Managerial Competencies and Firm Performance in the Furniture Manufacturing Sector in Kenya

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Purpose: The study aims to examine the contribution of managerial competencies with indicators, namely leadership, employee development, decision making, succession planning and governance to the performance of the furniture manufacturing sector with firm size and firm age as a moderating variable.

Design / Method / Approach: The study adopted a descriptive and explanatory research design of which a sample of 280 licensed firms was randomly selected. Structured questionnaires were distributed to the managers and a factor analysis was used to reduce the number of variables and find out the underlying constructs while the analysis of moments of structures was applied to develop a theory.

Findings: The study found that managerial competencies and firm performance had a positive and statistically significant contribution. The moderating effect of firm size and age on firm performance was found negative predicting that the variable had no moderating influence on firm performance.

Theoretical Implications: This study concludes that to enhance firm performance measured in terms of profitability and growth there is need to manage and sustain firm performance based on leadership, employee development, decision-making, succession planning and governance to create competitive advantages through an effective strategy implementation process.

Practical Implications: This study will not only add value to the existing body of knowledge in strategic management practice but also point out that while implementing the strategy, CEOs and senior managers should consider these factors in order to improve firm performance.

Originality / Value: This study is unique since it provides an expansion of the conceptualization of a managerial competency framework.

Research Limitations / Future Research: The study findings are solely based on the views of managers/owners and therefore, the results are prone to managers’ bias. Thus, more studies should incorporate other stakeholders, namely consumers, suppliers and dealers. The study is only based on furniture manufacturing firms in eight counties and therefore, generalizability of the findings could be limited to only the eight counties. Thus, more studies should be carried out to include other counties making the study more national.

Paper type: Empirical

Keywords: leadership, employee development, decision-making, succession planning, governance and management systems.

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Управлінські компетенції та ефективність діяльності фірми в секторі виробництва меблів у Кенії

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Мета роботи: Дослідження має на меті вивчити вплив управлінських компетенцій за допомогою таких індикаторів, як лідерство, розвиток співробітників, прийняття рішень, планування спадкоємності та управління, на результати діяльності сектора виробництва меблів із розміром фірми та віком фірми як модеруючою змінною.

Дизайн / Метод / Підхід дослідження: У дослідженні було використано описовий та пояснювальний методи дослідження, для якого випадковим чином було відібрано вибірку з 280 ліцензованих фірм з виробництва меблів. Менеджерам було запропоновано заповнити структуровані анкети; факторний аналіз використовувався для зменшення кількості змінних і виявлення основних змінних, а аналіз моментів структур використовувався для розробки теорії.

Результати дослідження: Дослідження показало, що управлінські компетенції та результативність фірми мали позитивний і статистично значущий внесок. Помірний вплив розміру та віку фірми на результативність фірми було виявлено негативним, передбачаючи, що зміна не мала пом'якшувального впливу на результативність фірми.

Теоретична цінність дослідження: У цьому дослідженні робиться висновок, що для підвищення ефективності фірми, виміряної з точки зору прибутковості та зростання, необхідно керувати та підтримувати роботу фірми на основі лідерства, розвитку співробітників, прийняття рішень, планування спадкоємності та управління, щоб створити конкурентні переваги за допомогою ефективного процесу реалізації стратегії.

Практична цінність дослідження: Це дослідження не тільки додає цінності наявним знанням у практиці стратегічного управління, але також вкаже, що під час реалізації стратегії генеральні директори та керівники вищих етапів повинні враховувати ці фактори, щоб покращити результати діяльності фірми.

Оригінальність / Цінність дослідження: Це дослідження унікальне, оскільки воно розширює концепцію системи управлінських компетенцій.

Обмеження дослідження / Майбутні дослідження: Результати дослідження грунтується вилючно на поглядах менеджерів/власників, тому результати схильні до упередженості менеджерів. Таким чином, додаткові дослідження повинні включати інших зацікавлених сторін, а саме споживачів, постачальників і дилерів. Дослідження базується лише на фірмах з виробництва меблів у восьми округах Кенії, тому узагальнення результатів може бути обмежено лише вісімма округами. Таким чином, слід проводити більше досліджень, щоб включити інші округи, щоб зробити дослідження більш національним.

Тип статті: Емпіричний

Ключові слова: лідерство, розвиток співробітників, прийняття рішень, планування спадкоємності, управління та системи управління.
1. Introduction

To be successful and remain in business, both profitability and growth are important and necessary for a firm to survive and remain attractive to investors and analysts. Profitability is, of course, critical to firm’s existence, but growth is crucial to long-term survival. Firm performance is measured by the degree of satisfaction on the levels of profitability and sales turnover. Growth for business is essentially an expansion, making a firm bigger, increasing its market and ultimately making it more profitable. Measuring growth is possible by looking at some pertinent statistics, such as overall sales, number of staff, market share and turnover (Barnut, 2012; Rylko, 2015).

