



RESEARCH ARTICLE

INFLUENCE OF MANAGEMENT CAPABILITIES ON THE RELATIONSHIP BETWEEN ORGANISATIONAL RESOURCES AND ORGANISATIONAL PERFORMANCE OF ISO CERTIFIED ORGANISATIONS IN KENYA

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ABSTRACT

The main purpose of this research was to examine the influence of management capabilities on the relationship between organisational resources and organisational performance of International Organisation for Standardization (ISO) certified organisations in Kenya. The Total Quality Management (TQM) and interest theories were the basis of this study. A cross-sectional research survey design was adopted. Primary data was collected from a sample of 282 ISO certified organisations by use of a questionnaire, and secondary data was obtained from financial statements of 27 ISO certified organizations sampled. Descriptive statistics was used to analyze proportions of the variables and multiple regression model was used to estimate the effect of organisational resources on the performance of ISO certified organizations. The findings show that abundant organisational resources reduce performance. The findings of this research revealed that there was a partial intervening effect of management capabilities on the relationship between organisational resources and organisational performance of ISO certified organisations in Kenya. Furthermore, when organisational resources and management capabilities were examined individually, their statistical significances tend to reduce in their relationships with organisational performance. Therefore, this study recommends that there is need for the management of ISO certified organisations in Kenya to improve on their management capabilities as the study found that there was a positive relationship between management capabilities and performance of ISO certified organisations in Kenya.

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INTRODUCTION

Management Capabilities (MC) would be management systems concepts emanating from TQM characteristics grouped into six, management (Beatty, 2013; Deming, 2010; Drucker, 1985); organisation culture (Schein, 1990); structure (Osada, 1991); processes (Hammer and Champy, 2012); systems (Harrington and Reid, 2007); and integration (Clove and Goldsmith, 2002). Rush (2006) asserts that management in a religion approach means meeting the needs of people as they work at accomplishing their jobs. By this, a leader's job is to serve those under him by helping them to maximize or optimize effectiveness. The people voluntarily, eagerly and continually will in return meet the leader's needs. TQM adopts this religion approach. Ishikawa (1985) also supported this view by holding that the first order of a business was to seek the happiness of their employees and the second order was to strive to satisfy and please customers (external) whenever they provide their products. In contrast, management under the secular approach means getting work done through others by

using power and authority to manipulate, control and exploit people. Soltani, Lai and Phillips (2008) and Wilkinson, Godfrey and Marchington (2007) in their studies found that control mechanism set by managers to monitor employee performance and work-related processes served to drive in fear and compliance rather than liberation and commitment. Raiborn and Payne (1996), Gore Jr (1999), Corbett and Rastrick (2000) and the Japanese Union of Scientists and Engineers ((JUSE), 1997) assert that TQM strives for the following in any business environment. First, it establishes clear mid and long-term vision and strategies under strong top management leadership. Second, "it properly utilizes the concepts, values, and scientific methods of TQM." Third, "it regards human resources and information as vital organisational infrastructures." Fourth, "it effectively operates a quality assurance system and other cross-functional management systems such as cost, delivery, environment, and safety under an appropriate management system." Fifth, "fundamental organisational powers such as core technology, speed, and vitality support it." Sixth, it ensures sound relations with stakeholders- customers, employees, society, suppliers, and stockholders. Seventh, it continuously realizes organisation objectives in the form of achieving an

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organisations' mission, building an organisation with a respectable presence. Finally, it continuously secures profits or other metrics through customer satisfaction. The above eight concepts and practices are derived from TQM principles of customer-focused, people-centered, and process-oriented. Transformation consists of a number of processes, which includes a draft of operations system, planning and control, and improvement activities that are necessary for production and providing of goods and services to customers. Therefore, managing operations with competence is vital to meeting strategic goals- survival, growth and development. Ultimately, operations determine the cost, quality, and timing of every interaction an organisation has with the people it serves (Naylor, 1996). All operations involve resources and nothing is transformed, if nothing is resourced. An output comes from resources that enter the process and are transformed, more or less successfully, by the resources of the process (Galloway, 1996)

