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Njeri Kibui

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Intangible Resources and Organizational Performance of Food and Beverage Manufacturing Companies in Nairobi County, Kenya

[1*]Njeri Kibui
Catholic University of Eastern Africa

[2]Dr. Anne Kiboi
Catholic University of Eastern Africa

[3]Dr. Elias Mwangi
Catholic University of Eastern Africa

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Abstract

Purpose: This study examined the influence of intangible resources on performance in the food and beverage manufacturing firms in Nairobi County. The study further sought to examine the relationship between company reputation, organizational structure, human capital, innovation capabilities and performance among food and beverage manufacturing industry in Nairobi County.

Methodology: A descriptive survey research design was adopted in the study. The target population included 45 Large-Scale food and Beverage Manufacturing Companies in Nairobi County, Kenya. The unit of analysis was the food and beverage manufacturing company whereas the unit of observation was the managers of the companies. Census sampling method was used in selecting all the respondents to participate in the study. Questionnaires was used for collecting data. A pilot study was done to determine the questionnaires' validity and reliability. The collected data was analyzed quantitatively using both descriptive and inferential statistics. Statistical Package for Social Sciences was used to summarize the descriptive data into frequencies and percentages, which were then displayed using figures, tables, and charts. Multiple regression analysis was used to examine the inferential statistics. The inferential analysis assisted in establishing the relationship between the study variables, as well as in drawing findings and making recommendations for the study.

Findings: The study found that the components of intangible resources account for 44.7% of the variation in the performance of enterprises in the food and beverage industry. Additionally, company reputation, Human capital, and innovation capabilities had a positive and significant influence on the performance of food and beverage companies. Organizational structure and Performance of Food and Beverage Companies was positive but insignificantly related.

Unique Contribution to Theory, Practice and Policy: Resource Based View Theory, The Global Most Admired Companies (Fortune GMAC) Model, Theory of Human Capital, Mintzberg's Five Structures Model and Schumpeter's Theory of Innovation may be used to anchor future studies in the manufacturing companies**.** The study recommends that management should make more investment in adopting technology and improving their production processes. Additionally, the management should focus on building the capacity of their staff members through regular and consistent training. The organizational policy may also be reviewed so as to include structures that support the overall training and development of the staff members in the company. Besides training, the policies should also be draft to provide clear ways in which the companies can be able to build and communicate their brand to consumers so as to have a better reputation which as observed in the analysis contributes significantly to the improved performance of the food and beverage companies.

Keywords: *Company Reputation, Human Capital, Innovation Capabilities, Intangible Resources, Organizational Structure*

INTRODUCTION

Jawed and Siddiqui (2019) explained that resources are commonly interpreted as either assets or capabilities that might be tangible or intangible. Capabilities are comprised of abilities and accumulated cognition and apprehension practiced through hierarchical schedules. Tangible resources refer to the physical items an organization has, like equipment, raw materials, and facilities (Smith, 2022). Contrary, Zhang (2017) identified intangible asset as a nonmonetary resource without physical substance. Hence, intangible belongings are future monetary benefits controlled by entity as end result of past transactions or different past events, but simply do no longer have a physical form.

According to Inkinen (2015), several indicators do inform the intangible resources of an organization. These include employees' knowledge, structural and organizational arrangements, and valuable relations. These indicators are found to improve the performance and innovativeness of organizations. According to Manuti and de Palma (2018), one of the intangible resources that play a critical role in helping the organization to utilize other resource is the human capital (employees). In agreement with this statement, Manuti and Giancapro (2019) further indicated that human capital is essential for the growth and performance of any organization. From the overall observation on the intangible resource and it influence, this section further unpacked the concept of intangible resource and performance from the global to the local context.

Turkey, Kamasak (2017) included intangible rights as trademarks, service/product reputation, organization structure, human resource management policies, designs and patents, legally protected copyrights, customer service reputation, organizational culture, and company reputation, organizational culture. Kamasak (2017) investigated the comparative contribution of intangible resource (IR) and tangible resource (TR), and capabilities on organization performance depending on the measures of profitability, sales turnover, and market share and established that intangible resources had a significant effect on performance than tangible resources.

Eke (2020) listed intangible assets as goodwill, copyrights, patents, trademark, franchise, brand, and various types of permits. Likewise, Olaoye, Akingbade, and Okewale (2020) noted that intangible assets include but not limited to copyright, trademarks, brand, software and patents in Nigeria. In Ghana, Duho (2022) indicated that intangible and intellectual capital had a positive influence on organizational performance. Additionally, Kengatharan (2019) also noted that intellectual capital does influence positively the performance of firm in Ghana by creating a competitive advantage. Notably, intellectual capital entails the accumulation of all the intangible resources in the organization such as the human capital, innovation, corporate image and reputation, as well as the structure of the organization.

In Kenya, Ndururi (2020) described intangible assets as entrepreneurial, customer, structural, and innovation capitals. Additionally, human resources, organizational culture and structure, reputation, access to information and change readiness have also been identified as indictors of intangible assets. Organizations want to beat their rivals and return the highest profits achievable of the industry in which it is operating. This means that organizations must exploit all the resources that are at their disposal to achieve this. Organizational resources need to integrate into the strategy of a firm to enable it to leverage these resources in beating their rivals and improving their performance (Koehler, 2019). In previous analysis, tangible resources are emphasized whereas intangible resources have relatively gotten limited attention, irrespective of their outstanding role in the triumph of small and medium enterprises (SMEs) (Ying, Hassan, & Ahmad, 2019).

According to Kamasak (2017), empirical intangible resources' research emphasizes on the countries that are already developed and little is known concerning outcomes outside this area like in an emerging market like Kenya. Hence the association between organizational resources and performance in food and beverage producing companies (FBMC) in Nairobi County was rarely evaluated. Moreover, the study concentrated on the company reputation, organization structure, human capital, and innovation capabilities as the independent variables. This is because these variables have been covered by various authors and they emerge to be among the key components of intangible resources in an organization.

Overall, from the review of literature from the global to the local perspective (Duho, 2021; Olarewaju & Muemi, 2021; Reynoso & Figueroa, 2020; Ndururi, 2020; Dal Corso et al., 2019; Kamasak (2017; Tumwine et al., 2016), it is evident that the emerging key indicator of intangible resource revolve around human capital, company reputation, organizational structure, and level of innovativeness. This study therefore adopted these components to form the specific independent variables which were utilized in assessing the intangible resource and its influence on FBMC's performance.

Food and beverage manufacturing sector covers distilleries and breweries producing alcoholic beverages, dairies manufacturing butter and milk, and enterprises producing cocoa and confectionary from beans making it the largest in Kenya. Beer manufacturing has a yearly turnover of $280 million, making it outstanding in the economy. The sector is divided into wine and beer and spirit firms, fish processing firms, beverages, fruits and vegetable processing firms, edible fats and oils processing firms, grain milling firms, and dairy and meat processing firms (Wanja & Odoyo, 2010).