The manufacturing sector is viewed as the key to addressing the unemployment challenge in Kenya and transforming the country into an industrialized nation status. Being an agricultural country, furniture manufacturing presents the best opportunity for growing the manufacturing sector. Unfortunately, the manufacturing sector has an underperformed failing to realize its full potential due to low skill levels and lack of technological capabilities. It is also contended that firm level research that would facilitate efficient and effective resource mobilization, allocation and utilization, as well as encourage firm growth and socio-economic transformation, is lacking among manufacturing firms. Therefore, managerial competencies are considered the best way to promote the stagnating furniture manufacturing sector because value creation results in a better-balanced economic structure and increased competitiveness is the route towards import substitution and export promotion (Berkó O. Damouth, 2015).

The world economy has been globalized due to technological advances, scarcity and abundance of resources in many parts of the world, plus moving knowledge and expertise in the current knowledge-based economy. These trends pose a competitive world in doing business for many firms in many countries. Companies are engaging a sustainable competitive approach and technology strategy to effectively manage their resources. The business environment is becoming more uncertain and unpredictable for both profit and non-profit organizations. Hence, managers and leaders of various firms must think, learn and act strategically (Almajali, Masd'ah, & Tarhini, 2017). An evident approach with wide-range planning techniques like a strategic management process must be adopted in order to adapt environmental changes.

According to Alemez, Tarhini, and Sharma (2015), an organization’s strategy is a plan that is implemented to achieve the objectives by conducting operations, staking out a market position, competing successfully by attracting and satisfying customers in the marketplace. The central thrust of a company’s strategy is the undertaking of moves to build and strengthen its long-term competitive position and financial performance by gaining a competitive advantage over rivals by earning a company above-average profitability (Obeidat et al., 2017). Implementing an organization strategic plan is more important than its strategy (Balarezo & Nielsen, 2017). Strategy implementation is important because failure to actualize the strategy can render opportunities lost. Sadly, majority of the organizations that have strategic plans fail to implement them (Getz & Lee, 2011). It is noted through a review of published literature that many organizations do not succeed in implementing more than 70 per cent of their new strategic plans (Miller, Wilson, & Hickson, 2016), and 30 per cent fail to achieve anything at all. Further, nine out of ten organizations fail to implement their strategic plans for many reasons. Accordingly, the focus in the field of strategic management has now shifted from strategy formulation to strategy implementation.

According to Obeidat et al. (2016a, 2016b), lack of implementation creates problems in maintaining priorities and achieving organizational goals. Given these facts, a strategy implementation task is commonly the most complicated and time-consuming part of the strategic management process. A key cause of missing strategic goals is due to managers’ inability to invest the same amount of time, energy and resources in managing the implementation process of a strategy as they do in the formulation of the strategy. They also do not realize that managing strategy implementation activities requires well-orchestrated management processes and they need to go beyond the routine course of business processes to make it happen. To enhance the probability of successful strategy implementation, it is necessary to identify and analyze the most important and effective factors in strategy implementation in terms of relations and interactions among them. This study focuses on the operational factors that contribute to strategy implementation within the furniture manufacturing sector in Kenya. Most of the previous studies have focused on the first stage of a strategic decision-making process and there is insufficient literature concerning the implementation process of an organization’s strategy and only what analyzes the factors of a strategy implementation stage (Miller et al., 2016). Moreover, owing to these turbulent circumstances, the furniture manufacturing sector in Kenya has become increasingly competitive. The environment is very dynamic, uncertain and continuously changing. These circumstances have forced most small and medium firms to adopt more effective, unique and innovative strategies to maintain and improve their performance in order to gain a larger portion of the market share (Kenya Association of Manufacturers, 2018).

2. Theoretical Background

2.1. Theoretical Literature

The resource-based view was adopted for this study to explain the influence of managerial competencies on firm performance. The resource-based view of strategic management (RBV) theory was introduced by Penrose (1959) as being the inside-out perspective of a firm, as a “pool of resources” attributing to its competitive advantage. Later on, the theory was further developed by several researchers such as Grunt and Verona (2015). The resource-based view theory is based on two assumptions; first, the heterogeneous base of firms’ resources and internal capabilities, and second, their distinctiveness to encourage firms’ competitive advantage via resource immobility. The RBV theory points out that firms’ competitiveness even in the same industry varies based on firms’ resources and capabilities (Barney, Ketchen, & Wright, 2011; Barney et al., 2012). A firm’s strategic resources include tangible resources such as human, physical and financial components and intangible resources such as brand name, reputation, innovations and knowledge. For the wood products industry, in a case study of Finnish large and medium sawmills, the business success of case sawmills was strongly impacted by four intangible resources including personnel, collaboration, technological know-how, reputation and services and two tangible resources including raw materials and geographic location.

