The Mediating Influence of Employee Behaviour on the Relationship Between Strategic Planning and Competitive Advantage of Large Manufacturing Firms in Kenya

Jackson K. Maingi1* Zachary B. Awino2 Peter O. K’Obonyo3 Ganesh P. Pokhariyal4

Abstract
Several studies have been carried out in the past to find out how strategic planning and competitive advantage are connected and the causes of differences in competitive advantage among firms. Scholars have argued that competitive advantage can emanate from either internal or external sources and is usually in several forms which include; valuable resources, the position held within the industry, position within the marketplace, operating at lower costs than rival firms, differentiation, capabilities and dynamic capabilities. The debate on what causes differences in competitive advantage is still on. This study sought to establish the mediating influence of employee behaviour on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya. The study was underpinned by the competitive advantage typology of Michael Porter, the resource-based theory, dynamic capabilities theory, and goal-setting theory. The study used a positivist research paradigm and a cross-sectional survey design. This was a census study from 124 large manufacturing firms in Kenya. Out of the 124 firms, data on strategic planning, employee behaviour and competitive advantage was collected from 122 of the firms representing a response rate of 98.4%. The data was interpreted using a 5-point Likert type questionnaire. The data received was analysed using both descriptive and inferential statistics. Reliability tests returned an average Cronbach Alpha Value for the three variables that is strategic planning, employee behaviour and competitive advantage, of 0.86. Hypotheses were tested using both simple and multivariate regression analysis as well as hierarchical analysis for mediation. The findings indicate that overall strategic planning has a statistically significant influence on competitive advantage and that employee behaviour mediates completely the relationship between strategic planning and competitive advantage ($R^2=0.751$, p-value<0.05). The study concluded that the relationship between strategic planning and competitive advantage is completely mediated by employee behaviour. The study further recommended that employees’ behaviour should be strategically aligned to the goals and objectives set in the strategic plan and that they should be committed fully to the ideals of the firm in order for the firm to attain and sustain its competitive advantage position.

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

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1. Introduction
The firms Competitive Advantage (CA) can be derived from many areas (Reed & DeFillipi, 1990). Barney (1991) and Barney and Hesterly (2012) have defined CA at the firm level whereby different firms implement strategies which are value creating and these strategies are not at the same time being implemented by rival firms. Similarly, Porter (1991, p. 104) has asserted “that there are two types of CA, one that is founded on reducing costs and the other founded on differentiation.” Collis and Montgomery (1994) have used the resource-based view to analyze sources of competitive advantage.

“Defining the concept of sustainable competitive advantage (SCA) is even more risky than defining competitive advantage” (Gannon, Lynch, Holden & Hannington, 2010, p. 6). According to Porter (1985) and Hill and Jones (2004), sustained competitive advantage is defined as the key foundation for a firm to perform at an above-average position in the long term. Some scholars have argued that the basic assumption upon which sustained competitive advantage is established can only be displayed in a time continuum (Porter, 1985; Hill & Jones, 2004), but other scholars (Barney, 1991, p.102) disagree and assert that “sustainability refers to the capability of the organization to have an inimitable strategy which is difficult to be duplicated by others.”

Different writers have developed strategy typologies that bestow organizations with the capacity to achieve a position of competitive advantage. The two most prominent typologies are “the four strategic categories” by Miles and Snow (1978, p. 550); these being: “prospectors, defenders, analyzers and reactors” and the three generic strategies by Porter (1980, p. 35); these being: “cost leadership, differentiation and focus. This study has emphasized on Porter’s strategy types as ones to enable a firm to achieve and sustain competitive advantage. A strategy based on low cost demands that the firm should be the one producing at the lowest cost in that particular industry and not merely one amidst other firms contending for that position (Porter, 1980, p. 35; 1985). This strategy entails audacious establishment of efficient scale-facilities, aggressive follow-up of cost reduction measures from experience, tight cost and overhead control, and minimizing costs in all areas of the organization.
including costs of research and development. Cost leadership targets cost reduction across the whole value chain until the lowest cost structure possible is attained.

