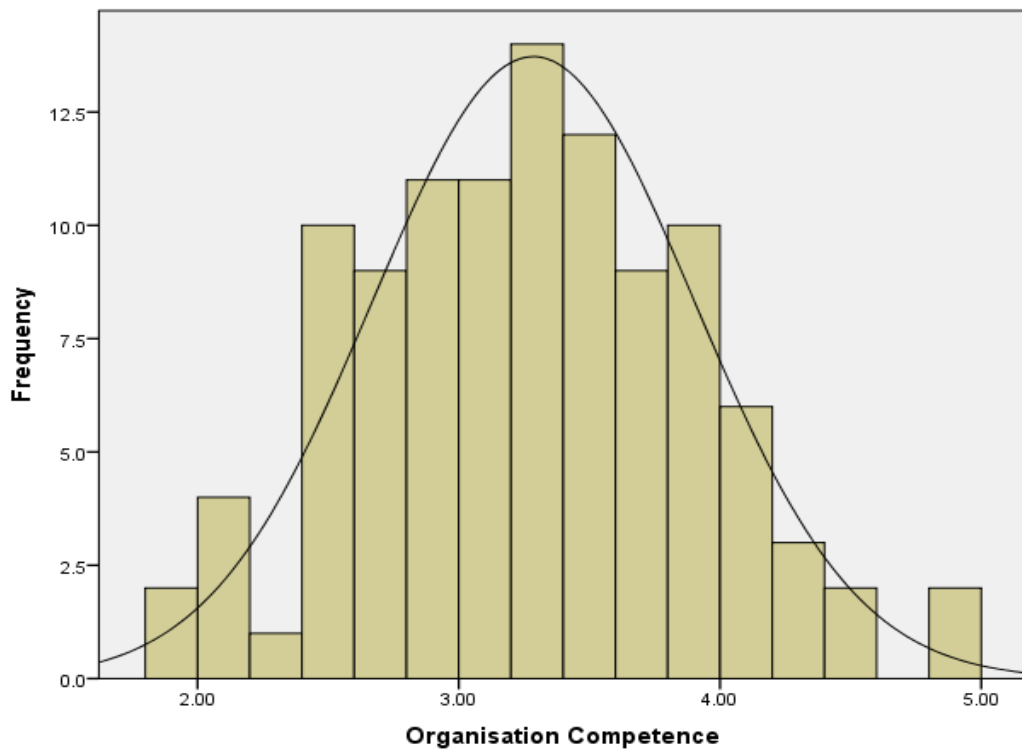


Figure 4.9: Histogram for Organization Competence

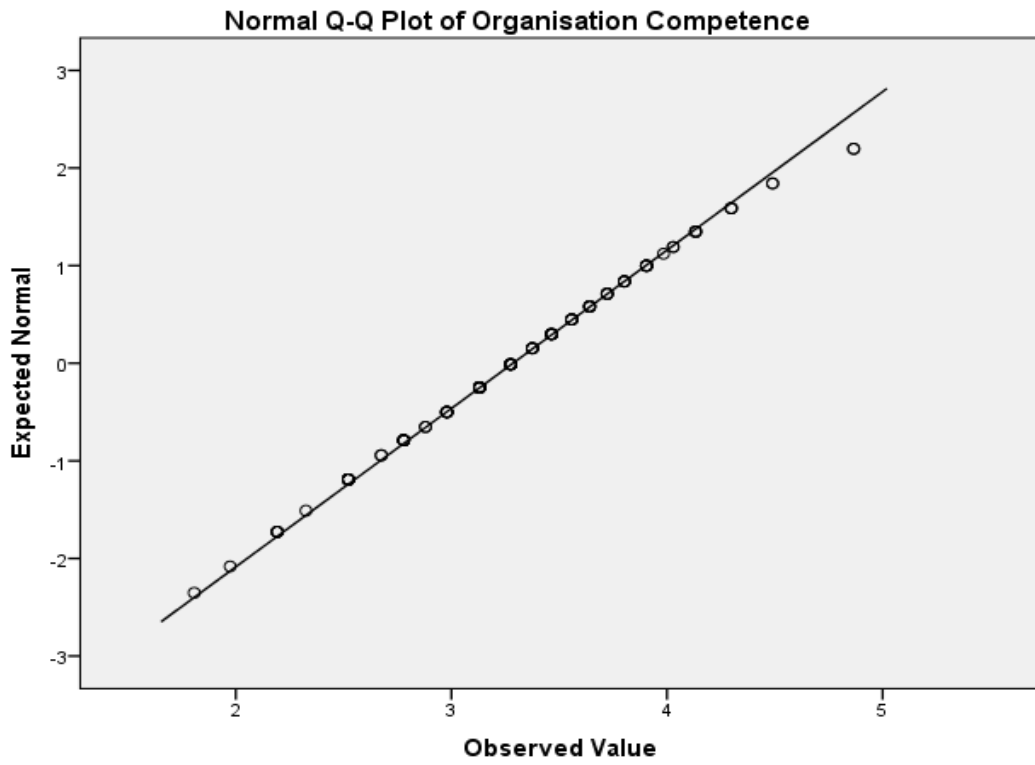


Figure 4.10: Normal Q-Q Plot for Organization Competence

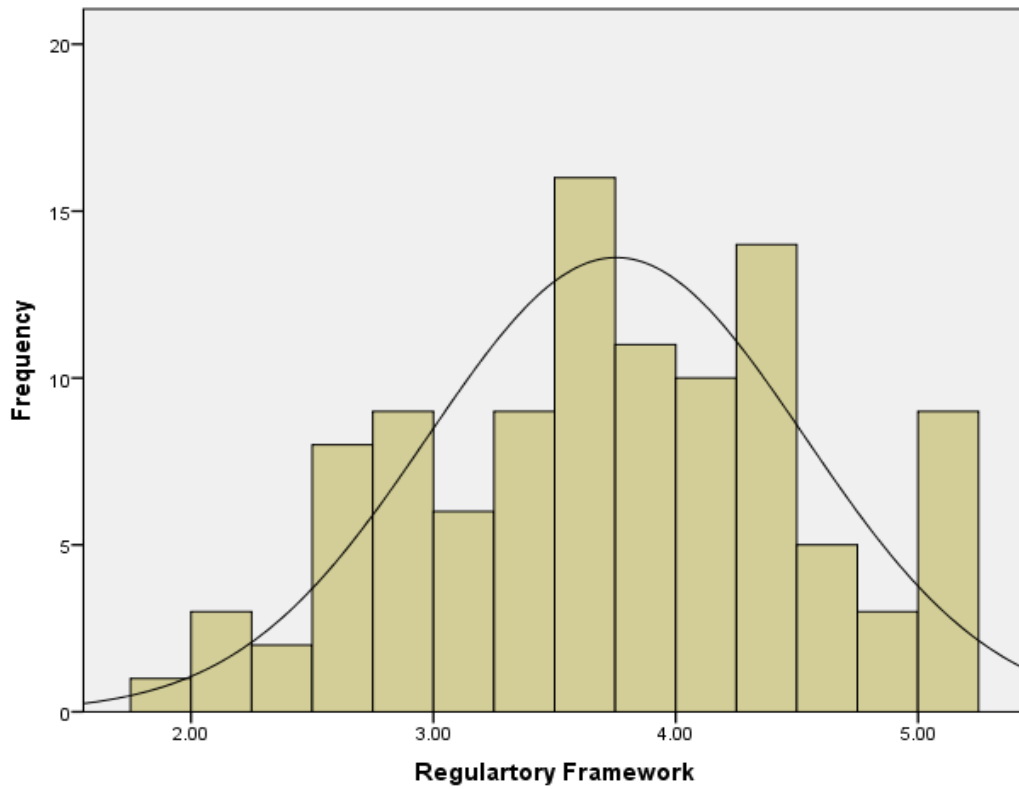


Figure 4.11: Histogram for Regulatory Framework

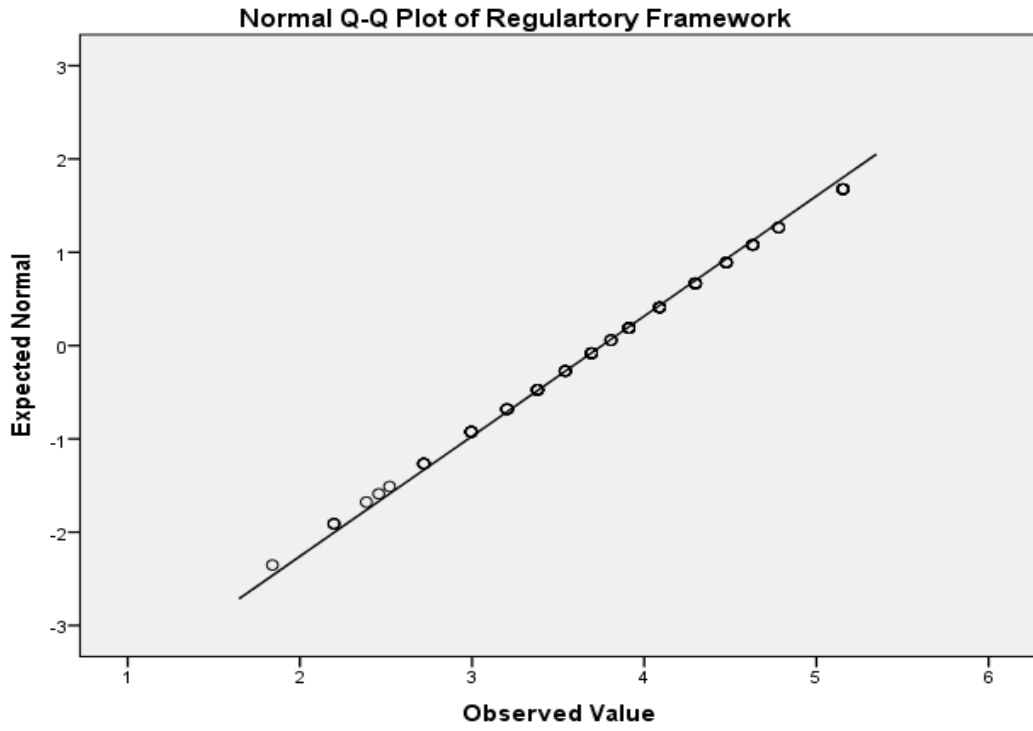


Figure 4.12: Normal Q-Q Plot for Regulatory Framework

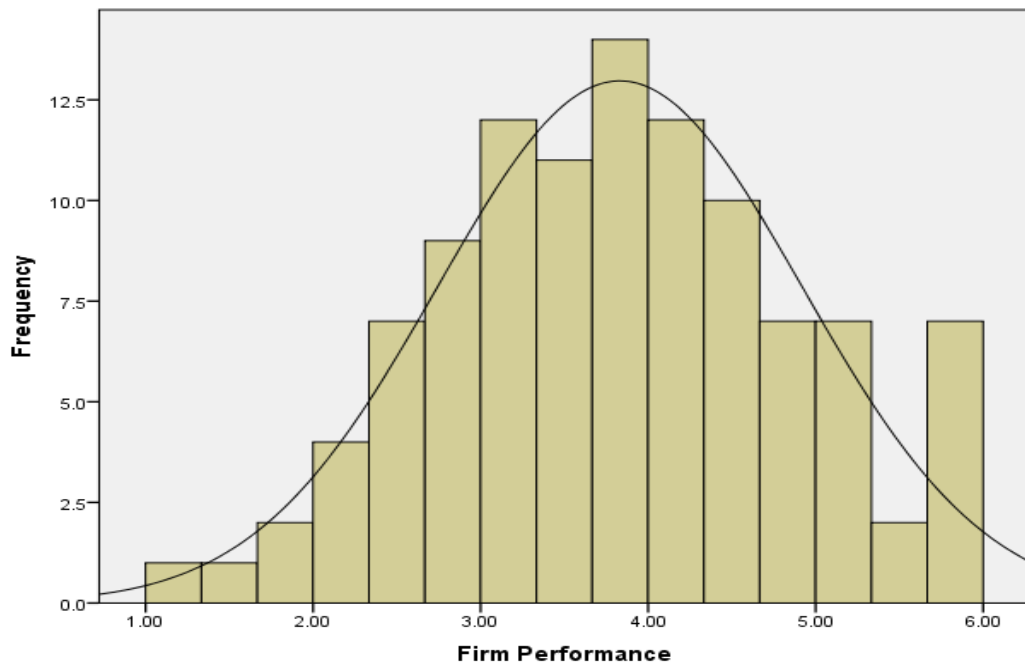


Figure 4.13: Histogram for Firm Performance

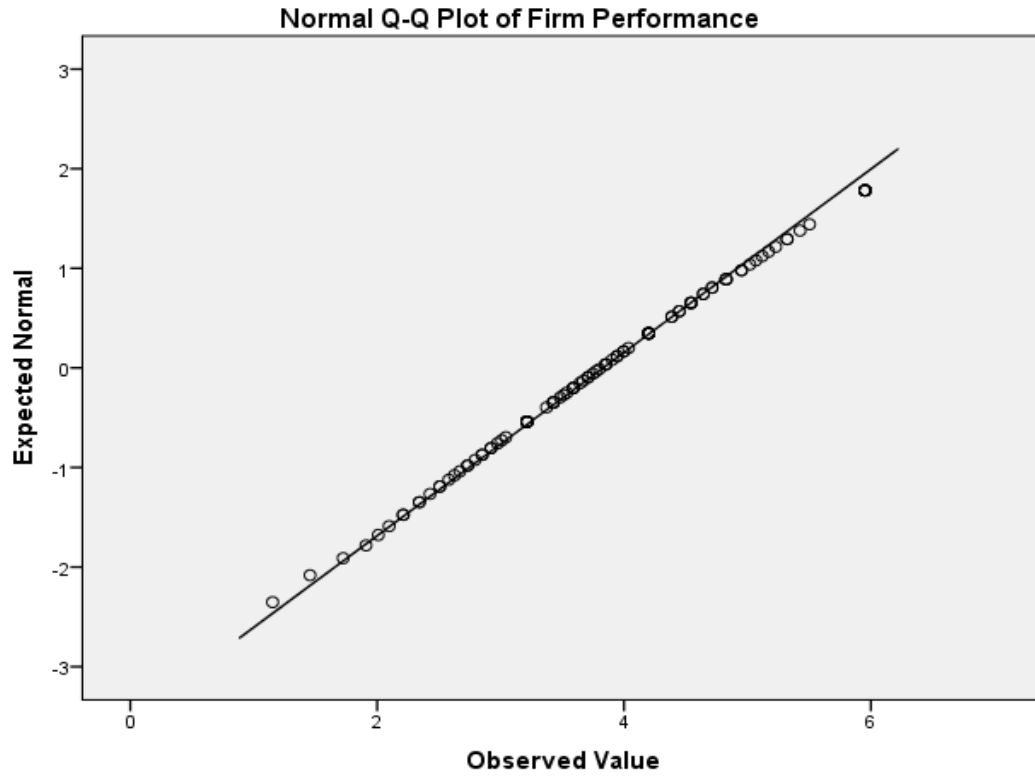


Figure 4.14: Normal Q-Q Plot for Firm Performance

4.5.2 Multicollinearity Tests

This study adopted Field (2009) recommendation for detecting multicollinearity by examining the correlation coefficients between the explanatory variables. Correlation coefficient greater than 0.9 was considered significant. The results of correlation statistics are as shown in Table 4.13.