Resources in a firm can be either internal or external to the firm and may be acquired or already owned by the firm (Kush et al., 2014). The process through which a firm coordinates and deploys these resources will eventually affect its competitive advantage. Furthermore, as an extension of the resource-based-view theory, Teece (2014) introduced a dynamic capability view to emphasize the necessity of resources to, firstly, adapt to business context and, secondly, adapt to dynamic environmental conditions in order to maintain a firm’s sustained competitive advantage. In other words, dynamic capabilities reflect firms’ adaptability responding to rapidly changing business environment.

According to Okumus (2003), leadership is crucial for using process factors and manipulating the internal environment to create a context receptive to change. The key issues considered here include the actual involvement of the CEO in the strategy formulation and implementation process, the level of support and backing from the CEO to the new strategy until it is completed, and the open and covert messages coming from the CEO about the
project and its importance. The third group includes organizational processes that incorporate operational planning. This is the process of initiating a project and operational planning of implementation activities and tasks. Issues dealt with include preparing and planning implementation activities, participation and feedback from different levels of management and functional areas in preparing operational plans and implementing activities, initial pilot projects and knowledge gained from them, and the time scale for making resources available and using them. The second key variable in an organizational process is resource allocation which ensures that all the necessary time, financial resources, skills and knowledge are made available.

H1: There is a positive relationship between managerial competencies and the performance of the furniture manufacturing firms in Kenya. The research studies and articles focusing on the study of the relationship between managerial competencies and organizational performance are scarce. While the possession of a set of managerial competencies is touted as a precondition for economic growth and survival of business (Königová, Urbancová & Fejfar, 2012; Tahmásb, Níkodími & Mirváziří, 2014). H2: There is a moderating relationship between firm size and firm age and the performance of the furniture manufacturing firms in Kenya. Vanpoucke et al. (2014) showed that firm size could influence the implementation of corporate environmental practices because larger companies have more resources to reduce environmental stress than smaller companies. Some scholars agreed that the age of a firm would likely determine the growth of the firm. They claimed that a critical level a company would go through would decrease over time, whereas the survival ability would increase along with the age of the firm. Unknown, newly established companies would be normally unable to achieve economies of scale and would have insufficient resources and managerial expertise while time and growth would make them more reliable in coping with such problems. However, previous empirical studies showed that the age of a firm did not provide conclusive evidence in relation to performance. Apart from the studies that analyze the moderating effect of age in different industries/countries simultaneously, there are also studies that are concentrated on one specific. A certain number of researchers also examined differences in firm performance (profitability and/or productivity) at different stages of age (Maja, 2017).

2.2. Empirical Literature

Competencies are a component of human capital and one of the most important assets of an enterprise. They play an important role in strengthening the position of a company in a competitive market. The development of competencies increases the organization’s ability to grow and compete through innovations (Szczepańska-Woszczyńska, 2021). Every business organization needs effective managers to be successful in today’s highly competitive and dynamic business environment. It is very important for a business organization to identify, develop and retain talented people. Every successful and effective manager possesses several competencies that enable him to perform efficiently and effectively at different managerial levels. A competency is essentially a combination of knowledge, skills, behaviors and attitudes that contribute and what a person needs to be effective in a wide range of positions and various types of organizations (Anand, Sharma, & Colmrun, 2016). Competencies of managers determine how a company is managed and also the human capital possessed and, therefore, the competencies of other employees are listed as internal factors that may directly or indirectly affect the activities of economic entities (Ahmad, Halim, & Zainal, 2010). The level of convergence of competencies possessed by managers with the competency needs of an organization arising from its specific character will determine the effectiveness of an implemented strategy.

According to Ogaj & Kimiti (2016), leadership is indicated by human capital, and ethical practices affect directly company’s performance demonstrated by the growth rate and return on sales, and that leadership also affects company’s performance indirectly through innovation. Danisman, Oztunus, and Karadag (2015) highlight that managerial capability has a medium-level effect on organizational performance. For successful strategy implementation, an optimally functioning competent management system needs to be put in place to ensure that the right decisions are made at the right time. According to Tripathi and Agrawal (2014), competency is a cluster of related knowledge, skills and behavior that are linked with effective organization’s performance. It can be measured, evaluated, and developed by training, since employees are able to enhance their skills and ability by performing their jobs and putting them on the challenging tasks since performance and competencies are positively related.