A differentiation strategy materializes when an organization achieves a position, which is unprecedented in a particular category of operation by differentiating its products or services. Under the differentiation strategy, an organization chooses one or more characteristics regarded as important by many consumers in an industry, and then in a unique way sets itself up to satisfy those needs. Porter (1980) argues that a differentiation strategy does not imply that a firm will disregard its costs but instead, costs will not be the foremost strategic objective. Focus strategy concerns dividing or segmenting the industry and handling a “restricted or narrow niche to the exclusion of others” (Porter, 1980, p. 39). Under focus, there are two types; one type focusing on cost while the other one focuses on differentiation. Cost focus is aimed at achieving cost advantage while on the other hand differentiation focus aims at seeking differentiation in a particular target market segment.

Apart from Michael Porter’s generic strategies, the resource-based view has also contributed a lot to the debate on competitive advantage. Barney (1991, p. 102) has argued that “a firm gains a competitive advantage position by implementing a strategy that is value creating and which is not concurrently being implemented by any of its present or future competitors. Barney suggested a competitive structure using four main features namely; value, rareness, inimitability and non-substitutability” (Barney, 1991, p. 106-107). Under the resource-based theory (RBT), for resources to produce superior performance, they have to be employed in a certain manner. This has led to the development of the Dynamic capabilities theory (DCT). “In their influential scholarly contribution, Teece, Pisano & Shuen (1997, p. 509) have argued that dynamic capabilities make it possible for firms to consolidate, develop and reconfigure their resources and capabilities and as a result, sustain performance even amidst fast changing environmental conditions.”

2. Materials
A number of studies have been done to find out how strategic planning and competitive advantage are connected and the causes of differences in competitive advantage among firms. Strategic planning has its roots in the concept of strategy. The term strategy has several meanings with no widely agreed upon universal meaning (Quinn, 1980, Mintzberg, Ahlstrand & Lampel, 1988). A number of definitions have been put forward. Chandler (1962, p. 13) “described strategy as the determination of basic long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.” On his part, Andrews (1971, p. 18) “defined strategy as the pattern of major objectives, purposes or goals and essential policies or plans for achieving the goals, stated in such a way as to define what the business is in or is to be in and the kind of company it is or it is to be.” Johnson, Scholes, and Whittington (2008, p. 9) “have defined strategy as the course and extent an organization charts out over the long term, which assists in attaining an edge over other organizations in a dynamic environment by reorganizing its resources and competencies with the objective of satisfying the expectations of shareholders.”

Extending from the concept of strategy, different scholars and writers have described strategic planning in diverse but complementary ways. Wendy and Tushman (2005, p. 523) have described “the strategic planning process as consisting of three facets, these being strategic analysis, which incorporates the analysis of strengths, weaknesses, opportunities and threats (SWOT); strategic choices and strategic implementation.” The strategic analysis facet includes deciding the direction the organization will take regarding its vision, mission and goals (Kumar, 2015). Steiner (1979) has defined strategic planning as a systematic and to a certain extent-formalized effort of an organization to determine its essential purposes, policies, objectives and strategies.

There are two contrasting views in the process of strategic planning, the rational view and the political view. “The rational view assumes the existence of a direct and straightforward means to an end relationship. In the sequential rationality approach, strategic planning is deemed as a process of intended assessment and analysis, designed to ensure the achievement of the highest possible long-term advantage (Mintzberg & Lampel, 1999, p. 22). A precondition for this analysis is the assumption of the existence of a direct and clear means-end relationship. The political view is concerned with the ways in which the parties involved can affect the process and outcomes of strategic decision-making either through the power they possess or through measures they take to exert influence (Child, Elbanna & Rodrigues, 2016, p. 1). Strategic decisions are those, which have a significant impact on the organization and its long-term performance (Hickson, Butler, Cray, Mallory & Wilson, 1986, p. 311). The political perspective focuses on how and why individuals, groups and organizations exercise power or exert influence so as to shape the strategic decisions that are made on behalf of organizations” (Child et al., 2016, p. 1).

