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Strategic Change: The Influence of Scope of Strategies and Specific Product Dimensions on Organizational Performance

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Abstract: **This paper examined the influence of scope of strategies and specific product dimensions on performance of firms in the alcohol industry in Kenya. Previous studies dwelt on effect of limited aspects of strategic change such as marketing leaving out critical aspects like financial, distribution and cost control strategies. The study was anchored on the Resource-Based Theory (RBT). The study adopted a qualitative research design of cross sectional type. The population was 25 local firms registered by Kenya Revenue Authority by 2012 and approved by National Authority for the Campaign Against Alcohol and Drug Abuse, (NACADA) by 2015. A saturated sample consisted of 100 respondents to get primary data. Descriptive statistics and thematic analysis were used to determine the relationship between scope of strategies and organizational performance. Findings revealed that there was a fairly positive relation between scope of strategies and organizational performance.**

Keywords: **Scope of strategies, Organizational Performance and Resource Based Theory (RBT).**

1. INTRODUCTION

The topic of strategic change defined as an alteration in an organization’s alignment with its external environment (Rajagopalan and Spreitzer, 1996) Van de Ven and Poole, 1995), has been at the growing center of literature in both the strategy and organizational theory fields (Hofer and Schendel, 1978; Zajac and Shortell, 1989; Rajagopalan and Spreitzer, 1997). The study of strategic change has long occupied an important position in the larger field of strategic management. Strategic change has been recognized as an important phenomenon because it represents the means through which organizations maintain alignment with shifting competitive, political, economic, social, technological, and legal environments which occasionally pose threats to their continued survival and effectiveness. The conceptualization of strategic change as changes in the content of a firm`s strategy as defined by its scope, resource deployments, competitive advantages and synergy, is based upon the view of strategy as a pattern of a firm’s resource allocations (Mintzberg, 1978).

The link between scope of strategies as an aspect of strategic change and organizational performance has not been the subject of much attention among alcohol industry researchers in Kenya. Some important areas are underexplored in the relationship between strategic change and performance. For example, the subject has been primarily investigated in the context of Western countries and inadequate attention has been given to middle economies. The literature on the relationship between strategic change and organizational performance (OP) has revealed an equivocal findings. Some studies have found that strategic change enhances performance (Hambrick and Schecter, 1983; Haveman, 1992; Zajac and Kraatz, 1993) while in other studies it reduces performance (Jauch, Osborne and Glueck, 1980) yet another set of studies has found that no relationship exists (Kelly and Amburgey, 1991) or mixed relationships (Smith and Grimm, 1987). Methodological reasons may account for these contradictions. First, changes in strategy were conceptualized differently across all the studies.

Second, interactions between organizational variables and various aspects of strategic change may not be completely captured in these studies due to narrow definition of strategic change. In the existing literature, strategies implemented in alcohol industry have been approached rather narrowly, while the role of intangible resources such as managerial capabilities in building firm performance has received less focus. Moreover, resources are not productive on their own and it is the capabilities that assemble, integrate and manage the bundles of resources (Teece, 1997; Maritan and Peteraf, 2011). Hence, the research aimed to establish the relationship between competitive advantage and firm performance moderated by managerial capabilities.

1.1 The Alcohol Industry in Kenya:

The alcohol industry in Kenya dates back to 1922 when two brothers from England, George and Charles Hurst, started brewing beer in Kenya (EABL Citizenship Report, 2004). The two formally incorporated their business as a private company under the name of Kenya Breweries Limited. Kenya Breweries Limited became a public limited company in 1934. By 1990, most of the shareholders were Kenyans. Kenya Wine Agency Limited (KWAL) was incorporated in May 1969 with the objective of consolidating importation and distribution of wines and spirits from foreign owned companies and enable indigenous Kenyans take control of the importation and distribution of wines and spirits in the country. Keroche Breweries Limited (KBL) started back in 1997 as a small family business. It was a result of a market survey on opportunities available in manufacturing market then. The company currently has 3 per cent share in beer market.

The alcohol industry`s formal stakeholders who include brewers, Kenya Revenue Authority (KRA), distillers, the Kenyan barley famers among others have specific roles: the East Africa Breweries Limited (EABL) and Kenya Breweries Limited (KBL) are brewers and marketers of beer while Kenya Wine Agency (KWAL) and other wine and spirits firms brew, distil, market and sale spirit based alcoholic beverages. Kenya has started to develop sorghum as an additional brewing raw material (Willis, 2002). Kenya Plant Health Inspectorate Service (KEPHIS), certifies seed quality standard before they are offered for sale to farmers. The Kenya Bureau of Standards sets the standard and approves the quality of beer and other alcoholic beverages in Kenya; National Authority for the Campaign Against Drug and Alcohol Abuse (NACADA) checks drug and alcohol abuse; Kenya Revenue Authority (KRA) under the Ministry of Finance determines the rate of excise duty charged on alcohol and the National Cereals and Produce Board advises farmers on grain growing and marketing. The informal alcohol industry players include Kenya Association of Hotelkeepers and Caterers (KAHC); Pubs, Entertainment and Restaurants Association of Kenya (PERAK); supermarkets, beer consumers and distributors, and those employed, directly or indirectly are among the other key stakeholders.

Through incorporation Kenya Wine Agency Limited (KWAL) was the first commercial winery to manufacture and distribute wines and spirits until liberalization of the economy in 1992/1993. Since then there have been many local and foreign entrants such as Africa Spirit Co. Ltd, Kenya Gin Manufactures limited, Diageo and London Distillers (K) Ltd among others. The wines and spirits market is fragmented with no single firm holding a substantial market share. The entry of many firms has led to distributors battling for control of the spirits market, currently the most lucrative in the face of competition from imports and counterfeits.

In Kenya, many factors affect alcohol industry performance: government policies have affected pricing strategies in the alcoholic industry for example; alcoholic producers cannot control the price for which their alcoholic beverages are sold at retail outlets. Alcoholic Control Act 2010 further regulates the specific areas where bars should operate and the specific time when bars should be opened. Taxation affects the future profitability of this industry. The political environment affects sale and distribution of alcoholic beverages. The effects of post-election violence in Kenya had great impact in this industry (Mwangulu, 2014). The integration of the East African Community especially the joining of the economic block by Rwanda and the emerging market in the Southern Sudan gives these industry potential opportunities to be tapped. Political decisions and pronouncements by key government officials and politicians affect business positively or negatively. The changing demographic profile of the population, tourism growth and the quest for more individualized beverage experiences are significant opportunities existing for increasing domestic alcoholic beverages consumption (Mwangulu, 2014). Although a decline in the value of the shilling against the dollar inhibits profitability and the ability of alcoholic beverage makers to hit key price points, it affects more exports of alcoholic beverages because of lower price. Increase in demand for alcoholic beverages may be attributed to the following economic factors: changing living standards, changes in the relative price of alcoholic beverages to other goods and services, improved individual incomes (Mwangulu, 2014).

The cultural shift from rural based to urban living families in the recent years has also exposed young generation to alcohol. Media influence has had an effect on increasing young drinking population. Heavy investment on superior technology has guaranteed high volume of products for sale. Through technology consumers are able to access information about products and services, products reach consumers faster and conveniently and it influences how decisions are made in firms. Its helps increase efficiency and require technically qualified manpower. In addition, beer markets have also shown that main marketing advantage is derived from building of strong brands. For this reason, the character of domestic markets is determined by the main brands available in each country with a secondary market for imported brands. The largest manufacturing firms also have the most intricate and effective distribution facilities. Therefore, the ability to distribute effectively is an indispensable part of a successful marketing strategy.