Research Problem

Globalization, technological advancements and increasing competition are important factors that affect firms' competitive environments today. As a consequence, it is becoming increasingly harder for firms to rely on old ways of doing business. Thus, firms need to consider which capabilities to invest in, in order to ensure sustainable competitive advantages (Hanghøj, 2014). Despite the great emphasis on the linkage between management capabilities, organizational resources and organisation performance, researches done to test the intervening effect of management capabilities of the relationship between organizational resources and organisation performance are limited (Juran, 1986; Kishtainy, 2014; Mankiw, 1998; Moyo, 2013; Teece, Pisano and Shuen, 2007). Managers acknowledge that the most important factors for successful management capabilities (Fuchs, Pais, and Shulman, 2013) and today management is perceived to be one of the functions with the highest potential to impact on long-term profitability in many organizations (Quintens, Pauwels and Matthyssens, 2006a).

Whereas ISO plays an important role in developing standards for both quality management and environmental management, ISO certified organisations in Kenya are challenged for lack of a comprehensive implementation guide, hence making it difficult for the organisations to operationalize resources more successfully. Due to not combining the various resources, and management capabilities, organisations need to not only transform the whole system of management, but also have a comprehensive guide for practitioners (Hackman and Wageman, 1995; Gorecki, 1995). These organisations also continue to lag behind in converting resources to organisational performance due to the wrong reasons for seeking ISO registration (Kuo, et. al., 2009). Literature tells us that management capabilities matter; however, there seem to be inadequate researches done to establish effect of this construct on the relationship between organisational resources and organisational performance (Beatty, 2013). There have been limited studies to identify the inherent limitations of organisational performance and it therefore calls for the need to further examine the interventions of organisational resources against organisational performance (Okwiri, 2012). The available studies did not measure transformation, but instead inferred them from TQM characteristics. Scholars have linked

organisational resources to organisational performance (Li and Hambrick, 2005) but most of these studies have measured organisational performance using the traditional financial measures hence the need to explore use of contemporary performance measures. Therefore, there exist conceptual and methodological gaps which the study sought to address. This study ascertained the influence of organisational resources on performance of ISO certified organizations by answering the following question: "what influence does management capabilities have on the relationship between organisational resources and organisational performance among ISO certified organisations in Kenya?"

Theoretical Review

The TQM theory being behavioral theory that primarily entails a change in an organisations' technology, its way of doing work; a change in an organisations' culture its norms, values and belief systems about how organisations function; and a change in an organisations' political system-decision making processes and power bases (Tichey, 1983). In the quality management essence, the managers who deal with quality management of ISO certified institutions in Kenya should ensure maximum customer satisfaction in terms of quality products and services given on market. This can also come about through involvement and empowerment of their employees to enhance and maintain goods and services of better quality (Okwiri, 2013). Therefore, to achieve such performance level, the organisations' employees should focus more on identification of customers' wants/expectations, and should have good understanding of organisations' plans that can assist in achievement of their aims. The TQM theory benefited this study through the effect of organizational resources and management on organizational performance of ISO certified organizations in Kenya. The Pound's interest theory (1919), as cited in Van Blerk, (1996), under sociological jurisprudence defined an interest as "a claim, a want, a demand of a human being or group of human beings which the human being or group of human beings seeks to satisfy and of which social engineering in a civilized society must therefore take account". The Pound's interest theory contributes to performance of ISO certified organisations since it promotes the aspect of gaining maximally by ensuring that there is less friction as well as less waste of resources. Human expectations and their needs require to be satisfied to the maximum with less sacrifices (Kakada, 2012). The theory advocates for the idea of social order which can be infused with a moral purpose, in which the acceptance of responsibilities, duties, and obligations justifies the assertion of rights (Beatty, 2013). The interest theory therefore benefitted this study through the influence of management capabilities on the relationship between organisational resources and organisational performance of ISO certified organisations in Kenya.