Table 4.13: Correlations

	Resource management strategy	Facility strategy	Value proposition strategy	Knowledge value chain strategy	Organisation competence	Regulatory framework
Resource management strategy	1	.064	.075	-.037	.249**	.164
Sig. (2- tailed)		.080	.005	.024	.009	.008
Facility strategy	.064	1	-.036	.216*	.210*	.100
Sig. (2- tailed)	.080		.013	.018	.015	.009
Value proposition strategy	.075	-.036	1	.148	.070	-.046
Sig. (2- tailed)	.005	.013		.012	.028	.041
Knowledge value chain strategy	-.037	.216*	.148	1	.187	.063
Sig. (2- tailed)	.024	.018	.012		.026	.030
Organisation competence	.249**	.210*	.070	.187	1	.223*
Sig. (2- tailed)	.009	.015	.028	.026		.020
Regulatory framework	.164	.100	-.046	.063	.223*	1
Sig. (2- tailed)	.008	.009	.041	.030	.020	

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

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

Table 4.13 show the correlation coefficients for all the independent variables. The correlation between resource management strategy and facility strategy was noted to be 0.064, 0.075 for resource management strategy and value proposition strategy, -0.037 for resource management strategy and knowledge value chain strategy, 0.249 for resource management strategy and organisation competence and finally 0.164 for the relationship between resource management strategy and regulatory framework. The results also show that the correlation coefficient between facility strategy and value

proposition strategy was -0.036, 0.216 for facility strategy and knowledge value chain strategy, 0.210 for facility strategy and organisation competence and 0.100 for facility strategy and regulatory framework.

Similarly, the results show that the correlation coefficient for the relationship between value proposition strategy and knowledge value chain strategy was 0.148, 0.070 for relationship between value proposition strategy and organisation competence while the correlation coefficient for value proposition strategy and regulatory framework was -0.046. Further the results show that the correlation coefficient for the relationship between knowledge value chain strategy and organisation competence was 0.187 while that of knowledge value chain strategy and regulatory framework was 0.063.

Finally, the results show that the correlation coefficient for organisation competence and regulatory framework was 0.223. Based on the results obtained it is evident that the correlation coefficients for all the independent variables were less than the correlation coefficient 0.9 recommended by Field (2013) implying that there was no evidence of multicollinearity between the independent variables. The results also showed that all the correlation coefficients had P-values of less than 0.05 meaning that they were all significant.

The study also tested for multicollinearity of variables using Tolerance and Variance Inflation factors (VIF). According to Iacobucci, Schneider, Popovich and Bakamitsos (2017) VIF values of greater than 10 or a tolerance value of below 0.1 indicate high levels of multicollinearity problem. The correlation coefficients results were consistent with VIF results for multicollinearity as shown in Table 4.14.

Table 4.14: Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
Resource management strategy	.906	1.103
Facility strategy	.918	1.089
Value Proposition strategy	.966	1.035
Knowledge value chain strategy	.902	1.109
Organization competence	.828	1.208
Regulatory framework	.927	1.079

a. Dependent Variable: Firm performance

From the results in Table 4.14 above resource management strategy had a VIF of 1.103 with a tolerance level of 0.906, facility strategy had a VIF of 1.089 and a tolerance level of 0.918, value proposition strategy had a VIF of 1.035 and a tolerance level of 0.966, knowledge value chain strategy had a VIF of 1.109 and a tolerance level of 0.902, organization competence had a VIF of 1.208 and a tolerance level of 0.828 while regulatory framework had a VIF of 1.079 and a tolerance level of 0.927. Since all the independent variables had VIF of less than 2, the study concluded that there was no presence of multicollinearity.

4.5.3 Heteroscedasticity Tests

In this study the Breush-Pagan test as recommended by Warner (2008) was used to test for heteroskedasticity. The null hypothesis was that there is no heteroskedasticity and that the error term is constant. The decision on heteroskedasticity was based on the P-value. That is If $P \leq 0.05$, the null hypotheses would be rejected and conclude that there is presence of heteroskedasticity and if $P \geq 0.05$, fail to reject the null hypotheses meaning there is no heteroskedasticity. The results were as shown in Table 4.15.

Table 4.15: Breusch-Pagan and Koenker test statistics and sig-values

	LM	Sig
BP	9.994	.125
Koenker	11.108	.085

Null hypothesis: heteroskedasticity not present (homoskedasticity)

From the results in Table 4.15 above, it is noted that the significance level for Breusch-Pagan (BP) test was 0.125 while that of Koenker test was 0.085. In both cases the significance level was greater than 0.05. The null hypothesis was not rejected and the study concluded that heteroskedasticity was not present. These results were consistent with the histogram for regression standardized residuals as shown in the figure below.

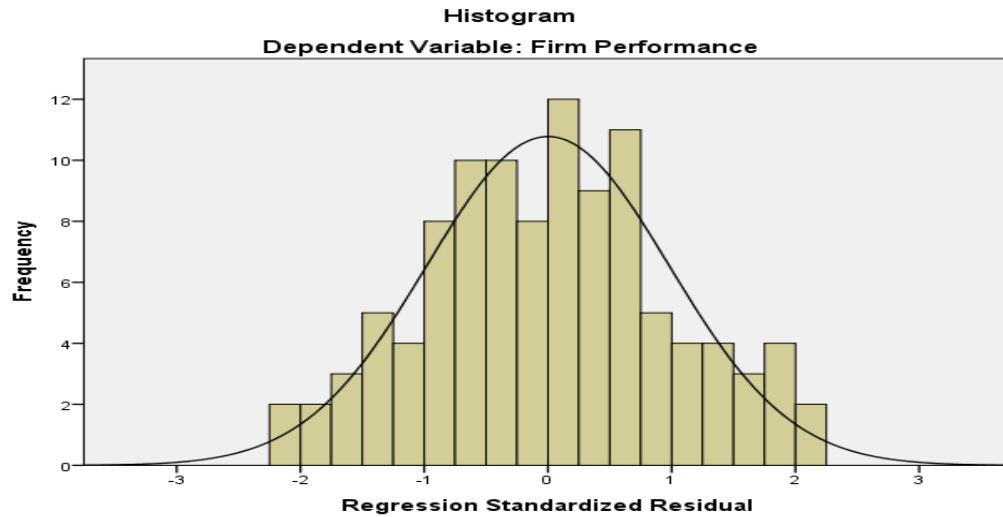


Figure 4.15: Histogram for Regression Standardized Residuals

The histogram for regression standardized residuals shows a relatively normal curve which implies absence of heteroskedasticity.

4.5.4 Test of Independence

The study conducted a test of independence to determine if the demographic results were statistically independent. Specifically, the study tested for independence of gender from profession of the practice, gender and position held in the organization, gender and years worked years worked in consultancy firm. The study also sought to determine if the position held in the organization was dependent on the number of years worked in consultancy firm. The study relied on Chi-Square test to test the independence and the results were as shown in Table 4.16.

Table 4.16: Chi-Square Test of Independence

Variables	Test	Value	df	Asymptotic Significance (2-sided)
Gender and Profession of the Organization	Pearson Chi-Square	1.763 ^a	3	.623
	Likelihood Ratio	1.784	3	.619
Gender and position held in the organization	Pearson Chi-Square	4.695 ^a	4	.320
	Likelihood Ratio	5.234	4	.264
Gender and Years worked	Pearson Chi-Square	14.991 ^a	3	.201
	Likelihood Ratio	16.684	3	.172
Years worked and Position held in the organization	Pearson Chi-Square	17.242 ^a	12	.141
	Likelihood Ratio	19.340	12	.081

Source: Research Data (2018)

The results in Table 4.16 show the test of independence results between various attributes of the respondents including gender, profession of the organization, position held in the organization and number of years worked in the consultancy firm. The study found that the Chi-Square assumption that not more than 20% of the cells should have the expected count less than 5 was violated in all the variables. The independence between gender and profession of the organization had 25% of the cells with expected count of less than 5, gender and position held in the organization had 40%, gender and years worked had 25%, while years worked and position held in the organization had 70% of cells with expected count of less than 5. Since the underlying assumption was violated the study relied on the likelihood ratio as opposed to Pearson Chi-Square value as recommended by McHugh (2013).

The results showed that the test of independence between gender of the respondent and the profession of the organization had a likelihood ratio value of 1.784 and a P-value of 0.619, gender and position held in the organization had a likelihood ratio value of 5.234 and a P-value of .2640, gender and years worked had likelihood ratio value of 16.684 and a P-value of 0.172 while years worked and position held in the organization had likelihood ratio value of 19.340 and a P-value of 0.081. Based on these results the study

concluded that all the demographic variables were statistically independent since the P-values of the tests of independence were all greater than the significance level (0.05).

4.6 Test of Hypotheses

Hypothesis testing was done through multiple regression analysis. The results of the tests were interpreted through the adjusted R^2 values and P values at $P < 0.05$ significance level. The variables under study were regressed on performance indicators and a composite measure for all the variables computed to reflect overall variables. The hypothesis for direct relationships were first presented followed by mediated relationship hypothesis and finally moderated relationship hypothesis. The following hypotheses were tested in the respective order.

- H₀₁** Resource management strategy has no significant effect on performance of management consultancy firms in Nairobi County.
- H₀₂** Value proposition strategy has no significant effect on performance of management consultancy firms in Nairobi County.
- H₀₃** Facility strategy has no significant effect on performance of management consultancy firms in Nairobi County.
- H₀₄** Knowledge based value chain strategy has no significant effect on performance of management consultancy firms in Nairobi County.
- H₀₅** Organizational competence has no significant mediating effect on the relationship between operations strategy and performance of the management consultancy firms in Nairobi County.
- H₀₆** Regulatory framework has no significant moderating effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi County.

4.6.1 Test of Direct Relationship Hypotheses

Multiple regression analysis was conducted at 95 percent confidence level ($\alpha = 0.05$) with firm performance as the dependent variable and operations strategy as independent variable. The purpose of the study was to investigate the effect of operations strategy on performance of management consultancy firms in Nairobi City County. The empirical model was of the form:

$$PER_F = \beta_0 + \beta_1 R_{ms} + \beta_2 V_{ps} + \beta_3 F_s + \beta_4 K_{bvs} + \epsilon$$

Where: -

- PER_F = Composite index for Firm Performance
 β_0 = Constant
 $\beta_1, \beta_2, \beta_3 \& \beta_4$ = Beta coefficients
 R_{ms} = Composite index for Resource Management Strategy
 V_{ps} = Composite index for Value Proposition Strategy
 F_s = Composite index for Facility Strategy
 K_{bvs} = Composite index for Knowledge Based Value Chain Strategy
 ϵ = Error Term

The results of the regression are as shown in Table 4.17, 4.18 and 4.19.

Table 4.17: Model Summary 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809 ^a	.6545	.641	.2687

a. Predictors: (Constant), knowledge value chain, Resource management strategy, value proposition strategy, facility strategy

The results in Table 4.17 show the model fit, which establishes how the model equation fits the data. The correlation coefficient (R) is observed as 0.809, which means that there is strong positive correlation between the independent variables and firm performance. The adjusted R² was used to establish the predictive power of the study model and it was found to be 0.641 implying that 64.1% of the variation in performance is explained by knowledge-based value chain strategy, resource management strategy, value proposition strategy and facility strategy. The remaining 35.9% of variation in performance is explained by other variables other than the ones in the model.

Table 4.18: ANOVA^a for Operations Strategy and Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	112.7765	4	28.19	218.527	.001 ^b
	Residual	17.985	139	.129		
	Total	130.7615	143			

a. Dependent Variable: performance

b. Predictors: (Constant), knowledge value chain strategy, Resource strategy, value proposition strategy, facility strategy

Source: Research Data (2018)

The results in Table 4.18 show the analysis of variance results for operations strategy and performance and show a P value of $0.001 < 0.05$ which indicates that the regression relationship was significant in predicting how knowledge-based value chain strategy, resource management strategy, value proposition strategy and facility strategy affects performance of management consultancy firms Nairobi City County. At the same time the F statistic for $F(4, 139) = 218.527$ is greater than the F critical (table value = 2.43), which shows that the overall model was significant and adequate to predict performance.

Table 4.19: Table of Regression Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		
	β	Std. Error	Beta	t	Sig.
(Constant)	2.462	1.115		2.208	.030
Resource management strategy	.592	.196	.593	4.822	.001
Value proposition strategy	.367	.210	.405	3.505	.000
Facility strategy	.021	.207	.109	0.101	.164
Knowledge based value chain strategy	.431	.219	.442	3.028	.017

a. Dependent Variable: performance

Source: Research Data (2018)

From the results in Table 4.19 the regression model is summarized as follows;

$$Performance = 2.462 + 0.593R_{ms} + 0.405V_{ps} + 0.109F_s + 0.442K_{bvs} + \epsilon$$

The results in Table 4.19 show that if all factors (resource management strategy, value proposition strategy, facility strategy and knowledge-based value chain strategy) are held constant, performance of management consultancy firms in Nairobi City County would be equal to 2.462. The results also show that holding all other factors constant, increase in resource management strategy increases performance by 0.593. Similarly, holding all other factors constant, an increase in value proposition strategy would lead to a 0.405 increase in performance. Further, holding all other factors constant, increase in facility strategy would lead to an increase in performance by 0.109 while holding all factors constant, increase in knowledge value chain strategy would increase performance of consultancy firms by 0.442.

Based on the magnitude of each variable in predicting performance, the findings indicated that resource management strategy had the highest effect on performance followed by knowledge-based value chain strategy, value proposition strategy, while facility strategy had the least influence on performance. All the variables apart from facility strategy were found to be significant in predicting performance of management consultancy firms since they had P-values of less 0.05. Facility strategy had a P-value of 0.164 which was greater than 0.05. Similarly, all the factors had their calculated t-statistics greater than the critical t-value of 2.776 other than facility strategy which had t-statistic of 0.101 which was less than 2.776 implying that it was not significant in predicting performance.

4.6.2 Test of Hypothesis One

The first objective of the study was to determine the effect of resource management strategy on performance of management consultancy firms in Nairobi City County. The corresponding null hypothesis (H_{01}) was that resource management strategy has no significant effect on performance of management consultancy firms in Nairobi City County. The results in Table 4.19 show a standardized beta coefficient of $\beta = 0.593$ and P-value of 0.001. The null hypothesis was rejected since the p-value was than 0.05. This means that resource management strategy has a significant positive effect on performance of management consultancy firms in Nairobi City County. The study therefore concluded that resource management strategy was a significant determinant of performance of management consultancy firms in Nairobi City County.

