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An Analysis of the Effect of Scope of Strategies and Brand Portfolio on the Relationship between Strategic Change and Performance of Firms in the Alcohol Industry, Kenya

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Abstract:
This paper examined the effect of scope of strategies and brand portfolio on performance of firms in the alcohol industry in Kenya. Previous studies dwelt on effect of limited aspects of scope of scopes 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 correlational research design. 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 regression analysis were used to determine the relationship between scope of strategies and organizational performance. Content validity was achieved by subjecting a pool of questions underlying dimensions of scope of strategies to six experts. Cronbach`s Alpha reliability coefficient was .881 implying a good indicator of internal consistency. Results revealed R^2 of 0.510 to scope of strategies ($p<.001$) implying that scope of strategies account for 51% of performance. Regression results show scope of strategies B=0.461, p=0.000 and brand portfolio B=0.677, p=0.000 implying one standard deviation in scope of strategies and brand portfolio will result in a change of 0.461 and 0.677 standard units of performance respectively. TheΔR^2after incorporating interaction effect was$\Delta R^2=.024$, p=0.024 implying the moderating effect of firm characteristics of brand portfolio improve performance by 2.4%. Study concludes: scope of strategies is significant in performance and brand portfolio as one of the aspects of firm characteristics moderate the relationship between strategic change aspect of scope of strategies and performance. Study recommends: management to focus more on scope of strategies and brand portfolio for transformed performance. The study is helpful to management to appreciate the significance of a firm`s scope of strategies and firm characteristics of brand portfolio to performance. Further research that captures different concepts of strategic change on performance in different sectors should be carried out.

Keywords: *Scope of strategies, brand portfolio, organizational performance, Resource Based Theory (RBT)*

1. Introduction

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 study into strategic change and organizational performance in the alcohol industry in Kenya is deficient. However, the literature on the relationship between strategic change and organizational performance (OP) has revealed unequivocal 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) another set of studies has found that no relationship exists(Kelly and Amburgey, 1991) or mixed relationships (Smith and Grimm, 1987). The paper 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. This study focused on scope of strategies as one of the aspects of strategic change.

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 in1934. By 1990, most of the shareholders were Kenyans. Kenya Wine Agency Limited (KWAL) was incorporated in May1969 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 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) Ltdamong 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 soldat 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 blockby 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 echnology 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 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.

A firm may excel in some of its scope of strategies, 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, calibre 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. 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 ofdata collection can be subjective. The paper 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 astrategy change could occur in 1996, but observed performance results are due to an old (pre-1994) strategy. The 2-yeartime 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 aspect of scope of strategies and firm characteristics of brand portfolio 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 failedto 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.

Abudho et al. (2013) studied the impact of organization characteristics on sustainable competitive advantage during strategic change in airlines in Kenya. Kiganane, et al. (2012) studied the moderating influence of firm characteristics on the effect of mobile phone services on firm performance in Kenya. Both studies were conducted in Kenya but Abutho et al. (2013) studied the impact of organizational characteristics such as business processes, structure and culture on performance while Kiganane, et al. (2012) used location, category of the firm, gender, education level, religion and age bracket of the entrepreneurs as firm characteristics. However, both studies did not incorporate operational role of firm characteristics such as managerial capabilities, specific product dimensions and brand portfolio in the target influence to establish their role in organization performance during strategic change process in other sectors. This paper explores the effect of brand portfolio on the relationship between scope of strategies and performance of alcohol performance.

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 toKsh.12, 316 and Ksh.11, 507 billion for the years 2008 and 2009 respectively. However, 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. Previous studies on strategic change aspect of scope of strategies and organizational performance in Kenya dwelt on few aspects of scope of strategies 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 effect of brand portfolio as a dimension of firm characteristics on the relationship between scope of strategies and performance has not been explored among alcohol firms in Kenya. The paper sought to fill these gaps by assessing the relationship between scope of strategies and brand portfolio on performance of alcohol firms in Kenya.

1.3. Objectives of the Study

The main objective of this paper was to analyse the effect of scope of strategies and brand portfolio on the relationship between strategic change and performance of firms in the alcohol industry in Kenya.
The specific objectives of the study were:

- To establish the relationship between scope of strategies and performance of firms in the alcohol industry Kenya.
- To assess the moderating affect of brand portfolio as one of the aspects offirm characteristics on the relationship between strategic change and performance.

1.4. Research Hypotheses

The following research hypotheses were tested during the study:

- Hypothesis 1(H_0): There is no relationship between scope of strategies and performance of alcohol firms in Kenya.
- Hypothesis 2(H_0): There effect of strategic change on performance is not moderated by brand portfolio as one of the aspects of firm characteristics.

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

comprised28 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 paper is important because firstly, it has the contribution in existing literature by adding the moderating effect of brand portfolio between the relationship of scope of strategies and organizational performance. The paper is helpful for the management to focus not only on the strategic change concept of scope of strategies but also the brand portfolio while studying firm performance. Secondly, the academia will find this paper relevant especially with regard to those who undertake research in organizational performance (OP) vis-à-vis other parameters. 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.