The food and beverage manufacturing industry are one of the most significant industries in the country. This is because the agriculture sector forms the backbone of the country and therefore these industries become handy in transforming the agricultural raw materials into finished and consumable products. Notably, the growing population in cities and towns generated the demand for value added and processed foods and beverages with ease as well as fast preparation techniques (Mutunga & Minja, 2014). Companies in this industry function in a trendy environment and they must establish new approaches and strategies for achieving and improving their overall performance (Muteshi, Awino, Kitiabi, & Pokhariyal, 2017).

The sector is faced by a lot of competition imported and local products and it is important for them to be able to deploy the resources in their organizations to increase their market share (Wood, Williams, & Nagarajan, *et al.*, 2021). A Kenya Association of Manufacturers (2020) report highlighted specific effect of the COVID-19 pandemic on food and beverage firms which included increased cost for making sure proper hygiene requirements were integrated like offering personal, protective equipment (PPEs), for the workforce with most firms encountering very high costs associated to social distancing, security, and hygiene. By leveraging their intangible resources - company reputation, organizational structure, human capital, and innovation capabilities - FBMCs can increase their performance.

Statement of the Problem

Organizational resources (tangible and intangible) are an important component of success for firms in terms of their performance (Aggelopoulos, 2016). This means that the exploitation of intangible resources is a significant part of strategy for firms to match their rivals and increase their presence in their operating industry. Food and beverage processing enterprises in the country operate in a dynamic environment and must develop new strategies to improve their performance and establish a competitive advantage in the marketplace (Muteshi et al., 2017). The industry faces high competition both from local and imported products and it is important for them to deploy intangible resources in their organizations to increase performance (Kalungu, 2013).

The performance of FBMC's has received a lot of challenges. For instance, Nyamah, Opuku, and Kaku (2022) reported that Eurofood (Gh) Limited closed down its operations due to the realizations made that it was producing expired biscuits and maggot-infested flour. Additionally, in 2018, Coca Cola Ghana Ltd revealed a financial loss of about GHS1.7 million as a result of inventory errors. In Kenya, a report presented by KIPPRA (2014), the sector's wage employment proportion had gradually declined from 13.9% in 2008 to 12.8 % in 2012 (KIPPRA, 2014). Additionally, report by World Bank (2022) shows that GDP in the industry has been declining over the years. For instance, between 2008 and 2010, the share declined from 13.9% to 11% and between 2011 and 2012 it declined from 9.6% to 9.2%. More recently, the industry is observed to have declined from 39.74% in 2013 to 37.73% in 2022.

In 2020, the manufacturing sector's real Gross Value Added (GVA) reduced by 0.1% to 2.5% in 2019 due to a massive decline in manufacturing in important subsectors. Food production activities that indication reductions include processed and preserved fish (-3.8%), grain mill products (-6.4%), bakery products (-3.5%), dairy products (-5.7%), beverages (-16.7%), and coffee processing (-12.6%). This shows that beverage manufacture had the highest contraction indicating reduced performance in this segment of manufacturing (Kenya National Bureau of Statistics (KNBS, 2021). The survival and performance of FBMC means that they must use their internal capabilities to navigate turbulent business environment such as the COVID-19 pandemic effects.

There are studies that have been conducted on intangible resources and firm success in the local domain. Ongeti and Machuki (2012) researched on organizational resources and performance of Kenyan state companies finding that intangible resources had an impact on firm performance. Njuguna (2012) examined association among investing in intangible assets and financial performance of commercial banks. Ogango (2014) study on RBV theory in Kenya's cement industry established that some of the intangible assets positively correlated with company performance. Out of these studies, one focused on the manufacturing sector and there is no specific study that explored this relation in the context of the food as well as beverage segment of the manufacturing sector. Hence, there was need for this study to be carried out to fill the gap by examining the intangible resource and how they affected food and beverage manufacturing companies' performance in Nairobi County, Kenya.

Conceptual Framework

Figure 1 shows the dependent an independent variable of the study and the assumed relationship between them. For each of these variables there are indicators which are derived from existing empirical literature to identify measurements and items that have been used by other studies. In the context of this, the different indicators of intangible resources include company reputation, organizational structure, human capital, and innovation capabilities. The company reputation is measured using constructs such as managerial, product, and capability reputation whereas organization structure was measured using hierarchy of authority, degree

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of centralization, and complexity. On the other hand, human capital indicator was measured using training, knowledge and skills aspects. Innovation capabilities as shown in the figure was measured using product, process and marketing innovation aspects respectively. On the other hand, the dependent variable which is performance was measured using annual revenue, customer feedback, and employee satisfaction.