The conclusion on this hypothesis was explained on the basis of several points; namely the demographic characteristics of the respondents, the descriptive statistics of the independent variable, previous researches and underpinning theories. In terms of demographic characteristics, the study reported that approximately 99% of the respondents were in the category of partners, general managers, directors and chief executive officers whose role in the management of the consultancy firms is directly connected with the focus of the variable which is to acquire, develop and deploy the resources. The variable sought to establish the extent to which the firm's policy for identifying the resources to be acquired and organizing them to their maximum utility was emphasized and practised.

The study was conducted on four areas of management consulting: operations, marketing, human resource, accounting and finance. The study reported that marketing management consultants had the highest proportion at 40.7% followed by operations management at 27.8%, accounting and finance consultants had 23.1% while human resource consultants represented 8.3% of management consultancy firms in Nairobi County. To be able to deliver value to customers, these firms must have the required resources in terms of finances, personnel and technology that will enable them gain competitive advantage in the market. According to Muchungu (2012), for marketing strategies to be effective, immense resources are required in developing customer confidence and improving customer engagement. At the same time human resource management consultants require adequate resource for attracting, selecting and recruiting the right personnel as observed by Rose, Abdullah & Ismad (2010) and Ombaka, Machuki and Mahasi (2015). Accounting and finance consultancy firms require resources for putting in place the required infrastructure in form of software, manpower and physical resources do deliver quality services to their customers. Finally, operations management consultancy firms need to carefully consider the required resources and exploit them in the most efficient way in order to develop the most optimal operation strategies for their clients.

The results were also explained by the fact that majority of the respondents (61.1%) had worked in the consultancy firms for between one and five years, 17.6% for six to ten years and 13.0% for over ten years. This indicates that through experience the respondents were aware of the importance of resource management as a strategy adopted by the management consultancy firms. Firms generate value from resources through appropriate combination and deployment which is a process that takes time in order to achieve desired objectives. Therefore by having experienced managers the study enables a deeper understanding of the role played by managers in creating value from the resources, developing rarity and resource specificity which results in competitive advantage and improved performance in line with the VRION Framework espoused by the RBV theory.

The study relied on Resource-Based View (RBV) of the firm as one of the theories to explain the phenomenon. Wernerfelt (1984) and Barney (1986) stated that possession of key resources together with their effective development and deployment enables

organizations to achieve and sustain competitive advantage. The theory further states that resources must be heterogeneous, immobile and must be valuable in a way that delivers value to the firm and rare so as to deliver a unique value compared to other firms in the industry. Therefore, consultancy firms always seek to possess these resources so as to gain competitive advantage and improve their performance. The outstanding aspects of this theory are the emphasis on the “VRION” Framework whose focus is creating value, ensuring rarity, inimitability, organizational specificity and non-substitutability of resources. Even though the study did not focus on all dimensions of the VRION framework, the dimensions of value and organization specificity were addressed through creating value and combining resources. Thus the postulates of RBV seem to be well applied in the sector and accounting for the positive effect of resource management strategy on performance.

The descriptive statistics on the independent variable had an aggregate mean score of 3.02 which was at moderate level of emphasis and practice. In considering the operational indicators of the variable which focused on developing a plan in advance for organization resources, identification and acquisition of required resources, customization of resources to create value and combining the resources to achieve synergy, it is possible for a moderate level of emphasis and practice of the variable to have a positive effect on performance of most management consultancy firms. These findings indicates that for management consultancy firms to realise maximum benefits from the resource management strategy, they must not only identify, attract and obtain the resources needed but they must also be in a position to combine and configure them appropriately so as to create and deliver value to customers.

The study by Kithusi (2015) was conducted in micro, small and medium furniture sector entities in Kenya linked firm’s environment, firm’s resources, entrepreneurial strategy with performance and reported that organizational resources had a significant impact on the overall performance of the firm. Similar findings were by Ombaka, Machuki and Mahasi (2015) study which was conducted on insurance companies in Kenya and tried to link organizational resources, external environment, innovation and firm performance. Similar results were reported by Rose, Abdullah and Ismad (2010) who conducted a theoretical review on the relationship between competitive advantage,

organization resources and performance. Even though the current study was in a different sector, the findings are comparable to those of earlier researchers.

In view of these, the findings on hypothesis one make an important contribution to knowledge in strategic management in several ways. First, previous studies by Rose, Abdullah and Ismad (2010); Kithusi (2015); Ombaka, Machuki and Mahasi (2015) had indicated that there is a gap in the use of the construct of resources in general, the studies were in other sectors and that performance of management consultancy firms had not been directly linked to resource management strategy. Through this finding the study provides an understanding on the link between resource management strategy and performance. Secondly, the previous studies were done on other sectors and since the findings are in agreement with those of the current study, the current study provides evidence that the findings obtained earlier can be generalized in consultancy firms in spite of their unique characteristics.

4.6.3 Test of Hypothesis Two

The second objective of the study was to assess the effect of value proposition strategy on performance of management consultancy firms in Nairobi City County. The corresponding null hypothesis was that value proposition strategy has no significant effect on performance of management consultancy firms in Nairobi City County. A regression model was run and the results are as shown in Table 4.19. The results show that the standardised beta coefficient for value proposition strategy was 0.405 indicating that holding all other factors constant, an increase in value proposition strategy would lead an increase in performance by 0.405. The P-value was 0.000 and being less than the 0.05 significance level the null hypothesis was rejected meaning that value proposition strategy has significant effect on performance of management consultancy firms in Nairobi City County. The coefficient of value proposition strategy was positive and therefore it can be concluded that value proposition strategy has a significant positive effect on performance of management consultancy firms in Nairobi City County.

The findings on this hypothesis was explained on the basis of demographic characteristics of the respondents in the study, the descriptive characteristics of the independent variable, previous researches and underpinning theories. In terms of demographic characteristics, the respondents were top management of the consultancy

firms who were either in the category of partners, general managers, directors and chief executive officers who are in close contact with their clients in provision of services. They constitute membership to the corporate and business level of management of the consultancy firms. The strategic responsibilities of corporate level management is definition of the firm's domain where they are in charge of defining the market to serve and the types of goods and services to offer.

The managers are also in charge of business level strategies where they are in charge of navigating the markets in which they compete in such a way as to have financial or market edge and competitive advantage relative to competitors (Pearce & Robinson, 2012). This is in line with value proposition strategy which involves identifying customer requirements and customer segment information. They then use the information to identify the benefits that clients look for in the services provided and therefore are in a position to develop strategies that would deliver the desired value and benefits to the targeted customers. Thus the respondents are in a position to develop a plan of action that identifies and communicates all the benefits that the firm will provide to target customers and the approximate price they will charge each customer segment for those benefits which is the focus of this variable. The variable sought to establish the extent to which the consultancy firms deliver benefits to the customers, obtain favourable points of difference and resonating focus in the process of service delivery.

The study reported that majority of the respondents had worked in the management consultancy firms for over one year with most of them having worked for between one and five years. This meant that these respondents understand the importance of delivering unique value to customers at reasonable prices. Osterwalder and Pigneur (2010) supported that customers are willing to pay a reasonable extra amount for the extra benefit delivered to them.

The results of the study may also be explained by descriptive statistics on the independent variable which had an aggregate mean score of 3.11 indicating that value proposition strategy activities were emphasized and practiced to a moderate extent. This findings agree with regression results which reported a standardised beta coefficient of 0.405 which means that the variable affects performance to a moderate extent. The operational indicators of the variable focused on determining the benefits delivered to their customers, identifying a few points of difference between their services and those

offered by competitors and determining key benefits truly valued by customers so as to deliver greatest value to the clients which is the focus of value proposition strategy. Since the firms emphasize and practice these aspects to a moderate extent it is possible for the variable to have a positive effect on performance especially when argued from the viewpoint of Porters Generic Strategies that proposes one of the strategies as differentiation. To the extent that the firms have identified points of differentiation and accompanying that with customer focused benefits, the consultancy firms have carved for themselves a market position suitable to drive and sustain performance.

The study relied on the propositions of Resource-Based View which focuses on the relationship between firm's resources and performance. This theory holds that organisations that have immense resources may gain competitive advantage and therefore greater performance. In doing so such firms may engage in market research and development to determine what activities would add value to their customers. The VRION Framework puts emphasis on the aspect of value in that strategic resources must be valuable and offer unique value as well. Value proposition strategy involves developing a clear, simple statement of both tangible and intangible benefits that the company will provide, along with the approximate price it will charge each customer segment for those benefits. This can only be done when the management consultancy firms possess unique resources which meet the requirements of value, rarity, inimitability and when the resources are organized to capture value from customers. Even though the variable did not focus on the VRION Framework, it is clear that value proposition strategy objectives are achieved through possession of unique resources that would facilitate identification of customers' benefits and their effective implementation.

The study also relied on the provisions of Hayes and Wheelwright (1985) four stage model which show that organization's operations play a significant role in attracting and retaining customers and hence, improving the overall performance. The model also states that to remain competitive, firm's management must continually develop and create value for customers which cannot be imitated by competitors. The variable relied on the postulates of this model to focus on how consultancy firms operations can be used to develop and create value for customers through identification of key benefits to

be delivered to the customers and developing strategies to deliver the benefits hence maximizing value delivered to customers and improving firm performance.

In terms of the previous researches related to the variable, the findings were interpreted using the researches by Chandler, Broberg and Allison (2014) who observed that firms that develop sound value proposition stand to improve their performance through improved customer engagement, understanding the clarity of value offered by the firm and increased effectiveness of marketing. Flaherty and Rappaport (2015) who studied agents of change, sustainability and industry trade associations as an evolving value proposition in five industry associations and reported that business organizations make use of the value proposition concept to target clients thus making their products and services stand out to consumers.

Ekman, Raggio and Thompson (2017) who studied value proposition alignment and reported that most managers recognize corporate social responsibility (CSR) initiatives as important as they lead to improvements of quality, brand and firm performance. Payne and Frow (2014) who conducted a study on developing superior value propositions in financial services and telecommunications sector and reported that value proposition is capable of influencing new and existing workers and motivating them to support the set organizational goals hence facilitating improved performance. Thus the findings of this hypothesis are consistent with the findings by the previous researchers.

Even though the current study was in a different sector the findings are comparable to those of previous studies which reported that value proposition can be used to improve firm performance. Thus, the findings in hypothesis two make significant contribution to strategic management knowledge in several ways. The previous studies by Chandler, Broberg and Allison (2014); Payne and Frow (2014); Flaherty and Rappaport (2015); Ekman, Raggio and Thompson (2017) indicated that there has been a gap in the operationalization of the variable, the sector in which the studies were done and failure to show the relationship existing between value proposition strategy and firm performance. This study advances the level of understanding of the relationship between value proposition strategy and firm performance using management consultancy firms in Kenya by offering a clearer operationalization of the construct.

The study also provides evidence for findings obtained earlier to be generalized despite the unique characteristics of the studies.

4.6.4 Test of Hypothesis Three

The study also sought to evaluate the effect of facility strategy on performance of management consultancy firms in Nairobi City County. The formulated null hypothesis was that facility strategy has no significant effect on performance of management consultancy firms in Nairobi City County. To test this hypothesis, a regression model was run and the results summarised in Table 4.19. The results show that the standardised beta coefficient for facility strategy was 0.109 with a P-value of 0.164 which means that holding all other factors constant, increase in facility strategy would lead to an increase in performance by 0.109. It is observed that the P-value is greater than 0.05 significance level. The study therefore failed to reject the null hypothesis and concluded that facility strategy has no significant effect on performance of management consultancy firms in Nairobi County.

The findings on this hypothesis is explained on the basis of the demographic characteristics of the respondents, the descriptive statistics of the independent variable, underpinning theories and previous researches. In terms of demographic characteristics, the respondents were top management of the consultancy firms who were either in the category of partners, general managers, directors and chief executive officers representing 99% of the respondents who spend most of their time with clients either in their offices or meeting clients outside the offices to discuss business or even looking for potential clients. It is also noted that most of the work is done in the client's premises or field work especially for operations consultants and accounting and finance consultants and these firms operate with few members of staff.

Additionally, most of the respondents indicated that they have worked in the consultancy firm for between 1 and 5 years which means that they understand their policy on facilities and since most of the top management were the owners who doubled up as the managers, it is evident that the consultancy firms did not require a robust strategy for their facilities. This explains the reason why the respondents do not see the need to invest heavily in facilities thus explaining the negative effect on performance.

The findings are also explained by descriptive statistics on the independent variable which had an aggregate mean score of 3.1 which means that facility strategy was at a moderate level of emphasis and practice in the management consultancy firms. This agrees with regression results which reported a very low standardised beta coefficient of 0.109. The operational indicators of the variable focused on critical analysis of several sites in search for the most appropriate location for the business, choosing office layout design that promoted transparency among staffs and consideration of processes which are in line with structures, customer involvement and resource flexibility. Even though the respondents indicate that the firms critically analyses several sites in search of most appropriate location of business as shown by a mean score of 3.14 which is at moderate level, it is evident from the hypothesis test that the other aspects of facility strategy such as type of office layout and selection of processes that are in line with the structures are not given much emphasis thus explaining the findings that facility strategy has no significant effect on performance of management consultancy firms in Nairobi City County.

On the basis of theoretical orientation, the variable was anchored on RBV theory which posits that the possession of key resources together with their effective development and deployment enables organizations to achieve and sustain competitive advantage. As noted by Barney (2014) assets with certain characteristics will lead to sustainable advantage and therefore high strategic returns in terms of market share or profits. Even though the consultancy firms have invested in physical location and layout, under the VRION framework, there is a requirement for strategic assets to be inimitable. The layout is a decision area where compatibility with the requirement of inimitability may be difficult to attain. Lessons on how to use physical assets as drivers of performance is in compliance with RBV postulates. However, investing in assets may not necessarily confer unique advantages to all organizations as found out in this study.

The study conducted by Myeda and Pitt (2014) on Malaysian FM practitioners focusing on the role of facility management in facilitating organisational performance found firms with well formulated FM strategies and objectives will successfully attain optimum efficiency in the survival strategy and increasing prosperity of its future. Chotipanich and Lertariyanun (2011) conducted a study on facility management strategy among commercial banks in Thailand and identified four types of facility

management strategies; cost focused, facility performance focused, business value focused, and workplace focused which enhance organization performance. Amaratunga and Baldry (2000) conducted a study on assessment of facilities management performance in higher education properties and reported that the balance score card is a useful tool in evaluating FM performance in higher education establishments. These previous studies concur with the current study on the importance of facility strategy on performance of firms despite this study indicating that the effect is not significant.

The previous studies by Amaratunga and Baldry (2000); Chotipanich and Lertariyanun (2011); Fraser (2014); Myeda and Pitt (2014) indicate that there has been gaps in the way the variable has been operationalized as some looked at assessment of facilities management performance and identifying facility management strategies employed, there has been gaps in failure to link facility strategy with performance, gaps in the sector in which the studies were conducted as some were conducted in education institutions and commercial banks which clearly need elaborate strategy on facilities as compared to management consultancy firms and others were based on theoretical review thus lacking empirical support. The findings of this study adds knowledge to strategic management field through linking facility strategy with performance of management consultancy firms and also facilitates generalization of findings that facility strategy impacts performance of organizations even though the extent of impact depends on the sector in which the study is conducted.