1.7. Conceptual Framework:

This study examined the relationship of strategic change concept of scope of strategies, brand portfolio and performance among firms in the alcohol industry in Kenya. A conceptual framework of scope of strategies, brand portfolio 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 paper argues that the relationship between scope of strategies and organizational performance (OP) is direct. However, the relationship may be moderated by specific firm characteristics such as brand portfolio. 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 moderating variable is firm characteristics with specific focus on brand portfolio. For instance, a firm with superior brands can enhance sales growth, return on sales and therefore organizational performance during strategic change.

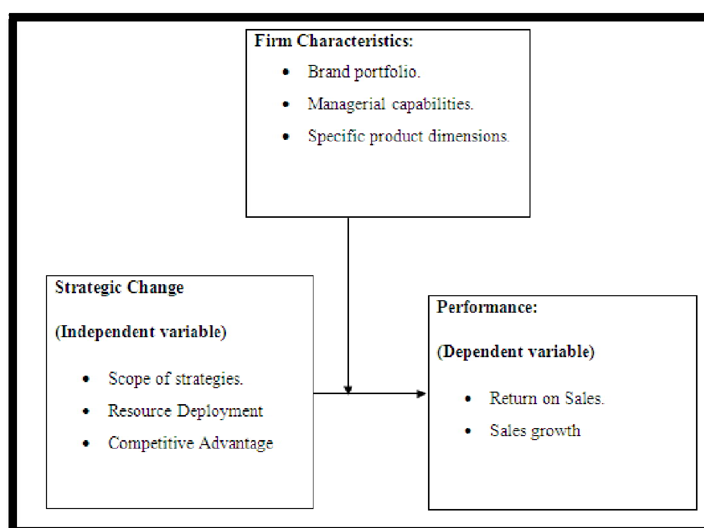

Figure 1: Conceptual Framework
Source: Self conceptualization, 2016

Effect of scope of strategies and brand portfolio on performance

2. Theoretical Review

The resource based theory is one of the most influential theories to emerge from the field of strategic management. The central focus of the RBT is on the management of a firm`s internal resources and capabilities and their link to firm performance. 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). Academics and practitioners in management have long been interested in strategic change. The RBT of strategy sees a firm's resource base as a primary driver of strategic change (Kraatz & Zajac, 2001; 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 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, Almeida Costa and Dierickx, 2002).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). Flexible resources allow firms to explore distant market opportunities and to diversify widely. The Resource Based Theory (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 paper examined the link between strategic change aspect of scope of strategies and firm characteristics specifically brand portfolio on organization performance.

2.1. 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. Forexample, 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 concept of strategic change adopted was dependent on the environmental changes experienced in the industry. This study adopted the definition of Hofer and Schendel (1978). However, this paper sought to explore the effect of the concept of scope of strategies on organizational performance. This is because the change that was being witnessed in the alcohol industry anchored on scope of strategies more than any other aspects of strategic change. 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). 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 variety of good quality products at a low price, or better quality products that are worth paying more for.

2.2. Firm Characteristics

They capture the unique firm attributes which influence the variation in strategies and performance outcomes across industries and firms. The dominance of firm characteristics suggests heterogeneity because of barriers to imitation (Rumelt, 1993). The resource based theory inherently offers an explanation for the firm characteristics on strategies and performance outcomes within an industry. The key dimensions of differences in strategies and performance levels among competitors within an industry is the existence of unique firm characteristics capable of producing core resources that are difficult to imitate (Wenerfelt, 1984; Peteraf, 1993). These core resources are developed internally through sustained investments in difficult-to copy attributes managers' commitment to irreversible strategic actions. These unique strategies and resources, in conjunction with causal ambiguity, create isolating mechanisms that protect the competitive positions of firms against imitation (Lippman and Rumelt, 1982). This heterogeneity in turn leads to systematic differences in firm performance within the same industry. The resource based theory studies have acknowledged the particular value of intangible resources, since they are the only kind of resources potentially capable of meeting the resource based criteria of being valuable, rare, and costly to imitate(Barney, 1991). Therefore, the study posits the hypothesis that the relationship between strategic change and organizational performance is moderated by firm characteristics (managerial capabilities, product dimensions and brand portfolio).

2.3. Brand Portfolio Variable

It is widely accepted that brands are important intangible assets that can significantly contribute to firm performance (Ailawadi, Lehmann and Neslin, 2001. Most large firms operating in consumer markets own and market a set of different brands. This is known as brand portfolio. There are three dimensions of a firm's brand portfolio, that is: scope, which pertains to the number of brands the firm owns and markets and the number of market segments in which it competes with these brands; competition, which pertains to the extent to which brands within the firm's portfolio compete with one another by being positioned similarly and appealing to the same consumers; and positioning, which pertains to the quality and price perceptions of the firm's brands among consumers (Aaker, 2004; Porter, 1980). These three characteristics provide a rich picture of a firm's brand portfolio.