Empirical Review

Many researchers carried out studies to establish the linkage between management capabilities organizational resources and performance. For instance, based on a sample size of 14 manufacturing firms in Turkey, Nalcaci and Yagcib (2014) carried out a study on the effects of capabilities of marketing on performance of export on manufacturing companies. With application of critical incident method and by use of resource-based view, the study found out that resources and marketing

capabilities are main components of companies involved in manufacturing processes that play major roles in the export performance. On the same note, Chiu and Chen (2016) did a research to test the relationship on which management capabilities have on effectiveness of the organization among the public services of Taiwan. They used role of organizational commitment as a mediator. Their research distributed 302 questionnaires and structural equation model was used in testing the hypotheses. It was found that significant relationship only existed between knowledge process capabilities and organizational effectiveness. On other hand, knowledge infrastructure capability was found to have an insignificant effect. Furthermore, their research supported that the mediating role of organizational commitment was significant.

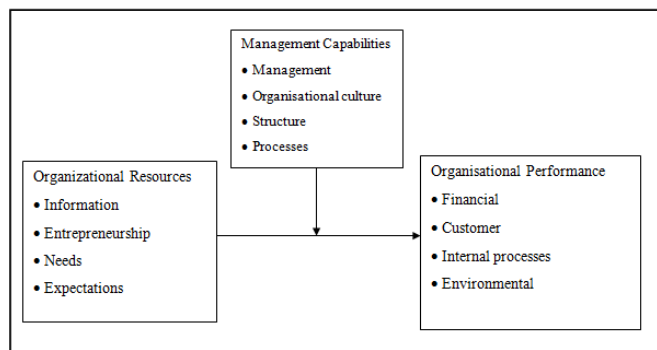


Figure 1. Conceptual Framework

A research carried out by Ismail, Raduan, Uli and Haslinda (2012) on the effect of organizational resources, capabilities, systems on competitive advantage indicated that a combination of organisational resources, capabilities and systems have a positive significant effect on competitive advantage, supported by resource-based view. Similarly, Carmelia and Tishlerb (2004) did a research to test the effect of resources and capabilities on performance of industrial firms. Their survey was conducted on 93 industrial enterprises operating in Israel and through the use of multivariate analysis, their study discovered that the superiority of any given industrial enterprise, based on performance measures like return on equity, return on sales, customer satisfaction and market share change have the ability to be explained by key managerial capabilities and organizational resources namely: organizational communication, managerial skills, perceived organizational reputation as well as organizational culture. Furthermore, a research carried out by Osisioma and Nzewi (2016) was based on testing the relationship between dynamic capabilities and performance of selected commercial banks in Awka, Anambra State, Nigeria. The researchers used descriptive survey research design where they collected data through structured questionnaire and analyzed it by use of correlation statistics. This study found out that the relationship between sensing capability and performance is positive and significant. Ainin, Salleh, Bahri and Faziharudean (2015) studied “organisations’ performance, customer value and the functional capabilities of information systems.” Their survey found that information systems functional capabilities do influence the creation of customer value and ultimately organisational performance.

Conceptual Framework

The gaps identified by this study triggered the formation of the conceptual framework displayed in Figure 1 which was

adopted as a guide to empirical research and helped in answering the knowledge gaps highlighted from the review of conceptual, theoretical as well as empirical literature. From the model provided, the dependent variable is organisational performance proxide by financial aspect, customer satisfaction, internal process and business environment. The independent variable used in this research was organisational resources which ranged in terms of information, entrepreneurship, firm needs and expectations. In conjunction to that, management capabilities were perceived to be an intervening variable on the influence of organisational resource and organisational performance.

