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## THE ROLE OF COMPETITIVE STRATEGIES IN THE RELATIONSHIP BETWEEN KNOWLEDGE MANAGEMENT AND PERFORMANCE OF RETAIL PHARMACEUTICAL FIRMS IN NAIROBI CITY COUNTY, KENYA

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### Abstract

Firms perform differently in the same industry with some achieving higher levels of performance than others which can be associated to the type of competitive strategies each adopts. The objective of the study was to establish the role of competitive strategies in the relationship between knowledge management and performance of retail pharmaceutical firms in Nairobi County, Kenya. The research was anchored on the Dynamic Capabilities Theory (DCT) and Knowledge-Based View theory. The study applied positivism philosophy and descriptive research design. The population of the study was all registered retail pharmaceutical firms in Nairobi County. The study sample comprised 116 retail pharmaceutical firms in Nairobi County, Kenya. Primary data was collected using semi-structured questionnaire. Data was analyzed using descriptive and inferential statistics. The results of the study showed that knowledge management significantly influences firm performance. The study further found that competitive strategies have significant and partial intervening influence in the relationship between knowledge management and firm performance. The findings in the study concur with theoretical argument from dynamic capabilities theory which presented knowledge management as a fundamental strategic initiative that guarantees firms competitive edge and performance. The overall results shows that knowledge management implemented by management in retail pharmaceutical firms should be aligned with the competitive strategies for retail pharmaceutical firms to register higher performance. The study was limited on the fact that it was based on the existence of a linear relationship where there is a possibility of the study variables having a different form of relationship like a curvilinear relationship. Future studies could explore relevant factors that were not discussed in this study like the role of technology and innovations that could further influence retail pharmaceutical performance.

**Key words:** Knowledge Management, Competitive Strategies, Firm Performance, Retail Pharmaceuticals

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## Introduction

Knowledge management (KM) has been viewed as one of the most important competitive advantage factors for organizations. From scholars archives, knowledge management has to be driven by company's competitive strategies in order to innovate improved processes, scan environment and identify new groups of customers to create informed market knowledge that are up to date for performance to be realized (Bagnoli & Giachetti, 2015). However, practice indicates that KM application is a big challenge for small firms since they experience limited supportive factors like weak competitive strategies in place (Kmieciak & Michna, 2018).

For superior performance to be achieved, firms should adopt an effective knowledge management model that supports best combination of competitive strategies. Effective organizations are therefore required to have the capability to gain, store and share information for the achievement of superior performance. Subsequently, knowledge management scholars have elaborated on the idea that knowledge management must be blended properly with the strategy in place with the argument that firms that agree to provide the competitive strategies needed to support knowledge capabilities in place are able to outperform other competing firms in the industry (Bagnoli & Giachetti, 2015).

Strategy is a set of decisions and actions that managers make and take to attain superior firm performance compared to rivals and are significant in explaining variations in firm performance short and long-term performance (Beard & Dess, 1981). Competitive strategies represent the firm's business strategy orientation toward the operating environmental conditions that comprise competitors and customers. According to Porter (1980), firms gain a sustainable competitive advantage over other firms in the industry through low cost

strategy which emphasizes the need to be the low-cost producer in the industry, differentiation strategy which is based on creating and offering a product that is perceived industry-wide as unique and focus strategy which is based on a firm seeking a narrow competitive scale and selecting a part of section in the industry and tailoring its strategy to serve them leaving out others.

Firm performance is realized when a right competitive scope and the associated activities are well considered in the right proportion (Machuki & Aosa, 2011). This will further enhance how a firm can get profits and be viable in a given industry competition. Firms therefore are able to scan a particular environment to enable them come up with those strategies deemed best for competitive advantage (Leitner & Guldenberg, 2010). Scholars have discussed various reasons why firms need to choose an appropriate competitive strategy to enhance their performance. Porter (1985) concludes that firms that choose and implement generic strategies achieve sustained competitive advantage. Further a firm formulates a strategy to attain its long-term goals using a control system to measure progress toward goals and make necessary adjustments. According to Grant (2016) generic strategies should enable firms to compete competitively in any given industry. To be successful, a firm must decide how to position itself in a competitive market.