Asumeng (2014), stated that skills and knowledge are behavioral attitudes that mostly predict success, and considered these behaviors are important for any organization thinking strategically and seeking prosperity. According to Königová, Urbancová, and Fejfar (2012), it is the input of persons’ (knowledge, abilities, skills, attitudes and values) measured by the analysis of outputs (real behavior and results), reflecting an organization level in the market and granting a competitive advantage and being considered as an important indicator of organization’s prosperity. A competency resides in individuals and teams with development as its general characteristic. However, since managerial competences are key ingredients in organizational success, they are already highly developed, which implies that minor competence development is unlikely to have any impact on them. Consequently, only major development of improvements is included.

According to Frederick, Kuratko, and O’Connor (2015), there is a tendency to categorize management competence into functional areas. Such categorization is supported by the intrinsic belief that businesses increase their chances of success when managers are competent in core functional areas such as strategy planning, marketing, finance, operations and human resource management. Thus, the survival and growth of a venture requires that an entrepreneur possesses strategy management competences and abilities and shift from an entrepreneurial to managerial style. In so doing, however, certain entrepreneurial characteristics must be retained in order to encourage creativity and innovation. Remaining entrepreneurial while making transition to some of the more managerial traits is vital for the successful growth of a new venture. According to Varlam et al. (2013), managing an enterprise may be the most critical tactic for its future success. Individuals with higher managerial abilities become successful managers and promote a firm growth while marginal managers close down their firms and become workers. After initiation of a new venture, an entrepreneur needs to develop an understanding of management changes. Accordingly, one of the primary ingredients in small business success must be the managerial competence of an owner-manager.

Successful strategy implementation depends on market imperfections and managerial decisions about the resources. A firm may achieve better results not just because it has access to resources but because the core competencies of a firm better utilize these resources. In other words, the quality of management is an important driver of strategy implementation. The most important managerial competence is a strong, confident sense of “what to do” to achieve the desired results. Knowing what to do comes from understanding the circumstances of both an organization and an industry as a whole. This is not about “micromanaging” but about assigning tasks, making sure that people understand priorities, asking incisive questions, staffing and then following up with measurement.

The drivers of managerial competencies are leadership, employee development, decision-making, succession planning, governance and management systems. By taking into account and adjusting these six aspects, it is argued that management can implement a
strategy successfully. The aspects should support the implementation effort enabling a firm to learn from its implementation practice. Hence, the Kenyan furniture sector requires competent managers who are creative with the ability to negotiate and resolve conflicts, motivate employees and have knowledge of the industry with a long-term vision to implement effective changes in order to competitively grow the furniture manufacturing sector.

2.3. Firm Size and Firm Age

Firm level characteristics related to size and age were found to have a moderating effect on organization performance (Akinomiyo & Olagunju, 2012; Papadogonas, 2007). Firm size is a variable that is widely acknowledged to influence firm performance (Hui et al., 2013; Yusuda, 2005). The causal relationship between firm size and performance yielded mixed results in a number of studies but found a positive relationship between firm size and profitability (Hall & Hasan, 2012). Loderer and Waelchli (2010) found that profitability declines as firms grow older, while firms get older, costs rise, growth slows, assets become obsolete and investment and R&D activities decline.

2.4. Firm Performance

The performance of a firm is measured by the degree of satisfaction on the levels of profitability and sales turnover. Growth for a business is essentially an expansion, making a company bigger, increasing its market and ultimately making it more profitable. Measuring the growth is possible by looking at some pertinent statistics, such as overall sales, number of staff, market share and turnover (Bylкова, 2015). Due to the sensitivity of obtaining information related to financial performance, the owners of a firm may not be willing to cooperate or information is unavailable. Performance is a major construct in management because almost every researcher or scholarly attempts to relate their constructs to business firm performance. Performance is also an economic outcome resulting from the interplay among organizational attributes, actions and environment. Performance is mostly measured in financial terms (Barnat, 2012), and it encompasses three specific areas namely: (1) financial performance (profits, return on assets, and return on investment), (2) market performance (sales, market share) and (3) shareholding return (total shareholder return, economic value added).

3. Problem Statement

The government of Kenya recognizes that the performance of the furniture sector is crucial both for the employment and economic growth in the country. Despite the government's initiatives on the development of the furniture manufacturing sector, poor performance is still reported. Rapid technological development has not been fully adopted in the furniture manufacturing sector in Kenya. The production declined sharply when timber supply from natural forests reduced due to the government's bans to sustainably manage the watersheds in the country. Logging bans are still a major source of uncertainty with regard to input supply coupled with historically limited local demand. This has led to lower investment in upgrading technology, expanding manufacturing facilities and updating employee skills. Despite encouraging the market growth, firms that have not invested in serial production facilities or developed necessary networks with other parts of a supply-chain to enable them to produce en-mass, the firms are slowly being edged out of the market as cheap furniture imports from China, Malaysia and the United States of America continue to flood the market (Namale, 2012; KAM, 2017; World Bank 2013, 2014).