MATERIALS AND METHODS

Positivism philosophy was employed by the study due to its direct linkage with the idea of objectivism. Cross-sectional research design was employed in giving a better understanding of the relationship between organization resources and performance intervened by management capabilities. The studies population of interest was a total of 1,060 ISO certified organisations in Kenya accredited through Kenya Bureau of Standards (KEBS), from which a sample size of 282 organisations was drawn by use of stratified random sampling technique. This research relied on both primary and secondary data sources. The collection of primary data was done through use of semi-structured questionnaire while that of secondary data by examination of organizations’ annual reports. The research used descriptive statistics in estimation of the proportions of the variables. On other hand, inferential statistics was used to determine the relationships between organisational resources and organisational performance. Step regression analysis was employed for robustness of the results. The study was based on the following three regression equations in estimation of the influence of management capabilities on the relationship of organization resources on performance:

First step: $MC = \alpha + \beta_1OR$ 1

Second step: $OP = \alpha + \beta_1MC$ 2

Third step: $OP = \alpha + \beta_1OR + \beta_2MC + \epsilon$ 3

Where MC represented management capabilities (intervening variable), OP was organization performance (dependent variable) and OR stood for organization resources (independent variable), β_s were the coefficients estimated by ordinary least squares (OLS), while ϵ was the error term.

RESULTS

Descriptive Statistics

The findings as shown in Table 1 indicated that respondents strongly agreed that leaders helped in creating harmony in the organisations (mean score = 4.99, SD = 0.089);customers’ complaints were responded promptly (mean score = 4.80, SD = 0.404); work was accomplished through self-managed teams in identifying and solving problems (mean score = 4.70, SD = 0.702); leaders’ support and direct changes for progress (mean score = 4.69, SD = 0.465); technology was used to empower rather than control employees (mean score = 4.68, SD = 0.581); and leaders practiced what they said employees (mean score = 4.57, SD = 0.660). There were open, two-way

communication systems employees (mean score = 4.53, SD = 0.500); and there were alliances across the organisations boundaries for service delivery (mean score = 4.53, SD = 0.500). In addition, the respondents agreed that compensation and rewards were tied to individual, team and organisations' performance (mean score = 4.35, SD = 0.635); there were ways to resolve conflict whenever they arise (mean score = 4.35, SD = 0.635); processes were continuously redesigned to improve customer service, reduce costs, eliminate waste and respond quickly to business opportunities and threats (mean score = 4.30, SD = 0.457); complaints were treated as opportunities to learn (mean score = 4.27, SD = 0.563);

employees got work that was challenging, interesting and motivating (mean score = 4.27, SD = 0.563); and organisations' changes were accomplished by promoting willingness to experiment with new ideas without the feeling of being punished for failures or losses (mean score = 4.24, SD = 0.634). Ideas for service and quality improvement from employees were positively valued and rewarded (mean score = 4.20, SD = 0.398); targets set were capable of achievement and further improvement (mean score = 4.20, SD = 0.398); and employees got tools and technology, information and authority