East Africa Breweries Limited accounts for 90% market of Kenya`s formal alcohol with its closest competitor Keroche with only 3% of the market and the rest 7%. However, the 2011 annual report and financial statement of East Africa Breweries Limited reveals that the profits declined from Ksh.12, 568 billion shillings to Ksh.12, 249 billion shillings between the year 2010 and 2011compared to Ksh.12 316 and Ksh.11 507 billion for the year 2008 and 2009 (Old Mutual Securities, 2012). According to Africa Research for Investors and Business dubbed Africa Yield, Kenyan beer volumes contracted by 1% in 2011. However, the link between competitive advantage as an aspect of strategic change and organizational performance has not been the subject of much attention among alcohol industry researchers in Kenya.

A firm may excel in some of its competitive advantages, be only average in others, and be below average in others. These factors usually vary from industry to industry (Hofer and Schendel, 1978) and include market share, breadth of product lines, sales distribution effectiveness, relative product quality, productivity, price competitiveness, caliber of personnel and general image. Recent studies Mbededo (2013) examined the foreign entry strategies and challenges faced by South African Breweries Limited in the Kenyan market. Data was collected by a way of an interview guide and results analyzed using content analysis. The study did not address the role of distribution, financial and marketing strategies on the performance of the alcohol firms in Kenya. The research design used was a case study where the descriptive information provided by different people leaves room for important detail to be left out. In addition the use of interview as a method of data collection can be subjective. The study ought to have examined the influence of a broad scope of strategies including distribution, financial and marketing to have a wholesome picture of their challenges in the Kenyan market.

Other studies in other industries Trinh and O`Connor (2002) using a longitudinal approach carried out a study on the impact of strategic change on performance of United States Urban hospitals. Strategic change was measured by strategies to control costs; market share, efficiency, and financial performance. The time frame 1994 to 1996 for examining hospital strategy and performance was too short that observed performance results may be due to an old strategy. It is possible a strategy change could occur in 1996, but observed performance results are due to an old (pre-1994) strategy. The 2-year time span may be short enough that performance outcomes caused by strategy changes might not have had time to emerge. However, a longer time frame e.g., 4 years might reveal that such a strategy does lead to improved performance. Thus, there is inadequate information about the effect of scope of strategies, examined over a long time frame, on the organizational performance of firms in the alcohol industry in Kenya. The current study sought to establish the effect of strategic change and firm characteristics on performance over a long period, 4 years. Mohammadzadeh, Aarabi and Salamzadeh (2013) evaluated the effect of alignment between marketing strategy and financial strategy on organizational performance of all Iranian pharmaceutical generic manufactures listed in Tehran stock market. However, the study failed to factor in the distribution and cost control strategies as dimensions of scope of strategies. Once goods have been produced they create utility only when they reach the intended places, customers and in good time. The cost of distribution has a bearing on the performance of a firm and cannot be overlooked. A study that examines the relationship between all the four aspects of scope of strategies and performance is needed to give a complete picture of their relationship. Except for Mbededo (2013) all the other studies were conducted in European countries and not in the alcohol industry in Kenya. Therefore, not enough is known about the effect of scope of strategies such as financial, marketing, distribution and cost control on performance of firms in the alcohol industry in Kenya.

1.2. Statement of the Problem:

Kenyan alcohol industry contributes about 5% of government revenues yet financial reports indicate that profits of a firm with 90% market share declined from Ksh12,568 to Ksh12,249 billion between the year 2010 and 2011 compared to Ksh.12, 316 and Ksh.11, 507 billion for the years 2008 and 2009 respectively. However, the link between competitive advantage as an aspect of strategic change and organizational performance has not been the subject of much attention among alcohol industry researchers in Kenya. Previous studies on strategic change and organizational performance in Kenya dwelt on few aspects of strategic change such as marketing and foreign entry strategies by local and foreign firms. While a study on the impact of strategic change on performance of United States urban hospitals had broad based scope of strategies the study did not determine the effect of marketing, financial, distribution and cost control on performance of firms in the alcohol industry in Kenya. The role of specific product dimensions as firm characteristics on the relationship between scope of strategies and performance has not been explored among alcohol firms in Kenya. The study sought to fill these gaps by assessing the relationship between scope of strategies and specific product dimensions on performance of alcohol firms in Kenya.

1.3 Objectives of the Study:

The main objective of this study was:

i. To establish the relationship between scope of strategies and performance of firms in the alcohol industry Kenya.

1.4 Research Questions:

The following research questions were answered during the study:

Question 1: What is the relationship between scope of strategies and organizational performance?

i. What is the contribution of financial strategy to performance?

ii. How did marketing strategy affect performance?

iii. What is the contribution of distribution network to performance?

iv. How beneficial is cost control to performance?

Question 2: What role does specific product dimensions play on the relationship between scope of strategies and performance?

1.5. Scope of the Study:

This study focused on the firms whose main activity involves production and distribution, sale and marketing of alcohol in Kenya. The firms selected were those which had been in existence through registration by Kenya Revenue Authority since 2012 and approved by National Campaign Against Drug and Alcohol Abuse (NACADA) by 2015. These comprised 28 firms: two brewery firms and 26 wine and spirits distilleries. The study focused on firms that are located in Nairobi and its environs, Naivasha, Nakuru and Kisumu where most of them are found.

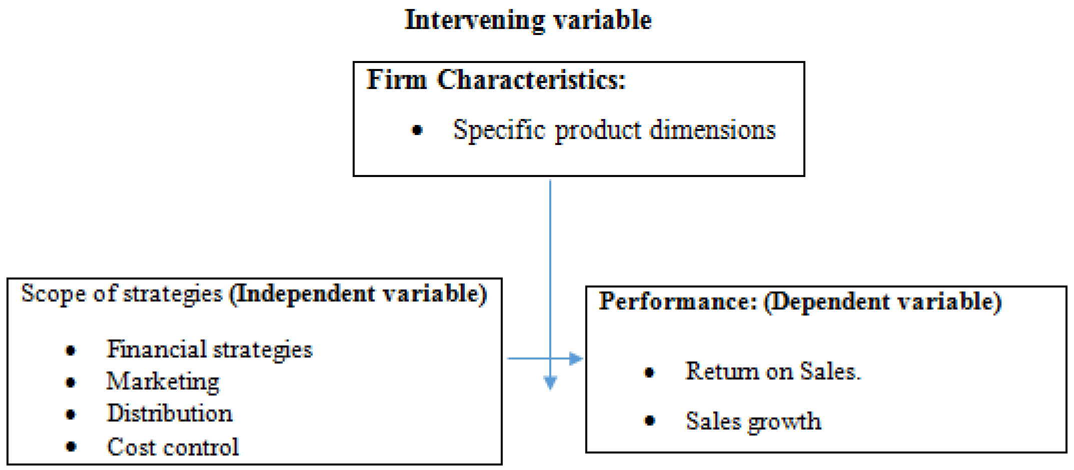
1.6 Justification of the Study:

This study is important because firstly, the study has the contribution in existing literature by adding the moderating effect of managerial capabilities between the relationship of competitive advantage and organizational performance. The study is helpful for the management to focus not only on the strategic change concept scope of strategies but also the specific product dimensions, while studying firm performance. Secondly, the academia will find this study relevant especially with regard to those who undertake research in organizational performance (OP) vis-à-vis other parameters. This study will therefore contribute to knowledge specific to business enterprises in Kenya. The findings of this study will also provide a basis of comparison among the various studies on strategic change and performance that have been carried out in Kenya and beyond in various sectors. Finally, the study will provide impetus to the revitalization of the alcohol industry because many complementary business sectors earn substantial profits from the sale and/or promotion/advertising of alcohol: mass media, advertising industry and groceries. Therefore, this revitalization will be central to the government`s strategy for employment and wealth creation, as well as achieve the much desired dream of transforming our country into a middle income economy as enshrined in Kenya vision 2030.