There are several benefits from intraportfolio competition i.e., the extent to which brands within the firm's portfolio are positioned similarly to one another and compete for the same consumers' spending, including competition for channel resources and consumer spending creating an "internal market," leading to greater efficiency and better resource allocations (Low and Fullerton, 1994); creating a barrier to entry for potential rivals (Scherer and Ross, 1990;Schmalensee, 1978); and mitigating the negative effects of variety-seeking consumers' brand switching behavior on

the firm's performance (Feinberg, Kahn and McAlister, 1992). Perceived quality pertains to the strength of positive quality associations for the brands in the firm's portfolio in the minds of consumers (Smith and Park, 1992). High-quality brands enjoy greater price premiums (Sivakumar and Raj, 1997), and the perceived quality of multiple products bearing the same brand name affects the overall value of the brand (Randall, Ulrich and Reibstein, 1998).

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). This 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).In this paper, OP was also taken to mean firm performance and was measured using return on sales, sales growth and overall performance. These measures were chosen for use because first, they are highly correlated and capture different dimensions of organizational performance (Murphy, Trailer and Hill, 1996) and second, unobserved factors may lead organizations to higher or lower levels of performance. This is supported by the works of Boeker (1997) and Singh et al. (1986). O`Cass and Julian (2003) examined the impact of specific firm and environmental characteristics on export marketing mix strategy and export performance of Australian exporters. Organizational performance was measured using specific product export marketing performance. The study used a single measure of OP which does not capture all aspects of performance. It will not be easy to tell how firm characteristics impact on other aspects of OP. Consequently, little is known about the moderating influence of brand portfolio as firm characteristic on multiple measures of organizational performance such as return on sales, sales growth and overall 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.

The link between the moderating effect of firm characteristic of brand portfolio in the relationship between strategic change and organizational performance has not received much attention among alcohol industry researchers in Kenya. Some important areas are underexplored in the relationship between strategic change and performance. First, the subject has been primarily investigated in the context of Western countries, and inadequate attention has been given to middle economies. Second, for the studies that has been done in
Kenya the focus has not been in the alcohol industry. More so, the firm characteristics adopted are rather obvious ones such as firm size or age.

Herrmann and Dattaw (2002) examined the relationships between Top Management Team (TMT) characteristics such as educational level, tenure, age, international experience and functional background, and firm international diversification. The study was based on a sample of 112 relatively large, internationally diversified US-based firms in the manufacturing sector. The major study findings indicate that TMT organizational tenure and age were negatively related to the level of international diversification, suggesting that younger TMTs and TMTs with relatively shorter tenures are more likely to be active and enthusiastic in seeking such diversification. Secondly, the findings indicate a strong relationship between top management team (TMT) international experience and international diversification. However, the demographic approach adopted did not permit to capture the intervening processes that might mediate the relationships between TMT characteristics and international diversification decisions. More so firm characteristics such as firm size, age, and top management characteristics are well established conceptual and empirical research tradition. Strategic change researchers rarely employ well-validated measures of firm characteristics in order to permit cumulative knowledge building. Thus, little is known about the moderating effect of firm characteristics such as managerial capabilities, specific product dimensions and brand portfolio as an internal variable on organizational performance in the alcohol industry in Kenya. Thus, the study sought to establish the moderating effect of firm characteristics with specific focus on brand portfolio on the relationship between strategic change aspect of scope of strategies and organizational performance.

3. Methodology

3.1. Research Design

The study used correlational research design. Correlation research design is concerned with establishing relationships between two or more variables in the same population or between the same variables in two populations (Leedy and Ormrod, 2010). The main purpose of correlational study is to determine relationships between variables, and if a relationship exists, to determine a regression equation that could be used to make predictions to a population. Creswell (2009) explained correlational research design in which the researcher is interested in the extent to which two variables or more co-vary, where changes in one variable are reflected in changes in the other. The study aimed to establish the relationship between the concept of strategic change of scope of strategies and organizational performance.

3.2. Description of the Area of Study

Nairobi is the capital city of Kenya, a County and one of the country's entry points. Nairobi is found on a latitude of 1°17′S and longitude of 36°49′E at an elevation of 5889ft above the sea level. It has a well-developed infrastructure in terms of road, railway and air transport; water, electricity, security and a large pool of skilled labour and, ready market. It is therefore the commercial and financial hub of the country. It is the most populated City County. It is therefore, from the foregoing, suitably situated for manufacturing, trading and service industries to meet a larger consumer potential in the country. This has led to a high concentration of firms in and around it. Most of the breweries and distilleries have subsidiaries and therefore tend to be concentrated in one place and in this case Nairobi. It has twenty out of the twenty-eight alcoholic beverage manufacturers licensed by Kenya Revenue Authority by the year 2012 and approved by National Campaign against Drug and Alcohol Abuse (NACADA) by 2015. Naivasha has one of the locally owned breweries in Kenya. It is found on latitude of 0.7172°S and a longitude of 36.4310°E while Nakuru and Kisumu which open up to Rift Valley and Western Kenya respectively are located on the latitude of 0.3031°S and longitude of 36.0800E, and 0.0884°S 34.7770°E respectively.

3.3. Study 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 there of 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 1 shows the sampling frame for the study 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 main instrument for data collection was a semi structured questionnaire since they are fast, cheap and can be self-administered (Mugenda and Mugenda, 1999).

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).

No.	Business Unit	No. of Firms	Sample	Respondents	Percentage
1	Breweries	2	2	8	8
2	Wine and Spirits distillers	23	23	92	92
	Total	25	25	100	100

Table 1: Distribution of Alcoholic Firms in Kenya
Source: NACADA, 2015

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 brand portfolio on organizational performance of firms in the alcohol industry in Kenya.