Table 1. Conceptual Framework

Management Capabilities	Sample	Mean Score	Standard Deviation	Skewness	Kurtosis
Leaders help create harmony in the organisation.	254	• 4.99	• 0.089	• -11.202	• 124.468
Customer complaints are responded promptly.	254	• 4.80	• 0.404	• -1.472	• 0.169
Work is accomplished through self-managed teams in identifying and solving problems.	254	• 4.70	• 0.702	• -1.998	• 2.056
Leaders' support and direct changes for progress.	254	• 4.69	• 0.465	• -0.801	• -1.368
Technology is used to empower rather than control employees.	254	• 4.68	• 0.581	• -1.634	• 1.627
Leaders practice what they say.	254	• 4.57	• 0.660	• -1.244	• 0.303
There is an open, two-way communication system.	254	• 4.53	• 0.500	• -0.127	• -2.000
There are alliances across the organisation boundary for service delivery.	254	• 4.53	• 0.500	• -0.127	• -2.000
Compensation/ reward is tied to individual, team and organisation performance.	254	• 4.35	• 0.635	• -0.464	• -0.666
There are ways to resolve conflict whenever they arise.	254	• 4.35	• 0.635	• -0.464	• -0.666
Processes are continuously redesigned to improve customer service, reduce costs, eliminate waste and respond quickly to business opportunities and threats.	254	• 4.30	• 0.457	• 0.903	• -1.194
Complaints are treated as an opportunity to learn.	254	• 4.27	• 0.563	• -0.033	• -0.473
Employees get work that is challenging, interesting and motivating.	254	• 4.27	• 0.563	• -0.033	• -0.473
Organisation change is accomplished by promoting a willingness to experiment with new ideas without the feeling of being punished for failures or losses.	254	• 4.24	• 0.634	• -0.242	• -0.643
Targets set are capable of achievement and further improvement.	254	• 4.20	• 0.398	• 1.534	• 0.356
Employees get tools and technology, information and authority to act in the service of the organisation.	254	• 4.16	• 0.584	• -0.038	• -0.239
Feedback from customers is delivered directly and immediately to the individuals and teams who need it to improve performance.	254	• 4.10	• 0.414	• 0.698	• 2.228
Technological innovation is used to change the base of competition and achieve competitive advantage.	254	• 4.09	• 0.583	• -0.011	• -0.090
Immediate action is taken with top priority to identify and resolve the root cause of the problem if quality deteriorates.	254	• 4.06	• 0.523	• 0.070	• 0.650
Employees have learning opportunities in appropriate work skills and service quality concepts.	254	• 4.05	• 0.357	• 0.698	• 4.609
Systems are designed to detect and correct errors at source, rather than at a later stage.	254	• 4.05	• 0.357	• 0.698	• 4.609
Technology is used to interact with and manage customer relations.	254	• 4.04	• 0.493	• 0.090	• 1.128
There are customer satisfaction indicators for External customer.	254	• 4.03	• 0.371	• 0.321	• 4.317
Teams cooperate with each other and are aligned with the vision and mission of your organisation.	254	• 4.03	• 0.371	• 0.321	• 4.317
Leaders set aggressive targets beyond incremental improvements.	254	• 4.02	• 0.417	• 0.106	• 2.844
Leaders communicate quality values.	254	• 4.00	• 0.000	•	•
Controls are less emphasized as people are expected to take personal responsibility for their choices.	254	• 4.00	• 0.000	•	•
There are customer satisfaction indicators for internal customer.	254	• 4.00	• 0.000	•	•
Operations, employees and service are effectively integrated in the form of a network of capabilities to meet customer expectations.	254	• 4.00	• 0.000	•	•
Quality policy is practiced at all levels not just aspirations or lofty goals in statements.	254	• 3.86	• 0.349	• -2.067	• 2.289
Employees use quality control tools and techniques in their workplace.	254	• 3.80	• 0.404	• -1.472	• 0.169
• Average Scores	254	• 4.11	• 0.419	• -0.508	• 4.538

Source: Research Data (2018)

to act in the service of the organisation (mean score = 4.16, SD = 0.584). Feedback from customers was delivered directly and immediately to the individuals and teams who needed it to improve performance (mean score = 4.10, SD = 0.414); technological innovation was used to change the base of competition and achieve competitive advantage (mean score = 4.09, SD = 0.583); and immediate actions were taken with top priority to identify and resolve the root causes of the problems if quality deteriorated (mean score = 4.06, SD = 0.523). Employees had learning opportunities in appropriate work

a network of capabilities to meet customer expectations (mean score = 4.00, SD = 0.000). The organisation structure is relatively flat, more flexible, and fast moving and customer focused (mean score = 3.96, SD = 0.406); quality policy is practiced at all levels not just aspirations or lofty goals in statements (mean score = 3.86, SD = 0.349); and employees use quality control tools and techniques in their workplace (mean score = 3.80, SD = 0.404). Furthermore, the results given in Table 1 show that the overall mean score was 4.11. This implied that ISO certified organisations in Kenya were strong in management capabilities.