Conceptual Framework

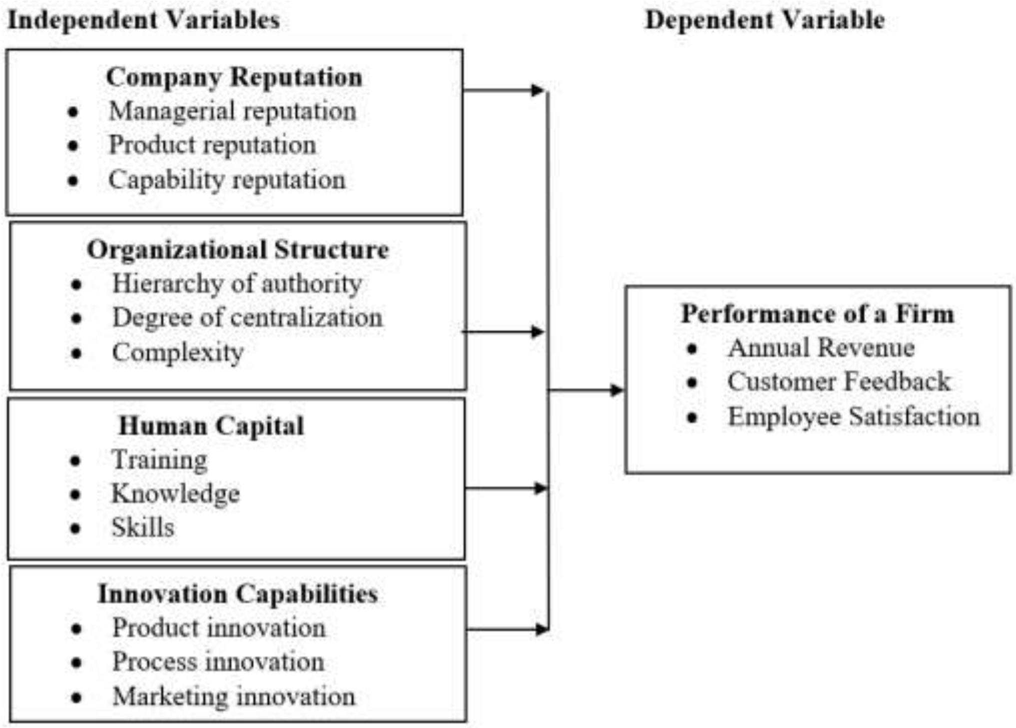

Figure 1: Conceptual Framework

Theoretical Review

Resource Based View Theory

RBV brings out to the limelight the reason behind the success or failure of organizations in the marketplace (Barney, 1986; Prahalad & Hamel, 1990). As per RBV, firm capacities empower a few associations by adding value in the client value chain, fostering development of new objects, or developing into different business sectors. The RBV use the association's assets and capabilities to make long haul competitiveness (Salazar & Armando, 2017). In any case, not a company's all's assets will be vital and hence sources of competitiveness. The RBV fights that these assets ought to be important, intriguing, defectively imitable, and non-substitutable, which are alluded to as the VRIN Measures (Salazar & Armando, 2017).

The firm's valuable resources are those that create strategic value. Resources add value when they help businesses capitalize on market opportunities or mitigate market dangers. There is no benefit to owning a resource if it does not add to or grow the value of the company. Second, unique resources must be tough to find among the firm's existing and future competitors. As a result, resources must be limited or differentiated in order to provide a competitive edge. Resources owned by various businesses in the market cannot provide a competitive advantage since they are unable to establish and implement a differentiated business strategy distinct from the competition.

Imperfect imitability resources make duplicating or replicating these resources impossible. Slowdowns for flawed imitability include challenge in acquiring resources, confusion incompetency and competitive advantage, and/or resource complication. However, firms that lack resources cannot gain them, and the assets that do exist cannot be used to sustain a competitive advantage. Finally, resource non-substitutability means that they cannot be replaced by another resource. In this instance, the competition cannot achieve comparable results by substituting alternative resources. An organization that meets the VRIN criteria for its intangible resources is more likely to improve its performance and attain a competitive advantage.

Organizations can obtain a long-term competitive edge by developing distinctive and valued resources that are difficult to reproduce or substitute. This makes it more difficult for competitors to replicate the firm's competitive advantage, which in turn creates a long-term competitive advantage for the firm (Picincu, 2020). Furthermore, it highlights the significance of internal assets and skills in establishing and maintaining competitive advantage. This encourages businesses to concentrate on developing their own resources as opposed to relying entirely on external variables like economic circumstances or their industry's structure. (Lemamsha, 2022). RBV allows firms to be flexible in their approach to strategy. By focusing on their unique resources and capabilities, firms can adapt to changing market conditions or shifts in consumer preferences. This flexibility allows firms to remain competitive in dynamic and uncertain environments (Picincu, 2020).

RBV has been critiqued for lacking a definite level of analysis; the literature on RBV has mixed up the levels of resource analysis such as culture as a valuable resource. The endogenous concept of resource value has also been criticized by Mosakowski and McKelvey (1997) claiming that it lacks clarity on how we could in future determine whether a resource is valuable or characteristic. Kraaijenbrink, Spender and Groen (2010) critiqued RBV for having narrow concept of competitive advantage to be value and resource. Despite these weaknesses, the RBV was a useful lens for this study to observe the means in which food and beverage manufacturing firms exploit their intangible resources using the VRIN criteria. The RBV also provided a useful approach for beverage firms to be able to identify strategies to compete in their sector by beginning from what they possess internally which is their intangible resources.

The Global Most Admired Companies (Fortune GMAC) Model

The study adopted the Fortune GMAC model of corporate reputation. The theory was utilized in measuring the company reputation variable. The FGMAC shows the most elaborate measures of corporate reputation that have empirical evidence from a global perspective. This is because it includes several industries in its sample and also goes over geographical boundaries unlike the other models mentioned in the review. The model focuses on best performing companies who are the envy of other companies and enterprises and are thus used in this study to measure company reputation.

Human Capital Theory

The study was also informed by Human capital theory that was suggested by Schultz (1961) and expounded on by Becker (1964). The Theory is useful for this study based on the importance of employees and the contribution of their efforts to better performance of a company. Hence this theory supported the variable of human capital as a critical intangible resource that influenced the performance of a company.

Mintzberg's Five Structures Model

The study proposed to adopt the Mintzberg's (1980). The theory explained the role of organizational structure as an intangible resource on the organization performance. It enabled the researcher to assess the extent to which the degree of centralization, complexity and hierechy of the authority may influence the perfromance of the food and beverage companies in Kenya.

Schumpeter's Theory of Innovation

Joseph Schumpeter was an Austrian economist who developed a theory of innovation that emphasized the importance of entrepreneurs in driving economic growth. Schumpeter's theory is known as the "Theory of Economic Development" or the "Theory of Innovation". The theory helps to explain the role of innovation capabilities on the performance of companies. This is because being in the manufacturing sector, it is hypothesized that innovative FBMCs, in terms of the products produced, processes used as well as the overall ways of operation, may achieve positive outcomes.

Empirical Review

In France, Shi (2016) re-examined the relationship between company reputation and financial performance by utilizing a sample of Most Admired Companies by Fortune magazine from 2006–2008. The sample consisted of 333 firms with a total of 614 year obseravtions. Company reputation was measured by quality of services/products, long-term investment, social responsibilities, the use of corporate assets, the quality of management, financial soundness, people management, and innovation whereas fiancial performance was measured utilizing Tobin's Q and ROAs. The outcomes showed a positive and significant relationship among company reputation and market share and this was confirmed by regression analysis. This study was limited to secondary data and did not seek the perceptions of the respondents on market share.

Udayanga (2020) looked on how organizational structure affected the success of small and medium-sized businesses in Sri Lanka. This study looked at the effects in relation to various theories, models, and methodologies. A conceptual model was developed by taking into account both the RBV of the establishment and the Lumpkin and Dess model. A sample of 383 Small and Medium Enterprise (SME) owners was utilized, and data was gathered using a standardized survey questionnaire. In order to assess the measures and test the hypotheses developed on the impact of the primary two constructs, structural equation modeling was done after empirical survey data from the Sri Lankan small- and medium-scale industry was collected. Seven dimensions of organizational structure were used to study the effects, and the results showed that only five of these dimensions—Specialization, Departmentalization, Span of Management, Hierarchy, and Delegation—were positively correlated with business performance. Formalization and coordination had negligible effects on performance. The five organizational structure dimensions therefore demonstrated a statistically significant impact, while the formalization and coordination dimensions demonstrated a statistically insignificant impact. Despite showing the different organizational structures and their influence on performance, the study was conducted in Sri-Lanka. Moreover, it focused on the SMEs in the region whereas the current study concentrated on the FBMCs in Kenya.