3.4. Reliability Tests

Reliability of the instrument for data collection was tested by assessing the scales' 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 2.

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

Table 2: Cronbach Alpha

3.5. 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.

3.5.1. Content Validity

Content validity was achieved by subjecting a pool of questions underlying dimensions of scope of strategies 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 ingathering and collecting relevant data from the various categories of respondents. 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 pre-test 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.

3.5.2. Construct Validity

For construct validity the model parameters were compared with those previously used in other studies such as (Morganet al., 2004) to determine the extent to which it agrees with what leading scholars Hofer and Schendel (1978) and what thetheory say measures of this construct should behave. This yielded a positive result, justifying the application of the tool inexamining the effect of strategic change on organizational performance. The construct validity of scope of strategies didnot pose major challenges since the variables were measured using parameters consistent with those of leading scholars (Barney, 1991; Teece et, 1997; Wernerfelt, 1984).

3.6. Data Analysis

Data was analysed 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.

3.7. 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

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 scope of strategies and brand portfolio. 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 3

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

Table 3: Organizational Performance Results
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.

To establish the relationship between scope of strategies and performancea questionnaire which had items that were closely linked to dimensions which were regarded as key constructs of scope of strategies for value addition measurements was designed. 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. It was established that majority of the respondents held the view that firms in alcohol industry in Kenya have endeavoured

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.

4.1. Hypothesis Testing of Objective 1: The Relationship between Scope of Strategies and Performance

To investigate whether there was any significant correlation between scope of strategies and performance of firms in alcohol industry in Kenya inferential statistic was used to test the hypothesis, "there is no relationship between scope of strategies and performance of alcohol firms in Kenya." A bivariate Pearson product-moment correlation coefficient was used to investigate the relationship between the perceived scope of strategies and perceived organization performance.

		Scope of Strategies	**Organizational Performance**
Scope of Strategies	Pearson Correlation	1	.714**
	Sig. (1-tailed)		.000
	N	93	93
Organizational Performance	Pearson Correlation	.714**	1
	Sig. (1-tailed)	.000	
	N	93	93

Table 4: Pearson Correlation between Scope of Strategies and Performance
***. Correlation Is Significant at the 0.01 Level (1-Tailed)*

From Table 4, it was evident that there was a positive correlation between scope of strategies and organization performance (r=.714, n=93, p<.001). Cohen (1988) suggests that if the value of r =.50 to 1.0 or r = -.50 to -1.0 then the size is large. Based on this, there is a large correlation between scope of strategies and performance with high levels of perceived scope of strategies associated with an increase in organizational performance of firms in the alcohol industry in Kenya. Therefore, the null hypothesis was rejected and the alternate hypothesis accepted. Thus, it was concluded that the relationship between scope of strategies and performance is positive.

To get an idea of the magnitude of association the two variables share, a coefficient of determination was calculated. Given that the two variables had a coefficient of correlation of r=.714, when squared indicates R^2=.5097 which according to Cohen (1988) is large effect size. This implies 50.97 per cent shared variation is the coefficient of determination. This suggests that perceived scope of strategies triggered by strategic change helps to explain nearly 51 percent of the variation in respondents' scores on the organization performance. This is quite a respectable amount of variation of dependent variable explained by a single independent variable (Pallant, 2000). 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 did not 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 correlation 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 et al. (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 did not include and analyze the effect of cost control and distribution on performance. 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. 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 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. The deduction from this 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 relationship between scope of strategies and organizational performance are a clear demonstration of the importance of scope of strategies in enhancing organizational performance.

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. 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 quantitative 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 did not 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.

4.2. Findings on the Moderating Effect of Firm Characteristics on the Relationship between Strategic Change and Performance

To address this objective, three aspects of firm characteristics- managerial capabilities, specific product dimensions and brand portfolio, were explored. However, this paper focused on the contribution of brand portfolio in the relationship between scope of strategies and performance. This was done by use of a pre-designed questionnaire tailored to collect the views of the respondents on the three aspects of firm characteristics as shown in Table 5

Item	NA 1	TAE 2	TME 3	TLE 4	TVLE 5	MD	SD
Our brands are broadly diversified	2 (2.2%)	23 (24.7%)	21 (22.6%)	31 (33.3%)	16 (17.2%)	3.44	1.06
The quality of our brands withstands environmental change.	2 (2.1%)	22 (23.7%)	8 (8.6%)	24 (25.8%)	37 (39.8%)	3.84	1.20
Our customers are loyal to most of our brands.	3 (3.2%)	16 (17.2%)	49 (52.7%)	8 (8.6%)	17 (18.3%)	3.29	0.97
Our strength is in the number of brands.	4 (4.3%)	31 (33.3%)	14 (15.1%)	35 (37.6%)	9 (9.7%)	3.25	1.05
We have multiple brands that compete each other for consumer spending	2 (2.2%)	21 (22.6%)	47 (50.5%)	11 (11.8%)	12 (12.9%)	3.15	0.93
Average						3.40	0.91