This study adopted Porter (1980) conceptualization of competitive strategies which has been academically well accepted and internally consistent (Govindarajan, 1989). The generic frameworks as developed by Porter underpins theoretical arguments and provide a business strategy that is modest to integrate dimensions such as scale/scope (focus), differentiation and efficiency/cost leadership. The particular developments in question go in hand to inform different and emerging thinking line in establishing how competitive strategy

may play a role on the knowledge management and firm performance relationship. Leitner and Guldenberg (2010) argue that firms gain a sustainable competitive advantage over other firms in the industry through low cost strategy which emphasizes the need to be the low-cost producer in the industry, differentiation strategy which is based on creating and offering a product that is perceived industry-wide as unique and focus strategy which is based on a firm seeking a narrow competitive scale and selecting a part of section in the industry and tailoring its strategy to serve them leaving out others. Cost leadership strategy is an integrated set of actions taken to produce goods or services with unique features that are sold to customers at the lowest cost compared to competitors or at reduced cost to achieve superior profitability. Dess and Davis (1984) find that the overall low-cost cluster has the highest average return on assets.

Power and Hahn (2004) find that cost leadership strategy provides a statistically significant performance advantage. Allen and Helms (2006) find a cost leadership strategy relates to organizational performance. A differentiation strategy is an integrated set of actions taken to produce goods or services (at acceptable cost) that customers perceive as being different in ways that are important to them. A study of the profit impact of a marketing strategy (PIMS) by Phillips, Chang and Buzzell (1983) finds a significant and positive relationship between differentiation and market share. Firms choose from among two business-level strategies to establish and defend their desired strategic positioning against rivals. Each strategy is thus unique and requires different types of performance measures.

Retail pharmaceutical firms comprise pharmacies and chemists where the retail firms provide consumers with over the counter medicines, nutritional products and prescription drugs among other products to support the

health sector, in many instances acting as a first line in healthcare needs (PPB, 2016). The majority fall under small and medium enterprises, a sector that is key for economic development of Kenya. The definition of small and medium enterprises in this context is guided by the MSE bill, the Sessional Paper No 2 of 2005 as those with between 1-100 employees and a capital investment of not more than Kshs 30 million. Majority of the retail pharmaceutical firms in Kenya fall within this definition. According to Micro and Small Enterprises Authority (MSEA, 2017) the sector provides about 70% of total employment and contribute about 45% to the Kenyan gross domestic product (GDP). These firms are characterized by variation in performance with some performing well and others performing poorly and some suffering closure (PPB, 2016). This therefore requires a study to establish factors that results to variations in performance which could be attributed to combination of knowledge management, operating environment as well as competitive strategies adopted by different retail pharmaceutical firms. Further most of existing empirical studies on knowledge management have focused on large firms with the assumption that small firms may not have the same need for knowledge management as larger firms (Darroch & McNaughton, 2002; Hutchinson & Quintas, 2008). In addition, there are limited studies examining knowledge management issues relating to small businesses despite the role they play in an economy (Pillania, 2006).

### **Materials**

This study was anchored on the Dynamic Capabilities Theory (DCT) (Teece, Pisano & Shuen, 1997) which is based on an argument that activities such as development of strategies and knowledge management are driven by discussions on how organizations are well managed in discontinuous and dynamic environments. It is supported by Knowledge-Based View theory (Wright & McMahan,

1992) which suggests that knowledge that is diverse in an organization which is based on how it is created and applied determines highly how performance differs from one firm to the other.

Teece, Pisano and Shuen (1997) advanced the study of The Dynamic Capabilities Theory (DCT). The ability of the firm to merge, to intensify, to reconfigure internal and external competencies and skills to address rapidly-changing environments for performance to be realized is what this theory focus on and emphasize (Hurd, 2019). The theory explains that activities such as development of strategies and knowledge management are driven by discussions on how organizations are well managed in discontinuous and dynamic environments (Denrell & Powell, 2016). The theory argues and explains why some firms within a certain dynamic environments and market niches differ in performance with some being more successful in building competitive edge than others (Gaby, 2020).