It is necessary to ensure the existence of strategically aligned behaviour (SAB) from employees if the success of the strategic plan is to be guaranteed (Cees, Van R, Guido & Majorie, 2009). Strategically aligned behaviour can be described as the “on the job actions by employees which are aligned to the strategy of the organization” (Gagnon & Michael, 2003, p. 24). A prerequisite to the way workers conduct themselves and how jobs are accomplished is the extent to which they are motivated to carry out the duties that have been allocated to them (Blumberg & Pringle, 1982). The components of employee behavior include employee participation in decision-
making, self-drive, continuous learning, innovativeness and commitment. How employees are committed to the goals and ideals of the firm will determine to a large extent whether their behaviour will be aligned to the goals and objectives of the firm.

“The three main dimensions of employee commitment are affective, continuance and normative (Meyer & Allen, 1991, p. 67). Affective or emotional attachment (AC) ensures an individual will identify with, is involved in and will enjoy being a member of an organization (Kanter, 1968). Continuance commitment (CC) is related to the need or the desire to stay in an organization because of perceived costs associated with leaving” (Meyer & Allen, 1991, p. 71). “Normative commitment (NC) can be defined as the aggregate of pressures from within to conduct oneself in a way, which helps to attain the goals and interests of the organization” (Allen & Meyer, 1990, p. 3).

The definition by Allen and Meyer (1990) seems to suggest that under NC, employees exhibit certain behaviours purely “because of the belief that it is the right thing to do” (Wiener, 1982, p. 418). An employee who is normatively committed will remain with an organization because they believe it is the right and moral thing to do.

In his goal setting theory, Locke (1978) has posited that when employees are given clear and difficult goals, their level of motivation and performance increases. In empirical studies conducted later on goal setting, it was found out that the important aspect is not only to set goals, but also the way in which the goals are communicated to employees (Latham, Erez & Locke., 1988). Nutt (2008) carried out some studies that showed that when the logic and reason for having a strategic goal is made explicitly clear, then the chances of succeeding at the implementation stage are much higher than when the goal is not adequately justified. Explaining the rationale of working towards achieving certain goals guarantees and provides comfort to employees that those goals are both beneficial and achievable (Cees et al., 2009).

“A stimulating communication climate enhances employee association with the organization” (Smidts, Pruyn, Van & Cees., 2001, p. 10). “This is because openness, participation and supportive inclinations tend to boost the sense of belonging of the employees to the organization” (Cees et al., 2009, p. 1202). Studies have been done linking communication climate directly to strategically aligned behaviour (SAB); the actions taken on the job which are in line with the strategy of the firm. Edmondson (2003) established that the communication climate had a positive influence on the motivation of workers to freely express their feelings to their seniors about the issues that transpired while utilizing new work processes. A communication climate deemed as good by workers motivates them to become innovative (Gibson & Gibbs, 2006). It has been demonstrated that when top level managers have a high regard for the skills and experiences of managers at the middle level, this high regard stimulates the middle level managers to commit themselves to implementing the strategy of the organization (Mantere, 2008). The extant literature suggests that developing employees’ innovative behaviour can enable organizations to have a head start when striving to attain a competitive advantage position.

Often times, employees behaviour is determined by their degree of dedication or commitment to the objectives and ideals of the firm. Kline and Peters (1991) have defined commitment as the means through which employees become emotionally beholden to their actions so that they develop a strong desire to see through the implications of their actions to their logical conclusion. One should ensure they get especially the key staff committed to the problems, plans, measures and expected outcomes of an organization. Commitment can be increased and even sustained by ensuring employees are involved in defining the results expected, the criteria to be used to measure the results and the work schedules. By getting involved, employees acquire a good understanding of the work they have to perform, they gain a feeling of importance, develop professional liking of their work and a great desire for success. “Over the last 20 years, the topic of organizational commitment has been highly recognized as an attitudinal topic of study because of the benefits that accrue from achieving full employees’ commitment (Erdheim, Wang & Zickar, 2006, p. 961; Harrison, Newman & Roth, 2006, p. 305).”

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

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

Porter’s competitive advantage theory has been criticized for the confusion between firms and nations. It has
also been said that the theory is characterized by an environmental determinism and a linear cartesian point of view towards complex problems. This orientation assumes an enterprise is just the sum of its parts rather than being a complex, uncertain and ever-changing relationship amidst its parts. Beyond these criticisms, the theory of competitive advantage still stands strong. This study proposed that a firm can select a firm-level strategy like low cost or differentiation at the strategic planning stage. The right employee behaviour would thereafter be encouraged and employees would be encouraged to get committed to the goals and objectives of the firm. When the right behaviour is achieved and employees get fully committed, the firm is in a position, by applying the selected firm-level strategy, to work towards attaining a sustainable competitive advantage position.