4.6.5 Test of Hypothesis Four

In the fourth objective, the study sought to determine the effect of knowledge-based value chain strategy on performance of management consultancy firms in Nairobi City County. The corresponding null hypothesis was that knowledge-based value chain strategy has no significant effect on performance of management consultancy firms in Nairobi City County. The regression model results in Table 4.19 show a standardised beta coefficient 0.442 for knowledge-based value chain strategy with a P-value of 0.017. This means that holding all factors constant, an increase in knowledge value chain strategy would increase performance of management consultancy firms by 0.442. It is noted that P-value is less than the 0.05 significance level. The study thus rejected the null hypothesis and concluded that knowledge-based value chain strategy has a significant effect on performance of management consultancy firms in Nairobi City

County. This means that knowledge-based value chain strategy has a significant positive impact on performance of management consultancy firms since the beta coefficient is positive.

The conclusion on this hypothesis is explained on the basis of several points; namely the demographic characteristics of the respondents, the descriptive statistics of the independent variable, previous researches and underpinning theories. In terms of demographic characteristics, the study reported that approximately 99% of the respondents were in the category of partners, general managers, directors and chief executive officers whose role in the management of the consultancy firms is directly connected with the focus of the variable which is to develop the process through which firms acquire, disseminate and apply knowledge required to acquire inputs, create and deliver value to clients thus leading to competitive advantage and better performance.

The variable sought to establish the extent to which management consultancy firms acquires, disseminates and applies essential knowledge based activities in order to yield competitive advantage and better performance. The study was conducted in four categories of management consultancy firms namely: Marketing consultants, Human resource consulting, Accounting and finance consultants and Operations management consultants which provide knowledge based services to clients and provides solutions to problems facing their clients. These services require expert knowledge which is only created through employing appropriate knowledge value chain.

For instance, marketing consultants focuses on the value chain in development of customer goods and services aimed at maximising the value to the customer, knowledge-based value chain strategy in human resource consulting firms enables creation of new knowledge in the organization, disseminating that knowledge throughout the firm and its application in the day-to-day activities as they provide solution to human capital for their clients. They need a strategy to identify the most relevant skills that the client staff need to yield competitive advantage and better performance as noted by Holsapple and Oh (2013). Accounting and finance consultants also use knowledge-based value chain strategy in identifying new knowledge related to standards and application of the reporting framework and disseminating such information to the clients and finally, operations management consultants attach value

to value chain strategy as they develop operations strategy for their clients as advocated in the Hayes and Wheelwright (1985) four stage value chain model.

Further, noting that these respondents had worked in the management consultancy firms for over one year representing over 91%, it is found that these respondents who were mainly in the top management ranks of the management consultancy firms in Nairobi City were aware of the relevance of the knowledge-based value chain strategy in improving firm performance. The descriptive statistics on the independent variable had an aggregate mean score of 2.64 which was on average at moderate level of emphasis and practice. In considering the operational indicators the variable which focused on scanning environment to identify new information, acquiring the relevant knowledge identified, disseminating the knowledge, applying the acquired knowledge and having a culture that supports and empowers acquisition and sharing of knowledge it is possible for the variable to have a positive effect on performance of management consultancy firms.

The study relied on Knowledge Value Chain Model (KVC) by Chyi and Yang (2010) who viewed a KVC as a sequence of intellectual tasks by which knowledge workers build their employers unique competitive advantage. The model consists of three parts: input knowledge, knowledge activities and output values. The knowledge value chain (KVC) consists two major sets of activities, knowledge acquisition and knowledge application. In this context, knowledge workers are essentially tasked with acquisition and development of knowledge and its application in making appropriate decisions in the business so as to achieve desired results. The outstanding aspects of this theory are the emphasis on the knowledge acquisition, dissemination and application. Even though the study did not look at the actual activities carried out in consultancy firms when acquiring, disseminating and applying the knowledge, the respondents indicated they have a policy for these activities which was emphasized and practised on average at a moderate level. Thus the postulates of Knowledge Value Chain Model seem to be well applied in the sector and accounting for the positive effect of knowledge-based value chain strategy on performance.

The study conducted by Mohammad (2015) on the impact of knowledge management on organizational performance at Kuwait University reported that the three knowledge components: acquisition, information technology, and organization of knowledge have

a major role in improving the organizational performance. Mills and Smith (2011) who evaluated the impact of specific knowledge management resources on organizational performance using 189 managers reported that knowledge resources such as organizational structure, knowledge application are positively related to firm performance. Additionally, Zeglat and Zigan, (2013) studied the relationship between intellectual capital and business performance in the Jordanian hotel industry and found that all dimensions of intellectual capital have a strong positive impact on the organizational performance of the hotels. Even though the current study was in a different sector, the findings are comparable to those of earlier researchers.

In view of these, the findings on this hypothesis make an important contribution to knowledge in strategic management in several ways, first previous studies by Mohammad (2015); Mills and Smith (2011); Zeglat and Zigan, (2013) had indicated that there is a gap in the use of the construct of knowledge based value chain in general, the studies were in other sectors and that performance of management consultancy firms had not been directly linked to knowledge based value chain strategy. This study provides an understanding on the link between knowledge based value chain strategy and performance of management consultancy firms. Secondly, the previous studies were done on other sectors and since the findings are in agreement with those of the current study, the current study provides evidence that findings obtained can be generalized across firms' in spite of their unique characteristics of the firms being studied.

4.6.6 Test of Hypothesis Five

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

Step One: Regression of Firm Performance on Composite Operations Strategy

In this step firm performance is regressed on operations strategy to test for path A as shown in Figure 3.1. The results are as shown in Table 4.20, 4.21 and 4.22.

Table 4.20: Model Summary II

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

a. Predictors: (Constant), Operations strategy

Source: Research Data (2018)

The results in Table 4.20 on the regression of performance on operations strategy show an adjusted R Square (R^2) of 0.617 implying that the model was able to predict performance of management consultancy firms in Nairobi City County by 61.7%. The remaining 38.3% of the variation in performance of management consultancy firms in Nairobi City County are explained by other factors other than operations strategy.

The results for analysis of variance are as shown in Table 4.21.

Table 4.21: ANOVA^a

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

a. Dependent Variable: Performance

b. Predictors: (Constant), Operations Strategy

Source: Research Data (2018)

From the results in Table 4.21, it is observed that the regression relationship between performance and operations strategy was significant with a probability (P) value of $0.001 < 0.05$. In addition, the F-statistic for the model was observed as 540.545 which is greater than the F-critical value of 3.94. The study thus concludes that operations strategy was significant in predicting performance.

The coefficient results for the study variables are shown in Table 4.22.

Table 4.22: Coefficients^a

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

a. Dependent Variable: Performance

Source: Research Data (2018)

The results in Table 4.22 show a standardized beta coefficient of 0.393 with a P-value of 0.030. Since the P-value was observed to be less than the significance level of 0.05, operations strategy was found to be a significant predictor of performance. The model was summarized as follows:

$$PERF = 2.790 + 0.393OS + \varepsilon$$

Step Two: Regression of Composite Operations Strategy on Organizational Competence

In this step, organizational competence was regressed on operations strategy to test for path B as shown in Figure 3.2. The results are as shown in Table 4.23, 4.24 and 4.25.

Table 4.23: Model Summary III

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

a. Predictors: (Constant), operations strategy
Source: Research Data (2018)

The results in Table 4.23 show an adjusted R square of 0.095 implying that the operations strategy predicted 9.5% of the variations in organizational competence. The study also conducted the analysis of variance to determine the significance of the model and the results are as shown in Table 4.24.

Table 4.24: ANOVA^a

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

a. Dependent Variable: Organization competence
b. Predictors: (Constant), Operations strategy
Source: Research Data (2018)

From the results in Table 4.24, it was noted that the model had a significance level of 0.001 and an F-statistic of 12.988. Since the P-value was less than the significance level of 0.05 and the F-statistic greater than the F-critical of 3.94, it is concluded that the model was significant in predicting organizational competence. The coefficients for the variables are as shown in Table 4.25.

Table 4.25: Coefficients^a

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

a. Dependent Variable: Organization competence
Source: Research Data (2018)

Based on the results shown in Table 4.25, it was found that the standardized coefficient for the operations strategy was 0.322 with a P-value of .001. From these results it is concluded that operations strategy is a significant predictor of organizational competence since the P-value is less than the significance level. The regression model is summarised as follows.

$$O_c = 1.278 + 0.322OS + \epsilon$$

Step Three: Regression of Firm Performance on Organizational Competence

In this step, firm performance is regressed on organizational competence to test for path C as shown in Figure 3.2. The results are as shown in Table 4.26, 4.27 and 4.28.

The model summary for the regression model was as shown in Table 4.26.

Table 4.26: Model Summary IV

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

a. Predictors: (Constant), Organization Competence
Source: Research Data (2018)

The results in Table 4.26 show an adjusted R square of 0.055 meaning that organizational competence was able to predict 5.5% of the variations in performance of management consultancy firms in Nairobi City County. In addition, the study also conducted analysis of variance to determine the significance of the model and the results are as shown in Table 4.27.

Table 4.27: ANOVA^a

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

a. Dependent Variable: Performance

b. Predictors: (Constant), Organization Competence

Source: Research Data (2018)

The results in Table 4.27 show that the model had an F-statistic of 7.278 which was found to be greater than the F-critical value of 3.9307. The P-value for the model was 0.008. Since the P-value was less than the significance level (0.05), the study concluded that organization competence significantly affected performance of management consultancy firms in Nairobi City County. The coefficient results were as shown in Table 4.28.

Table 4.28: Coefficients^a

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

a. Dependent Variable: Performance

Source: Research Data (2018)

The results shown in Table 4.28 indicated that the standardized coefficient for organization competence was 0.253 with a P-value of 0.008. From these results it is concluded that organization competence is a significant predictor of performance of management consultancy firms in Nairobi City County since the P-value is less than the significance level at 95% confidence level. The regression model was summarised as follows.

$$PER_F = 2.332 + 0.253O_c + \epsilon$$

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

Finally, firm performance is regressed on operations strategy and organizational competence to test path A' as shown in Figure 3.2. The results are as shown in Table 4.29, 4.30 and 4.31.

Table 4.29: Model Summary

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

a. Predictors: (Constant), organization competence, operations strategy

Source: Research Data (2018)

The results the analysis of variance is presented in Table 4.30.

Table 4.30: ANOVA^a

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

a. Dependent Variable: Performance

b. Predictors: (Constant), Organization competence, operations strategy

Results for the model coefficients are as presented in Table 4.31.

Table 4.31: Coefficients^a

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

a. Dependent Variable: Performance

Source: Research Data (2018)

The results in Table 4.29, shows an adjusted R square of 0.293 which means that the both operations strategy and organizational competence were able to predict 29.3% of the variations in performance of management consultancy firms in Nairobi county. The ANOVA analysis results shown in Table 4.30 show a significance level of 0.03 which is less than the P-value of 0.05 implying that the model was significant. Finally, the coefficient results in Table 4.31 shows a standardised beta coefficient of 0.212 for operations strategy and 0.250 for organizational competence. The linear regression model was summarized as follows:

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

The results for the mediation relationship are summarised as shown in Table 4.32.

Table 4.32: Summary of Regression Results for the Mediating Effect

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

Source: Research Data (2018)

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

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

In this study it is found that in step four operations strategy remained significant after controlling organizational competence and the model was also significant hence in view of the findings and the criteria, the study rejected the null hypothesis. Therefore it was concluded that organizational competence have a partial mediating effect on the relationship between operations strategy and performance of management consultancy

firms in Nairobi City County. Thus the strength of the relationship between operations strategy and firm performance was dependent on the state of competences generated from deployment of the operations strategy.

The conclusion on this hypothesis was explained on the basis of several points; namely the demographic characteristics of the respondents, the descriptive statistics of the mediating variable, previous researches and underpinning theories. In terms of demographic characteristics, the study reported that approximately 99% of the respondents were in the category of partners, general managers, directors and chief executive officers whose role in the management of the consultancy firms is directly connected with the focus of the variable which involves possession, development and generation of capabilities which are derived from the process and practice of operations strategy in the firm. The study indicated that 61.1% of the respondents had worked in the consultancy firm for 1-5 years, 17.6% for 6-10 years and 13.0% for over 10 years. The number of years is an indication of the expertise acquired which over time yields to different dimensions competences such allocated, transactional, administrative and technical competences. Given that this is a service sector, these competences are considered critical to how customers evaluate experiences on service delivery.

The variable sought to examine and understand the state of competences possessed by management consultancy firms in Nairobi City County. The study was conducted on marketing consultants, human resource management, accounting and finance consultants and operations management consultants. It is noted that these firms require competences in areas such as decision-making, risk-taking, problem-solving skills, innovation, customer service, strategic perspectives and strategic leadership which would help the firms to offer quality services to their clients. It is for this reason that the respondents felt that existence of these competences would affect performance of the management consultancy firms.

The descriptive statistics on the mediating variable had an aggregate mean score of 3.15 which on average the respondents agreed that the organizational competences were developed and deployed in the firms. Theoretically, this variable was supported by the propositions of social capital theory which states that individual employees have access to a multitude of content and they are highly skilled and experienced which makes it hard to compete on such similar competences. These skills and competences should be

identified and combined in a way that when shared among the employees, they will guarantee the better performance as noted by (Kreuter & Lezin, 2002).

The variable sought to identify the state of the competences generated by operations strategy which were classified into allocated competences, transactional competences, administration competences and technical competences. The study found that allocated competences were at a high level of deployment followed by administration competences, technical competences and finally transactional competences which is explained by the nature of services provided by these firms in that being knowledge based firms they must demonstrate unique capabilities to clients, be responsive to their needs, possess cognitive and technical skills to enable them design new offers and services to clients and have a vast wealth of theoretical and practical knowledge in management consultancy field.

It is thus noted that the postulates of social capital theory seem to be well applied in the sector and accounting for the partial moderating effect of organizational competence on the relationship between operations strategy and firm performance. This findings are in line Prahalad and Hamel (2006) who noted that competences are important for firm's to prevail in the market and termed core competences as a combination of resources and skills which enables a firm to be unique in the market place. The core competences are developed over time through continuous learning and improvement and when properly utilized they enable organizations to access more markets and significantly contribute to perceived customer benefits of products.

The study conducted by Mintzberg (2010) stressed on the usefulness of core competences as a major ingredient in the organizational success. Mwihi (2008) who studied knowledge management strategy, organizational competences and competitiveness in Kenya's commercial books publishing industry found that there is a positive relationship between organizational competences and the knowledge management strategy. Munyoki, Ogotu and Kabagambe (2012) conducted a study on firm competences and export performance based on small and medium manufacturing exporters in Uganda found that marketing and sales competences had positive effects on export performance. Finally, Otuoma (2014) conducted a study on the influence of organizational capabilities in the realization of organizational objectives at Kenya national assembly and stressed internal strategic capabilities such as a qualified work

force, advanced IT platform, a leadership with a long-term view and also a good working relationship give an edge in realizing organisational objectives.