The theory indicates that dynamic capabilities approach presents knowledge management as a fundamental strategic initiative which guarantees firms competitive edge and performance (Batko, 2017). It is argued that knowledge management provides the necessary skills and competencies to managers in creation, retention, transferring and usage of firm's tacit and explicit knowledge and also formulates best combination of strategies (McLean, 2020). Empirically this theory tries to link how dynamic capabilities are facilitated by management of knowledge in a quest to create competitive strategies to link theoretically these constructs and performance (Lin, Hsu, & Yeh, 2015).

The critique of the theory includes how the elements of dynamic capabilities adopted fit their own purposes which may not be representative argument to other firm's especially in different operating environments since different disciplines may apply the model

unconsciously without taking in to consideration the discussions that led to emerging constructs. The theory further possess an argument of potential limitations arising in different fields leading to unrealistic conclusions and miss the opportunity of developing research fields substantially. This study therefore seeks to apply dynamic capabilities theory to understand how knowledge management, operating environment and competitive strategies can converge to provide a theoretical account of the overlaps and how these constructs can be complimented to provide a theoretical link and the overall firm performance results.

Knowledge-Based Theory originated from Wright and McMahan (1992) who suggest that knowledge is an important strategic resource for a firm to maintaining its competitive edge (AlMehairi, 2019). The basic assumptions of Knowledge-based theory suggest that firms are diverse entities filled up with knowledge and that the benefit of such knowledge can only be realized through the ability of the organization to encourage sharing and application in the intended functional units. The theory assumes that a firm is a system of knowledge with employees as knowledge holders and therefore need to be coordinated to create value for the firm (Grant, 1991). The argument by Tavana, Hajipour and Oveisi (2020) is that the priority of firms is creating and transforming knowledge to competitive advantage and those resources, especially knowledge is very crucial in ensuring the firms advantage is enhanced due to difficulty in imitation of some sort of knowledge. The firm's superior performance on this theory depends on its muscles of capitalizing, defend and applying knowledge that it births and shares (Staunton, 2017).

The major critique of the theory according to Yozgat and Güngörmez, (2015) is that knowledge is only assumed to be derived from employees' knowledge sharing without taking into account that for better utilization of

employees, knowledge management should combine other resources like technology and competences of the firm. A similar view is shared by Ahmad, Mohammad and Ibrahim (2013). The study at hand is geared towards establishing the manifestations of managing knowledge as acquisition, sharing and application within an organizational context for performance to be realized within the retail pharmaceutical firms.

Competitive strategies have been found to play a role on knowledge management and firm performance relate. Umar and Arafah (2020) examined the role of competitive strategies in influencing knowledge on market and government policies on firm performance in Arabian firms. They applied regression analysis and established that when knowledge is under play, performance is inevitable if combination of right strategies is in place. They concluded that firms must consider the idea to create an environment where knowledge is transmitted freely and competitive strategies combined in the right proportion for performance to be realized.

In another study Byukusenge and Munene (2017) seeking to determine the mediating influence of innovation on the KM and business performance relationship of 250 SMEs in Rwanda established that knowledge management and performance do not significantly relate but when innovation is introduced as a mediating variable positive and significant results are realized.

Mafabi, Munene and Ntayi (2012) studying knowledge management and organizational resilience with organizational innovation as a mediator in Uganda parastatals found negative but significant results on the knowledge management and performance. Another study by Hsu (2012) used descriptive statistics and regression to measure organizational performance. This was applying competitive strategy as intervening variable, coalignment of management and e-business adoption as

independent variables and their effects on organizational performance using executives from 1,000 top Taiwanese firms as unit of analysis. They established significance results by pointing out that a strategy with a great muscle enables knowledge management to influence performance.

Another study by Ambula (2015) used a cross-sectional survey research design revealed that the influence of knowledge management on performance does not necessarily need competitive strategies but the intention of knowledge application at the period of strategic decision. With the shortage of studies on the role of competitive strategies on performance, the study suggested that the relationship between knowledge management and firm performance as mediated by competitive strategies to be undertaken.