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

Goal-setting theory has several practical implications (Locke & Latham, 1990, p. 706-707). “First, clear-cut performance goals should be established and put in place to direct behaviour and maintain the individual’s motivation. Second, the goals that have been set should be challenging enough but also set at realistic levels. Third, there should be accurate, complete and timely feedback recognizing that knowledge of outcomes is usually linked with high performance. Fourth, goals can be put in place either by the employee’s supervisor or by the employee themselves.” This theory supports employees’ behaviour in organizations quite well.

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

“Goal setting can bring about behaviour, which is unethical (Barsky, 2007, p. 63)). One study carried out tried to establish a direct connection between goal setting and not telling the truth. In this study, it was found out that participants were more likely to misrepresent what their performance was or even cheat when they were facing with a specific challenging goal, than when they were not.” This was more the case “when their actual performance level just fell a bit short of attaining the set goal” (Schweitzer, Ordonez and Duma, 2004, p. 422).

The interaction between organizational culture and goal setting is especially important. An organizational culture, which is ethical, can reduce the adverse effects of goal setting, but at the same time, the use of goals can influence the culture of an organization. It has been established that the use of goal setting, just like management by objectives makes individuals focus on ends rather than the means. Barsky (2007, p. 63) “has argued that goal setting hampers ethical decision making by making it more difficult for individuals to recognize ethical issues but easier for them to justify unethical behaviour.” “Whereas goal setting can increase extrinsic motivation, yet it can also hurt intrinsic motivation if an individual gets involved in a task just for the sake of it” (Rawsthorne & Elliot, 1999, p. 181). The criticisms of goal-setting theory notwithstanding, the theory has withstood the test of time and its applicability is still strong.

According to Peteraf and Barney (2003, p. 309), “an organization will achieve a competitive advantage position when it generates additional economic benefit than its competitors in its product market. The RBT is based on two foundational assumptions about organization-based resources to clarify how sustained competitive advantage is generated” (Peteraf & Barney, 2003, p. 309). The first assumption is that organizations own bundles of resources, which are different even when they are operating within a similar industry. The second assumption is that the resource differences may be sustained for a while due to the difficulty of buying and selling of resources across organizations. This difficulty in trading makes it possible for benefits from diverse resources to be sustained over a period of time (Barney & Hesterly, 2012). Four conditions have to be simultaneously met for sustained competitive advantage (SCA) to exist and these are; the resources have to be Valuable, Rare, inimitable and there should be good Organization (VRIO framework). An organization must be well organized in order to utilize the maximum competitive potential of the resources and capabilities it possesses (Barney & Hesterly, 2012).

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

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

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

“In spite of the extensive utilization of the dynamic capabilities construct, a widely accepted definition has taken long to be developed” (Easterby-Smith, Lyles & Peteraf, 2008, p. 2). Scholars from varied traditions have viewed dynamic capabilities differently depending on their background. Zollo and Winter (2002, p. 339) for example “have defined dynamic capabilities in terms of routines. On the other hand, Eisenhardt and Martin (2000, p. 1105) have defined dynamic capabilities in terms of processes whose nature varies with the degree of market dynamism taking the form of simple rules in high velocity environments.” Williamson (1999) has criticized dynamic capabilities because of their lack of precise measurement and empirical grounding. “The poor understanding of dynamic capabilities coupled with the lack of a measurable model makes it difficult to explore how dynamic capabilities can be utilized in actionable managerial decision-making” (Pavlou & El Sawy 2011, p. 239).

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

2.1 Strategic Planning and Competitive Advantage model

The strategic planning and competitive advantage model is shown in Figure 1.