Table 2. Descriptive Statistics for Selected Activity Ratios

Type	Description	Frequency	Percent
Total asset turnover	Greater than 2 times	2	7
	Greater than 1 to 2 times	4	15
	Less than 1 times	21	78
	Total	27	100
Accounts receivable turnover	Greater than 90 days	5	18
	Greater than 60 to 90 days	4	15
	Greater than 30 to 60 days	3	11
	0 to 30 days	15	56
	Total	27	100
Inventory turnover	Greater than 90 days	1	1
	Greater than 60 to 90 days	0	0
	Greater than 30 to 60 days	2	7
	0 to 30 days	24	89
	Total	27	97
Accounts payable turnover	Greater than 90 days	5	19
	Greater than 60 to 90 days	5	19
	Greater than 30 to 60 days	5	19
	0 to 30 days	12	43
	Total	27	100

Source: Research Data (2018)

Table 3. Model Summary, Analysis of Variances, and Coefficients for Organizational Resources and Management Capabilities

1. Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.473 ^a	.223	.220	.11715		
2. Analysis of Variances						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.947	1	.947	68.985	.000b
	Residual	3.294	240	.014		
	Total	4.241	241			
3. Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.681	.172		33.093	.000
	Organizational resources	-.339	.041	-.473	-8.306	.000
a. Predictors: (Constant), Organizational resources						
b. Dependent Variable: Management capabilities						

Source: Research Data (2018)

skills and services quality concepts (mean score = 4.05, SD = 0.357); systems are designed to detect and correct errors at source, rather than at a later stage (mean score = 4.05, SD = 0.357); technology was used to interact with and manage customer relations (mean score = 4.04, SD = 0.493); there were customer satisfaction indicators for external customer (mean score = 4.03, SD = 0.371); teams cooperate with each other and are aligned with the vision and mission of your organisation (mean score = 4.03, SD = 0.371); and leaders set aggressive targets beyond incremental improvements (mean score = 4.02, SD = 0.417); leaders communicated quality values (mean score = 4.00, SD = 0.000); controls were less emphasized as people were expected to take personal responsibility for their choices (mean score = 4.00, SD = 0.000); there were customer satisfaction indicators for internal customer (mean score = 4.00, SD = 0.000); and operations, employees and service are effectively integrated in the form of

The spread about the mean is low (coefficient of variation = 10.2 percent) and therefore more consistent or less variable. From skewness, the average score of the management capabilities constructs was negatively skewed (-0.508) that indicated that the constructs were asymmetrical. Kurtosis value indicated that all the sub constructs had leptokurtic distribution (4.538). Table 2 shows the activity or turnover ratios which indicate how effectively organisation uses its resources to generate revenue or deliver services. Accounts receivable turnover, inventory turnover, accounts payable turnover and total asset turnover measure the efficient use of organisations' assets. The total asset turnover ratio was used in this study as a measurement of organisations' capacity to generate sales from its assets through comparison of net sales and average total assets. Thus, the ratio aided in showing how efficiently a given ISO certified organisations are able to utilize its assets in sales generation.

From the findings given in Table 2 above, total asset turnover for the majority (78 percent) of ISO certified organisations was less than one times, 15 percent of them had an asset turnover of between one and two times, and a few (7 percent) had a total asset turnover of greater than two times. From the results shown in Table 2 above, total assets to turnover for majority of ISO certified organisations in Kenya took more than a year to generate revenue. Accounts receivable turnover can be explained as the annual number of times of an organisation collects its average accounts receivable. The study used this ratio to aid in evaluation of the ability of a given ISO certified organisation to issue credit efficiently to its customers as well as the collection of funds within a given period. The findings as shown in Table 2 above revealed that the receivables collection days for the majority (56 percent) was between zero and 30 days, 18 percent of the organisation collected their receivables in greater than 90 days, 15 percent were between 60 and 90 days while 11 percent were between 30 and 60 days.