Taghipour, Barzegar, Mahboobi and Mohammadi (2020) carried out a study in Persian Banks of Tehran to examine the association between competitive strategies and corporate performance and how banks competitive strategies play a mediating role in the relationship. A sample of 210 employees was used and a questionnaire was used to collect data. Data was analyzed using the LISREL software as structural equation modeling was employed. The study results showed that the association between knowledge management and corporates performance is significant when competitive strategies are introduced as a mediating variable.

Harjadi, Yuniawan, Abdurrahman, Dananjoyo, Filatrovi and Arraniri (2020) carried out a study on how knowledge management and market competitive strategies influence performance of SMEs in Indonesia. The study focused on how to enhance performance of SMEs in order to continue existing even though there are adverse effects of the Covid-19 pandemic. The study identified the

associations between knowledge management, market competitive strategies as and SMEs performance in the West Java parts of Indonesia to be significant. The study findings also showed that there was a significant association between market competitive strategy, product features and performance of SMEs.

### Methodology

This study adopted a positivist philosophy and a descriptive cross-sectional survey design. The population of the study was all registered retail pharmaceutical firms in Nairobi County as at 2019. To determine the sample size, the study employed Cochran's sample size formula recommended by Zikmund et al. (2010) and Almalki, (2016). The authors argue that the formula is more critical since it can be used to calculate both the sample of population greater than 10,000 and population less than 10,000.

$$n = \frac{z^2 pq}{d^2}$$

Where:  $n$  is a representative size of the sample of 10,000 and above, whereas  $p$  is the estimated population proportion deemed having necessary information. According to International pharmaceutical Federation (2017) approximately 90% of the managers in retail pharmaceutical firms have necessary information. This was also confirmed by Bates, John, Bruno, Fu and Aliabadi (2016). This study took  $(0.9)$  90% and  $q$  as  $1-p$  which means that population proportion with characteristics not measured  $(1-0.9) = 0.1$  and  $pq$  as dispersion sample and  $d$  the population standard error. The study applied 95% level of confidence.

$$n = \frac{z^2 pq}{d^2} = \frac{(1.96)^2(0.9)(0.1)}{(0.05)^2}$$

$n = 138$  which represents the size of the sample with greater than 10,000

In the event of 10,000 and less, the formula:  $nf = \frac{n}{1+n/N}$  with  $nf$  = the size of the sample desired (at <10,000 population).  $n$  = the size of desired sample (at >10,000).  $N$  = the size of the population estimate.

$$nf = \frac{138}{1.192} = 115.80$$

A total of 116 retail pharmaceutical firms are considered in the study with the help of the systematic sampling method where  $K^{th}$  variable was used to select population until they are exhausted. The 4<sup>th</sup> firm was taken in to consideration to come up with 116 firms out of the total of 720 firms in retail pharmaceutical in Nairobi County Kenya. These ensured chances of inclusion for each unit. To test the intervening effect of competitive strategies, the study employed Baron and Kenny (1986) stepwise regression analysis method. This was conducted at 95 percent confidence level.

To predict firm performance the study applied by the following models:

Stepwise regression analysis

$$\text{Step 1 : } FP_5 = \alpha + \beta_1 KM_1 + \epsilon$$

$$\text{Step 2 : } CS = \alpha + \beta_1 KM_1 + \epsilon$$

$$\text{Step 3 : } FP_6 = \alpha + \beta_1 CS + \epsilon$$

$$\text{Step 4 : } FP_7 = \alpha + \beta_1 KM_1 + \beta_2 CS + \epsilon$$

$\alpha$  = constant (intercept)

$\beta_1, \beta_2$ , = Regression coefficients

$KM_1$  = composite index Knowledge management  $FP_5, FP_6$  and  $FP_7$  = composite index of Firm Performance

$CS$  = composite index of Competitive strategies

### Results

The study determined the influence of competitive strategies as an intervening variable in the relationship between knowledge

management and firm performance through formulation of the following hypothesis.