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

4.6.7 Test of Hypothesis Six

The last objective of the study was to assess the moderating effect of regulatory framework on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. The study thus hypothesised that regulatory framework has no moderating effect on the relationship between firm operations strategy and performance of management consultancy firms in Nairobi City County. To test this hypothesis, recommendations by Fairchild and MacKinnon (2009) two steps multiple linear regression model was adopted.

Step One: Regression of Firm Performance on Composite Operations Strategy

In this step, firm performance was regressed on operations strategy and the results shown in Table 4.33.

Table 4.33: Model Summary

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

a. Predictors: (Constant), Operations strategy

From the results in Table 4.33, it is observed that R^2 is equal to 0.629 meaning that the model explained 62.9% of the changes in performance. This also means that 38.1% of the variations in performance of consultancy firms in Nairobi City County is influenced by other factors not included in the model.

The results for analysis of variance are as shown in Table 4.34.

Table 4.34: ANOVA^a

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

a. Dependent Variable: Performance

b. Predictors: (Constant), Operations Strategy

Source: Research Data (2018)

The results from the ANOVA Table 4.34 show an F-statistic of 540.545 and a significance level 0.000. Since the P-value is less than the significance level of 0.05 it means that operations strategy is a significant predictor of performance of management consultancy firms in Nairobi City County.

The results for coefficients for the model variables are as shown in Table 4.35.

Table 4.35: Coefficients^a

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

a. Dependent Variable: Performance

Source: Research Data (2018)

From the results in Table 4.35, it is observed that the adjusted beta coefficient for operations strategy was 0.393 with a p-value of $0.030 < 0.05$ meaning that changing operations strategy by one unit increases performance by 39.3%. The p-value show that operations strategy was a significant predictor of performance. The model is thus summarised as follows:

$$PERF = 2.790 + 0.393OS + \epsilon$$

Step Two: Regression of Firm Performance on Composite Operations Strategy, Regulatory Framework and Interaction Term.

In this step, regulatory framework was introduced and the new r square value (r^2), beta coefficient for the interactive term together with the significance of interactive term are noted. The results of the regression model are as shown in Table 4.36, 4.37 and 4.38.

Table 4. 36: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.521 ^a	.271	.210	0.10958

a. Predictors: (Constant), OS*RF, Operations strategy, Regulatory framework

Source: Research Data (2018)

From the results Table 4.36 indicate that the value of R^2 is 0.271 which means that the model predicted 27.1% of the changes in performance. The analysis of variance results is shown in Table 4.37 below.

Table 4.37: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	101.358	3	33.786	125.133	.007 ^b
	Residual	28.041	104	0.270		
	Total	129.399	107			

a. Dependent Variable: Performance

b. Predictors: (Constant), OS*RF, Operations strategy, Regulatory framework

Source: Research Data (2018)

As shown in Table 4.37, the F-value for the model was 125.133 with a significance of 0.007 which implies that model was significant in predicting performance of

consultancy firms in Nairobi City County since the p-value is less than 0.05 significance level.

The results for variable coefficients are as shown in Table 4.38.

Table 4.38: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	3.853	4.551		.847	.399
	Operations strategy	.431	0.098	.315	4.398	.001
	Regulatory framework	-.315	1.261	-.224	-.250	.803
	OS*RF	.088	.424	.214	.208	.836

a. Dependent Variable: performance

Source: Research Data (2018)

Based on the results in Table 4.38, it is observed that the standardised beta coefficient for operations strategy is 0.315 with a significance level of 0.001. The standardised beta coefficient for regulatory framework is -0.224 with a P-value of 0.803. The interactive factor for operations strategy and regulatory framework had a standardised beta coefficient of 0.214. From these observations it was concluded that operations strategy is significant in predicting performance since its P-value is less than 0.05. Moreover, Table 4.33 and Table 4.36 showed the value of R² of 0.629 and 0.271 respectively. Based on these results the study found that there was a -0.358 change in R². The change in R square suggests that regulatory framework explains the reduction of 35.8% of the variation in firm performance.

The model may be summarised as follows:

$$PER_F = 3.853 + 0.315OS - 0.224R_f + 0.214OS * R_f + \epsilon$$

The moderation effect may be summarised as shown in Table 4.39

Table 4.39: Summary of Regression Results for the Moderating Effect

Parameter	Step 1	P-value	Step 2	P-value	Conclusion
R ²	0.629	-	0.271	-	Fail to reject the null hypothesis and conclude that regulatory framework has no significant moderating effect on the relationship between operations strategy and performance of management consultancy firms.
Adjusted R ²	0.617	-	0.210	-	
F Value	540.545	0.000	125.133	0.007	
β Constant	2.790	0.011	3.853	0.399	
B Operations strategy	0.393	0.030	0.315	0.001	
β Regulatory framework	-	-	-.224	0.803	
β Operations strategy* Regulatory framework	-	-	0.214	0.836	

Source: Research Data (2018)

When operations strategy was regressed against firm performance the strength of the relationship as indicated by R square (R²) was found to be 0.629. The standardised beta coefficient was 0.393 and a P-value of 0.030 indicating that operations strategy was significant in predicting performance. When the moderating factor that is regulatory framework was introduced, the strength of the relationship as indicated by R square declined to 0.271 while the standardised beta coefficient for operations strategy decreased by 0.078 to 0.315 indicating that the effect of the predictor variable decreased even as the overall explanatory power of the relationship also reduced. The decision on the hypothesis was made using the criteria recommended by Fairchild and MacKinnon (2009) model which states that the regression coefficient for the interaction term, β_3 provides an estimate of the moderating effect on the relationship between independent variable and dependent variable. If regression coefficient for the interaction term, β_3 is statistically different from zero, there is evidence of significant moderation of the independent variable and dependent variable.

In this study the standardised beta coefficient for the interactive term for operations strategy and regulatory framework, β_3 was 0.214 which provides an estimate of the moderating effect on the relationship between operations strategy and firm performance

and the P-value for the interactive was 0.836. It was noted that the standardised beta coefficient for the interaction term for operations strategy and regulatory framework was not significant. Therefore the study failed to reject the null hypothesis and concluded that regulatory framework has no significant moderating effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. The conclusion on this hypothesis is explained based on several aspects; namely the demographic characteristics of the respondents, the descriptive statistics of the variable, previous researches and underpinning theories.

In terms of demographic characteristics, it was noted that the study was conducted on marketing consultants as shown by 40.7%, human resource consultants (27.8%), accounting and finance consultants (23.1%) and a further, 8.3% run as operations management consultants. Most of these firms operate in fields that have professional bodies that control the operations of their members in addition to the government control. For instance, the study established that marketing firms are controlled by the Marketing Society of Kenya (MSK), human resource consultants are regulated by Institute of Human Resource Management (IHRM) while accounting and finance consultants are regulated by the Institute of Certified Public Accountants of Kenya (ICPAK). Since the objective of the professional bodies is to promote the welfare of the members by providing guidelines, development of policies and training their members on due diligence, the consulting firms are allowed to operate freely without the influence of the regulators. It was also noted that the government controls the sector through licensing therefore limits the flexibility of the management consultancy firms in respect of the activities they can undertake. This is further explained by the fact that most of the respondents were business owners assuming several roles such as partner, director, general manager or chief executive officer who have deep understanding of the role played by the regulatory agencies on the performance of the firms.

The descriptive statistics on the moderating variable had an overall aggregate mean score of 3.75 with professional ethics having an average mean score of 3.88 while state control had 3.62 which means that on average the respondents agreed that macro institutional factors affect the consultancy business in the country. The variable focused on determining whether pressure to conform to standard industry practices constrains innovation and whether professional standards and ethics imposed by professional

bodies are demanding, restrictive and hinders individual freedom and judgement in service delivery. The variable also focused on whether the regulatory framework is prohibitive to the consultancy business sector and whether consultancy practice faces stringent statutory rules and regulations which are demanding. Considering these operational indicators, it is possible that regulatory framework moderates the relationship between operations strategy and performance of management consultancy firms in Nairobi City County even if the level of moderation is not significant.

The variable was supported by the propositions of institutional theory credited to Meyer and Rowan (1977) and DiMaggio and Powell's (1983) who argued that, organizations in the modern environment operate in a highly institutionalized context ranging from various professions, policies and programs, which serve as powerful myths. DiMaggio and Powell's (1983) viewed institutional processes as a means by which the business environment makes entities to appear similar. In this regard the study confirmed that indeed management consultancy firms operate in highly controlled environments which are regulated by state and professional bodies. This controlled environment shapes the behaviour of organizations and enables firms to behave in a socially responsible way and that the state and the professional bodies play a significant role in shaping the institutional environments in the modern business context (Campbell, 2007). Even though the study did not focus on all dimensions of the institutional theory, the dimensions of professional ethics and state regulation were addressed through determining whether pressure to conform to industry standards, state rules and regulations are restrictive, demanding and constrain innovation. Thus, the postulates of the institutional theory seem to be well applicable in the management consultancy industry.

These results were consistent with Rogge, Schleich, Haussmann, Roser and Reitze (2011) findings that innovation activities are mainly governed by market factors and are hardly affected by the regulatory framework and other climate policies. The results however were inconsistent with Okiro (2014) who conducted a study on corporate governance, capital structure, regulatory compliance and performance of firms listed at the East African community securities exchange and confirmed that there is a positive significant moderating effect of regulatory compliance on the relationship between corporate governance and firm performance and Regis (2013) who conducted a study

on the contribution of legislation to ethical performance of local government administrators: a case of Wakiso District in Uganda and revealed that there is a moderate and positive relationship between legislation and ethical performance.

Even though the current study was in a different sector, some of the findings are comparable to those of earlier researchers Rogge, Schleich, Haussmann, Roser and Reitze (2011) while others differ because of the context in which the studies were conducted and the way the construct was used and operationalized in the studies (Okiro, 2014; Regis, 2013). Hence this study provides an understanding on the link between operations strategy, regulatory framework and firm performance in the context of management consultancy firms. Secondly, the previous studies were done in other sectors and since the findings are in agreement with those of the current study even if in this study the moderation effect is not significant, the current study provides evidence that findings obtained can be generalized in consultancy firms in spite of their unique characteristics of the firms being studied.

4.7 Summary on Test of Hypotheses

Table 4.40 summarizes the test results for the study hypothesis as discussed above.

Table 4.40: Summary of the test results for the study hypotheses

Hypothesis	Findings	Decision	Conclusion
H ₀₁ : Resource management strategy has no significant effect on performance of management consultancy firms in Nairobi City County	P=0.001<.05	Reject H ₀₁	Resource management strategy has a significant effect on performance of management consultancy firms in Nairobi County
H ₀₂ : Value proposition strategy has no significant effect on performance of management consultancy firms in Nairobi City County	P= 0.000 < 0.05	Reject H ₀₂	Value proposition strategy has significant effect on performance of management consultancy firms in Nairobi City County
H ₀₃ : Facility strategy has no significant effect on performance of management consultancy firms in Nairobi County	P= 0.164 > 0.05	Fail to reject H ₀₃	Facility strategy has no significant effect on performance of management consultancy firms in Nairobi County
H ₀₄ : Knowledge based value chain strategy has no significant effect on performance of management consultancy firms in Nairobi County.	P=0.017 < 0.05	Reject H ₀₄	Knowledge-based value chain strategy has a significant effect on performance of management

H ₀₅ : Organizational competences have no mediating effect on the relationship between operations strategy and performance of the management consultancy firms in Nairobi city County	P= 0.002< 0.05 for Operations strategy P= 0.014< 0.05 for organization competences Evidence of partial mediation	Reject H ₀₅	Organizational competences partially mediates the relationship between operations strategy and performance of management consultancy firms in Nairobi city County
H ₀₆ : Regulatory framework have no moderating effect on the relationship between firm operations strategy and performance of management	P=0.836> 0.05 Operations strategy Regulatory framework	Fail to reject H ₀₆ *	H ₀₆ : Regulatory framework has no significant moderating effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi city County.

4.8 Analysis of Qualitative Data

This study used conceptual content analysis to analyse qualitative data by bringing out meanings in the responses. The qualitative data was derived from the open-ended section of the questionnaire. The qualitative data was analysed into seven themes: resource management strategy; value proposition strategy; facility strategy; knowledge-based value chain strategy; organizational competence and regulatory framework which were derived from the study objectives. The results of the analysis are presented as follows.

4.8.1 Theme One: Resource Management Strategy and Performance

The respondents were required to express their opinion on how resource management strategy affected performance in their management consultancy firm. The respondents revealed that resource management strategy influences performance positively because optimal resource utilization leads to improved performance of the firm through achievement of targets. Further respondents indicated that efficient utilization of

resources lowers the cost of production which makes the firm to offer dependable services to their clients at competitive prices. The respondents noted this was achieved through proper resource allocation, use of experienced managers in acquiring and allocating resources, employee motivation where duties are allocated to staff based on their skills and experience gained thus they are able to offer quality services to their clients. In other consultancy firm's tangible resources were acquired through a competitive tendering process to ensure that they get quality assets and at competitive prices hence reduce their operations cost.

The respondents were also requested to indicate how they ensured that the operations strategy was aligned with the resource management strategy. The respondents indicated that they achieved this by planning in advance through budgeting to identify the kind of resources required to execute each firm's strategy. They also consider resources in their strategy formulation and execution. Respondents also indicated that their consultancy firms assessed the current needs against available resources, conducted research and engaged each department separately to determine resource requirements thereafter allocating available resources based on their needs.

4.8.2 Theme Two: Value Proposition Strategy and Performance

In this section, the respondents were required to express their opinion on how value proposition strategy affected performance in their management consultancy firms. The study found that value proposition helps in obtaining information from clients as a strategy to enable the firms identify customer needs and the benefits to be delivered to each customer segment. This enables them to provide better services to customers thus improving customer service delivery and in the long run leading to growth in customer base through business referrals and repeat business. This has helped in improving the performance of the firms. Value proposition strategy was also portrayed as a fundamental aspect that leads to improved firm's performance through maximising utility to the customer and in so doing many firms were able to get contracts. The respondents also indicated that by obtaining information about customer's needs, they were able to focus on the individual customer and thereby enhancing better customer relationship. This is also achieved through quick response to customers' needs and consistency in service delivery which is used in maintaining customer loyalty which ultimately leads to improved performance.

In addition, the respondents were required to indicate how they ensured that their operations strategy was linked to their value proposition strategy. The respondents' indicated that management consultancy firms linked value proposition strategy to operations strategy by ensuring that in developing operations strategy they put into consideration the needs of their customers so that as they design their services they have the customers' needs in mind and they consistently review the operations strategy to ensure that it enables them to achieve better customer service delivery. In developing the operations strategy the respondents indicated that they ensure adaptability to new environment by constantly scanning their environment to identify changes in customer needs and new developments in the sector. This new information is incorporated in designing customer's offers thus enhancing their capabilities and strengths. The respondents also indicated that their firms obtained customer feedback after service delivery and reviewed the feedback regularly to identify strategies that would maximise value to the customer.