Table 5: Respondents' Views on Brand Portfolio
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)

In view of the strategic change the senior managers who took part in the study had their views on their brand portfolio as in Table 5. From the study findings it is evident that the respondents` view on effect of brand portfolio on performance is moderate as revealed by a mean rating of 3.40 and standard deviation of .91. Specifically, the response on the item "our brands are broadly diversified had a mean of 3.44 and standard deviation of 1.06 from respondents. On the other hand, the highest mean of 3.84 with a standard deviation of 1.20 was noted in the statement, "the quality of our

brands withstands environmental change." This implies that management team of the firms in the alcohol industry agree, to a large extent, that the quality of their brands withstands environmental change with low variability on the same statement. The statement "our strength is in the number of brands" received mean rating of 3.25 and standard deviation of 1.05 implying the respondents agreed to a moderate extent to the statement. However, the statement "we have multiple brands that compete each other for consumer spending" received the least mean rating of 3.15, standard deviation of .93.

The study deduced that being aware of the advantages that can be gained from brand loyalty and brand recognizability companies have strived not only to increase the number of brands in their portfolio but to create their awareness. These findings are consistent with Homburg, Klarmann and Schmitt (2010) who found that brand awareness significantly drives market performance. A relationship between firm characteristics and performance is deemed to exist. Managerial capabilities and strong brands are firm intangible resources that are difficult to copy hence generated above normal rent to firms.

4.3. Hypothesis Testing of the Objective 2

To determine whether there was statistical significant moderating effect of firm characteristics (managerial capabilities, specific product dimensions and brand portfolio) on the relationship between strategic change and organization performance, the study had to prove that organization performance is a function of multiple factors (strategic change and firm characteristics). Specifically, hierarchical multiple regression analysis was conducted to test moderation, that is, the interaction effect between strategic change and firm characteristics, and whether or not such an effect was significant in predicting the organization performance in firms in the alcohol industry.

4.3.1. Regression 1

To establish moderation effect, the study sought to establish the combined effect of strategic change (scope of strategies, resource deployment pattern and competitive advantage together) on organization performance.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724[a]	.525	.520	.46011

Table 6: Model Summary of Effect of Strategic Change on Performance
a. Predictors: (Constant), Strategic Change

The model summary Table 6 show that there was a strong significant positive correlation R = 0.724 between the organization performance and strategic change. It shows that strategic change alone accounted for a substantial proportion of variability in organization performance; the variability of the organization performance is about 53% (R^2 = 0.53) explained by the variability in the strategic change alone.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.960	0.288		3.332	0.001
	Strategic Change	0.796	0.079	0.724	10.026	0.000

Table 7: Coefficients of the Effect of Strategic Change on Performance
a. Dependent Variable: Organizational Performance

From the coefficients Table 7, it was evident that strategic change was statistically significantly [t = 10.03, p < .001] related to organizational performance, with statistically significant coefficient of 0 .724.

4.3.2. Regression 2

In the second regression the relationship between the independent variable (strategic change) and the moderating variable (firm characteristics) was explored. Firm characteristics was used here as the dependent variable, while strategic change was still used as the independent variable.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.598	0.142		4.196	.000
	Strategic Change	0.830	0.039	0.611	21.135	.000

Table 8: Coefficients of the Effect of Strategic Change on Firm Characteristics
a. Dependent Variable: Firm Characteristics

The coefficient Table 8 demonstrates that the zero-order correlation between firm characteristics and strategic change was statistically significant. It was evident that strategic change was related to firm characteristics [t = 21:14, p <0.001], with a statistically significant beta value of 0.611.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.611[a]	0.3733	0.3712	0.12745

Table 9: Model Summary
a. Predictors: (Constant), Strategic Change

The model summary Table 9indicate that strategic change had a strong significant positive multi correlation, R = 0.611, with firm characteristics. About 37.3% variability of the firm characteristics was accounted for by the variability in the strategic change alone. This shows that there was significant effect of strategic change on firm characteristics and organization performance, indicating some elements of moderation effect. Hence, in order to confirm firm characteristics had moderation effect on the relationship between the two variables, strategic change and organization performance, the study had to show that the nature of this relationship changes as the values of the moderating variable change. This was in turn done by including an interaction effect in the model and checking to see if indeed such an interaction was significant and helped to explain the variation in the organization performance better than before.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.138	2	11.569	59.813	.000[b]
	Residual	17.408	90	.193		
	Total	40.546	92			
2	Regression	24.115	3	8.038	43.539	.000[c]
	Residual	16.431	89	.185		
	Total	40.546	92			

Table 10: ANOVA Results
a. Dependent Variable: Organizational Performance
b. Predictors: (Constant), Firm characteristics, Strategic change
*c. Predictors: (Constant), Firm characteristics, Strategic change, Firm characteristics*Strategic change*

The ANOVA Table 10 reveals that the two models are all significant. The study show that both the two models were statically significant; model 1 (without the interaction term) was significant F (2, 90) = 59.81, p <.001and model 2 (with the interaction term) was also significant at F (3, 89) = 43.54, p <.001

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.755[a]	.571	.561	.43980	.571	59.813	2	90	.000
2	.771[b]	.595	.581	.42968	.024	5.290	1	89	.024

Table 11: Model Summary
a. Predictors: (Constant), Firm characteristics, Strategic change
*b. Predictors: (Constant), Firm characteristics, Strategic change, Firm characteristics*Strategic change*

It was also evident from the Model summary that the amount of variance accounted for in Model 2 (with the interaction) was significantly more than Model 1 (without the interaction). Model 2 with the interaction between firm characteristics and strategic change accounted for significantly more variance than firm characteristics and strategic change by themselves, R^2 change = .024, p = .024, indicating that there is potentially significant moderationeffect between firm characteristics and strategic change on organization overall performance in firms in the alcohol industry in Kenya.