![Figure 1: Strategic Planning and Competitive Advantage Model](image-url)
3. Methods

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

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

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

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

4. Results

The study sought to determine the influence of employee behaviour on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya. The objective was hypothesized as follows:

**H1- Employee behaviour significantly influences the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.**

To test this hypothesis and be able to achieve the objectives of the study, strategic planning (SP) was operationalized through the dimensions of the strategic planning process, strategy formulation and planning for strategy implementation, control and evaluation. Employee behaviour (EB) was operationalized through two main dimensions that is, strategically aligned behaviour and commitment. The commitment dimension was further operationalized along the dimensions of affective, continuance and normative commitments. On its part, competitive advantage (CA) was operationalized along the dimensions of cost advantages, differentiation advantages, focus advantages, resources and capability advantages and financial performance advantages. The relationship between strategic planning and competitive advantage was tested directly while the testing of the mediating influence of employee behaviour on the relationship between strategic planning and competitive advantage was made possible through the use of path analysis and hierarchical regression analysis as shown in figure 2 below:

![Figure 2: Path Diagram for Mediating (Intervening) Influence](image-url)

“The four steps in the mediation process are when the independent variable predicts the dependent variable, when the independent variable predicts the mediating variable, when the mediating variable predicts the dependent variable and finally when the independent and mediating variable both predict the dependent variable” (Baron & Kenny, 1986, p. 1177). In statistical terms, the four steps are shown below:

Step 1: \[ CA = \beta_0 + \beta_1 SP + \epsilon \]

Step 2: \[ EB = \beta_0 + \beta_1 SP + \epsilon \]

Step 3: \[ CA = \beta_0 + \beta_1 EB + \epsilon \]

Step 4: \[ CA = \beta_0 + \beta_1 SP + \beta_2 EB + \epsilon \]

Where: \( CA \) = Competitive Advantage

\( SP \) = Strategic Planning

\( EB \) = Employee Behaviour

\( \beta_0 \) = Intercept

\( \epsilon \) = Error Term

The regression results for the four steps in the mediation process are given in the Tables that follow.

### Table 1: Composite influence of Strategic Planning on Overall Competitive Advantage

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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<td>.213</td>
<td>.207</td>
<td>.27895</td>
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**ANOVA**

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<tr>
<th>Model</th>
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<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<td>2.528</td>
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<td></td>
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<td>11.866</td>
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a. Dependent Variable: Competitive advantage

b. Predictors: (Constant), Strategic planning

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
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<td></td>
<td>B</td>
<td>Std. Error</td>
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<tr>
<td>Model 1</td>
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<td>Strategic planning</td>
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<td>.112</td>
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a. Dependent Variable: Competitive advantage

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

The overall (ANOVA) model had a p-value which was less than 0.05 (p-value = 0.000, F = 32.490), and the results reveal a statistically significant model which implies that strategic planning influences competitive advantage. The results also indicate that strategic planning had a positive contribution with a beta value of 0.462 to a unit change in competitive advantage. The results further indicate statistically significant results with a p-value of 0.000 (t-value = 5.700) for strategic planning on competitive advantage. These results confirm step one in the mediation process which requires that strategic planning, the independent variable, should have a significant influence on competitive advantage. Based on these results, the regression model based on the standardized beta coefficient is fitted thus: \( CA = 1.543 + 0.462SP \).

The second step in the mediation process is where the composite strategic planning is used to predict the mediator variable. The results of the regression model showing the influence of strategic planning on employee behaviour is shown in Table 2 below.
Table 2: Composite influence of Strategic Planning on Employee Behaviour

<table>
<thead>
<tr>
<th>Model Summary</th>
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<tr>
<td>Model</td>
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<td>Adjusted R Square</td>
<td>Std. Error of the Estimate</td>
</tr>
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<td>.203</td>
<td>.197</td>
<td>.30053</td>
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<td>a. Predictors: (Constant), Strategic planning</td>
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ANOVA\(^a\)

<table>
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<th>df</th>
<th>Mean Square</th>
<th>F</th>
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<td>a. Dependent Variable: Employee behaviour</td>
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</tbody>
</table>

b. Predictors: (Constant), Strategic Planning

Coefficients\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.412</td>
<td>.520</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>.665</td>
<td>.120</td>
</tr>
<tr>
<td>a. Dependent Variable: Employee behaviour</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results of the model summary in Table 2 indicate that R\(^2\) was 0.203, which implies that 20.3% variation in employee behaviour can be explained by strategic planning. The remaining 79.7% is to be explained by factors not considered in this model. The overall ANOVA model had a p-value of 0.000 (F = 30.655) and this indicates that the regression model significantly predicts the outcome variable, employee behaviour. The results also show that strategic planning had a positive contribution of 0.451 to a unit change in employee behaviour. The regression model fitted to explain the relationship is that: EB=1.412+0.451SP.