1.7 Conceptual Framework:

This study examined the relationship of strategic change concept of scope of strategies and performance among firms in the alcohol industry in Kenya. A conceptual framework of scope of strategies and performance is indicated in Figure 1.

The framework was guided by the Resource Based Theory (RBT). The RBT suggests that the resources possessed by a firm are the primary determinants of its performance and these may contribute to a sustainable competitive advantage of the firm (Wenerfelt, 1984). This study argues that the relationship between scope of strategies and organizational performance (OP) is direct. However, the relationship may be intervened by specific product dimensions. Performance is itemized as a dependent variable with return on sales and sales growth. It is determined by strategic change dimension of scope of strategies as the independent variable. In the relationship between the two, the intervening variable is specific product dimensions. For instance, a unique product provides a firm with a differentiation advantage that other firms in a competitive market may find difficult to challenge or overcome resulting in higher performance than a standardized product (Douglas and Craig, 1989). The resource based theory (RBT) positions management as the key driver of the process of recognizing, developing, and deploying resources into valuable activity.



Source: Self conceptualization, 2016.

Figure 1: Conceptual Framework

2. LITERATURE REVIEW

2.1. Theoretical Review:

2.1.1 The Resource Based Theory:

The resource-based theory stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Barney 1991, Peteraf and Bergen, 2003). It offers an explanation for the firms` effects on strategies and performance outcomes within the same industry. In Barney (1991), firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. Resource Based Theory (RBT) emphasizes strategic choice, charging the firm's management with the important tasks of identifying, developing and deploying key resources to maximize returns (Fahy, 2000). The strength of the RBT could be enhanced via acknowledging that resources are dynamic in nature and a firm's deployment of its resources in creating and sustaining its advantages might also contextually differ from one firm to another.

The resource-based theory (RBT) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage. The first assumption is that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (i.e., some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate). Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage. The argument goes "If all firms in a market have the same stock of resources, no strategy is available to one firm that would not also be available to all other firms in the market" (Cool, Costa and Dierickx, 2002).

The resource based theory (RBT) stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Barney, 1991; Peteraf and Bergen, 2003). The RBT of strategy sees a firm's resource base as a primary driver of strategic change (Gilbert, 2005; Teece, Pisano and Shuen, 1997). The intuition is that the current resource base shapes the menu of strategic options available to a firm. The resource base can be both an enabler and a constraint to strategic change.

The main tenet of the RBT is that resource characteristics influence the strategic options available to a firm (Wernerfelt, 1984; Teece, Pisano and Shuen, 1997). For example, Montgomery and Wernerfelt (1988) show how the heterogeneity of internal resources affects diversification strategies. Flexible resources allow firms to explore distant market opportunities and to diversify widely. The RBT suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (Wenerfelt, 1984). According to Barney (1991), the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness. Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime, the study examined the link between strategic change concepts of scope, resource deployment and competitive advantages and firm characteristics such as specific product dimensions and brand portfolio on organization performance.

However, the resource based theory has criticisms: one issue is concerned with the neglect of the process issues through which resources become valuable (Barney, 2001a; Lynch, 2000) despite researchers acknowledging that it is the management of resources and skills that is key to firm profitability and not the resource alone (Aaker, 1989). Fahy (2000) noted that the vast majority of contributions within the resource based theory (RBT) have been of a conceptual rather than an empirical nature, with the result that many of its fundamental tenets still remain to be validated in the field. In addition, there were some debates regarding both the nature and the determinants of competitive advantage and the relevancy of the resource-based theory. The resource-based theory (RBT) was the underlying theoretical foundation. This is because it focused especially on the role of internal attributes (resources and capabilities) of the organization during change. Although there are also some minimal external dimensions and elements, these elements are mainly inherent within the organization. Furthermore, it has widespread dissemination in academic literature and in management practices (Priem and Butler, 2001); it has heterogeneous character, in that it encompasses different theories (Barney, 2001a; Mahoney, 2001) or perspectives (Makadok, 2001) and lastly it has a reputation as a mainly strategic management approach (Phelan and Lewin). Hence, it justified the adoption of the RBT as the main research tenet to examine the effect of strategic change and firm characteristics on performance of firms in the alcohol industry in Kenya.

2.2 The Concept of Strategic Change:

Strategic change is defined as changes in the content of a firm`s strategy as defined by its scope, resource deployments, competitive advantage and synergy (Hofer and Schendel, 1978). However, strategic change has various definitions. For example, Zhang and Rajagopalan (2009) defined strategic change as the overall change in a firm's pattern of resource allocations in multiple key strategic dimensions and used advertising intensity, research and development intensity, plant and equipment newness, non-production overhead, inventory levels and financial leverage as the composite measure of strategic change in the examination of the performance consequence of the change in the firm's overall pattern of resource allocation. Strategic change is the difference in form, quality, or state over time (Van de Ven and Poole, 1995). The various definitions of strategic change can yield inconsistent findings on the relationship between strategic change and organizational performance depending on dimensions of strategic change adopted. The environment is assumed to be uncertain and dynamic (Quinn, 1980). Firms have to change their strategy in response to the environmental changes.

The concepts of strategic change adopted are dependent on the environmental changes experienced in the industry. This study adopted the definition of Hofer and Schendel (1978). However, the concept of synergy was dropped. This is because the change that was being witnessed in the alcohol industry anchored on competitive advantage more than any other aspects of strategic change. More so this aspect of strategic change is a key concept of the resource based theory on which the study was anchored. Managers attempt to understand the ambiguous environment through a series of iterative actions aimed at understanding the external context and influencing it proactively (Koberg, 1987). In times of change, managers find it challenging to manage resource deployment to many different systems of the firm so as to align them and make them consistent with the environment. Strategic change helps organizations adjust to environmental conditions, prepare for the future, reduce external dependence, boost sales, recoup initial investment and improve overall coordination for better performance.

To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers will perceive as superior value. This entails either a good quality product at a low price, or a better quality product that is worth paying more for. The independent variable under study was competitive advantage of alcohol firms which was measured in terms of perceived quality of products, ability to introduce new products and modify existing products to meet unique client needs and meet environmental changes.