4.3.2.1. Model 2

Given that some moderating effect has been shown when the firm characteristics were combined, the study sought to establish the effect of firm characteristics when they were not combined. Here the values of coefficients of the second equation were explored. All the firm characteristics were introduced in order to establish their effect in the general performance. The model coefficients were shown in Table 12.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.826	.283		2.919	.004			
	Scope of strategies	.444	.098	.461	4.532	.000	.714	.433	.316
	Resource Deployment Pattern	.096	.063	.123	1.532	.129	.440	.160	.107
	Competitive Advantage	.273	.088	.289	3.097	.003	.635	.312	.216
2	(Constant)	1.328	.350		3.797	.000			
	Scope of strategies	.204	.120	.212	1.697	.093	.714	].180	.108
	Resource Deployment Pattern	.063	.076	.081	.830	.409	.440	.089	.053
	Competitive Advantage	.156	.095	.165	1.635	.106	.635	.174	.105
	Managerial Capabilities	.033	.135	.024	.246	.806	.406	.027	.016
	Product Dimensions	.050	.183	.039	.272	.786	.624	.029	.017
	Brand Portfolio	.366	.093	.500	3.961	.000	.783	.393	.253

Table 12: Coefficients of Model 2

a. Dependent Variable: Organizational Performance

$P= a + \beta_1 X_{ij} + \beta_2 Y_{2ij} + e$ (2) 4.2

Where: P; SS; RDP; CA and e are as defined in equation 4.1 while

Y = is the moderator variable, that is, firm characteristics such as:

MC_j= Managerial capabilities of firm $_j$

SPD_j = Specific product dimensions of firm $_j$

BP_j= Brand portfolio of firm $_j$

Looking at the coefficients values in Table 12, it was evident that optimum level of organization performance has changed. The new optimum level of organization performance in firms in alcohol industry in Kenya now became:

= 1.328 + 0.204SS +0. 063RDP + 0.156CA+0.033MC+0.050SPD +0. 366Y+ ε.

The findings of the study show that the estimated level of organization performance when moderating variable is introduced would be increased by 0.204 units for every additional score on the scope of strategies provided that other factors remained constant.

The moderator variables' effect on organization performance would be 0.366 for brand portfolio, 0.033 for managerial capabilities and 0.050 for product dimensions. The results imply that the predicted change in the organization overall performance when the explanatory variables were each increased by one unit, was highest in brand portfolio and scope of strategies but least in managerial capabilities and specific product dimensions of the firm. These findings imply that for higher organization performance more effort and resources should be put on brand portfolio and scope of strategies.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.753[a]	.568	.553	.44388	.568	38.928	3	89	.000
2	.805[b]	.648	.624	.40711	.081	6.602	3	86	.000

Table 13: Model Summary

a. Predictors: (Constant), Competitive Advantage, Resource Deployment Pattern, Scope of strategies

b. Predictors: (Constant), Competitive Advantage, Resource Deployment Pattern, Scope of strategies, Managerial Capabilities, Brand Portfolio, Product Dimensions

The results in Table 13 indicate that there was reasonable multi-correlation (r = .805) between organization performance and the strategic change (scope of strategic change, resource deployment, competitive advantage) when moderator variables, firm characteristics (managerial capabilities, specific product dimensions and brand portfolio) were factored in the model as indicated above. The adjusted (R^2) square is .648 implying that 64.5% of the variation in organizational performance is explained by the combined effect of scope of strategic change, resource deployment, competitive advantage and firm characteristics (managerial capabilities, specific product dimensions and brand portfolio); while 33.5% are explained by random error or other factors not included in the model. The model is 80.5% explained by the independent variables. This means that only about 19.5% was explained by other external factors.

4.3.2.2. Model 3

The final model combined the independent variables, the potential moderating variable and the cross product interaction term of the independent and the potential moderating variable. The interaction, which was created between the elements of strategic change and firm characteristics, was added to model 2 as shown below.