4.8.3 Theme Three: Facility Strategy and Performance

The respondents were required to state the facility layout design they adopted and how the firm arrived at the design. It was observed that two types of office layout designs were dominant: open office layout and closed layout design. Those that adopted an open layout stated that the design enabled communication and consultation among team members, efficient space utilization, supervision and to enhance maximum utilization of resources. Those in favour of closed layout design cited the need for privacy in discussing client's information.

The respondents were then required to express their opinion on how facility strategy affects performance in their management consultancy firm. The study found that facility strategy impacts on firm performance through improved service delivery by identifying the location from which various customers should be served and also by providing good working environment where customers and staff are assured of confidentiality and security of their information. Some respondents indicated that facility strategy enhanced transparency which increases customer confidence. In addition, an appropriate facility strategy was seen to reduce the response time, improve interaction and enhance free flow of information. They noted that consultation within the office improves service delivery which increases customer satisfaction and better

performance. The respondents also indicated that having adequate facilities ensures that customers are served efficiently as opposed to firms with poor facilities such as slow network and internet services which negatively affects staff and firm performance.

4.8.4 Theme Four: Knowledge-based Value Chain Strategy and Performance

In this section, the respondents were required to indicate how their consultancy firm acquired and disseminated knowledge among the staff. The respondents indicated that information was acquired through scanning the environment to identify new developments, conducting research, attending seminars organized by professional bodies, engaging experts to offer technical support and having their staff enrol for courses in education institutions. The information gathered is then disseminated through meetings, workshops, seminars, training programmes and demonstration for practical issues especially in ICT, employee manuals, Emails, social media such as WhatsApp.

The study also sought to determine how the knowledge value chain strategy was aligned with operations strategy in management consultancy firms. The responses showed that information was tailored to be in line with the objectives of operations strategy. Firms also ensured that they obtained sufficient information about a client and their specific needs as a starting point so as to develop strategies that would address client's needs. It was also found that in some consultancy firms, brainstorming and research was highly encouraged so that all the necessary information was gathered during the planning process, execution and monitoring. Continuous learning was also encouraged so as to improve staff skills and they also noted that employees were encouraged to share their work experiences among themselves which was found to enhance teamwork.

4.8.5 Theme Five: Organizational Competence, Operations Strategy and Performance

The study sought the respondent's opinion on how organizational competence affect the relationship between operations strategy and performance of management consultancy firms. The study established that competences affects the relationship between operations strategy and performance to a great extent because in order to achieve the operations strategy objectives, the firms need to have necessary skills and knowledge which are possessed by employees and built overtime. The respondents indicated that by acquiring vast wealth of practical skills and knowledge, organisations

gain a competitive edge over competitors which improve performance. They noted that competent staff reduce wastage of resources, enhances quick response to clients and provision of high-quality services, promotes efficient service delivery and boosts the image of the firm. The respondents indicated that the strength of their operations strategy was dependent on the level of competences possessed by their firms which in turn translates to their level of performance.

4.8.6 Theme Six: Regulatory Framework, Operations Strategy and Performance

In this section, the respondents, were required to rate the state of the regulatory framework for management consultancy firms in the country. Most respondents felt that the regulatory framework was demanding but at the same time it has tried to level the playing ground especially where professional bodies have formulated standards for use in provision of services. The respondents also felt that the regulatory framework was evolving and aimed at ensuring adoption of better regulations and standards for value addition in the industry. Some respondents felt that the regulatory framework was punitive, complex, bureaucratic and restrictive thus making compliance difficult and affected flexibility of firms in provision of services.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This last chapter presents a summary of the findings for both descriptive characteristics and study objectives, conclusions, policy recommendations, contribution of study to knowledge and areas for further research. The data obtained from the field to answer each of the objectives was presented in chapter four showing descriptive characteristics of the variables and the effect of the independent variable on the dependent variable.

5.2 Summary of the Study

The modern business environment characterized by heightened and cut-throat competition requires management consultancy firms to employ strategies that will give them an upper hand over their competitors and as a result these firms have become aggressive and more dynamic in identifying and implementing strategies that guarantee survival through superior performance. The previous studies conducted in consultancy firms have identified that these firms face uncertainty of returns, poor reputation, development of sustainable strategies and inadequate resources which have led to their poor performance. Studies conducted on operations strategy have concentrated on manufacturing sector through conceptual reasoning and other studies have linked operations strategy with broader aspects of firm such as corporate strategy, environmental conditions and organization performance. There is lack of empirical investigation linking operations strategy with performance among management consultancy firms in Nairobi City County, Kenya.

The general objective of this study was to investigate the effect of operations strategy on performance of management consultancy firms in Nairobi City County, Kenya. The study tested the direct relationship between operations strategy (resource management strategy, value proposition strategy, facility strategy and knowledge based value chain strategy) and performance of management consultancy firms in Nairobi City County, Kenya, the mediating effect of organizational competence on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County, Kenya and the moderating effect of regulatory framework on the relationship

between operations strategy and performance of management consultancy firms in Nairobi City County, Kenya.

The study was founded on positivism philosophy adopting descriptive and explanatory research designs. Target population for the study was all the 227 management consultancy firms in Nairobi City County from which a sample size of 144 firms were selected using stratified random sampling technique. The reported findings were obtained from 108 respondents who were the top management of the consultancy firms classified based on the services they offer which were marketing consultants, human resource management consultants, operations management consultants and accounting and finance consultants.

Data used to interpret findings was obtained through a questionnaire where the respondents were required to respond to statements on each of the variable on a scale of 1-5. Measures of central tendency including the mean and the standard deviation were used to summarize the variable characteristics and inferential analysis was done using multiple linear regression in order to test for the relationship between the variables. Decision on hypothesis testing was made using P-values of the Beta coefficient values at 95% confidence level.

5.2.1 Resource Management Strategy and Firm Performance

The first objective of the study was to determine the effect of resource management strategy on performance of management consultancy firms in Nairobi City County. The null hypothesis for this objective was that resource management strategy has no significant effect on performance of management consultancy firms in Nairobi City County. The results of the study showed that resource management strategy has a significant positive effect on performance of management consultancy firms in Nairobi City County. This conclusion was explained on the basis of demographic characteristics of the respondents, the descriptive statistics of the variable, previous researches and the Resource-Based View theory of the firm.

From the demographic characteristics of the respondents, the study found that most of the respondents were either partners, general managers, directors or chief executive officers whose role in the management of the consultancy firms is directly related to acquisition, development and deployment of resources. The results were also explained

by the fact that majority of the respondents had worked in the consultancy firms for between one and five years which indicates that the experienced managers have a deeper understanding of the role they play in creating value from the resources, developing rarity and resource specificity which results in competitive advantage and improved performance in line with the VRION Framework espoused by the RBV theory.

Theoretically, in line with the VRION Framework the study found that possession of key resources that create value, ensure rarity, inimitability, organizational specificity and non-substitutability together with their effective development and deployment enables organizations to achieve and sustain competitive advantage. In this study two dimensions of the VRION Framework were identified: value and organization specificity which were addressed through creating value and combining resources.

On the basis of the descriptive statistics, the study reported that resource management strategy was practiced and emphasized at a moderate level in the management consultancy firms in Nairobi City County. This was related to the fact that management consultancy firms are service oriented and do not require a lot of physical resources for their operations. These findings indicate that for management consultancy firms to realise maximum benefits from the resource management strategy, they must not only identify, attract and obtain the resources needed but must also be in a position to combine and configure them appropriately so as to create and deliver value to customers. Empirical literature reviewed in this study also showed that firm's resources had a significant impact on the overall performance of the firm.

On the basis of these findings, it is implied that effective development and deployment of firm's resources enables organizations to achieve and sustain better performance. The study contributes to knowledge in strategic management in several ways, first previous studies had failed to show the link between resource management strategy and performance. This study provides an understanding on the link between resource management strategy and performance in management consultancy firms. Secondly, the previous studies were done in other sectors and since the findings are in agreement with those of the current study, the current study provides evidence that the findings obtained earlier can be generalized in consultancy firms in spite of their unique characteristics.

5.2.2 Value Proposition Strategy and Firm Performance

The second objective of the study was to assess the effect of value proposition strategy on performance of management consultancy firms in Nairobi City County. The null hypothesis for the variable was that value proposition strategy has no significant effect on performance of management consultancy firms in Nairobi City County. The results showed that value proposition strategy has a significant positive effect on performance of management consultancy firms in Nairobi City County. These results were explained on the basis of demographic characteristics of the respondents, the descriptive statistics of the variable, previous researches and the resource-based view theory of the firm.

On the basis of demographic characteristics of the respondents the study found that, since the respondents were in the top management of the consultancy firms who are in close contact with their clients in provision of services, it is possible that they were involved in identifying customer requirements and customer segment information and therefore are in a position to develop strategies that would deliver the desired value and benefits to the targeted customers. On the basis of the descriptive statistics, the study reported that value proposition strategy activities were emphasized and practiced to a moderate extent. The study interpreted this to mean that a management consultancy firm that has a plan that identifies and communicates all the benefits that the firm will provide to its customers, favourable points of difference between its benefits and those of its competitors and resonating focus (benefits truly valued by customers) will be better prepared to deliver consultancy services.

Theoretically, the findings of the study supported the propositions of the Hayes and Wheelwright Four Stage Model through continually developing and creating value for customers which are not easily imitated by competitors. The Resource-Based View theory propositions were also supported through development of both tangible and intangible benefits that the firms will provide to each customer segment and possession of unique resources that would facilitate identification of customers' benefits and their effective implementation. The findings of the study were in line with the findings of other empirical studies which showed that value proposition strategy improve firm performance through improved customer engagement, understanding the clarity of value offered by the firm and increased effectiveness of marketing.

The study findings add to the body of knowledge by bridging the gap on the relationship that exists between value proposition strategy and firm performance. The study findings showed a positive significant relationship between the variables. This study also advances the level of understanding of the relationship between value proposition strategy and firm performance using management consultancy firms in Kenya by offering a clearer operationalization of the construct of value proposition. The study findings also provides evidence for generalizability of the earlier research findings beyond the scope of focus of the current study of management consultancy firms to all consultancy firms.

5.2.3 Facility Strategy and Firm Performance

The third objective of the study was to evaluate the effect of facility strategy on performance of management consultancy firms in Nairobi City County. The formulated hypothesis was that facility strategy has no significant effect on performance of management consultancy firms in Nairobi City County. The results showed that facility strategy has no significant effect on performance of management consultancy firms in Nairobi City County. These results were explained on the basis of demographic characteristics of the respondents, the descriptive statistics of the variable, previous researches and the resource-based view theory of the firm.

The study noted that the respondents were top management of the consultancy firms who were either partners, general managers, directors or chief executive officers who spend most of their time with clients either in their offices or outside the offices. It is also noted that most of the work is done in the client's premises or field work especially for operations management consultants and accounting and finance consultants and these firms operate with few members of staff. Additionally, since most of the top management were the owners who doubled up as the managers, it is evident that the consultancy firms did not require a robust strategy for their facilities which explains why there is no need to invest heavily in facilities thus explaining why facility strategy has no significant effect on performance.

On the basis of descriptive statistics, the study showed that facility strategy in form of appropriate location for the business, office layout design and processes which are in line with structures, customer involvement and resource flexibility was at a moderate level of emphasis and practice in the management consultancy firms. This meant that

firms that managed their facilities optimally achieved better results. On the basis of the theoretical orientation, the variable was anchored on RBV theory which posits that the possession of key resources together with their effective organization and deployment enables organizations to achieve and sustain competitive advantage. The study findings failed to support the propositions since investing in assets may not necessarily offer unique advantages to an organization especially if the firm does not need the assets as found out in this study.

The findings of the study raises an implication regarding decisions to invest in infrastructure among management consultancy firms. Since facility strategy is not significant, it becomes a point of interest to managers in the sector on why they should not prioritize investment on physical layout to sustain their performance.

5.2.4 Knowledge Based Value Chain Strategy and Firm Performance

The fourth objective of the study sought to determine the effect of knowledge-based value chain strategy on performance of management consultancy firms in Nairobi City County. The corresponding study hypothesis was that knowledge-based value chain strategy has no significant effect on performance of management consultancy firms in Nairobi City County. The results showed that knowledge-based value chain strategy has a significant positive effect on performance of management consultancy firms in Nairobi City County. The conclusion on this hypothesis was explained on the basis of several points: demographic characteristics of the respondents, the descriptive statistics of the independent variable, previous researches and Knowledge Value Chain Model (KVC).

Demographically, the study established that most of the respondents were in the top management in the consultancy firms whose role in the management is to develop the process through which firms obtain, disseminate and apply knowledge required to acquire inputs, create and deliver value to clients thus leading to competitive advantage and better performance. It was also noted that respondents were drawn from marketing consultants, human resource consulting, accounting and finance consultants and operations management consultants who provide knowledge-based services to clients. These services require expert knowledge which is only created through employing appropriate knowledge value chain which explains the relevance of knowledge-based value chain strategy on performance.

The descriptive statistics showed that knowledge-based value chain strategy was emphasized and practiced at low level by management consultancy firms. The study interpreted this to mean that since most management consultancy firms are small scale and mainly owner managed, information that was meant for decision making was retained by the top management who only disseminated relevant information to their subordinates. These results were consistent with the provisions of Knowledge Value Chain Model (KVC) which posits that knowledge workers can build unique competitive advantage through a sequence of intellectual tasks. The respondents indicated they have a policy for acquisition, dissemination and application which is emphasized and practised on average at a low level. Thus the postulates of Knowledge Value Chain Model seem to be well applied in the sector and accounting for the positive effect of knowledge-based value chain strategy on performance management consultancy firms.

Empirically, the study findings were consistent with the existing literature which show that acquisition, information technology and organization of knowledge have a major role in boosting organizational performance. In addition, knowledge resources such as organizational structure, knowledge application are positively related to firm performance. The study findings add knowledge to strategic management field by providing an understanding on the link between knowledge based value chain strategy and performance of management consultancy firms. Secondly, the previous studies were done in other sectors and since the findings are in agreement with those of the current study, the current study provides evidence that findings obtained can be generalized across firms in spite of their unique characteristics of the firms being studied.

5.2.5 Operations Strategy, Organizational Competence and Firm Performance

The fifth objective for this study was to assess the mediating effect of organizational competence on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. The associated hypothesis was that organizational competence has no mediating effect on the relationship between operations strategy and performance of the management consultancy firms in Nairobi City County. The study concluded that organizational competence have a partial mediating effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. This was interpreted to mean

that the strength of the relationship between operations strategy and firm performance depends on the state of competences generated from deployment of the operations strategy.

The conclusion on this hypothesis was explained on the basis of the demographic characteristics of the respondents, the descriptive statistics of the mediating variable, previous researches and social capital theory. On the basis of the demographic results, the study found that most of the respondents were in the category of partners, general managers, directors and chief executive officers whose role in the management involves development and generation of capabilities which are derived from the process and practice of deployment of the operations strategy in the firm. The study also reported that most of the respondents had worked in the consultancy firm for over 5 years which is an indication of the expertise acquired over time. This expertise yields to different dimensions competences such as allocated, transactional, administrative and technical competences.