The research questions the study sought to answer are:

i. How do managerial competencies contribute to the performance of the furniture manufacturing firms in Kenya?

ii. How do firm age and firm size moderate the contribution of strategy implementation to the performance of the furniture manufacturing firms in Kenya?

4. Data and Method

The study was conducted in eight counties of the furniture manufacturing sector in Kenya targeting at senior-level management, departmental level management and operation-level management placed in strategic positions. The study used a descriptive and explanatory research design. Data was collected using quantitative and qualitative approaches. The research data required was on the two key constructs, namely strategy implementation and firm performance. The research instrument was administered through a drop and pick method. Managers were briefed on the nature of the research, and the instrument structure was measured using 22 items while firm performance was measured using 14 items. The research instrument was a 5-Point Likert scale that required respondents to indicate their opinions on the statements to the extent of the contribution of managerial competencies in strategy implementation to firm performance, and a total of 686 questionnaires were distributed and 572 were received showing a response rate of 83.3% (Hendra & Hill, 2018).

The population was stratified into four groups of a micro, small, medium and large size firm. Slovins’s formula was used to each subgroup which ended up with 910 respondents and a sample size of 686 respondents from all the stratified groups was selected. A probability proportional to size (PPS) was used (Sekaran & Bougie, 2013). A simple random sample (SRS) of the groups was selected to obtain the 280 furniture manufacturing firms that participated in this study. The Yamane (1973) formula was applied in calculating the sample population (n) from the 314 licensed furniture manufacturing firms targeting at senior and departmental heads. So, the 280 firms were the sample population applicable in this formula since the rest of target population, i.e., micro, small, medium and large firms fell in categories of fewer than 10 people of the study. To factor in a non-response, the sample size was inflated by 10% leading to 309 furniture manufacturing firms. The 95% confidence level was selected because it is a standard confidence level widely used in business research (Zikmund, Babin, Carr, & Griffin, 2010). Based on the finite population of the 280 firms, the heads of departments were selected for the quantitative study, and at 5% level of confidence, the sample size was computed according to Slovin’s formula:

\[ n = \frac{N}{1 + N \times \alpha^2} \]  

where \( n \) stands for the total sample size, \( N \) stands for the total population, and \( \alpha \) = 0.05.

This sampling technique segmented the population into four strata in line with the sector as large firms (125), medium firms (183), small firms (329) and micro firms (49). The number of managers selected in each firm was proportional to the population of managers. A micro firm had one manager, a small firm had two managers, a medium firm had three managers and a large firm had four managers. The variables of managerial competencies, firm size and age and firm performance were construe by indicators on a Likert scale, with strongly disagree coded (1), disagree was coded (2), neutral (3), agree (4) and strongly agree was coded (5). Content validity and criterion related to validity were ascertained, and items of the reliability were checked using Cronbach’s alpha coefficient (Cronbach’s, 1951). Factor analysis was used to identify latent factors that were inherent in the observed variables (Watkins, 2018). A principal component analysis was used to collapse a large number of items into fewer interpretable factors by extracting maximum variance. Similar items were combined to come up with constructs (sub-themes). The analysis of moments of structures was used to ascertain if the items in the survey lined up with the construct and to compare the measurement model with the...
structural model in order to build up a theory. The assumptions of multicollinearity, multivariate normality with no outliers and homoscedasticity were checked.

5. Result

The research data was summarized using frequencies and percentages to capture the biographic characteristics of the respondents while descriptive statistics were used to summarize the characteristics of the variables. From table 1, the respondents were male, female and intersex. This implies that males dominate the furniture manufacturing sector in Kenya. The age of the respondents ranged from under 20 years to over 60 years old, and this implies that majority of the senior managers are between the ages of 30 and 40. The level of education indicates that majority are secondary and diploma certificate holders. Education levels affect management practices hence the higher the education level is attained by the managers, the more it is assumed that they can make better decisions to grow a business. Designated positions comprised senior-level management, middle-level management and operational-level management of a firm. The literature and real-life experience have it that it is the CEOs or their representatives who are the chief architects of strategies in organizations. This implies that data was collected from the right sources as presented in Tab. 1.