$P = a + \beta_1 X_{ij} + \beta_2 Y_{2ij} + \beta_3 XY_{ij} + e$ (3)..4.3
Where: XY is the interaction term between strategic change and firm characteristics
β_1 β_2 and β_3 are the regression coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	.826	.283		2.919	.004			
	Scope of strategies	.444	.098	.461	4.532	.000	.714	.433	.316
	Resource Deployment Pattern	.096	.063	.123	1.532	.129	.440	.160	.107
	Competitive Advantage	.273	.088	.289	3.097	.003	.635	.312	.216
2	(Constant)	1.328	.350		3.797	.000			
	Scope of strategies	.204	.120	.212	1.697	.093	.714	.180	.108
	Resource Deployment Pattern	.063	.076	.081	.830	.409	.440	.089	.053
	Competitive Advantage	.156	.095	.165	1.635	.106	.635	.174	.105
	Managerial Capabilities	.033	.135	.024	.246	.806	.406	.027	.016
	Product Dimensions	.050	.183	.039	.272	.786	.624	.029	.017
	Brand Portfolio	.366	.093	.500	3.961	.000	.783	.393	.253
3	(Constant)	1.519	1.011		1.503	.137			
	Scope of strategies	.161	.116	.168	1.392	.167	.714	.149	.085
	Resource Deployment Pattern	.426	.142	.544	3.004	.003	.440	.310	.184
	Competitive Advantage	.194	.092	.206	2.111	.038	.635	.223	.129
	Managerial Capabilities	.462	.210	.339	2.198	.031	.406	.232	.134
	Product Dimensions	.199	.182	.158	1.096	.276	.624	.118	.067
	Brand Portfolio	.677	.137	.923	4.955	.000	.783	.473	.303
	Interactions	.002	.001	.906	2.984	.004	.628	.308	.183

Table 14: Coefficients of Model 3
a. Dependent Variable: Organizational Performance

From the coefficients Table 14, it was evident that optimum level of organization performance of firms in alcohol industry is different from model 2. The new optimum level of organization performance in firms in alcohol industry in Kenya has been represented by model 3 as:
$=1.519+0.161SS+0.426RDP+0.194CA+0.462MC+0.199SPD+0.677BP+0.002XY+\varepsilon$

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).

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.753[a]	.568	.553	.44388	.568	38.928	3	89	.000
2	.805[b]	.648	.624	.40711	.081	6.602	3	86	.000
3	.826[c]	.682	.656	.38960	.033	8.904	1	85	.004

Table 15: Model Summary
a. Predictors: (Constant), Competitive Advantage, Resource Deployment Pattern, Scope of strategies
b. Predictors: (Constant), Competitive Advantage, Resource Deployment Pattern, Scope of strategies, Managerial Capabilities, Brand Portfolio, Product Dimensions
c. Predictors: (Constant), Competitive Advantage, Resource Deployment Pattern, Scope of strategies, Managerial Capabilities, Brand Portfolio, Product Dimensions, Interactions
d. Dependent Variable: Organizational Performance

The model summary results, Table 15 indicate that there was reasonable multi-correlation (r = .826) between organization performance, strategic change (scope of strategic change, resource deployment, competitive advantage) when moderator variables i.e. firm characteristics (managerial capabilities, specific product dimensions and brand portfolio) and interaction term were factored in the model as indicated above. The adjusted (R^2) square is .682 which means that 68.2% of the variation in organizational performance is explained by the combined effect of scope of strategies,

resource deployment, competitive advantage and firm characteristics; while 31.8% are explained by random error or other factors not included in the model.

In conclusion, the study has shown that the organization performance is a function of multiple factors, that is brand portfolio as one of the firm characteristics moderates the relationship between scope of strategies as an aspect of strategic change and organization overall performance. In Step 1 of the moderation model, the regression of strategic change on organization performance, ignoring the moderator, was significant. Step 2 showed that the regression of the strategic change on the moderator, depression, was also significant. Step 3 of the moderation process showed that the moderator (firm characteristics), controlling for strategic change, was also significant. Further analyses show that interaction effect resulted into significant R square change (R=.033, p=.004).Therefore it was concluded that firm characteristics moderated the relationship between strategic change and organization performance with brand portfolio having a significant effect.

In this model brand portfolio is showing positive influence on organizational performance at significant level 10%. The value of R2 is showing that the Model 2 has explanatory power extend to 64.8%%. Whereas, by incorporating the interaction term (managerial capabilities*specific product dimensions*brand portfolio), the results have improved (Model 3). Model 2 is also specified as shown by the value of F-statistic, which is significant. As the value of interaction term is significant and R2 change is also significant, which is the indication that the hypothesis of the research that the firm characteristics (managerial capabilities, specific product dimensions and brand portfolio) has moderating effect between the relationship of strategic change and organizational performance is accepted on the basis of the statistical results.

The results are in agreement with Ismail et al. (2010) who argued that unique edge is a part of the institution of high-level performance. This relationship was exaggerated by moderating variables such as age and size of firms. The moderating effects of these variables provide precious information about strategic management in the attainment of unique edge and to increase performance. In Ismail studies theoretically and empirically the age of the firm proves a significant moderator.

Similar results relates with O`Cass and Julian (2003) who examined the impact of specific firm characteristics, environmental characteristics and marketing mix strategy on export marketing performance. Data were gathered via a mail survey of firms exporting from Queensland, Australia. The results indicate that firm characteristics and environmental characteristics impact significantly on both performance and marketing mix strategy adaptation by exporting firms. However, the firm characteristics employed was product uniqueness, firm experience, supportive distribution and resource commitment. The study failed to incorporate the firm characteristics variables such as managerial capabilities, specific product dimensions and brand portfolio. Both studies used product uniqueness to show that a unique product had a significant influence on performance even though performance was conceptualized differently. A product that is unique, culture specific or is one that enjoys a degree of patent protection over competing products appears to have a differentiation advantage in the market place enabling the firm to use an adapted strategy leading to better performance. However, O`Cass and Juliana (2003) conducted their study in Australia using diverse industries but the current study was focused on the alcohol industry in Kenya. The study reveals that regardless of industry setting the constructs of firm characteristics such as managerial capabilities, product dimensions and brand portfolio significantly contribute to performance. This could be due to inimitability of internal firm characteristics such as managerial capabilities.