2.3 Firm characteristics:

Firm characteristics refer to firm specific attributes that form the basis of sustainable competitive advantage (Wernefelt, 1984; Barney, 1991; Mahoney and Pandian, 1992; Peteraf, 1993). For the purpose of this study firm characteristics would refer to the same thing as organizational characteristics and is limited to managerial capabilities. In order to avoid any plausible strategic change effect on organizational performance and alternative explanation, the study argues that even when the organization does not experience strategic change, unobserved factors may lead firms to higher or lower levels of performance. Firm characteristics might strengthen the plausible effect of strategic change on organizational performance, make the effect uncertain of both anticipated actions and unanticipated actions that are induced by the anticipated ones (Hannan, 2007). The firm characteristics chosen was specific product dimensions because previous studies The resource based theory has been criticized for being concerned with the neglect of how resources become valuable (Barney, 2001a; Lynch, 2000) despite researchers acknowledging that it is the management of resources and skills that is key to firm profitability and not the resource alone (Aaker, 1989).

2.4 Organizational Performance:

Organizational performance (OP) is a measure of how a manager utilizes the resources of the organization efficiently and effectively to accomplish the goals of the organization as well as satisfying all the stakeholders (Jones and George, 2009). In their contribution Richard, Devinney, George and Johnson (2009) defined organizational performance as the real output measured against the intended or expected output. For indicators of a firms` performance, financial data is preferable, but firms are often unwilling to disclose this type of confidential information to the public unless the law requires them to do so. Financial performance is a subjective measure that uses annual sales. Although financial data remain popular, subjective performance measures have been widely used in strategy-related and organizational research (Dess and Robinson, 1984; Powell and Dent-Micallef, 1997). The study used subjective measures partly because of the difficulty in obtaining reliable financial information. Moreover, financial data is criticized for being unreliable and subject to inconsistent accounting practices or even to managerial manipulation for reasons such as avoiding payment of high corporate or personal income taxes (Dess and Robinson, 1984; Powell and Dent-Micallef, 1997). The study used sales growth and market share as measures of performance.

2.5 Empirical Literature:

Mbededo (2013) examined the foreign entry strategies and challenges faced by South African Breweries Limited in the Kenyan market. The study had two objectives: to establish the entry strategies used by SABMiller into the Kenyan market and secondly, establish the challenges faced while entering the Kenyan market. Data for both objectives was collected by a way of an interview guide and results analyzed using content analysis. The study found that the significant entry challenges faced by SABMiller into the Kenyan market were hostile competitive environment and stiff competition from incumbent firms, strict regulation by the government as contained in the Alcohol Control Act 2010. However, the study did not address the role of distribution, financial and marketing strategies on the performance of alcohol firms in Kenya. For example, there was need to establish if distribution, financial and marketing strategies enhanced or impeded the performance of the alcohol firm in Kenya. The research design used was a case study whereby the descriptive information provided by different people leaves room for important detail to be left out. The use of interview as a method of data collection can be subjective. This study sought to use questionnaire to collect data. There was need to focus on a number of alcohol industry firms that experienced the change other than one firm to establish the relationship between scope of strategies and performance. In addition the study failed to address the scope of strategies the firms have employed and how they have affected the performance of similar firms. Therefore, the relationship between distribution, financial and marketing strategies as constructs of scope of strategies and organizational performance in alcohol industry in Kenya needs to be established.

Trinh and O`Connor (2002) using a longitudinal approach carried out a study on the impact of strategic change on performance of United States Urban hospitals. Strategic change was measured by observed differences between the years 1994 and 1996. It encompassed two major types of strategies: strategies to enhance business with health maintenance organizations (HMO) and strategies to control costs; market share, efficiency, and financial performance observed across the 1994 to 1996 time period. The major findings were that strategic change that contributes positively to one type of performance can negatively impact the other. For example, whereas increased affiliation with HMOs leads to improvements in revenue and market share, signing more contracts with HMOs means market losses to both revenue and patient days. Offering greater discounts leads urban hospitals to be more cost conscious and more likely to push for further cost controls. It also results in financial losses in terms of operating margin and return on assets. The findings suggest strategic change does not always lead to attainment of expected goals. For example, reductions in services had no impact on any aspect of hospital performance.

The time frame 1994 to 1996 for examining hospital strategy and performance changes can be misleading. For example, it is possible a strategy change could occur in 1996, but observed performance results are due to an old (pre-1994) strategy. The 2-year time span may be short enough that performance outcomes caused by strategy changes might not have had time to emerge. However, a longer time frame e.g., 4 years might reveal that such a strategy does lead to improved performance. The current study used a fairly longer time span of four years. Second, some strategies might facilitate the accomplishment of one set of goals but might work against another. The study was longitudinal in nature while the present study is a census survey. Thus, there is inadequate information about the effect of scope of strategies, examined over a long time frame, on the organizational performance of firms in the alcohol industry in Kenya.

Mohammadzadeh, Aarabi and Salamzadeh (2013) evaluated the effect of alignment between marketing strategy and financial strategy on organizational performance of all Iranian pharmaceutical generic manufactures listed in Tehran stock market. Results show strategic alignment between financial and marketing has significant impact on profitability of company resulting in arise of all three profitability indices. The study concluded that managers should not consider decisions regarding marketing strategy independently of their financial strategy. The study limited itself to pharmaceutical generic manufacturers leaving out other sectors like the alcohol industry. The study did not incorporate wider aspects of scope of strategies to establish their relationship with performance. The study was carried out in a more established economy of Iran unlike the current study which was done in a middle economy of Kenya. However, the study failed to factor in the distribution and cost control strategies as dimensions of scope of strategies. Therefore, little is known about the effect of these specific dimensions of scope of strategies on organizational performance.

3. METHODOLOGY

The study used descriptive research design of cross sectional type. Tanur (1982) asserts that a survey is a means of collecting information about a large group of elements referred to as population. The unit of analysis was the top firm managers. The population of study comprised 28 alcohol firms: two breweries and 26 wines and spirits firms. Three firms were used for piloting. A census survey was conducted on the firms which were registered by the Kenya Revenue Authority as at December 2012 and approved by National Authority for the Campaign Against Drugs and Alcohol (NACADA) by 2015 for licensing. According to Olsen and George (2004) either the entire population or a subset thereof is selected. In order to avoid the possibility of common method variance associated with reliance on single respondents, (Bowman and Ambrosini, 1997), a saturated sample of 100 top management team members from the 25 firms considered key resource persons in matters of strategy and firm performance was used. The responses were aggregated to provide a more representative data for the firm. Table 3.1 shows the sampling frame for the study

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The study mainly used primary data collected on different aspects of scope of strategies and performance obtained from senior managers conversant with key strategic issues who were issued with questionnaires. The respondents who are senior managers considered key resource persons in matters of strategy were first contacted via introductory letter to inform them about the purpose of the study. The main instrument for data collection was a semi structured questionnaire since they are fast, cheap and can be self-administered (Mugenda and Mugenda, 1999). Primary data was collected using interviews with firms' employees who are personally involved at different stages of the change process. The literature has long maintained that the chief executive officer (CEO) should be the single respondent in such studies as they are considered to possess the most overall understanding and knowledge of the firm`s strategy and performance (Byars, 1984; Elbana and Child, 2007).

This study used respondents' perceived organizational performance measures. This was consistent with studies by Newbert (2008). Perception-based performance measurement is common in strategy research (Hall, 1992, 1993; Hatch and Dyer, 2004). Several researchers (Dess and Robinson, 1984; Spanos and Lioukas, 2001) suggest that even if information is obtained by subjective measures in a sample survey research, the results are often very accurate since the measurement instrument is specifically designed to address the research questions. A five point Likert-type scale ranging from 1=low to 5= highest was used. Performance measures were limited to sales growth and return on sales. Other measures such as profitability were omitted because of the desire to obtain a large response rate.