| Demographic characteristics | Categories       | Frequency | Percentage, % |
|-----------------------------|------------------|-----------|---------------|
| Sex                         | Males            | 465       | 81.29         |
|                             | Females          | 90        | 15.73         |
|                             | Intersex         | 17        | 2.97          |
| Total                       |                  | 572       | 100.00        |
| Age                         | Under 20 yrs     | 11        | 1.92          |
|                             | 21-25 yrs        | 50        | 8.47          |
|                             | 26-30 yrs        | 78        | 13.64         |
|                             | 31-35 yrs        | 86        | 15.03         |
|                             | 36-40 yrs        | 117       | 20.45         |
|                             | 41-45 yrs        | 98        | 17.13         |
|                             | 46-50 yrs        | 73        | 12.76         |
|                             | 51-55 yrs        | 51        | 8.92          |
|                             | 56-60 yrs        | 7         | 1.22          |
|                             | Over 60 yrs      | 1         | 0.17          |
| Total                       |                  | 572       | 100.00        |
| Highest level of education  | Post graduate    | 28        | 4.90          |
|                             | Undergraduate    | 86        | 15.03         |
|                             | Diploma          | 181       | 31.64         |
|                             | Secondary certificate | 201       | 35.14        |
|                             | Primary certificate | 76        | 13.29        |
| Total                       |                  | 572       | 100.0         |
| Designated positions        | Senior level management | 213   | 37.24 |
|                             | Middle level management | 202 | 35.31      |
|                             | Operational level management | 157 | 27.44 |
| Total                       |                  | 572       | 100.00        |

Source: developed by the author

Structural Equation Method (SEM) was used to answer the study objective of examining the contribution of managerial competencies to performance by extracting a relevant set of factors through factor analysis based on factor loadings. The extracted factors were then used to determine the reliability of the components of retained models for both the independent and dependent variables. The SEM model allowed having several diagnostic tests to ensure that the basic assumptions underlying the relevance of the data and the model used were not violated.

5.1. Individual Construct Reliability

From Tab. 2, the construct of managerial competencies was constituted using 22 items in a 5-point Likert scale. The reported reliability for these items was Cronbach’s alpha value of .786 which passed the threshold value of .7. The KMO test statistic reported a value of .786 (Chi-square 2702.325), and Bartlett’s test of Sphericity (df 210) had a p value of .000. The p-value was less than .05. The Test for size and age was estimated using 8 items and had a KMO value of .796 (Chi-square 980.155) and Bartlett’s test of Sphericity (df 21), a p value .000. The p-value was less than .05 (Field & Miles, 2009). The construct of firm performance was constituted using 14 items and had a KMO value of .875 (Chi-square 1455.842), Bartlett’s test of Sphericity (df 78) and a p value .000. The cut-off value for tolerance is not less than .10, while for Variance Inflation Factor is not more than the value of 10 (Pullant, 2020). Tolerance values for items of managerial competencies passed the cut-off (Min .193, Max .707) while for firm size and firm age (Min .216, Max .635), and firm performance tolerance values passed the test (Min .216, Max .846). Managerial competencies had a variance inflation factor score of minimum 1.145 and maximum 5.193, while firm size and firm age (Min .574, Max 4.635), and firm performance had a score of minimum 1.182 and maximum of 4.635, all were within the acceptable range of values. A Likert scale used was and rated from 1-5 where: strongly disagree (1), disagree (2), neutral (3), agree (4) and strongly agree (5).

After applying managerial competencies to Principal Component Analysis, six themes emerged. The managerial competencies had Eigenvalues of 4.572 and 1.109 and cumulative variance of 56% (Hair et al., 2021). Firm size and firm age had Eigenvalues of 3.006 and 1.169 and cumulative variance of 60%. Firm performance had Eigenvalues of 3.615 and 1.002 for the themes and cumulative variance of 56%. This implies that six indicators of managerial competencies accounted for 56% of variance while two indicators of firm size and firm age accounted for 60% of variance and four indicators of firm performance accounted for 56% of variance (Tab. 3).
5.2. Findings on Research Questions

To answer the questions of managerial competencies, the study carried out a number of operations to transform the data through the application of the Structural Equation Modeling (SEM) model that requires one to perform several procedures. This original data was screened to remove multivariate outliers by examining the Mahalanobis distances. 256 outliers were removed out of 686 cases and 430 remained cases were reasonable and within the acceptable range for a researcher to generalize the findings (Kline, 2011; Schumacher & Lomax, 2010; Zikmund et al., 2010). KMO and Bartlett’s Test for the factor analysis of managerial competencies were carried out to reduce the items of managerial competencies and was construed to use 21 items to identify a suitable measure and had a value of .786 and Chi-square 2702.325, p < .001. The p-value was less than .05, and this result confirmed that the construct of managerial competencies could be factor analyzed (Bartlett, 1954; Kaiser, 1974; Field, & Miles, 2009).