The results are, however, contrary to findings by Kiganane et al. (2012) who studied the moderating influence of firm characteristics on the effect of Mobile phone services on firm performance. The study used location, category of the firm, gender, education level, religion and age bracket of the entrepreneurs as firm characteristics. The study was carried out in Kenya. The study used longitudinal data for the past three years so as to track the magnitude of change that would have taken place. A representative sample of 120 was used and a two-stage sampling technique was employed. The findings revealed that firm characteristics have no statistical significant influence on the effect of mobile phone services on firm performance. On the contrary, the current study conceptualized firm characteristics as managerial capabilities, product dimensions and brand portfolio to establish their moderating effect on performance during strategic change. Clearly, Kiganane et al. (2012) failed to incorporate internal firm aspects such as managerial capabilities to establish their moderating influence on performance but focused mostly on the personal traits of the entrepreneurs. The difference in findings could also be due to the different constructs of firm characteristics that were used as well as the fact that firm characteristics was moderating the effect of mobile phone services and firm performance while in this study firm characteristics moderated the relationship between strategic change and organizational performance. Inconsistent findings could be due difference in industry setting, methodology and nature of products involved.

The findings are also in agreement with the conceptual framework which hypothesized that the relationship between strategic change and organizational performance is moderated by firm characteristics such as brand portfolio. Specifically, firms with superior and recognizable brands enhanced sales growth, return on sales and therefore the overall organizational performance during strategic change. High-quality brands enjoy greater price premiums (Sivakumar and Raj, 1997), and the perceived quality of multiple products bearing the same brand name affects the overall value of the brand (Randall, Ulrich and Reibstein, 1998).

Unlike previous studies which focused on the relationship between organizational competitive advantage and performance moderated by the age and size of firms Ismail et al (2010) and O`Cass and Julian (2003) who examined the impact of specific firm characteristics, environmental characteristics and marketing mix strategy on export marketing performance, this paper brings to light the moderating effect of brand portfolio on the relationship between strategic change and organizational performance among the alcohol firms in Kenya. The paper provides contribution in existing

literature by adding the moderating effect of firm characteristics of brand portfolio between the relationship of strategic change and firm performance. The paper is helpful for the management to focus not only on the strategic change but also brand portfolio as firm characteristics, while studying the firm performance.
The similar results have also been found in study done by Soon and Razak (2012) whereas in this research the moderating effect of product diversity was taken into account and leverage (Debt to equity ratio) was taken as independent variable. The study has the contribution in existing literature by adding the moderating effect of firm characteristics between the relationship of strategic change and organization performance. As highlighted in the background when the organization does not experience strategic change, unobserved factors may lead firms to higher or lower levels of performance. Brand portfolio as one of the 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).

5. Summary

5.1. Summary of Findings

Objective one sought to establish the effect of scope of strategies on performance of firms in the alcohol industry in Kenya. There was concern that prior studies focused on developed economies and incorporated few elements of scope of strategies to determine the relationship between scope of strategies and performance. Contrary to previous studies this study sheds light on the interaction of financial, marketing, distribution and cost control strategies to enhance organizational performance in the alcohol industry in Kenya.

Objective two sought to assess the moderating effect offirm characteristics of brand portfolio on the relationship between strategic change aspect of scope of strategies and organizational performance. The concern was that previous studies, using size and age of the firm, resource commitment and firm experience failed to solve the inconsistent results between strategic change and organizational performance. Previous studies had employed the traditional firm characteristics such as age and firm size yet the moderating influence of firm characteristics such as managerial capabilities, specific product dimensions and brand portfolio had not been established. The findings reveal that the firm characteristics moderate the relationship between strategic change and organizational performance.

5.2. Conclusions

With regard to objective one this paper found that scope of strategies variable had a significant relationship with organization performance. This leads to the conclusion that marketing, financial, distribution and cost control as constructs of scope of strategies are important determinants of organizational performance in the alcohol industry in Kenya.

As far as the second objective is concern the overall finding was that firm characteristics of brand portfolio moderate the relationship between strategic change and organizational performance. It is therefore concluded that brand portfolio as a component of firm characteristics transform the relationship between strategic change and organizational performance.

5.3. Recommendations

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

Further, based on the conclusion of objective two which assessed the moderating effect of brand portfolio as firm characteristics on the relationship between strategic change and performance it is recommended that managers in alcohol industry should view firm characteristics of brand portfolio as an attribute that influence organizational performance during strategic change.

5.4. Limitations of the Study

In this study strategic change was conceptualized as changes in the content of a firm`s strategy as defined by its scope of strategies, This could not capture all the aspects of strategic change.
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 the scope of strategies concepts 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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