*H0: Competitive strategies have no intervening role in the relationship between knowledge management and performance of retail pharmaceutical firms in Nairobi County*

The study dedicated the use of Baron and Kenny (1986) to test how competitive strategies add to management of knowledge and performance relationship as an intervenor. The conditions pertaining the procedure of intervening testing must be met for conclusion to be met if or not intervening is taking place. In the first step, independent and dependent must relate significantly that is if intervener is not present.

The condition at the second position is that intervening factor and the predictor or independent must relate significantly and the third condition relate to significance that must exist when intervener is subjected to dependent variable. The final says that when controlling of intervener takes place, independent and dependent influence must be significant.

Thus, step one was geared towards regressing management knowledge on performance at firm level. In the event that there is results that are significant, the process shiftly moves to second step and if not termination takes course and conclude no intervening effect.

The second step evaluated how management of knowledge and competitive strategies relate in a regression model. There was determination if results are significant or not, if significant the step 3 takes charge for the condition has been met and in step three competitive strategies on performance is tested and a significant condition is necessary to proceed. The controlling of competitive strategies takes place at step four when management of knowledge is regressed to performance at firm level. A significant influence must be attained if controlling of competitive strategies takes place which is a condition for an intervening effect. Results presented in Table 1(a), 1(b), 1 (c) and 1(d) respectively are for the intervening.

**Step One:** Knowledge management was regressed against firm performance. The results are presented in Table 1(a)

**Table 1 (a): Regression Results from the Test of the Effect of Knowledge Management on Firm Performance**

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.742 <sup>a</sup>	.551	.546		.18965	
a. Predictors: (Constant), Knowledge management						
ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.144	1	4.144	115.206	.000 <sup>b</sup>
	Residual	3.381	94	.036		
	Total	7.525	95			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Knowledge management						
Coefficients <sup>a</sup>						



Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.863	.214		8.702	.000
	Knowledge management	.562	.052	.742	10.733	.000

a. Dependent Variable: Firm Performance

Source: Primary data, (2019)

The findings in Table 1 (a) shows a positive and also a significant relationship existing on management of knowledge and firm performance ( $R=.742$ ).  $R^2=.551$  depicts that management of knowledge explains 55.1% of firm performance. The F-value = 20.210

$<F_c=3.94$  and p-value of  $0.00<0.05$  confirmed the first step in testing for intervening effect.

The intervening test then proceeded to the second step that involved testing the influence of knowledge management on competitive strategies. The results of the tests are presented in table 1 (b).

**Table 1 (b): Regression Results from the Test of the Effect Knowledge Management on Competitive Strategies**

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.740 <sup>a</sup>	.548	.543	.22509	

a. Predictors: (Constant), Knowledge management

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.772	1	5.772	113.918	.000 <sup>b</sup>
	Residual	4.762	94	.051		
	Total	10.534	95			

a. Dependent Variable: Competitive Strategies

b. Predictors: (Constant), Knowledge management

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.504	.254		5.921	.000
	Knowledge management	.663	.062	.740	10.673	.000

a. Dependent Variable: Competitive Strategies

Source: Primary data, (2019)

The results as presented in Table 1 (b) indicate that management of knowledge is statistically and also positively relates with competitive strategies ( $R = .740$ ). Further the  $R^2 = .548$  depicting competitive strategies being explained by 54.8% of management of knowledge. The value of F gave

$113.918 < F_c = 3.94$  with P-value of .00 which is  $< 0.05$ , signifying significance of the model. This satisfies the condition for step 3 to take effect.

In Step Three competitive strategies was regressed against firm performance. The results for the step 3 are presented in Table 1 (c).