The third step in the mediation process is where the composite employee behaviour is used to predict the outcome variable, competitive advantage and the results are shown in Table 3 below.

Table 3: Composite influence of Employee Behaviour on Competitive Advantage

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>R</td>
<td>R Square</td>
<td>Adjusted R Square</td>
<td>Std. Error of the Estimate</td>
</tr>
<tr>
<td>1</td>
<td>.863(^a)</td>
<td>.745</td>
<td>.743</td>
<td>.15884</td>
</tr>
<tr>
<td>a. Predictors: (Constant), Employee behaviour</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ANOVA\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>8.838</td>
<td>1</td>
<td>8.838</td>
<td>350.292</td>
</tr>
<tr>
<td>Residual</td>
<td>3.028</td>
<td>120</td>
<td>.025</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11.866</td>
<td>121</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Dependent Variable: Competitive advantage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b. Predictors: (Constant), Employee behaviour

Coefficients\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.835</td>
<td>.185</td>
</tr>
<tr>
<td>Employee behaviour</td>
<td>.806</td>
<td>.043</td>
</tr>
<tr>
<td>a. Dependent Variable: Competitive advantage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results from Table 3 indicate that the coefficient of determination (R\(^2\)) was 0.745. This implies that 74.5% variation in competitive advantage can be explained by employee behaviour. This is a very large percentage of competitive advantage which can be explained by employee behaviour, with only 25.5% of the variation being explained by other factors not considered in this model.

Table 3 further indicates that the regression model predicts the dependent variable significantly well. This is because from the ANOVA model, the p-value is 0.000 (F = 350.292). The F-distribution value at 350.292 is very large.

From the coefficients section, the results indicate that employee behaviour had a large positive contribution with a beta (β) value of 0.863 to a unit of competitive advantage. Finally, from the coefficients section, the results indicate statistically significant results with a p-value of 0.000 (t-value = 18.716). Based on these results, the
regression model based on the standardized beta coefficient is fitted thus: $CA = 0.835 + 0.863EB$.

The fourth step in the mediation process is where both the independent variable and the mediating variable are used to predict the outcome variable. The regression results in Table 4 show the combined influence of strategic planning and employee behaviour on competitive advantage.

Table 4: Composite influence of Strategic Planning and Employee Behaviour on Competitive Advantage

<table>
<thead>
<tr>
<th>Model Summary</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.867*</td>
<td>.751</td>
<td>.747</td>
<td>.15745</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Strategic planning, employee behaviour

<table>
<thead>
<tr>
<th>ANOVA*</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>8.916</td>
<td>2</td>
<td>4.458</td>
<td>179.839</td>
<td>.000b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>2.950</td>
<td>119</td>
<td>.025</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>11.866</td>
<td>121</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive advantage

<table>
<thead>
<tr>
<th>Coefficients*</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig-p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.459</td>
<td>.280</td>
<td>1.638</td>
</tr>
<tr>
<td></td>
<td>Strategic planning</td>
<td>.125</td>
<td>.071</td>
<td>.091</td>
</tr>
<tr>
<td></td>
<td>Employee behaviour</td>
<td>.768</td>
<td>.048</td>
<td>.822</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive advantage

The results from the model summary in Table 4 show that $R^2$ was 0.751. This implies that strategic planning and employee behaviour can explain 75.1% variation in competitive advantage. This is a very large percentage of competitive advantage explained and leaves only 24.9 percentage to be explained by other factors not considered in this model.

From the ANOVA model, the p-value is 0.000 while the F value is 179.839. These parameters indicate that the regression model predicts competitive advantage from strategic planning and employee behaviour very well. From the coefficients section, the results indicate that employee behaviour had a large positive contribution to a unit of competitive advantage with a beta ($\beta$) value of 0.822. Strategic planning had a small positive contribution to a unit of competitive advantage with a beta ($\beta$) value of 0.091. The results in the coefficients section further indicate statistically significant results with a p-value of 0.000 ($t$-value = 16.053). Based on these results, the regression model based on the standardized beta coefficient is fitted thus: $CA = 0.459 + 0.091SP + 0.822EB$.