On the basis of descriptive statistics, the study found that the respondents agreed that the organizational competences were developed and displayed in the firm through demonstration of unique capabilities, innovativeness, responsiveness to customer needs, possession of cognitive skills and adequate technical skills. This was interpreted to mean that management consultancy firms that were able to combine practical, theoretical and cognitive skills in determining what services to offer to clients and how to offer them were better prepared in terms of the required competences. Theoretically, the variable was supported by the propositions of social capital theory. The findings of the study were also consistent with extant empirical literature which emphasize on the usefulness of organisational competences in form of internal strategic capabilities as a major ingredient in the organizational success.

The study findings add to the body of knowledge in strategic management by providing an empirical understanding on the role of organizational competence when exploring the link between operations strategy and firm performance. The study provides a more comprehensive operationalization of organizational competence using various dimensions of competences such as administrative, transactional, allocated and technical competences and it is also noted that this operationalization has been applied in the service oriented sector for the first time. Additionally, the previous studies were

conducted in other sectors and since the findings are in agreement with those of the current study, the current study provides empirical evidence that findings obtained can be generalized in consultancy firms in spite of their unique characteristics of the firms being studied.

5.2.6 Operations Strategy, Regulatory Framework and Firm Performance

The last objective of the study was to assess the moderating effect of regulatory framework on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. The study thus hypothesised that regulatory framework has no moderating effect on the relationship between firm operations strategy and performance of management consultancy firms in Nairobi City County. The study concluded that regulatory framework has no significant moderating effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. The conclusion on this hypothesis was explained on the basis of several points; namely the demographic characteristics of the respondents, the descriptive statistics of the moderating variable, previous researches and the institutional theory.

Based on demographic characteristics, it was noted that the respondents for the study were drawn from marketing consultants, human resource consultants, accounting and finance consultants and operations management consultants. These firms operate in fields that have professional bodies that control the operations of their members such as Marketing Society of Kenya (MSK), Institute of Human Resource Management (IHRM) and Institute of Certified Public Accountants of Kenya (ICPAK) in addition to the government control through licensing even though the study found the level of control not to be significant.

Regarding descriptive statistics, the study found that the respondents agreed that macro institutional factors affect the consultancy business in the county. This meant that both state and professional bodies were perceived to exert pressure on the management consultancy firms in Nairobi City County. The findings of the study supported the propositions of institutional theory since management consultancy firms operate in controlled environments which are regulated by state and professional bodies. The results were also seen to be consistent with empirical literature which support that regulatory framework moderates the relationship between various variables such as

corporate governance and corporate strategies and performance of companies even though in this study the moderation is not significant.

The study adds to the body of knowledge by providing an understanding on the link between operations strategy, regulatory framework and firm performance. Secondly, the previous studies were done in other sectors and since the findings are in agreement with those of the current study, the current study provides evidence for generalizability of the earlier research findings beyond the current context of management consultancy firms to all the consultancy firms in spite of the unique characteristics of the firms being studied.

5.3 Conclusions

Based on the study findings, the study made the following three conclusions. First, the study concluded that management consultancy firms have developed and deployed various operations strategies: resource management strategy, facility strategy and value proposition strategy to a moderate extent and that knowledge based value chain strategy was at low extent of deployment. This extent of deployment of the various forms of operations strategy has led to the generation of diverse forms of competences such as allocated, administrative, transactional and technical competences among the management consultancy firms in Nairobi City County thus explaining the relationship between operations strategy and performance of these firms.

Second, the study concluded that the deployed resource management strategy, value proposition strategy and knowledge based value chain strategy have a significant positive effect on the performance of management consultancy firms in Nairobi City County while facility strategy had no significant effect on performance of management consultancy firms in Nairobi City County.

Finally, the study concluded that the relationship between the deployed operations strategy and the performance of management consultancy firms is dependent on the level of competences generated from the deployment of the operations strategy. On the other hand, even though the relationship between operations strategy and performance of management consultancy firms is influenced by the level of the regulatory framework of the institutional context in which the firms are operating, this influence is however not significant.

5.4 Contributions of the Study to Knowledge

This study focused on operations strategy and performance of management consultancy firms in Nairobi City County. The study therefore makes the following contributions to knowledge in the area of operations strategy and performance. First, the study had established that previous researches had given little attention to monitoring performance of consultancy firms because of the heterogeneous nature of services provided by these firms which are difficult to study, quantify and measure, hence they had not addressed the performance dimensions of the management consultancy firms. The current study contributes to this knowledge by focusing on the measurements of performance of management consultancy firms using dimensions of leads generated, customer acquisition and repeat business.

Secondly, empirical studies had established that studies on operations strategy had been carried out outside Kenya and Africa and that the ones carried out in Kenya had not given attention to performance of management consultancy firms. The current study contributes to knowledge by relating operations strategy to performance of management consultancy firms in Nairobi City County, Kenya.

Thirdly, previous studies conducted towards understanding operations strategy had been conducted using conceptual reasoning and had linked operations strategy and other variables such as strategic leadership, corporate strategy and institutional conditions at aggregate level. This study contributes to knowledge by providing an empirical study on the relationship between operations strategy and performance at a firm level which is management consultancy firms.

Lastly, studies conducted on organizational resources, facility management, value proposition and knowledge based value chain had been looked at as mere organizational functions and not as types of operations strategy and also operations strategy in knowledge based intensive sector had not received adequate attention from researchers. The current study contributes to knowledge by adopting resource management, facility management, value proposition and knowledge based value chain as various types of operations strategy in a knowledge based intensive sector and their linkage with performance.

5.5 Recommendations with Policy Implications

From the study findings and conclusions, the study makes the following recommendations. First, from the study findings resource management strategy, value proposition strategy and facility strategy are reported to have been deployed at a moderate extent and knowledge based value chain strategy was at low level of deployment. That the deployed resource management strategy, value proposition strategy and knowledge based value chain strategy have significant positive effect on performance of management consultancy firms in Nairobi City County. The study recommends that the management consultancy firms should focus on deploying resource management strategy, value proposition strategy and knowledge based value chain strategies in a more strategically aligned manner in order to gain value, rarity, inimitability, organization specificity and non- substitutability from the resource management, facility and value proposition strategies.

The management should also put in place effective and better strategies that will enable knowledge acquisition, dissemination and application so as to improve firm performance. This role should be vested in the top managers of the firms since most of the management consultancy firms are owner managed and they also possess the knowledge required to provide the knowledge based services to their clients.

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

Thirdly, the management of the consultancy firms in Nairobi City County should develop and implement strategies to minimize the negative effect of the regulatory framework on the performance of management consultancy firms. The study also recommends that management of these consultancy firms should join professional bodies so as to receive guidelines on how to run their business, obtain up to date information affecting their service provision and at the same time enjoy their umbrella

protection. The government should also come up with policies that are not punitive to the management consultancy firms so as not to negatively affect their performance.

5.6 Areas for further Research

The findings of this study were limited to the management consultancy firms in Nairobi City County and may not be generalised to other management consultancy firms outside Nairobi County. The study thus suggests that other studies be conducted in other contexts outside Nairobi County and other countries.

Secondly, the findings of the study are limited to management consultancy firms in Nairobi City County and may not be applicable to other forms of business organisations. This study thus suggests that other studies be conducted on other forms of business organisations such as commercial banks, insurance companies and other forms of consultancy business.

Thirdly, the study noted that regulatory framework did not have a significant effect on the relationship between operations strategy and performance of management consultancy firms in Nairobi City County. However, existing literature supports that regulatory framework affected performance of firms in other in sectors such as petroleum, paper industry, local government, listed firms and construction companies. Therefore, this study suggest that other studies on operations strategy be conducted among consultancy firms in other sectors to establish if regulatory framework will a significant effect on their performance.

Finally, findings of the study were based on data collected for a period of five years from 2013 to 2017 and therefore may not be used to make long term inferences about the effect of operations strategy on performance of management consultancy firms. This period experienced a drastic growth in the number of consultancy firms. For this reason, majority of the consultancy firms were still in their infancy stage and not well established. Within the same period Kenya conducted General elections which may have affected the operations and performance of these of these consultancy firms. The study therefore suggests that other studies be conducted covering a longer period beyond five years to observe the effect of age of the consultancy firm and political interference on their performance.

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APPENDICES

Appendix I: Transmittal Letter

EUNICE NGINA WANDIGA

P.O. Box 350-00501

Nairobi.

JANUARY 29th, 2018

Dear Sir/Madam,

RE: REQUEST FOR PARTICIPATION IN RESEARCH STUDY

I am a final **PHD** student at the **KENYATTA UNIVERSITY** specializing in strategic management. I am currently undertaking a research on **EFFECT OF OPERATIONS STRATEGY ON PERFORMANCE OF MANAGEMENT CONSULTANCY FIRMS IN NAIROBI CITY COUNTY**. I would be grateful if you could spare some time from your busy schedule and complete the enclosed questionnaire. All the information provided was used for academic purposes only and was treated with confidentiality.

Thank you for your cooperation.

Yours faithfully,

EUNICE NGINA WANDIGA

Appendix II: Research Questionnaire

This questionnaire is designed to collect data for purely academic purposes. The study seeks to establish **THE EFFECT OF OPERATIONS STRATEGY ON PERFORMANCE OF MANAGEMENT CONSULTANCY FIRMS IN NAIROBI CITY COUNTY, KENYA**. All information was treated with strict confidence. Do not put any name or identification on this questionnaire.

Answer all questions as indicated by either filling in the blank or ticking the option that applies.

Part 1: DEMOGRAPHIC INFORMATION

- 1) Gender of the respondent: Male Female
- 2) Profession of organizational practice
Operations Management Marketing Human Resource Accounting and Finance
- 3) Position held in the organization
Chief Executive Officer The partner Director General Manager
- 4) How many years have you worked/operated in consultancy firm?
Less than 1 year 1-5 years
6-10 years over 10 years

Part 2: Resource Management Strategy

- 5) This section of the questionnaire seeks to obtain your opinion on how your consultancy firm acquires and organises various resources to support operations for purposes of service delivery. For each of the statements listed below, indicate the extent to which this consultancy firm undertakes to apply each in a scale of 1-5 where;

5= Very High Extent 4=High Extent 3= Moderate Extent
2= Low Extent 1= No Extent

Management of Resources	1	2	3	4	5
This consultancy firm constantly undertakes to determine in advance the kind of resources required for its operations.					
We attempt to identify the set of relevant resources required from our operations strategy.					
This firm always strives to attract the most competitive resources as identified in our operations strategy					
We make every effort to obtain all the required resources on time.					
Our firm endeavours to create value in each of the resources acquired					
Our firm maximizes the utility of our resources through customization to achieve the desired results					
This consultancy firm attempts to combine various set of resources to achieve synergy hence improving overall performance.					

- 6) (a) In your own opinion, how does resource management strategy affect performance in your consultancy firm?

.....
.....
.....

- (b) How do you ensure that the operations strategy is aligned with the resources the consultancy firm requires?

.....

Part 3: Value Proposition Strategy

7) This section of the questionnaire seeks to determine your opinion on how your consultancy firm deliver benefits to the customer, obtain favourable points of difference and resonating focus in the process of service delivery. For each of the statements listed below, indicate the extent to which this consulting firm undertakes to apply each in a scale of 1-5 where;

5=Very High Extent 4= High Extent 3=Moderate Extent
 2= Low Extent 1=No Extent

Aspects of value proposition strategy	1	2	3	4	5
Our consultancy firm always delivers value to our customers through provision of quality services					
We make it our duty to ensure that the services offered to our customers are dependable					
Our consultancy firm attempts to obtain information about our clients so as to identify the list of benefits to be provided to each specific client.					
This consultancy firm always aims to differentiate its services from those of competitors to maximise value to our customers					
We increase the value delivered to our customers by offering extra benefits which are not available from our competitors					
Our consultancy firm seeks to determine the key benefits in services and provide them to customers as a key strategy in delivering value to our customers					
We identify one or two points of difference between our solution and that of competitors solution that deliver greatest value to our clients.					

8) (a) In your own opinion, how do value proposition strategy affect firm performance in your consultancy firm

.....

(b) How do you ensure that your operations strategy is linked to your value proposition strategy?

.....

Part 4: Facility strategy

(9) (a) This section seeks to obtain your opinion on how your consultancy firm establishes a plan that identifies the type, quantity and location of spaces required as a strategy to enhance service delivery and to fully support the organizations business initiatives. For each of the statements listed below, indicate the extent to which this consulting firm undertakes to apply each in a scale of 1-5 where;

5=Very High Extent 4= High Extent 3=Moderate Extent
 2= Low Extent 1= No Extent

Aspects of facility strategy	1	2	3	4	5
This consultancy firm critically evaluates several sites in search for the most appropriate location to set up the business.					
Our consultancy firm seek to adopt the most appropriate layout strategy in order to maximise resource utility.					

In our firm, our processes are adequately considered in line with structures, customer involvement and resource flexibility					
We adopt the office layout design that promotes transparency among our staffs					
The office layout arrangement enhances smooth flow of processes.					

10) (a) What facility layout design has been adopted by your consultancy firm and how did the firm arrive at this design?

.....
.....
.....

(b) In your own opinion, how does facility strategy affect firm performance in your consultancy firm?

.....
.....
.....

Part 5: Knowledge based value chain strategy

11) (a) This section seeks to obtain your opinion on how your consultancy firm acquires, disseminates and applies essential knowledge based activities in order to yield competitive advantage and better performance. For each of the statements listed below, indicate the extent to which this consultancy firm undertakes to apply each in a scale of 1-5 where;

5= Very High Extent 4= High Extent 3=Moderate Extent 2= Low Extent
1= No Extent

Aspects of knowledge value chain strategy	1	2	3	4	5
Our consultancy firms regularly identifies the type of knowledge required so as to provide better services to clients.					
We always scan the environment to identify new information that may be applicable to our consultancy firm.					
This consultancy firm constantly undertakes to acquire the relevant knowledge to support our operations strategy					
The information obtained is well evaluated by the consultancy firm to ascertain its relevance and usefulness to the firm					
Knowledge dissemination as a strategy has been undertaken to form a key pillar for the success of our operations strategy					
Our consultancy firm undertakes to apply the acquired knowledge in all aspects of our service delivery					
We have a culture that supports and empowers acquisition and sharing of knowledge sharing among staff.					

12) (a) How does your consultancy firm acquire and disseminate knowledge among the staff?

.....
.....

(b) How is the knowledge value chain strategy aligned with operations strategy in your consultancy firm?

.....
.....
.....