In Bangladesh, Rahman and Akhter (2021) examined facets of investment in human capital such as skills of employees, knowledge of employees, education level of employees, and training of employees that impact bank performance. Human capital was measured by training, education, knowledge, and skills while company performance was measured by innovation, product quality, processes, services and products, stakeholder satisfaction, bank's efficiency and effectiveness, and general development. The information was gathered by convenient sampling procedure with a questionnaire administered to 261 participants. Using SEM, findings showed that investment in in training, knowledge as well as skills of the workforce are positively linked to bank performance at <1% and a 5% significance level. Considering geographical gap, the study was done in Bangladesh. Moreover, the sampling method used which was convenience could have been limited to the researchers' perspectives or point of views. The current study however used a census method by including all the available food & beverage manufacturing companies without any biasness. Moreover, the current study was conducted in the context of the FBMC in Nairobi County, Kenya.

In Sri Lanka, Rajapathirana and Hui (2018) studied the relation between innovations capabilities on business performance including in the insurance industry. By adopting a descriptive survey research design, 379 senior managers of insurance firms got to be involved. Organizational, process, product/service, and marketing innovation were used as independent variables while innovation, market, financial peformance were used as indicators for firm performance. The outcomes of the study may direct the effective management of innovation capabilities which assists to attain more very effective innovation results to achieve better performance and it could be beneficial in the management of the insurance firms.

Research Gaps

Based on the reviwed literature in the foregoing sections; the study identifies several research gaps. One of the gaps identified was limited studies examining intangible resources and performance among a sample of beverage companies; but there were studies (Awino, 2015; Chen et al., 2020) done in the manufacturing sector and these provided a glimpse into the expected association between the variables. Food and beverage manufacturing companies face different challenges as they produce goods that are perishable and are highly regulated. Second, the reviewed literature shows most studies (Shi, 2016) on corporate reputation and performance have often relied on secondary data; however, this study focuses on collecting data from managers on their perceptions of company reputation. The information from respondents can be useful in making strategic decisions for the firm based on its present situation more efficiently than using secondary data. Third, the use of financial indicators of performance have been prevalent in the reviewed literature (Omondi et al., 2017; Mpofu, 2019; Awino, 2015). However, financial indicators are limited in as how much information they can provide for strategic decision making in the daily operation of the firm. Therefore, using non-financial indicators as measures of performance was a knowledge gap the study filled. As such, besides the financial indicators, the current study also incorporated non-financial indicators for the purposes of measuring the performance of the FBMCs.

METHODOLOGY

A descriptive survey research design was adopted in the study. The target population included 45 Large-Scale food and Beverage Manufacturing Companies in Nairobi County, Kenya. The unit of analysis was the food and beverage manufacturing company whereas the unit of observation was the managers of the companies. Census sampling method was used in selecting

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all the respondents to participate in the study. Questionnaires was used for collecting data. A pilot study was done to determine the questionnaires' validity and reliability. The collected data was analyzed quantitatively using both descriptive and inferential statistics. Statistical Package for Social Sciences was used to summarize the descriptive data into frequencies and percentages, which were then displayed using figures, tables, and charts. Multiple regression analysis was used to examine the inferential statistics. The inferential analysis assisted in establishing the relationship between the study variables, as well as in drawing findings and making recommendations for the study.

FINDINGS

Response Rate

During the data collection process, the researcher issued out 45 questionnaires to the respondent in the respective companies. However, the researcher managed to collect only 42 questionnaires. During data cleaning process, it was realized that 4 questionnaires had not been completely filled. This is whereby a majority of the questions had been left blank. Hence, the incomplete questionnaires were therefore discarded and not included in the research for analysis. Therefore, this study only used 38 fully filled questionnaire which translate to a response rate of 84%.

Table 1: Response Rate

Item	No. of Instruments	Percentage (%)
Completely filled instruments	38	84.4
Incomplete questionnaire	4	8.9
No response	3	6.7
Total	**45**	**100**

Demographic Information and Performance

The demographic information of the respondents was looked into. They were asked to indicate their gender, working experience, the number of year that the companies have been in operation. The responses given are as captured in this section.

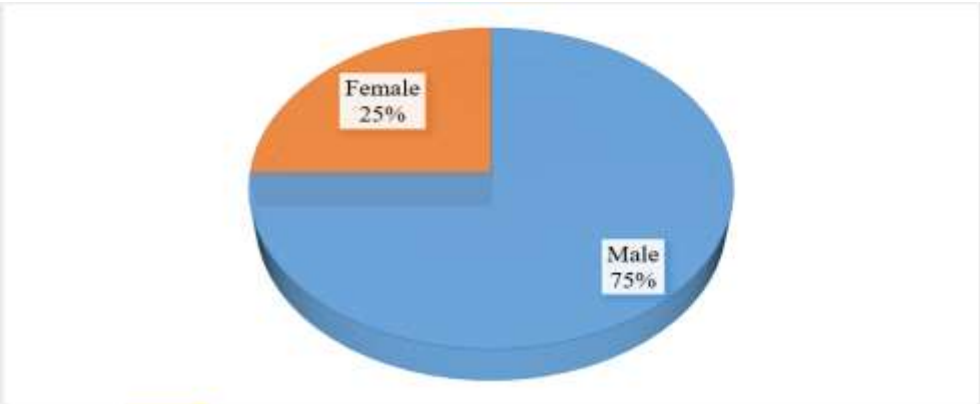

Figure 2: Gender

In terms of gender, 75% of the respondents were male and 25% were female. This shows that the industry and management level are dominated by male as compared to female.

European Journal of Business and Strategic Management
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Vol.8, Issue 2, No.5. pp 94 - 114, 2023

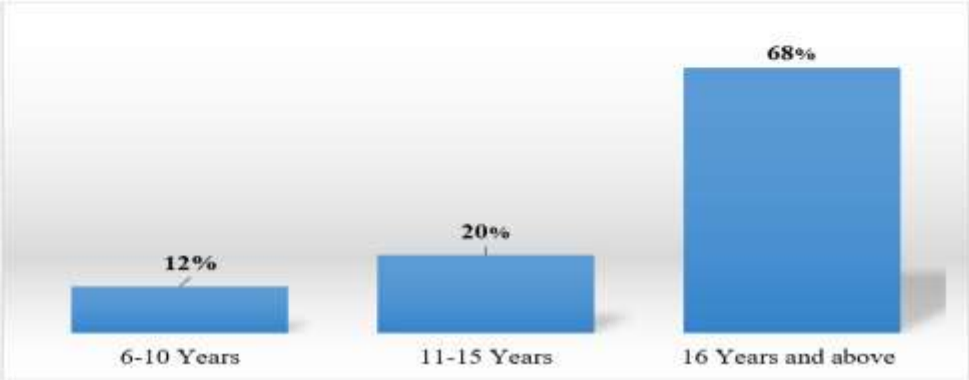

Figure 3: Experience Working in the company

When asked how long they had worked for the individual companies, 68% had worked for 16 years and above, and 20% had worked for 11 to 15 years. The remaining 12% had been employed for 6-10 years. This demonstrates that the respondents had extensive expertise in their particular organizations and industries, putting them in a better position to provide credible information.