Factor Analysis Rotated Component Matrix for Managerial Competencies

Based on a rotated component matrix, the six themes were selected for creating the index. Theme one of the statements of firm’s succession planning enhancing an employee job security had the highest factor loading of .857. The statement encouraging the formation of competent management teams. This statement had the highest factor loading of .761, and the firm’s statement that the firm enhances commitment and ownership of decision making had the lowest factor loading of .649. Another statement is that the firm has a policy framework for a factor load of .713. Theme three “Decision-making” contains the statement of the board that supports socially responsible management practices of the firm had the highest factor loading of .676, and the statement of the firm that has a comprehensive human resource policy framework and procedures had the lowest factor loading of .656. Theme four “Succession planning” has only one statement of the firm that says that the firm has well-established levels of authority in business with a factor load of .535. Theme five of governance statement of the firm established plans and Age on operations had a factor loading of .784.

Factor Analysis Rotated Component Matrix for Firm Size and Age

The study found that two themes could be used to create a summed score of size and age. Based on the rotated component matrix, the two themes selected for creating the index are: theme one “Size” contains the statement about more flexible and active search for market opportunities had a factor loading of .825, and the firm’s statement about a high sales growth was the lowest with a factor loading of .696. Other statements of the firm have a long-term vision guiding the succession implementation of a factor loading of .810, the firm formulated a strategic succession system of .707. Theme two “Employee development” deals with the firm’s statement encouraging the formation of competent management teams. This statement had the highest factor loading of .761, and the firm’s statement that the firm enhances commitment and ownership of decision making had the lowest factor loading of .649. Another statement is that the firm has a policy framework for a factor load of .713. Theme three “Decision-making” contains the statement of the board that supports socially responsible management practices of the firm had the highest factor loading of .676, and the statement of the firm that has a comprehensive human resource policy framework and procedures had the lowest factor loading of .656. Theme four “Succession planning” has only one statement of the firm that says that the firm has well-established levels of authority in business with a factor load of .535. Theme five of governance statement of the firm established plans and Age on operations had a factor loading of .784.

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Theme two ‘Age’ has the firm’s statement about benefits from experience and reputation. This statement had the highest factor loading of .776 while the statement of firm’s total assets, which had increased over the last five years, was the lowest with a factor loading of .658.

Factor Analysis Rotated Component Matrix for Firm Performance
The study found that four themes could be used to create a summated score of firm performance. Based on the rotated component matrix, the four themes extracted were: the statement that the quality of products had improved tremendously had the highest factor loading of .804 while the firm’s statement about a sufficient cash flow from operations had the lowest factor loading of .627. Other statements about firm’s capital investment that had an influence on the firm’s performance had a factor loading of .797, and the firm that had launched new products over the last five years had a factor loading of .626. Theme two deals with the firm’s statement about new customer acquisition, which had been on the rise, was the highest and had a factor loading of .694 while the firm’s statement about reduced defect rates was the lowest with a factor loading of .643. Theme three deals with the statement about market share that had been increasing had a factor loading of .721. Theme four contains the statement that the firm was satisfied with the returns from asset investment, this statement had a factor loading of .744.

5.3. Model Fit Statistics
The study found that managerial competencies and firm performance had a positive and statistically significant contribution at .05 level of significance without being moderated by size and age of a firm. This was depicted by the significance of the standardized regression coefficient of a managerial competency hypothesized path ($\beta = 1.94$, S.E. .513, C.R. 3.781 and $p$-value <.05). Therefore, the alternative hypothesis that managerial competencies have a positive and statistically significant relationship between strategy implementation and firm performance was accepted at .05 level of significance while the hypothesis that firm size and firm age have a negative relationship between strategy implementation and firm performance was rejected. Therefore, a unit increase of managerial competencies leads to 1.94 increase in firm performance as presented in Fig. 1.

Figure 1. Managerial competencies of a structural model contribute towards firm performance

Source: developed by the author

6. Discussion
The managerial competencies construct consisted of leadership, employee development, decision making, succession planning and governance, and management systems to implement a strategy effectively to improve operations. The study found that the respondents ranked the highest leadership sub-construct with succession planning which enhances employee job security as the most important one of the leadership actions. With a long-term vision guiding succession implementation and formulation of a strategic succession system, a policy framework guides succession planning.