This study collected data and information from the respondents who provided sufficient information on issues regarding the relationship of scope of strategies and specific product dimensions on organizational performance of firms in the alcohol industry in Kenya. Reliability of the instrument for data collection was tested by assessing the scale's internal consistency- the degree to which the items that make up the scale 'hang together'. The internal consistency of the constructs was tested by internal consistency method using Cronbach`s Alpha coefficient. Reliability analysis was carried out on all items to check the internal consistency of the scales and constructs. The study adopted a 0.70 Cronbach`s alpha coefficient. According to Orodho (2009), a questionnaire has good internal consistency if the Cronbach alpha coefficient of a scale is above 0.7. The study`s Cronbach alpha coefficient established was .881, as indicated in the SPSS output, Table 3.1.

Table 3.1: Cronbach Alpha

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.882	.881	9

3.1 Validity Tests:

Questionnaires were tested for content validity to establish the quality of the instruments. Content validity is a qualitative type of validity where the domain of the concept is made clear and the analyst judges whether the measures fully represent the domain (Bollen, 1990). Therefore, content validity is a qualitative means of ensuring that indicators tap the meaning of a concept as defined by the researcher (Kimberlin and Winterstein, 2008; Drost, 2011) as quoted by Aila and Ombok (2015). Aila (2014) asserts that it is important to demonstrate qualitatively the measure's relevancy, consistency and suggestions for revision.

3.1.1 Content Validity:

Content validity was achieved by subjecting a pool of questions underlying dimensions of competitive advantage to six experts drawn from the academic field and practicing professionals in the disciplines of strategic management, marketing and human resource. They helped and assisted in looking at the relevance of the study issues and ensured accurate information. Content validity can be assessed through literature survey/searches (Zikmund et al. 2010) to ensure items are based on the domain of the study concepts (DeVellis, 2012) corroborated by expert/analyst judgment and review suggestions (Bolliger and Inam, 2012). The experts provided guidance and advice. They expressed their agreement/disagreement with the use of different items on a Linkert scale of 5 points. The comprehensive literature review and proofreading done helped in incorporating relevant issues in the study. These issues helped the researcher in gathering and collecting relevant data from the various categories of respondents. In addition the strategic change constructs were standardized quantitative measures which were not based on the respondents' perception but rather their knowledge of the phenomenon under study. The experts revised the questions and response options until all evaluators concurred that each question and each response option fairly reflected accurately the requisite underlying dimensions for each construct. More so, the pretest results revealed that the content of each construct was well represented by the measurement of the items employed.

A pilot study was subjected to 12 respondents randomly selected. This small sample was guided by a suggestion by Saunders, Lewis and Thornhil (2007) that a minimum of ten members of pre testing are adequate. This helped in establishing whether the research process would work well and whether the instruments would collect what was intended to be collected. After the pilot was executed, the identified improvements were implemented. Then, a second round was made to the respondents that previously participated in the pilot, but with the agreed modifications. This process entailed using middle level managers as respondents that would not be used for the actual data collection and gauging the responses to the study.

3.1.2 Construct Validity:

For construct validity the model parameters were compared with those previously used in other studies such as (Morgan et al., 2004) to determine the extent to which it agrees with what leading scholars Hofer and Schendel (1978) and what the theory say measures of this construct should behave. This yielded a positive result, justifying the application of the tool in examining the effect of strategic change on organizational performance. The construct validity of scope of strategies did not pose major challenges since the variables were measured using parameters consistent with those of leading scholars (Barney, 1991; Teece et al., 1997; Wernerfelt, 1984).

3.2 Data analysis:

Data was analyzed using both quantitative and qualitative methods. Descriptive statistics such as the mean and the standard deviation gave a good idea of how the respondents answered to the items on the questionnaire and how good the items measured were. The mean and standard deviation indicated whether the respondents ranged satisfactorily over the scale.

3.3 Interview Data:

The purpose of interviewing is to establish people`s perspectives on a topic. Patton (1990) explains that qualitative interviewing carries the assumption that “the perspective of others is meaningful, knowable and able to be made explicit”. The study interviewed six respondents. The aim was to identify “information-rich” participants who have certain characteristics, detailed knowledge, or direct experience relevant to the phenomenon of interest (Pope and Mays, 1995). In order to avoid suspicion, the interviews were not taped; however, extensive field notes were taken. These notes were detailed and elaborated upon immediately following each interview. The interviewees were identified by giving them numbers ranging from 1 to 6. According to Mugenda and Mugenda (1999) and Kothari (2008) the main factor considered in determining the sample size is the need to keep it manageable enough in terms of effort, time, finance and human resource representation. In general, sample sizes in qualitative research should not be too small that it is difficult to achieve saturation. Creswell (1998) recommended interviews with up to 10 people in phenomenological research and interviews with 20–30 people in grounded theory. Kuzel (1992) recommends that 6–8 data sources or sampling units often will be sufficient when homogeneous samples are selected in qualitative research and that 12–20 data sources generally are necessary.

The process of data analysis involved identifying, categorizing and coding steps. The notes made and materials collected during the interview were marked and labeled. During the process of data analysis, the researcher carefully noted ideas and opinions of the respondents. This helped the researcher gain new ideas and insights in the data collection process. The data derived from interviewing the respondents and internet document analysis were paired into themes or categories. The analysis of the interviews and information collected from the interviewees followed. The data was organized and categorized into themes for ease of analysis. The researcher carefully sought for pertinent information relating to research questions. The information was noted and labeled. The data was divided into meaningful segments for easy coding. The data was coded relating to all segments of data using descriptive words or category names.

Coding is a process for both categorizing qualitative data and describing the implications and details of these categories (Trochim, 2006). During the coding process, the researcher directly examined the data, developed and used inductive codes. Codes were used to help summarize, synthesize, and sort many observations regarding the data. Coding is the primary step of developing data analysis. The codes are used to bring together and categorize series of otherwise discrete events, statements and observations identified in the data. Initially, the data may appear to be a mass of confusing and unrelated accounts or events.

After the process of data coding, the data were grouped into themes. The researcher revised the themes/categories of the results. This way, the process of organizing, eliminating and searching of relationships was used. Information from the internet was also sampled to provide any relevant information to ascertain the relevance of information provided. The themes had a number of categories or subcategories:

Scope of strategies theme had the following categories; views and comments on marketing, financial and distribution strategies. Lastly, specific product dimensions had these themes quality of products, products responding to a given market segment, products responding to opportunities or threats from the market place or the environment and distinctive branded products or services.

3.4 Research Ethics:

Research should benefit the organization and not harm it. The names of the firms and the respondents were kept confidential as required. The privacy of the participants were not overstepped at any point during data collection as the respondents were not forced into disclosing any information that they did not wish to share. Cohen et al. (2003) state that as the level of sensitive subjects increases, the participants are more likely to safeguard that information. Importantly, all the information gathered from the firms was presented as it is and was not subjected to any intentional transformation in order to affect the reputation of the companies or to modify the results of this study. The preparation for data collection lasted for some months, while making appointments, obtaining informed consent, and promising the respondents that all data will be used purely for research. All citations are noted in the text and referenced in the reference list.