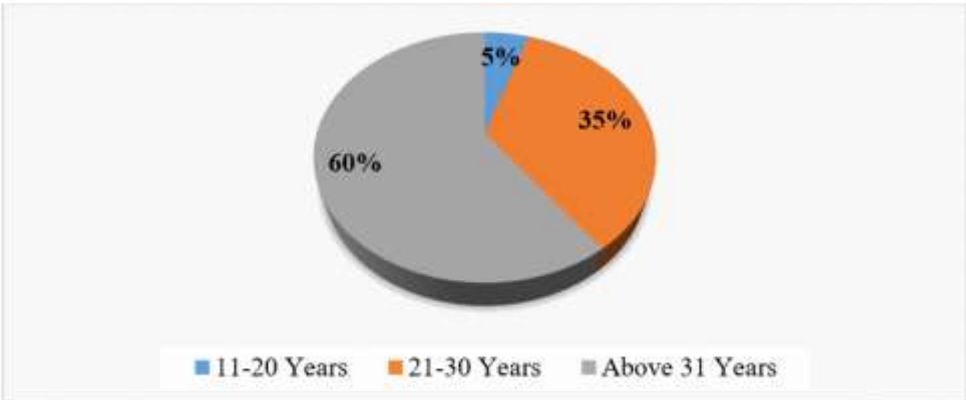

Figure 4: Number of Years the Company Has been in Operation

In terms of how long the company has been in operation, 60% of respondents said it had been in operation for more than 31 years, while 35% said it had been in operation for 21 to 30 years. The remaining 5% of the businesses had been in existence for 11 to 20 years.

Influence of Company Reputation on Organizational Performance

This study investigated how corporate reputation influences performance in FBMC in Nairobi County. As a result, responses were given on a series of statements about the company's reputation (Table 2).

Table 2: Influence of Company Reputation on Organizational Performance

Statements	SA	A	UD	D	SD
The management team in the company has a positive reputation and this enhances performance.	53.7%	32.8%	4.5%	7.5%	1.5%
Our products are widely used by various consumers.	20.9%	62.7%	10.4%	1.5%	-
We frequently receive positive remarks concerning our products from the market.	47.8%	19.4%	17.9%	4.5%	10.4%
We have received various rewards recognizing our production capabilities in the beverage industry.	50.1%	19.4%	3.0%	1.5%	26.0%
Our company is liked by many consumers of beverage products.	52.2%	7.5%	16.4%	11.9%	11.9%
The product of the company is consumed across all the counties in the country due to its increased reputation.	64.2%	16.4%	13.4%	6.0%	-
Key: SA- Strongly Agree, A- Agree, UD-Undecided, D-Disagree, SD-Strongly Disagree					

Respondents were also asked how much they believed corporate reputation affected their company's performance. Figure 5 depicts the response delivered.

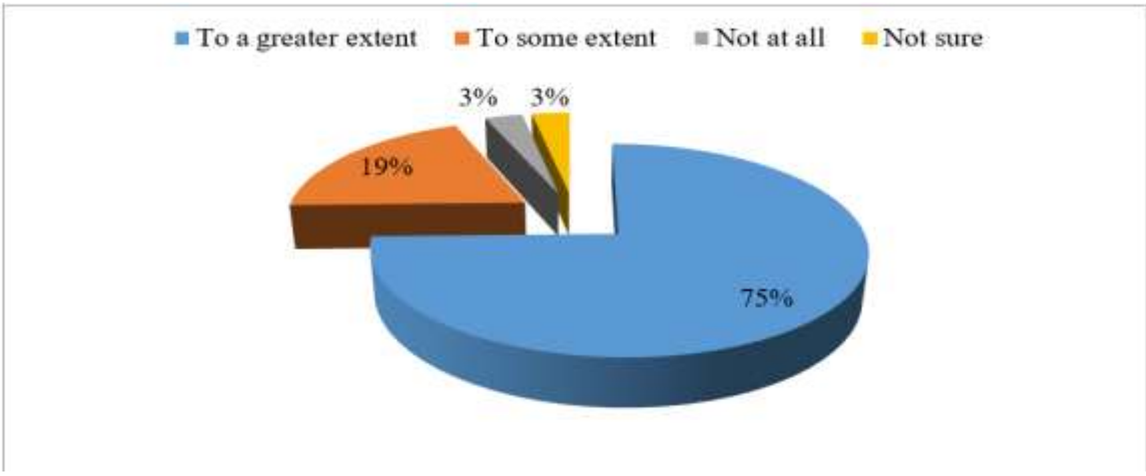

Figure 5: Extent to Which Company Reputation Affect the Performance of FBMC

Organizational Structure and Organizational Performance

The effect of organizational structure on performance in Nairobi County's food and beverage manufacturing enterprises was assessed. Respondents were given many statements about organizational structure and firm success and requested to provide their feedback for answering this research question.

Table 3: Influence of Organization Structure on Company Performance

Statements	1	2	3	4	5
The hierarchy of authority in the organization is designed to benefit the company and the employees.	67.2%	14.9%	4.4%	4.5%	9.0%
The organization is highly centralized hence decision making is quite easy.	64.2%	19.4%	4.5%	11.9%	-
The organizational structure of the company is not complex.	71.6%	14.9%	3.0%	7.5%	3.0%
The organizational structure provides ease in communication throughout the different cadres of employees in the organization.	70.1%	17.9%	4.5%	7.5%	-
The organizational structure promotes and maintains the integrity of the managers in the organization.	70.1%	20.9%	9.0%	-	-

Key: 1- Strongly Agree, 2- Agree, 3-Undecided, 4-Disagree, 5-Strongly Disagree

Figure 6 presents the extent to which organizational structure affect the performance of the FBMCs.