An indication that many of ISO certified organisations in Kenya collected their debtors within a year, most of which was within 30 days. The study employed the use of inventory turnover ratio as a measurement of number of times of which an inventory has been sold and replaced (turned over) within the year. It was used because is a good indicator to the quality of a given inventory. It helps in telling whether the inventory is obsolete or not, ensures buying practice that are efficient as well as management of inventory. The outcomes on inventory turnover are as indicated in Table 2 above. Majority (89 percent) of ISO certified organisations turned over their inventory in between zero and 30 days, 7 percent inventory turnover were between 30 and 60 days, while 1 percent were greater than 90 days. This indicates that majority of ISO certified organisations have inventory systems which seem to be effective and efficient. Therefore, the assessment of organisations' inventory turnover was essential since each time such turnover occurs, gross profit is earned.

Table 4. Model Summary, Analysis of Variances and Coefficients for Management Capabilities and Organizational Performance

1. Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.830 ^a	.689	.687	.10616		
2. Analysis of Variances						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.979	1	5.979	530.500	.000b
	Residual	2.705	240	.011		
	Total	8.684	241			
3. Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.838	.220		-3.817	.000
	Management capabilities	1.187	.052	.830	23.033	.000
a. Predictors: (Constant), Management capabilities						
b. Dependent Variable: Organizational performance						

Source: Research Data (2018)

Table 5. Model Summary, Analysis of Variances and Coefficients for Organisational Resources, Management Capabilities and Organizational Performance

1. Model Summary										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Square Change	F Change	df1	df2	Sig. Change	F
1	.596 ^a	.355	.353	.15273	.355	132.271	1	240	.000	
2	.861 ^b	.742	.740	.09680	.387	358.435	1	239	.000	
2. Analysis of Variances										
Model		Sum of Squares	Df	Mean Square	F	Sig.				
1	Regression	3.086	1	3.086	132.271	.000b				
	Residual	5.599	240	.023						
	Total	8.684	241							
2	Regression	6.444	2	3.222	343.850	.000c				
	Residual	2.240	239	.009						
	Total	8.684	241							
3. Coefficients										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.				
		B	Std. Error	Beta						
1	(Constant)	6.787	.224		30.328	.000				
	Organizational resources	-.612	.053	-.596	-11.501	.000				
2	(Constant)	1.051	.335		3.141	.002				
	Organizational resources	-.270	.038	-.263	-7.047	.000				
	Management capabilities	1.010	.053	.706	18.932	.000				
a. Predictors: (Constant), Organizational resources										
b. Predictors: (Constant), Organizational resources, Management capabilities										
c. Dependent Variable: Organizational performance										

Source: Research Data (2018)

The study further used accounts payable turnover ratio in evaluation of how fast a given ISO certified organisation can pay off its suppliers (creditors). This ratio was employed to indicate the number time an organisation pays its average accounts payable in a given period based on annual records or accounting period. It was as well, used to determine the incoming cash flow of organisations, as it displays the way in which firms handle their outgoing payments. The results shown in Table 2 above indicate that the accounts payables settlement days for the majority (44 percent) of ISO certified organisations were carried within 30 days, 19 percent were more than 90 days, 19 percent were between 30 to 60 days and 19 percent were between 60 to 90 days. This implies that a majority of the organisations settle their short-term obligations within a month.