4. RESULTS AND DISCUSSION

4.1 Introduction:

This chapter presents the findings and interpretation of the data analysis and their relation to previous studies as well as the literature review. The single interconnected chapter is to provide a broader and more in-depth understanding of the results and findings. The quantitative data were analyzed using descriptive statistics. For the interview data thematic coding was used.

4.2: Demographic Information of the Respondents and Firms:

4.2.1: Response rate:

The target number of firms was 38 in and around Nairobi and, Nakuru, Naivasha and Kisumu. Out of the 38 companies targeted 10 had not met the Alcoholic Drinks Control Act 2010 requirements; while three firms were used for pilot study leaving out 25 firms that responded. This translated to 65.9 percent response rate. This rate was considered adequate because it was over 23.9 percent of the total population recommended (Kothari, 2006). The response rate was higher than that of Gruber et al. (2010) of 16 percent and also comparable to that of other studies directed at top managers or business owners (Dennis, 2003). Onyango (2011) managed 30 firms among small and medium enterprises in the food sector from a sampling frame of 10,000 possible SMEs in Nairobi. Therefore, the response rate was adequate for in-depth exploration. Gay (1981) pointed out that for correlation and descriptive studies, any justifiable number of subjects can be explored. Therefore, the results of the study are very much applicable to the industry since it only represented a total population of 28 members at the time of analysis.

Table 4.1: Questionnaire Response Rate

	Number Sampled	Return rate, f (%)
Firms	25	23 (92.0)
Senior Managers	100	93 (93.0)

Source: Survey data (2016)

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4.2.2: Position of the Respondents:

The study sought to investigate the position of the respondents in their firms as summarized in Table 4.2.

Table 4.2: Position of Respondents in Their firms

		Frequency	Percent	Cumulative Percent
	Chief Executive Officer	3	3.2	3.2
	Finance Manager	27	29.0	32.2
	Sales and Marketing manager	25	26.9	59.1
	Others	38	40.9	100.0
	Total	93	100.0	

Source: Survey Data (2016)

From Table 4.2, it is clear that the top management team members were well represented in the study as respondents. Chief executive officers took 3.2% of the slots, being the least representation. Other top management team members, excluding finance managers and marketing officers, were the majority of the respondents at 40.9%. This included quality assurance, winery, production and brand managers.

4.2.3: Profile of the participating firms:

Table 4.3: Company profiles

Bio data of the respondents	Counts (n=23)	%
Major shareholding		
Public	1	4.3
Private	21	91.3
Mixed shareholding	1	4.3
Total	23	100.0
Market coverage		
East Africa	3	13.0
Kenya	20	87.0
Total	23	100.0
Number of employees		
Less than100	19	82.6
100 – 499	1	4.3
500 – 999	1	4.3
1000–3499	2	8.7
Over 4000	0	0.0
Total	23	100.0
Duration of service of the company		
Less than 3 years	0	0.0
3 – 5 years	0	0.0
Over 5 years	23	100.0
Total	23	100.0
Number of brands		
Less than 3 brands	13	56.5
4 – 6 brands	5	21.7
Over 6 brands	5	21.7
Total	23	100.0

Source: Survey data (2016)

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From the exploratory data analysis the findings of the study show that a significant majority, 91.3% of the firms in the alcoholic industries in Kenya were privately owned; 4.3% of them are public and only 4.3% is partly private and partly public. It was also noted that all the 23 firms had been in existence for more than five years. Therefore, the firms which had been in existence before and after strategic change were better placed to disclose whether their performance could be attributed to change in strategies On the number of brands of alcoholic drinks the firms were trading in, the study findings indicate that most of the organizations dealt in less than three brands. This was reflected by more than half 56.5% of the senior managers who took part in the study. This implied that there was some element of brand identity and specialization among the firms in the alcoholic industry.

On employment, it emerged that a significant majority of 82.6% of the firms within the alcohol industry only employed less than a hundred employees, while the ones which employed between 1000-3999 personnel were only composed of 8.7% of all the firms in the alcoholic industry in Kenya. On the market coverage, it was established that only 13.0% of the firms operated within East Africa as a whole, while most 87.0% of them had their market share within Kenya as country.

4.3: Findings on the Performance of Firms in the Alcohol Industry Kenya:

The study first sought to explore the dependent variable; performance of firms in the alcohol industry in Kenya. The relation of independent variable scope of strategies and organization performance of the firms in alcohol industry in Kenya were measued. The organizational performance was investigated through the use of a Likert-scaled questionnaire which sought the respondents` opinions on how they thought their firms had performed in the last five years in relation to strategic change aspect of scope of strategies. The constructs of the questionnaire were based on the real output measured against the intended or expected output as reflected by the two main performance indicators i.e return on sales and sales growth over past 5 years. The respondents were to rate each statement with 1 = lowest, 2 = low, 3 = average, 4 = high and 5 = highest, based on the perception of their organizational performance. The views were computed as percentage frequencies as shown in Table 4.4

Table 4.4: Organizational Performance Results

Item	Lowest 1	Low 2	Average 3	High 4	Highest 5	Mean	St. Dv
Return on sales	0 (0.0%)	0 (0.0%)	57 (61.3%)	22 (23.7%)	14 (15.1%)	3.51	0.72
Firm total sales growth over past 5 years	0 (0.0%)	1 (1.1%)	30 (32.3%)	38 (40.9%)	24 (25.8%)	3.93	0.78
Average						3.71	0.67

Source: Survey data (2016)

These findings were corroborated with a mean of 3.71 indicating that majority of the respondents were in affirmative that their organizations performance was high and standard deviation (SD) of .67 revealing that their views were not very varied. However, individually, return on sales received the least ratings (M=3.51 and SD=0.72). Nonetheless, in a range of 1-5 from the Likert scale, these findings indicate a strong approval of the items by the respondents implying that performance of alcoholic firms are generally rated high by their top managements.

4.4. Findings on the relation of Scope of Strategies with Performance of Firms:

The first objective of the study was to establish the relation of scope of strategies with performance of firms in the alcohol industry in Kenya. To establish this relationship the researcher designed a questionnaire which had items that were closely linked to dimensions which were regarded as key constructs of scope of strategies for value addition measurements. The questionnaire investigated on marketing strategies, distribution strategies, financial strategies and cost control strategies. The items were Likert-scaled statements in which the respondents chose from 5-point score with 1= not at all, 2=to a little extent, 3=to a moderate extent, 4=to a large extent and 5=to a very large extent. The views of the respondents were summarized in percentage frequencies as shown in Table 4.5.