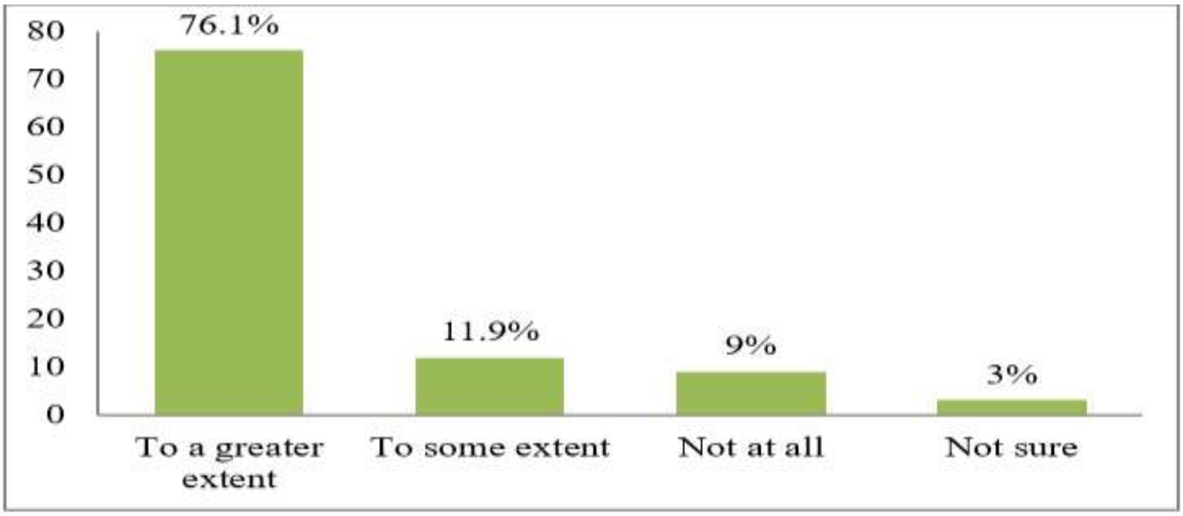

Figure 6: Extent to Which Organizational Structure Affect the Organizational Performance

Human Capital and Organizational Performance

The purpose of this study was to determine the impact of human capital on performance in food and beverage manufacturing enterprises in Nairobi County. The respondents were given a series of statements and asked to indicate how much they agreed or disagreed with them (See table 4)

Table 4: Influence of Human Capital on the Performance of Companies in the Food and Beverage Manufacturing Industry

Statements	SA	A	UD	D	SD
Our employees are well trained in handling different stages of food and beverage manufacturing process.	65.7%	9.0%	13.4%	10.4%	1.5%
Knowledge sharing is highly practiced in the organization so as to ensure all the staff members are knowledgeable in what they do.	61.2%	19.4%	16.4%	3.0%	-
The company is staffed with employees who are skilled in what they do.	73.1%	16.4%	3.0%	3.0%	4.5%
Training opportunities are always provided to the employees in the company so as to increase their knowledge and skills.	64.2%	19.4%	-	16.4%	-

Key: SA- Strongly Agree, A- Agree, UD-Undecided, D-Disagree, SD-Strongly Disagree

Finally, the respondents were asked to comment on the extent to which human capital influences firm performance in the food and beverage production industry. The responses are illustrated in figure 7

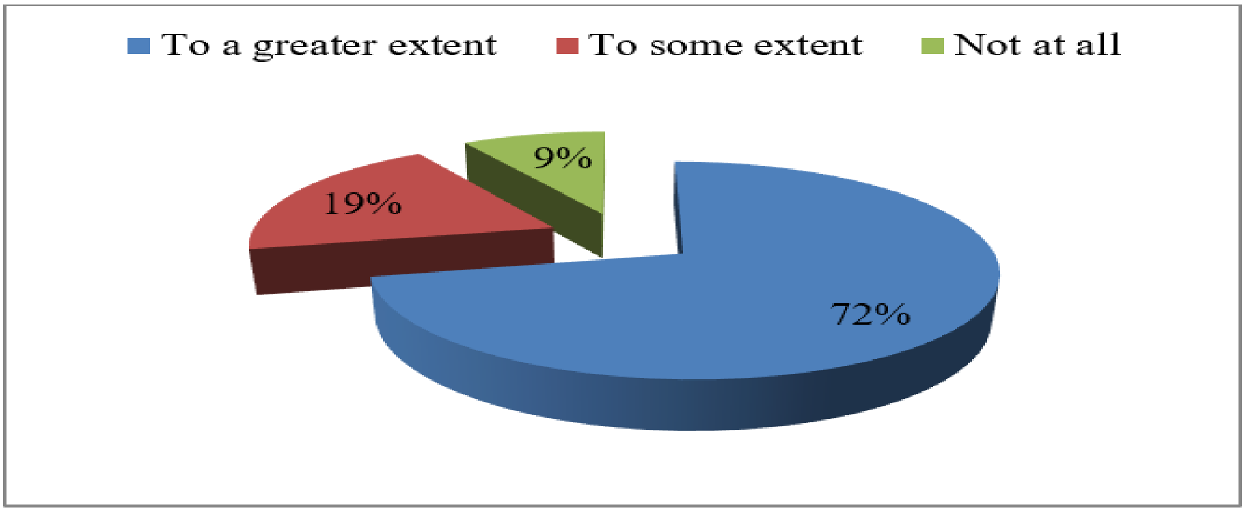

Figure 7: Extent to Which Human Capital Affects Performance of the Food and Beverage Manufacturing Industry

Influence of Innovation Capabilities on Organizational Performance

This study sought to identify the influence of innovation capabilities on performance among in the food and beverage manufacturing companies in Nairobi County. Hence, the respondents

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Vol.8, Issue 2, No.5. pp 94 - 114, 2023

were given several statements on innovation capabilities and performance of companies and asked to indicate their extent of agreement or disagreement. The responses were summarized in Table 5.

Table 5: Influence of Innovation Capabilities on the Performance Food and Beverage Manufacturing Companies

Statements	SA	A	UD	D	SD
Our company keeps on coming up with new products that meet the needs of the consumers.	40.4%	52.6%	3.5%	1.2%	2.3%
Our company keeps on improving the quality of existing products for customer satisfaction purposes.	43.8%	46.8%	4.2%	4.6%	.6%
The company continues to improve its production methods on a regular basis so as to increase efficiency.	42.2%	50.3%	5.1%	1.2%	1.2%
The company has adopted technological innovations in its production process.	49.7%	39.9%	6.3%	.6%	3.5%
Over the years, the company has been innovative in the marketing of its products by changing design and packaging of products.	47.4%	44.5%	6.9%	.6%	.6%
The company uses innovative approaches in marketing its products such as product placement and pricing.	43.9%	41.0%	8.1%	3.5%	3.5%

Key: SA- Strongly Agree, A- Agree, UD-Undecided, D-Disagree, SD-Strongly Disagree

Extent to which innovation capabilities influenced performance of FBMC was looked into and respondents gave their response (see Figure 8).