**Table 1(c): Regression Results from the Test of the Effect of Competitive Strategies on Firm Performance**

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.828 <sup>a</sup>	.686	.682		.15862	
a. Predictors: (Constant), Competitive Strategies						
ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.160	1	5.160	205.071	.000 <sup>b</sup>
	Residual	2.365	94	.025		
	Total	7.525	95			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Competitive Strategies						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.209	.206		5.862	.000
	Competitive Strategies	.700	.049	.828	14.320	.000
a. Dependent Variable: Firm Performance						

Source: Primary data, (2019)

The results in Table 1 (c) indicate that competitive strategies had a significant relationship with firm performance ( $R = .828$ ) with competitive strategies explaining 68.6% of firm performance ( $R^2 = .686$ ). The F-value is  $205.071 < F_c = 3.94$  with P-value  $< 0.05$  signifying the model at the overall level thus fulfilling the condition for the process to move higher to fourth step.

Step four thus controlled effect of competitive strategies when testing management of knowledge and performance where statistically positive results must be met for a conclusion to be met at  $\alpha = .05$ . The relevant results are summarized in Table 1(d).

**Table 1 (d): Regression Results Depicting Intervening Effect of Competitive Strategies on Knowledge Management on Firm Performance**

Model Summary						
		R	R Square	Adjusted R Square	Std. Error of the Estimate	
Model 1		.851 <sup>b</sup>	.723	.718	.14958	
ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.444	2	2.722	121.654	.000 <sup>b</sup>
	Residual	2.081	93	.022		
	Total	7.525	95			
a. Dependent Variable: Firm Performance						
b. Predictors: (Constant), Knowledge management, Competitive Strategies						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.100	.196		5.601	.000
	Knowledge management	-.304	.121	-.402	-2.517	.014
	Competitive Strategies	1.036	.136	1.217	7.623	.000
a. Dependent Variable: Firm Performance						

**Source: Primary data, (2019)**

The results in Table 1 (d) shows that when competitive strategies is used as a control variable, knowledge management is statistically significant (p-value=0.000 which is less than 0.05 threshold at 95% confidence level). It can be observed that competitive strategies adds significantly to the firm performance as the variation increased from coefficient of 0.551 to .723 with a p-value=.000. The results further reveal that the variance explained by competitive strategies is significant (p-value=.000<0.05) in addition to the fact that the significance was increased from  $F=115.206 < F_c=3.94$  in the first model

(step one) to  $(F=121.654 < F_c=3.94, p\text{-value} < .05)$  in the fourth model.

Based on the analysed models as suggested by Baron and Kenny (1986), the first three steps have revealed presence of zero order condition. Since there was no model that was insignificant in that case, it can be concluded that intervening effect is most likely. In the fourth step, it is suggested that some form of mediation is supported if the effect of the intervener (competitive strategies) remains significant after controlling for knowledge management. If knowledge management ceases to be significant when competitive strategies

are controlled, the finding supports full mediation. If knowledge management is still significant (that is, both knowledge management and competitive strategies both significantly predict firm performance, the finding supports partial mediation.

From the findings in step four, competitive strategies remained to be significant ( $\beta= 1.036$ ,  $t=7.623$ ,  $p<.05$ ), even after controlling for knowledge management implying some form of mediation. Further, it can be observed that knowledge management, despite having a negative effect, it is statistically significant ( $\beta= -.304$ ,  $t=-2.517$ ,  $p<.05$ ). Considering all these results, the hypothesis that there is no significant intervening effect of competitive strategies on the relationship between knowledge management and performance of retail pharmaceutical firms in Nairobi County was rejected. The study concludes that competitive strategies have partial intervening effect on the hypothesised relationship.

### Conclusions and Recommendations

In determining the role of competitive strategies in the relationship between knowledge management and firm performance, the results provided evidence that competitive strategies partially intervene the relationship between knowledge management and firm performance and hence the null hypothesis was rejected. The study recommends that it is better for firms to identify a strategy with a greater capability of knowledge management for performance to be realized. This is through integration of a set of decisions taken to foster services which have differentiated features and presented to clients at the lowest cost possible as in comparison to competitors or at minimal cost. Additionally, firms should pose unique and differentiated strategy to allow them focus on efforts of provision of unique products and services. This is because through product uniqueness, customer fulfilment is achieved which involves customizing the product or service towards the customer need and hence

firms are able to generate good profit and hence improved firm performance.

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