Table 4.5: Respondents' views on Scope of Strategies (n=93)

Item	NA 1	TAE 2	TME 3	TLE 4	TVLE 5	M	SD
The company has carried out a widespread marketing research in order to find opportunities and reduce threats.	0 (0.0%)	7 (7.5%)	30 (32.3%)	34 (36.6%)	22 (23.7%)	3.76	0.90
Our financial strategy put us ahead of change.	0 (0.0%)	7 (7.5%)	25 (26.9%)	54 (58.1%)	7 (7.5%)	3.66	0.73
A widespread channel of distribution is applied for distributing of products.	0 (0.0%)	5 (5.4%)	32 (34.4%)	14 (15.1%)	42 (45.2%)	4.00	1.01
Our marketing strategies have increased growth in our market.	0 (0.0%)	2 (2.2%)	62 (66.7%)	18 (19.4%)	11 (11.8%)	3.41	0.73
Maintain a secure financial position through cost and quality control measures.	0 (0.0%)	6 (6.5%)	35 (37.6%)	26 (28.0%)	26 (28.0%)	3.77	0.93
Average						3.72	0.69

Key: 1=NA-Not at all; 3=TAE-To a little extent; 3=TME-To a moderate extent; 4=TLE-To a large extent; 5=TVLE-To a very large extent; M-Mean; and SD-Standard deviation.

Source: Survey data (2016)

It was established that majority of the respondents held the view that firms in alcohol industry in Kenya have endeavored to effect strategic change as reflected by their scope of strategies. This was revealed by mean rating of 3.72, which was considerably, to a large extent, high and standard deviation of 0.69 indicating low variability in respondents' views. Specifically, response on the item "a widespread channel of distribution is applied for distributing of products" received, to large extent, the highest rating (mean=4.00 at standard deviation=1.01), while the statement "our marketing strategies have increased growth in our market" had, to a moderate extent, the least rating (M=3.41 and SD= 0.73) from the respondents. This implied that whereas quite a significant proportion of the respondents believed that a widespread channel of distribution is applied for distributing of products in the firms, only a small proportion of the respondents held a similar notion on whether their marketing strategies have increased growth in the market. Therefore, channel of distribution was an important determinant of organizational performance.

Findings from interview data reveals consistency in findings as one of the interviewees' state:

"Our company proceeds with creative activities presenting new products of high quality and has a close relationship with customers and retailers. A widespread channel of distribution is applied for distribution of products. We compete by using lower price and financial encouragement" (6).

From this narration it is clear that the ability of a firm to produce quality product does not serve it much if the same cannot reach the market. Therefore, there is need for the alcohol firms to develop and employ effective and efficient distribution system which facilitates the availability of their products in the market. From the findings, it is indicated that the firms have enhanced their delivery system to reach many customers and therefore increase their sales, sales returns as well as sales growth.

The findings of the study show that majority of the respondents in alcohol industry agreed, to a large extent, that a widespread channel of distribution which they applied for distributing of their products had influenced their organization performance. This was reflected in a mean rating of 4.00 and standard deviation of 1.01. Interview findings revealed that a widespread channel of distribution is applied for distribution of products as reported by one of the interviewees. Yet to emphasize the importance of the distribution strategy it was revealed from one of the interviewees who stated that:

"We believe continuous investments in distribution infrastructure and capacity, geographical expansion and innovation will continue to mitigate the impact of this regulatory environment" (4).

Two thirds of the respondents disclosed that distribution strategy is not totally selective and that advertising and marketing are taken into account. It is evident that a balance between distribution, marketing, financial and cost control drive firm performance. The findings of the study reveal that majority of the senior managers of the firms in the alcohol industry confirmed that their organizations had carried out a widespread marketing research to a large extent in order to find opportunities and reduce threats as reflected in mean rating of 3.76 and standard deviation of .90. This is echoed in the views of one of the interviewees:

"We have taken our marketing to social media and we organize loyalty programs" (1).

However, it emerged that despite the heightened marketing strategies in most of the firms in the alcohol industry, a significant majority (mean =3.41, standard deviation = .73) of the senior managers who were interviewed held the view that the strategy had only, to a moderate extent, increased growth in their market and in the organization overall performance. These results are in agreement with the findings of Mwende et al. (2013) that the Alcoholic Drinks Control Act, 2010 had affected East Africa Breweries Limited's strategy on market expansion.

Interview probe on this dimension shed more light on the findings as revealed by one of the interviewees:

"The company has carried out a widespread marketing research in order to find opportunities, threats, as well as to present the products with fair prices. At present, most alcohol in Kenya is sold in bars. We started to implement supply chain improvements with an eye on increased penetration in the take home sector" (1).

The deduction from this narration would be that marketing strategy resulted to large geographical and segment market which was important in meeting customer wants. This would result to increased sales and market growth. It appears that marketers develop market expansion strategies to ensure that their products are available at fair price at the right time and nearest place (bars) to the customer.

The views presented by the respondents, using both qualitative and quantitative findings, on the effect of scope of strategies on organizational performance are a clear demonstration of the importance of scope of strategies in enhancing organizational performance. The strongest deduction to be made is that to achieve better performance multiple strategies have to be adopted.

On the financial strategy, the results of the study indicate that more than a half (mean =3.66, standard deviation = .73) of the senior management held a perception that, to a large extent, the financial strategy they had adopted had put them ahead of change and subsequently influenced their organization performance. On the other hand, the findings of the study established that maintenance of secure financial position through cost and quality control measures had, to a large extent, influence on the organization performance. This was reflected by the mean of 3.77 and standard deviation of .93 of the top management team members who took part in the study.

This finding is illuminated in the results of the interview probe. On their financial strategy most interviewees felt that spirit distillers have been forced into recycling glass bottles to cut on costs. This is more cost effective than using new ones as one of the interviewees commented:

"The ban on spirit production in PET (plastic) has increased demand for glass but the recycling strategy should fill the gap. Recycling can save up to Sh. 10 per bottle" (2).

In another move to cut on costs one of the interviewees reported that:

"The re-use of bottles does not lead to additional investment because the washers used to clean beer can be adjusted to wash other types" (5).

However, it was noted that recycling has the benefit of both cutting on costs as well as checking on counterfeiting. It can therefore be deduced that organizational performance was enhanced through cost reduction for maximum return on sales. The strongest deduction to be made from the foregoing is that a combination of strategies including marketing, financial, distribution and cost control had a positive effect on organizational performance. This finding resonates well with descriptive results.

Overall, the research showed that by focusing on alcohol firms in Kenya where a majority of firms are private (91.3%) the current study brings to focus the status of scope of strategies in the alcohol sector. Previous studies Mohammadzadeh, Aarabi and Salamzadeh (2013) dwelt on marketing and financial strategy on organizational performance of all Iranian pharmaceutical manufacturers and Trinh and O`Cnnor (2002) focused on strategies to control costs, market share, efficiency, and financial performance in the health sector. However, the studies failed to incorporate the element of distribution as an aspect of scope of strategies. However, this study, using the dimensions of scope of strategies such as marketing, distribution, financial and cost control, sheds light on the significant contribution of scope of strategies on performance of alcohol firms in Kenya. Therefore, the findings of this study provide further evidence not adduced by previous studies on the application of multiple strategies focusing on financial, marketing, distribution and cost control on performance. A few studies have tried to understand the influence that scope of strategies has on organizational performance. The findings of this study are inconsistent with Trinh and O`Cnnor (2002) who studied the impact of strategic change on performance of United States Urban hospitals. It encompassed two major types of strategies: Strategies to enhance business with health maintenance organizations (HMO) and strategies to control costs; market share, efficiency, and financial performance observed across the 1994 to 1996 time period. The study found that strategic change that contributes positively to one type of performance can negatively impact the other. For example, whereas increased affiliation with HMOs led to improvements in revenue market share, signing more contracts with HMOs meant market losses to both revenue and patient days. However, the study failed to incorporate distribution and marketing constructs of scope of strategies to establish their effect on performance. The inconsistency could be due to the context of the studies that varied considerably. The other possible explanation to the contradiction is the method of analysis used, the strategies adopted and the performance parameters used in each case. While the study used Linear Structural Relations (LISREL) path analysis this study used regression analysis. However, considering the views of the respondents per se the results on financial and distribution strategies contrast with findings on marketing strategies. To this extent the results agree with the findings of Trinh and O`Cnnor (2002).