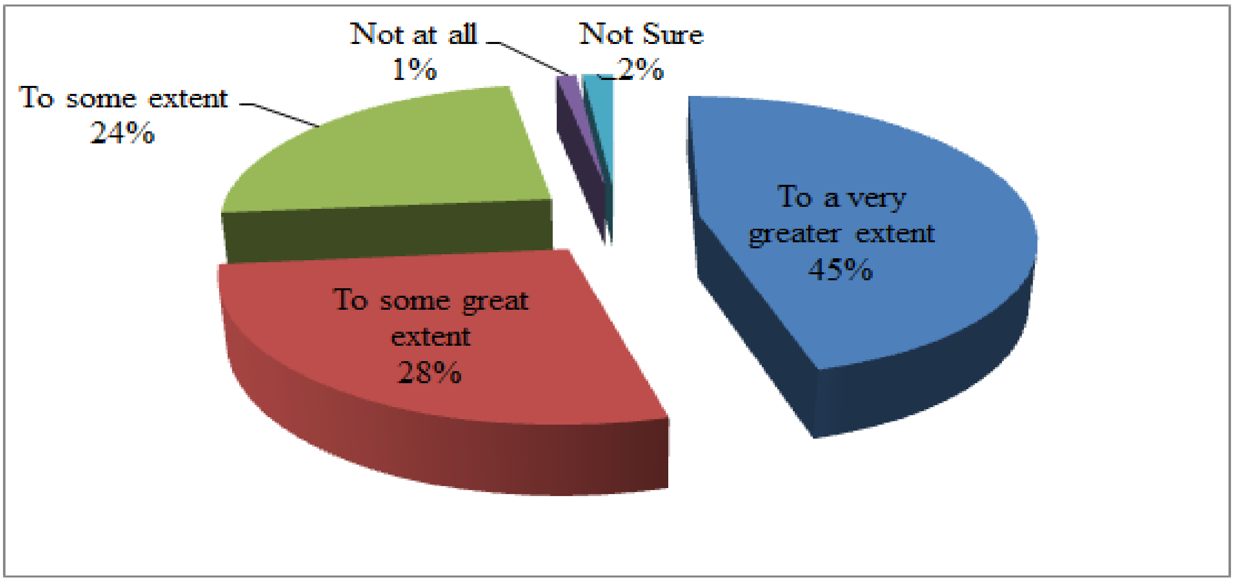

Figure 8: Extent to Which Innovation Capabilities Affect Organizational Performance

Inferential Analysis

The association between intangible resources and performance of food and beverage manufacturing enterprises in Nairobi County, Kenya, was investigated using regression analysis. The data is presented using the model summary, ANOVA, and correlation coefficient tables, in that order.

Table 6: Model Summary of Intangible Resources and Organizational Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.669[a]	.447	.426	.59909

a. Predictors: (Constant), Company Reputation, Organization Structure, Human Capital, and Innovation Capabilities

As shown in the model summary, R is .669 and R square is .447. This means that 44.7% variation of the performance of companies in the food and beverage industry is addressed by the components of intangible resources (company reputation, organization structure, human capital and innovation capabilities)

Table 7: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	0.034	3	0.012	0.020	.000[b]
	Residual	18.934	35	.611		
	Total	18.971	38			

a. Dependent Variable: Performance of Food and Beverage Manufacturing Companies
b. Predictors: (Constant), Company Reputation, Organization Structure, Human Capital, and Innovation Capabilities

According to the ANOVA results in Table 7, the model under evaluation was statistically significant in describing the relationship between the dependent and independent variables. This is because the observed p value which is 0.00 less than 0.05 at the 5% level of significance. As a result, it can be concluded that all the indicators of intangible resources (innovation capabilities, company reputation, organization structure and human capital) joined together have a statistically significant relationship to the performance of food and beverage manufacturing firms in Nairobi County. This means that in the food and beverage manufacturing companies in Nairobi County, effective utilization of the intangible resources combine can improve the overall performance of the companies and vice versa.

Table 8: Correlation Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.095	.785		1.395	.167
	Company Reputation	.229	.047	.488	4.873	.000
	Organization Structure	.059	.036	.145	1.610	.112
	Human Capital	-.109	.051	-.204	-2.129	.036
	Innovation Capabilities	.250	.049	.492	4.918	.000

a. Dependent Variable: Performance of Food and Beverage Companies

The regression of coefficient results shows that company reputation and performance of food and beverage companies is positively and significantly related (B= 0.229, $p<0.05$). This observation has been highly supported by previous studies that had been reviewed in the literature. Majority of the studies (Ifeoma et al., 2021; Mpofu, 2019; Shi, 2016; Maymand & Fard, 2016) showed that there were was a positive and significant relationship between business reputation and performance.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Company Reputation

Fifty-three-point Seven percent of respondents strongly agreed that the company's management team has a positive reputation, which improves performance. Majority were in agreement that the products produced by the company are widely used by various consumers. A majority of the respondents were positive that they frequently received positive remarks concerning their products from the market by strongly agreeing and agreeing implying that most of the companies have a positive reputation concerning the products that they provide to the consumers.

Whereas a majority were in agreement that they have received various rewards recognizing their production capabilities in the beverage industry, a few were in disagreement. This implies that most of the companies due to their positive reputation have received rewards and recognitions on their production capabilities which further strengthens their reputations in the industry. Fifty-two-point two percent strongly agreed that their company is liked by many consumers of beverage products. A few were undecided or in disagreement. This shows that as much as there are quite a good population that has a liking for the companies, there are those few who still do not like the companies. Sixty-four-point two percent strongly agreed that the product of the company is consumed across all the counties in the country due to its increased reputation. Additionally, Majority indicated that the reputation affected the company’s performance to a greater extent.

Organizational Structure

Sixty-seven-point two percent strongly agreed that the hierarchy of authority in the organization is designed to benefit the company and the employees. A few were also positive to the statement by agreeing. Eighty-three-point six percent positively agreed that the organization is highly centralized hence decision making is quite easy. This implies that having a centralized organization structure promotes easiness in decision making which in turn leads to positive performance and productivity. Majority were in agreement that the organizational structure of the company is not complex. This means that the structure of the organization is ease to work within hence influencing a positive performance of the company.

A majority were in agreement that organizational structure provides ease in communication throughout the different cadres of employees in the organization. This shows that structure of the organization supports the communication systems within the company for positive performance. When asked to indicate whether organizational structure promotes and maintains the integrity of the managers in the organization, 91% were in agreement. This implies that organization structure is designed in a way that it promotes and maintains the integrity of the managers in their operations. Majority indicated that organizational structure affected company’s performance to a greater extent. This implies that performance of food and beverage companies in Nairobi County is affected by the organizational structure.

Human Capital

Whereas sixty-five-point seven percent strongly agreed that the employees are well trained in handling different stages of food and beverage manufacturing process, ten point four percent and thirteen point four percent disagreed and remained undecided respectively. This shows that a majority of the companies in the food and beverage industries have employees who are well trained in different stages of production and this influence the overall performance. Majority were in agreement that knowledge sharing is highly practiced in the organization so as to ensure all the staff members are knowledgeable in what they do. This implies that a majority of the employees are knowledgeable in what they due to the created atmosphere of knowledge sharing in most of the companies hence encouraging positive performance.