Inferential Statistics

In determination of the influence of management capabilities on the relationship between organisational resources and performance ISO certified organisations, the study followed step regression analysis where in the first step, organisation resources was regressed against management capabilities and the results are summarized in Table 3. The value of R-Square = 0.223 indicate that there was variation of 22.3 percent on management capabilities due to changes in organisational resources. This indicated that 22.3 percent changes in management capabilities was accounted for by changes in organisational resources and therefore organisational resources had a moderate relationship with management capabilities. From ANOVA statistics, the overall model was significant (p-value less than alpha value) and thus the null hypothesis was rejected - management capabilities had significant mediating influence between organisational resources and organisational performance of ISO certified organisations in Kenya. From the data shown in Table 3 below, the estimated regression equation was $MC = 5.681 - 0.339*OR$ and from this regression equation, a unit increase in organisation resources would lead to decrease in the management capabilities by 0.339 units. The variable (organisation resources) was statistically significant (p-value was less than alpha-value) and this implied that there was a significant relationship between organisational resources and management capabilities and consequently the null hypothesis was rejected. In the second step, a regression analysis to assess the relationship between management capabilities and ISO certified organisations' performance was conducted. In this step, management capability was treated as the independent variable and ISO certified organisations performance as the dependent variable. The results are summarized in Table 4 below. The findings indicated R-Square value of 0.689 an indication that 68.9 percent of the changes in organisational performance was due to changes in management capabilities. This implied that management capabilities had a moderating effect on organisational performance. From the ANOVA statistics in Table 4, the overall model was significant since p-value) was less than 5 percent and from Table 4, the estimated equation was $OP = -0.838 + 1.187*MC$. From this estimated equation, a unit increase in management capabilities would lead to increase in the performance of ISO certified organisations by 1.187 units.

In the third step, a regression analysis to assess the mediating effect of management capabilities on the relationship between organisation resources and ISO certified organisations' performance was conducted. In this step, organisational

resources were treated as the independent variable and ISO certified organisations' performance as the dependent variable. The results are shown in Table 5 below. From the findings, the R-Square value was 0.355 an indication that there was variation of 35.5 percent on organisational performance due to changes in organisational resources. The addition of the mediating factor, management capabilities, changed the value of R-Square from 0.355 to 0.742 an indication that there was addition to the variation of 38.7 percent on organisational performance due to changes in management capabilities, suggesting that management capabilities had an intervening effect. In addition, the results revealed that the variance explained by management capabilities is significant and F-value changed from 132.271 to 343.850, p-value = 0.001 in the third step and the overall model was significant as shown in Table 5. Table 5 above shows the individual significance and from this table, the following regression model was established $OP = 1.051 - 0.270*OR + 1.010*MC$ and indicated that a unit increase in organisation resources would lead to decrease in the performance of ISO certified organisations by a factor of 0.270 and a unit increase in management capabilities would lead to increase in performance of ISO certified organisations by a factor of 1.010. The variables (organisation resources and management capabilities) were statistically significant (p-value was less than alpha-value) with t values of -7.047 and 18.932 respectively and p values of 0.000 and this implied that there was a significant relationship between organisational resources, management capabilities and organisational performance and consequently the null hypothesis was rejected.

Conclusion

The study set out to determine the intervening effect of management capabilities on the relationship between organisational resources and organisational performance. The findings of this research revealed that there was a partial intervening effect of management capabilities on the relationship between organisational resources and organisational performance of ISO certified organisations in Kenya. This study, therefore, came into conclusion that management capabilities mediated the relationship between organisational resources and the organisational performance of ISO certified organisations since it had a positive influence on relationship between organisation resources and performance of ISO certified organisations in Kenya. The theoretical implication of this study was that it supported and extended the multi-disciplinary theories of organisational performance by showing the need for systematic management of organisational resources and management capabilities in achieving organisational performance. At the same time, it illustrated that by examining these variables (organisational resources, and management capabilities) in the aggregate, their individual statistical significance might reduce in their relationships with organisational performance. Rather, they specifically reflected the perceived priorities of ISO certified organisations as far as the significance and ranking of these particular variables (management capabilities, and organisational resource) are concerned. The findings, therefore revealed the magnitude of significance attached to organisational resources, management capabilities in their link with organisational performance. This study adds to existing knowledge in the area of organisational resources, management capabilities and organisational performance. The study recommends that there is need for the management of ISO certified organisations in Kenya to

improve on their management capabilities as the study found that there was a positive relationship between management capabilities and performance of ISO certified organisations in Kenya.

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