Succession planning involves preparing new leaders to take over organizations after leaders leave (Florea, Cheung, & Herndon, 2013). A national survey of 413 NPOs conducted by researchers at Nonprofit HR (2014) indicated that 33% were operating with a succession plan in place, while another 14% were at the implementation stage. The results from the study revealed that leaders of one in three organizations had identified their new leader through succession planning (Theus, 2012), and also found that the respondents ranked succession planning as the most important strategic leadership role.

Employee development is a managers’ key responsibility to ensure that employees have all the required skills and abilities to perform strategy implementation tasks by encouraging the formation of competent teams guided by a policy framework to enhance commitment and ownership of decision-making before, during and after a strategy implementation program. Chang, Gong & Shum, (2011) conducted a study of hotels and restaurants in China, researchers found that training customer-contact employees to possess multiple skills was significantly related to both incremental and radical innovation. If firms are to responsive to the changes in their market and business environment, they will need to identify the type of staff and the skills they require in the future, and these may be different to those in the past (Meyer, 2005). This process is identified as an important and often over-looked function in many industries. It helps identify roles, individuals and competencies that are leaving (Bersin & Associates, 2007).

The best-formulated strategies may fail to produce superior performance for a firm if they are not successfully implemented, Noble (2000). Effectiveness of strategy implementation is, at least
The board of directors needs to support socially responsible management practices in line with a strategy implementation process. A study conducted by Dennis (2017) investigated social responsibility strategies in Brazil, and the findings were that consumers have positive attitudes and higher purchase intent from companies that demonstrate more socially responsible actions (Hwang & Kandampully, 2015; Öberseder et al., 2015).

A comprehensive human resource policy framework provides an understanding of what is expected of each employee during the strategy implementation process. Managers require competencies to enable them to establish levels of authority in business to facilitate firm direction. Kubiye (2019) investigated profit and non-profit organizations, and the study findings revealed that an effective strategic plan should be built on organizational strengths and take advantage of opportunities while overcoming or mitigating against the weaknesses and threats business faces. It should, however, be noted that having a strategic plan does not always guarantee success, but a well-crafted, innovative and creative plan that is well executed will guarantee success.

Communication and information systems are strategic assets which boost firm performance to a higher level, improves business processes and pilots changes in the function of the environment. Effective business management systems help to align a firm strategy and annual objectives with daily actions, monitor progress and prompt corrective actions. It guides and empowers managers and employees to drive process improvements every day.

The existence of a proficient management system to oversee operations supports a strategy implementation process and improves firm performance. Accordingly, organizations that exhibit a consistent strategic intention will allocate their resources effectively and engage in competitive activities that help achieve their objectives through the choices of IT systems and capabilities (Thompson et al., 2015). As the strategic role of IT increasingly shifts from supporting organizational practices to enabling bold organizational change (Nolan, 2012; Ward, 2012), understanding how and why it becomes locally embedded in a particular way is a growing concern.

This presents a strong case of the contribution of managerial competencies at the level of the board, CEOs and departmental managers to strategy implementation in the furniture manufacturing sector in Kenya extending the existing body of knowledge. Therefore, it can be inferred that managerial competencies in strategy implementation contributes to firm performance in the furniture manufacturing sector. The sub-themes extracted from firm size are economies of scale, flexibility in seeking market opportunities and high sales growth. Firm age is experience and reputation, increased assets, and they cannot moderate the contribution of strategy implementation to firm performance. This implies that all firms whether young or old, small, medium or large in size engage and participate in strategy implementation. Success of business initiatives cannot be pegged on age or size. Any firm can succeed in a strategy implementation process and achieve superior performance whether young or old, micro, small, medium or large so long as proper attention is given to innovation capability through leadership, employee development, decision making, succession planning and governance. The extracted firm performance sub-themes were improved product quality, capital investment influence on firm performance, new products launched by a firm and a sufficient cash flow from operations, rise in customer acquisition, a reduced defect rate, increased market share and satisfactory return on assets if the strategy implementation process is effectively managed by the furniture manufacturing firms by developing strong managerial competencies.

7. Conclusion
The study concludes that to enhance firm performance in the furniture manufacturing sector, CEOs and managers need to pay attention to leadership, employee development, decision-making, succession planning and governance when implementing a business strategy. To provide a clear direction of how the strategy implementation process can be improved to create a competitive advantage in the sector, managers must constantly monitor, evaluate and adjust their strategic initiatives. The study findings are solely based on the views of managers/owners and, therefore, the results are prone to managers’ bias. Thus, more studies should incorporate other stakeholders, namely consumers, suppliers and dealers to present more objectivity in findings, and since the study was only conducted on furniture manufacturing firms in eight counties, generalizability of the findings could be limited to only the eight counties. Thus, more studies should be carried out to include other counties making the study more national.

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9. Competing interests
The authors declare that they have no competing interests.

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