Eighty-nine-point five percent were in agreement that the company is staffed with employees who are skilled in what they do showing that companies in the beverage industry have skilled employees. This helps to reduce errors or poor quality of products hence encouraging better performance in the companies. In terms of training opportunities, majority were positive that training opportunities are always provided to the company employees so as to increase their knowledge and skills. This implies that a majority of the companies provide training opportunities to their employees for increasing their productivity which in return also encourages positive performance. Seventy two percent demonstrated that human resources impacted the performance of the organizations in the food and refreshment producing industry to a greater extent. This was additionally upheld by nineteen percent who demonstrated the impact of human resources to organizations' presentation was to some extent.

Innovation Capabilities

When asked to indicate whether the company keeps on coming up with new products that meet the needs of the consumers, an overwhelming majority of the respondents were in agreement. This implies that companies in the beverage and food manufacturing industry are consistently providing new products that meet the needs of the customers. In terms of improving the quality of existing goods, majority were in agreement that the company keeps on improving the quality of existing products for customer satisfaction purposes. This implies that a majority of the companies are constantly improving the quality of existing products for customer satisfaction purposes and this in return helps to support the overall performance.

Whereas ninety-two-point five percent were in agreement that the company continues to improve its production methods on a regular basis so as to increase efficiency, two-point four percent were in disagreement and five-point two percent undecided showing that whereas there are few companies not improving their production methods, majority are focused on improving their production methods and this may be the reason as to why they are ahead in the industry as compared to those few companies in terms of performance.

Eighty-nine-point six percent were in agreement whereas four-point one percent were in disagreement that company has adopted technological innovations in its production process. Six-point four percent remained undecided implying that majority of the food and beverage companies have adopted technological innovations in its production process. This helps to improve their overall performance as a company.

An overwhelming majority were positive to the statement that over the years, the company has been innovative in the marketing of its products by changing design and packaging of products. Six-point nine percent were undecided whereas one point two percent were in disagreement showing that majority of the companies have been innovative in modifying the looks of their products for marketing purposes and this has been fruitful in increasing product and company performance. In addition, eighty-four-point nine percent were in agreement that the company uses innovative approaches in marketing its products such as product placement and pricing.

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Innovation capabilities affected the performance of companies to a greater extent, some great extent and some extent respectively.

Conclusions

Several conclusions are made in this study. With regards to the influence on company reputation and performance of FBMC, this study concludes that the company reputation significantly influences companies' performance the food/beverage industry. Having a well reputable management team, products, and accolades helps to build the reputation on the organization and this contributes significantly to the company's performance.

In terms of the extent to which organizational structure influence performance in the food and beverage manufacturing companies in Nairobi County, this study concluded that its influence was to a greater extent. This is because from the statistical evaluation, the variable was concluded to have a positive and significant influence on the performance of food and beverages companies but with an insignificant relationship. However, from the observations, areas such as decision making and leadership in structure positively influenced company's performance. Therefore, companies should endeavor in creating a structure that makes the decision making to be easier and faster for smooth operations.

On the research question of what extent does human capital influence performance in the food and beverage manufacturing companies in Nairobi County, the study concluded that human capital positively and significantly affected the performance of food and beverage companies in Nairobi County to a greater extent. This shows that having employees who are well trained, knowledgeable and have the necessary skills to do what needs to be done is essential for the positive performance of companies in the food and beverage industry. It was also noted that some of the employees lacked the necessary training needed to handle different stages of food and beverage manufacturing process. Moreover, some of the companies did not provide training opportunities for their employees and this could have an adverse effect on their overall performance.

Lastly, innovation capabilities have also been observed as to have a positive and significant effect on the overall performance of food and beverage manufacturing companies in Nairobi County. Most of the companies reviewed were in agreement that they introduced new products, improved the quality of their existing products, improved the production methods, adopted technological innovations in their production and devised innovative marketing strategies so as to attract and retain their customers. However, there were those few companies that seemed to be lagging behind in adopting innovative capabilities for improving their performance.

Overall, from the main research topic, this study conclude that the different components of intangible resources covered in this study (Company Reputation, Organization Structure, Human Capital, and Innovation Capabilities) do have a significant influence on the overall performance of food and beverage manufacturing companies in Kenya. However, it was also noted that intangible resources' level of influence only addressed 44.7% of the FBMC's in Nairobi County. This means that there may be other factors that are critical that may need to be examined in order to have full scale of the performance of these companies.

In the field of strategic management, this study makes a relevant contribution in terms of resource alignment for the betterment of the organization. This evident from the fact that not all resources may have a significant or substantial level of influence on the performance. Hence, the management need to be strategic in the prioritization of resources for the purposes of achieving full effectiveness and performance in the organization. If there is no strategy adopted, the management may end up exhausting all their resources without having the maximum return or input expected.

Recommendations

The following recommendations are given in this study. First, intangible resources have been observed as to have a general effect on the performance of FBMC. Therefore, it is important that the administration or management team to pay attention on the different dimensions of intangible resources and their level of influence. Having an understanding of the contributions that each resource provides to the organization can help the management to develop a strategic approach in utilizing the resources for the betterment of the organization.

From the findings, innovation capabilities had a stronger influence as compared to other intangible resources. Therefore, it is recommended that the management should make more investment in adopting technology and improving their production processes. This will help to increase further performance of the companies.

Company management need to concentrate on building the capacity of their staff members through regular and consistent training. This will help them to attain skills and knowledge that may be considered necessary for better performance. The training can be done through on-job training sessions, attending seminars and workshops as well as seeking further formal education. The organizational policy may also be reviewed so as to include structures that support the overall training and development of the staff members in the company. Besides training, the policies should also be draft to provide clear ways in which the companies can be able to build and communicate their brand to consumers so as to have a better reputation which as observed in the analysis contributes significantly to the improved performance of the food and beverage companies.

Suggestions for Further Studies

From the regression analysis, it was established that intangible resources only influenced 44.7% of the company's performance. This shows that there are still other major factors that contribute to 55.3% of the company's performance. Therefore, this study recommends that further research be conducted to establish the other factors affecting performance of FBMC in Nairobi County.

Considering that this study only focused on the performance of FBMC, there is a need for a similar study to be conducted in any other industry in order to countercheck whether the same results may be replicated. Moreover, the same study may also be carried out in other counties.

Notably, since the study found that organizational structure had a positive but insignificant influence on performance, it would be interesting for a similar study to be conducted among FBMCs in other counties just to check whether the same results may be replicated. Moreover, the human capital variable was found to have an inverse relationship with performance in the FBMCs in Nairobi County. Therefore, as a recommendation for further research, other scholars may reexamine the variable within the same context and check whether the results may have changed or are still the same.

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