The summarized results of the four mediating steps, that is, strategic planning influences competitive advantage, strategic planning influences employee behaviour, employee behaviour influences competitive advantage and both strategic planning and employee behaviour influence competitive advantage are shown in Table 5 below:

Table 5: Summary of Combined Mediating effect of Employee Behaviour

<table>
<thead>
<tr>
<th>Step</th>
<th>Variable Description</th>
<th>Summary model</th>
<th>ANOVA</th>
<th>Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>R</td>
<td>R$^2$</td>
<td>F</td>
</tr>
<tr>
<td>1</td>
<td>SP predicts CA</td>
<td>0.462</td>
<td>0.213</td>
<td>32.49</td>
</tr>
<tr>
<td>2</td>
<td>SP predicts EB</td>
<td>0.451</td>
<td>0.203</td>
<td>30.655</td>
</tr>
<tr>
<td>3</td>
<td>EB predicts CA</td>
<td>0.863</td>
<td>0.745</td>
<td>350.292</td>
</tr>
<tr>
<td>4</td>
<td>SP and EB predict CA</td>
<td>0.867</td>
<td>0.751</td>
<td>179.839</td>
</tr>
</tbody>
</table>

SP - Composite index of Strategic Planning
EB - Composite index of Employee Behaviour
CA - Composite index of Competitive Advantage

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

The results in Table 5 indicate that significant results were obtained in steps 1, 2 and 3. This means that strategic planning predicts competitive advantage as well as employee behaviour. Besides, employee behaviour predicts competitive advantage and in a very big way as demonstrated by the parameters in Table 4.3 ($R^2 = 0.745$, $F = 350.292$, $\text{sig } F = 0.000$, constant = 0.835, $\beta = 0.863$, $t$-value = 18.716 and $\text{sig } t = 0.000$). On step 4, the last condition is determined by the parameters under the coefficients. It is evident that strategic planning is not statistically significant with a $p$-value of 0.079 ($t$-value = 1.772) while employee behaviour with a $p$-value of 0.000 ($t$-value = 16.053) is statistically significant. Therefore, step 4 fulfils conditions three in the first rule. All the three conditions in the first rule are met and therefore employee behaviour completely mediates the strategic planning and competitive advantage relationship.

These results confirm hypothesis $H_1$ and lead to the conclusion that employee behaviour has a significant influence in the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya. In fact, employee behaviour completely mediates the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya.

5. Discussion and Conclusion

The objective of the study was to determine the influence of employee behaviour on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya. This objective corresponded with the hypothesis which stated thus; employee behaviour significantly influences the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya. The results of this study were that employee behaviour completely mediated the relationship between strategic planning and competitive advantage according to the conditions of mediation set out by Baron and Kenny (1986).

“In a simple mediation model with one mediator, full mediation suggests that a researcher has completely explained the process by which the independent variable influences the dependent variable and there is no need to test for further indirect effects” (Rucker, Preacher, Tormala & Petty, 2011, p. 367). The results of the hypothesis imply that it is impossible to achieve the objectives set out in the strategic plan unless employees’ behaviour is strategically aligned to the strategy. These results confirm the findings of Cees et al. (2009, p. 1197) “who found that there was a positive relationship between stimulating strategically aligned behaviour from employees, and achieving the objectives of the strategic plan.” The results also confirm Locke’s (1978) goal setting theory assertion that providing employees with clear and difficult goals increase their motivation and performance thus enhancing competitive advantage. The results of the hypothesis also confirm the findings of Irefin and Mechanic (2014), who established that employee commitment affected organizational performance.

It has been found out that the commitment of employees to the organization enhances the success of that organization because it makes the employees be devoted to achieving its goals (Grawe et al., 2012). It has also been noted that high levels of dedication play a big role in cultivating favourable attitudes and behaviours in organizations (Chungtai & Zafar, 2006; Sinclair et al., 2005). Employee commitment can benefit an organization in several ways including improved performance, reduced absenteeism and turnover resulting to sustained productivity.