Part 6: Organizational Competences

In order to carry out the business of consultancy in this industry, your consultancy firm requires a number of competencies. In your view, what is the state of competences possessed by your consultancy firm? Respond in a scale of 1-5 where;

5=Definitely True 4 = True 3=Not Sure 2=False 1= Definitely False

Aspects of organizational competences	1	2	3	4	5
In this consultancy firm the staff and all consultants have acquired a vast wealth of theoretical and practical knowledge in management consultancy.					
Our consultancy firm boasts consultants with very high level set of cognitive skills.					
In this consultancy firm our staff demonstrate strong work values that propel their positive behaviour at work.					
Our employees have acquired adequate industry experience and skills that assist in improving service delivery.					
The staff demonstrate unique capabilities that are unmatched in the industry					
The staff of this consultancy firm demonstrates high levels of innovativeness					
The staff of this consultancy firm demonstrate high responsiveness to customer needs.					
Our staff possess adequate technical skills for effective design of work solutions for our clients					
Our employees demonstrates high degree of flexibility					
The staff demonstrate high capability of constantly designing new offers and services to our clients					
The staff demonstrate excellence in the speed of service delivery to clients					

13) In your own opinion, how do organizational competences affect the relationship between operations strategy and performance of your consultancy firm?

.....

Part 7: Regulatory framework

14) What is your view on the various components of macro institutional factors that affect the consultancy business in the country? Respond in a scale of 1-5 where;

5= Strongly agree 4= Agree 3=Neutral
 2= Disagree 1= Strongly disagree

Aspects of Regulatory Framework	1	2	3	4	5
Consultancy practice in this country faces stringent rules and regulations.					
The statutory requirements for the practitioners in this industry are too demanding					
The regulatory framework is prohibitive to the consultancy business sector.					
The professional standards laid down by the industry players are very demanding and involving.					
Professional ethics imposed by professional bodies are too restrictive and hinders individual freedom and judgement in service delivery.					
The pressure to conform to standard industry practices constrains our innovativeness					

15) How is the state of the regulatory framework for consultancy firms in the country?.....

Part 8: Performance of Management Consultancy Firms in Kenya

1) This section of the questionnaire seeks to obtain your opinion on the trend of performance in terms of leads generated, customer acquisition and repeat business in your Management Consultancy firm over the last five years from 2013 to 2017. For each of the statements listed below, each year, indicate the level of performance of your firm using the most appropriate number in a scale of 1-5 where;

5 = 20 and above 4 = 15 - 20 3 = 10 - 15 2 = 5 - 10 1 = 1- 5

Aspects of Performance	2013					2014					2015					2016					2017				
	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
The Number of Leads Generated in terms of: -																									
1. Customers generated through referrals.																									
2. Customers generated through inquiries																									
3. Customers generated through networking and business events																									
4. Customers generated through social media.																									
The Number of Customers Acquired through: -																									
1. Project proposals sent to prospective clients																									
2. New clients generated from the sent proposal																									
Number of Repeat Business through: -																									
1. Number of compliments received from clients																									
2. Number of repeat customers over the years																									

Thank you for your participation.

Appendix III: Management Consultancy Firms in Nairobi County as Classified by Yellowpageskenya.com as at 30th June 2017

Operations management

1. Adept Systems
2. Africa Management Communications International Ltd
3. African Association for Public Administration & Management (AAPAM)
4. African Management Services Co (AMSCO)
5. Alliance Management Consultants Limited
6. Alpha Risk Management Ltd
7. Amattan Management Services Ltd
8. Ampen Management Consultants Ltd
9. Apex Management Systems - Consultants Ltd
10. Arkle Management Consultants Ltd
11. Ashley Management Consultants Ltd
12. Baharini Consultants Ltd
13. Bestmark Management Services
14. Betah Management Consultants Ltd
15. Bollore Transport & Logistics Kenya Ltd
16. Brainstorm Management Consultants Ltd
17. Business Partners Consultants Ltd
18. Central Microfilm Operations (1990) Ltd
19. Clovers Management and Training Consultants Ltd
20. Dafina Consultants Ltd
21. Decisions Management Consultants
22. Eliud & Associates Management Consultants
23. Enterprise Management Institute Ltd
24. Environmental Cost Management (ECM) Centre
25. Esal Management Consultants Ltd
26. Excel Training, Research & Management Consultants
27. Fortune Management Consultants
28. Frank Management Consult Ltd
29. Frontier Investment Management Africa Ltd
30. Harpers Management (2011) Ltd
31. Hass Consult Ltd
32. Insight Management Consultants Ltd
33. Inspiration Management Consultants
34. Integrity Management Advisory Centre
35. Interface Management Ltd
36. International Management Consultants
37. Jesam Management Consultancy
38. Kaniu & Prieske Project Management
39. Kenya Management & Training Consultants
40. Landmark Realtors Ltd
41. Learnex & Longsight Management Services Ltd
42. Liaison Development Consultants
43. Macdavidson Consulting Group Ltd
44. Management Audit Consulting Ltd
45. Masuro Environmental Management Co. Ltd
46. Membo Medical Scheme Consultants Ltd
47. Mentor Management Limited (MML)

48. Millenium Management Consultants
49. Mnarani Management Consultants Ltd
50. Mohechvi Management & Enterprises
51. Mucmar Management Concepts Ltd
52. Mukmik Consultants
53. Optima Training Management Consulting Ltd
54. Paradigm Management Consultants
55. Performance Management Institute
56. Peri-urban Property Consultants
57. Pinnacle Properties Consultants Ltd
58. Prestige Management Solutions
59. Promin Consultants Ltd
60. Qalib Management Agency
61. Reach Out Management Systems Consultants
62. Reflections Consultants Ltd
63. Retail Management Solutions Ltd
64. Rock Asset Management
65. Select Management Services Ltd
66. Seven Generations Management
67. SGS (K) Ltd
68. Sheer Logic Management Consultants Ltd
69. Sholtan Business Consultants Ltd
70. Superior Concepts Management Consultants
71. Sweet Homes Management Ltd
72. Sweetland Consultants Ltd
73. Swot Management Consultants
74. Taabco Research & Development Consultants Ltd
75. Tally Solutions Kenya Limited
76. Team Management Services
77. Tops Management Ltd
78. United Technologies International Operations
79. Upward Bound
80. Urban Properties Consultants & Developers Ltd
81. Velocity Project Management
82. Westwood Management (E.A) Ltd
83. WMG Management Consultants Ltd
84. Zidaka Interiors
- Accounting and finance**
1. Acacia Consultants Ltd
2. Acropolis Consultants
3. Actuarial & Benefit Consultants Ltd
4. Afri Salon Consultants Ltd
5. Agricom Consultants Ltd
6. Alios Finance
7. Ark Consultants Ltd
8. Bicomm Consultants
9. Citibank N. A.
10. Cog Consultants Ltd
11. Cost Eye Consultants
12. Data Associate Consultants
13. Delloite and touché
14. Eridy Consultants (EA) Ltd
15. Eunipa Consultancy Ltd
16. Express Accounting Services Ltd
17. Finsolution Consultancy Ltd
18. Franklin Management Consultants Ltd
19. Gearr Consultants Ltd
20. Githongo & Company
21. GMK Consultants Ltd
22. Horwath Erastus & Co
23. Indo Africa Finance
24. Jowan Associates, Accountants, Financial & Management Consultants
25. Kaizora Consultants
26. Keja-link Consultants
27. Kenlogic Bismange Consultants Ltd
28. Legit Business Consultants
29. Meltam & Co. Ltd
30. Meptax Consultants
31. Mungai Wainaina & Co.

32. Nzioki Tax Consultants Ltd, The
 33. Oasis Kenya Consultants
 34. Orgut (K) Consultants
 35. Overdrive Consultants Ltd - Nairobi
 36. Overtime Management & Tax Services Ltd
 37. P K Mwangi Global Consulting
 38. Paradigm Management Consultants
 39. Petgra Consultants Ltd
 40. PKF
 41. Price Waterhouse coopers
 42. Quick Accounting
 43. Sage Pastel Accounting
 44. Sound Accounting Consultants
 45. Technical Management Solutions
 46. Trident Risk Management Consultants Ltd
 47. Wescotts Consult
- Marketing Consultants**
1. Excel Marketing & Training Consultants Ltd
 2. Falga Marketing Consultants
 3. 2020 Marketing
 4. Action Marketing Plus Ltd
 5. Advance Public Relations & Marketing
 6. Advertising & Marketing Point
 7. All about Marketing
 8. Almasi Marketing Solutions Ltd
 9. Amanda Marketing Kenya
 10. Apex Marketing
 11. Aranibar Marketing Ltd
 12. Aspire Marketing Ltd
 13. Bixo Marketing
 14. Centre Stage Marketing
 15. Compliance Marketing Ltd
 16. Dash Marketing Services Ltd
 17. Direct Marketing Ltd
 18. Direct Sales & Marketing
 19. Dove Marketing Ventures Ltd
 20. Electrics & Carbon Products Marketing
 21. Esjoe Marketing & General Services
 22. EWCA Marketing (K) Ltd
 23. Excel Marketing & Training Consultants Ltd
 24. Exclamation Marketing Ltd
 25. Eyeballs Marketing
 26. Falga Marketing Consultants
 27. Frontier Marketing
 28. Gap Marketing Ltd
 29. Global Marketing Enterprises
 30. Golden Marketing Associates Ltd
 31. Grey Marketing
 32. Hallmark Advertising and Marketing Ltd
 33. Horizons Marketing Ventures Ltd
 34. Icon Sports Marketing Ltd
 35. Ideal Marketing Solutions
 36. Ignition Marketing Services
 37. Impact Marketing (K) Ltd
 38. Infinite Quest Marketing Ltd
 39. International Marketing Theatre
 40. Lunar Marketing Designs
 41. Marketing Africa Ltd
 42. Marketing Masters
 43. Marketing Society of Kenya
 44. Marketing Strategies & Solutions
 45. Matuga Marketing Agencies
 46. Micenplus Events Marketing
 47. Mobile Marketing Kenya
 48. Nationwide Marketing Services
 49. Navictowa Marketing Enterprises
 50. Neatwork Marketing Systems
 51. Neo Marketing Ltd
 52. Permaton Marketing Services
 53. Places & Faces Marketing Division
 54. Pride Year Marketing Ltd
 55. Professional Marketing Services Ltd
 56. Protea Marketing Services
 57. Real Useful Travel & Marketing
 58. Renegade Marketing
 59. Salmas Business & Marketing Consulting

- | | |
|--|---|
| 60. Sapphire Trading & Marketing Ltd | 2. Arid Lands Resource Management Project - Nairobi |
| 61. Sensory Experiences Marketing Ltd | 3. Armada Human Capital |
| 62. Sokerwa Marketing Ltd | 4. Empowerment Resource Technologies |
| 63. Spread Marketing Consultants | 5. Familia Human Trust K |
| 64. Square Gold P.R | 6. Fast-Track Management Consultants Ltd |
| 65. Square Gold PR & Marketing | 7. Human Asset Consultants Ltd |
| 66. Strut Marketing | 8. Human Capital Synergies (HCS) Africa Ltd |
| 67. Sullivan Marketing | 9. Human Resource Skills Centre |
| 68. Swivel Marketing Ltd | 10. Human Talent Recruit |
| 69. The Experimental Marketing Office | 11. Huqas (Human Quality Assessment Services) |
| 70. The Source Marketing Ltd | 12. Insight Management Consultants Ltd |
| 71. Think Tank Marketing | 13. Peak Business Center, Kenyatta St |
| 72. Timestar Marketing Option | 14. Peoplelink Consultants Ltd |
| 73. Todwil Marketing | 15. Studio 22 Agencies Ltd |
| 74. Topline Marketing Ltd | 16. Venavic Human Resource Consultants |
| 75. Toria Marketing | 17. Virtual Human Resources Services Ltd |
| 76. Universal Marketing Insurance Agencies | |
| 77. Wildfire Influencer Marketing | |
| 78. Woof Advertising & Marketing Ltd | |
| 79. Outsource Marketing Kenya | |
| Human resources management | |
| 1. Anderson Human Capital | |

Appendix IV: Approval of Research Proposal from Kenyatta University



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 57530

Website: www.ku.ac.ke

Internal Memo

FROM: Dean, Graduate School

DATE: 2nd February, 2018

TO: Ms. Wandiga E. Ngina
C/o Business Administration Dept.
Kenyatta University

REF: D86/CTY/32345/15

SUBJECT: APPROVAL OF RESEARCH PROPOSAL

This is to inform you that Graduate School Board at its meeting of 31st January, 2018 approved your Research Proposal for the Ph.D. Degree, entitled "Operations Strategy and Performance of Management Consultancy Firms in Nairobi City County, Kenya".

You may now proceed with your Data collection, subject to clearance with the Director General, National Commission for Science, Technology & Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed supervision Tracking Forms per semester. The form has been developed to replace the progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

By copy of this letter, the Registrar (Academic) is hereby requested to grant you substantive registration for your Ph.D. studies.

Thank you.

A handwritten signature in black ink, appearing to read 'Harriet Isaboko'.

HARRIET ISABOKO
FOR: DEAN, GRADUATE SCHOOL

c.c. Registrar (Academic) Att. Mr. Likam
Chairman, Department of Business Administration

Supervisors:

1. Dr. James Kilika
C/o Dept. Business Administration
KENYATTA UNIVERSITY
2. Dr. Rosemary James
C/o Dept. Management Science
KENYATTA UNIVERSITY

HI/cao

Appendix V: Research Authorisation from Kenyatta University



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

OUR REF: D86/CTY/32345/15

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Date: 2nd February, 2018

The Director General
National Commission for Science,
Technology & Innovation
P.O. Box 30623-00100,
NAIROBI

Dear Sir/Madam,

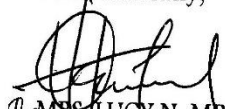
RE: RESEARCH AUTHORIZATION FOR MS. EUNICE N. WANDIGA REG. NO D86/CTY/32345/15

I write to introduce Ms. Ngina who is a Postgraduate Student of this University. She is registered for Ph.D. Degree programme in the Department of Business Administration in the School of Business.

Ms. Ngina intends to conduct research for a Ph.D. thesis entitled, "Operations Strategy and Performance of Management Consultancy Firms in Nairobi City County, Kenya".

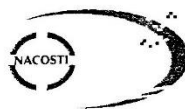
Any assistance given will be highly appreciated.

Yours faithfully,


MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL

HI/cao

Appendix VI: Research Authorisation from NACOSTI



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: 020 400 7000,
0713 788787,0735404245
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/38834/21501**

Date: **22nd February, 2018**

Eunice Ngina Wandiga
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on "*Operations strategy and performance of management consultancy firms in Nairobi City County, Kenya*" I am pleased to inform you that you have been authorized to undertake research in Nairobi County for the period ending **22nd February, 2019.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.


GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

Appendix VII: Research Permit from NACOSTI

THIS IS TO CERTIFY THAT:
MS. EUNICE NGINA WANDIGA
of KENYATTA UNIVERSITY, 53847-200
NAIROBI, has been permitted to conduct
research in *Nairobi County*

on the topic: **OPERATIONS STRATEGY
AND PERFORMANCE OF MANAGEMENT
CONSULTANCY FIRMS IN NAIROBI CITY
COUNTY, KENYA**

for the period ending:
22nd February, 2019

Permit No : NACOSTI/P/18/38834/21501
Date Of Issue : 22nd February, 2018
Fee Recieved : Ksh 2000



.....
Applicant's
Signature

.....
Director General
National Commission for Science,
Technology & Innovation