The results are consistent with findings of Mohammadzadeh, Aarabi and Salamzadeh (2013) who evaluated the effect of alignment between marketing strategy and financial strategy on organizational performance of all Iranian pharmaceutical generic manufactures listed in Tehran stock market. Results show strategic alignment between financial and marketing strategies has significant impact on profitability of company resulting in arise of all three profitability indices. The study concluded that managers should not consider decisions regarding marketing strategy independently of their financial strategy. However, the study failed to include and analyze the effect of cost control and distribution on performance.

4.7.2: Specific Product Dimensions:

The respondent`s views on the specific products they offer to their customers in relation to strategic change occasioned by the Alcoholic Drinks Control Act 2010 were summarized as in Table 4.6.

Table 4.6: Respondents Views on their Specific Product Dimensions

Item	NA	TAE	TME	TLE	TVLE	M	SD
Broad based, high quality products responding to diverse needs of customers	0 (0.0%)	4 (4.3%)	12 (12.9%)	58 (62.4%)	19 (20.4%)	3.99	0.71
Few selective products responding to a given market segment	0 (0.0%)	14 (15.1%)	41 (44.1%)	28 (30.1%)	10 (10.8%)	3.37	0.87
They are largely based on responding to opportunities or threats from the market place or the environment.	0 (0.0%)	7 (7.5%)	44 (47.3%)	24 (25.8%)	18 (19.4%)	3.57	0.89
Fair price products or services with desirable extra features	0 (0.0%)	2 (2.2%)	22 (23.7%)	63 (67.7%)	6 (6.5%)	3.82	0.53
Distinctive branded products or services	0 (0.0%)	2 (2.2%)	24 (25.8%)	57 (61.3%)	10 (10.8%)	3.85	0.59
Average						3.72	0.53

Key: 1=NA-Not at all; 2=TAE-To a little extent; 3=TME-To a moderate extent; 4=TLE-To a large extent; 5=TVLE-To a very large extent; M-Mean; and SD-Standard deviation.

Source: Survey data (2016)

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The respondent`s views on the specific products they offer to their customers in relation to performance were summarized as in **Table 4.6.** It was revealed from the study findings that most of the senior managers of the firms in alcohol industry in Kenya believe that their products are of quality and of fair prices. For instance, the statement, "our products are broad based, high quality products responding to diverse needs of customers" received a mean rating of 3.99 implying respondents agreed to a large extent with this element of product dimensions. The statement, " fair price products or services with desirable extra features" had a mean of 3.82 implying that to a large extent respondents felt that this construct improved performance. The standard deviation of .59 means that the variability on this issue was moderate. The overall mean of 3.72 suggest that to a large extent, respondents agreed that product dimensions was important in enhancing performance.

Interview data disclosed that the proliferation of retail outlets in residential areas is slowly influencing how consumers purchase alcoholic drinks:

"Metal beverage cans is a growing packaging concept that has wide appeal for retailers as product handling is simplified, resulting in fewer breakages and cheaper transport costs as metal cans are lighter in weight than glass bottles" (1).

Two thirds of the respondents felt fair prices, extra features and distinctive branding were important in enhancing performance since these elements were frequently mentioned.

"It is always a balance between fair pricing, quality and desirable features or services" (3).

To emphasize the importance of price, interviewee number one revealed:

"Our prices have kept us in the market, i don't think our customers would be willing to pay more than we offer" (1).

The study establishes a positive link between packaging, portability of alcohol products, fair prices, extra features, good handling qualities and distinctive branding to organizational performance. A well-designed product is a source of a point-of difference in the marketplace assisting consumer acceptance through its ease of use, durability, reliability, or packaging; therefore, serve as a source of competitive advantage. Take away would ensure consumption without being tied down to time.

The results are consistent with the conceptualization of the study that unique product provides a firm with a differentiation advantage that other firms in a competitive market may find difficult to challenge or overcome resulting in higher performance than a standardized product (Douglas and Craig, 1989).

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of Findings:

Research objective one sought to establish the relationship between scope of strategies of firms in the alcohol industry in Kenya and their performance. The primary concern was that firms focused on certain aspects of competitive advantage leaving out others. Previous studies concentrated on large firms in the textile, manufacturing and pharmaceutical industries in developed western economies. The studies did not incorporate the components of quality of goods, ability to introduce completely new products and services, ability to modify existing products to meet unique customer needs and alteration of products with new features. In line with previous research the study revealed that the dimensions of competitive advantage under study interact together to enhance performance.

Research objective two sought to assess the role specific product dimensions on the relationship between scope of strategies and organizational performance of alcohol firms in Kenya. Previous studies had employed the traditional firm characteristics such as age and firm size yet the role of firm characteristics such as specific product dimensions had not been established. The findings reveal that specific product dimensions as an aspect of firm characteristics enhance the relationship between scope of strategies and organizational performance.

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5.2 Conclusions of the Study:

Research objective one sought to establish the relationship between scope of strategies employed by firms in the alcohol industry in Kenya and their performance. The concept of scope of strategies had the following constructs: financial, marketing, distribution and cost control strategies. The study established that scope of strategies enhance performance of the organizations. From this finding it is concluded that scope of strategies such as financial, marketing, distribution and cost control are a major factor in determining organizational performance.

The research objective sought to assess the specific product dimensions on the relationship between scope of strategies and performance. The overall finding of the study was that specific product dimensions enhance the relationship between scope of strategies and organizational performance. It is therefore concluded that specific product dimensions as a component of firm characteristics transform the relationship between scope of strategies and organizational performance.

5.3 Recommendations of the Study:

Based on the conclusion of objective one which sought to establish the effect of scope of strategies on performance of firms in the alcohol industry in Kenya it is recommended that managers of alcohol firms should focus more on distribution, financial and cost control and marketing components of scope of strategies since employment of these strategies enhances performance

Based on the conclusion of objective two which sought to establish the role of specific product dimensions on the relation between scope of strategies and performance of alcohol firms in Kenya. It is recommended that managers should focus more on specific product dimensions such as quality products responding to diverse needs of customers, select products responding to a given market segment, products responding to opportunities or threats from the market place or the environment, fair priced products or services with desirable extra features and distinctive branded products or services.

5.4 Limitations of the study:

The study was limited by the small sample size and the resources available to the researcher. The results from the research conducted might not be representative for the whole alcohol sector given that some firms were not in operation due to none compliance with the new alcohol law in Kenya. Therefore, opinions of businesses that did not comply with the law and implement any strategy change were not included in the study. This research was limited to alcohol industry and this limits generalization.

Lastly, since the questionnaire were related to the firms` scope of strategies adopted, the respondents might not have given the correct position for fear of exposing their fundamental drivers to performance.

5.5 Suggestions for Further Study:

Studies that capture the more different constructs of scope of strategies and their influence on organizational performance should be carried out. The population of study is low and future study may be done by incorporating the more firms.

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