Commitment to an organization is positively related to desirable outcomes such as motivation (Mowday, Porter & Steers, 1982) and attendance (Mathieu & Zajac, 1990) and is negatively related to outcomes such as absenteeism and turnover (Clegg, 1983; Cotton & Tuttle, 1986). Employees with a high level of organizational commitment provide a secure and stable workforce (Wiener & Gechman, 1977) and thus providing competitive advantage to the organization. The results of this study have confirmed the value of high levels of commitment, dedication and cultivating favourable attitudes and behaviours as the main determinants of sustained competitive advantage in the organization.

This study has further confirmed the findings of Meyer and Allen (1991, 1997) who found that organizational commitment was a multi-dimensional construct comprising three distinct attitudinal components. The three attitudinal components are affective commitment, continuance commitment and normative commitment. These three components combined had the greatest impact on employee behaviour in this study. Normative commitment was found to be of highest impact among the three organizational commitment constructs in this study. This differed with other studies conducted earlier, which seemed to put emphasis on affective commitment more than the other two constructs (Meyer & Allen, 1991, Mowday et al., 1982).

The objective of the study was to determine the influence of employee behaviour on the relationship between strategic planning and competitive advantage of large manufacturing firms in Kenya. The hypothesis developed to test this objective was whether there was a mediating influence of employee behaviour on the relationship
between strategic planning and competitive advantage. The results obtained indicated that employee behaviour fully mediates the relationship between strategic planning and competitive advantage. This is after the four conditions necessary for a full mediation to take place suggested by Baron and Kenny (1986) were fully met. These findings inform senior managers of large manufacturing firms that they need to focus on employee behaviour if they want to maximize on their results from the strategic planning process.

The results of the study contributed to strengthening the existing body of literature by confirming empirically that strategic planning influences competitive advantage of large manufacturing firms both directly and indirectly through the mediating variable. The anchoring theory/typology of Michael Porter’s competitive advantage (1990) was confirmed. Porter (1990) has argued that the foundation for above average performance within an industry is sustainable competitive advantage, which can be achieved through cost leadership, differentiation or focus. The goal-setting theory (Locke & Latham, 1990, 2002, p.705) used to support employee behaviour was confirmed. Besides, the dynamic capabilities theory (Teece et al., 1997), which underscores the deployment of the capabilities of the organization so as to attain a higher-level performance, was confirmed as supporting employee behaviour among other aspects.

6. Implications of the Study
The study has confirmed the theories on which it was anchored. These theories were Michael Porter’s competitive advantage typology/theory, resource based theory and dynamic capabilities theory, all of which support competitive advantage. The other theory which was confirmed was the goal setting theory supporting employee behaviour.

The results of the study will assist policy makers in making sound decisions regarding which variables to focus on in order to achieve sustainable competitive advantage. The findings from this study have indicated the significance of employee behaviour in mediating the influence between strategic planning and competitive advantage. The government can use the results to develop policies on which courses to emphasize in order to enhance the labour relations laws and regulations.

Managers should be explicitly aware of the contribution of employee behaviour in the success of the strategic plan. They should know that the employees’ behaviour has a big mediating role between the strategic plan and output expected, which in this study was competitive advantage.

The descriptive cross-sectional design was deemed appropriate because it covered the objective of the study, the scope, the nature of data that was collected and the type of analyses performed (Saunders et al., 2012). The number of valid questionnaires returned and analysed were 122 giving a success rate of 98.4%. Because of the large number of valid questionnaires returned, it was possible to make inferences from the results obtained after using regression analyses to test the relationships among the study variables and therefore the results can be generalized across different contexts.

7. Acknowledgements
I wish to convey my special sincere gratitude to my supervisors, Prof. Zachary B. Awino, Prof. Peter Owoko K’Obonyo and Prof. Ganesh P. Pokhariyal for their tremendous support, guidance and encouragement as I did this study. I would like to thank them for being patient with me during the many hours of consulting them that enabled me to reach the final stages of the program. The many hours they spent critiquing, correcting and giving me wise counsel on how to proceed have enabled to get this far. My supervisors were truly patient with me and I would like to thank them very much.

References


