THE EFFECTS OF INTERNAL FACTORS ON NON FINANCIAL PERFORMANCE OF TRUCKING FIRMS IN KENYA: A CASE OF DAKAWOU TRANSPORT LTD

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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ALI FARHAN ABDI

A Research Project Report Submitted to the School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SPRING 2018
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other institution, or university other than the United States International University – Africa in Nairobi for academic credit.

Signed ____________________________ Date____________________

Ali Farhan Abdi (ID: 649972)

This research project has been presented for examination with my approval as the appointed supervisor.

Signed ____________________________ Date____________________

Dr. Paul Katuse

Signed ____________________________ Date____________________

Dean, Chandaria School of Business.
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ABSTRACT

The general purpose of the study was to analyze the effects of internal factors on non-financial performance of trucking firms in Kenya, using Dakawou Transport LTD as a case study. The research was guided by the following research objectives: To examine the effect of information Technology on performance of Dakawou Transport LTD, to determine the effect of organizational structure on performance of Dakawou Transport LTD, to evaluate the effect of employee competence on performance of Dakawou Transport LTD.

This study adopted a descriptive research design, descriptive approach was applied since it enabled the researcher, to use quantitative data so as to find common characteristics about the population or phenomena being studied. The target population for this study, comprised of 105 top management, middle level management and subordinate staff across the organization. Stratifying the entire population ensured, a sample that accurately reflects the population being studied. From the initial target population of 105, this being more than 100 but less than 500 and guided by the rule of thumb, a quota of 50% was drawn from each strata. Structured questionnaire was used as a data collection tool to collect both qualitative and quantitative data.

The findings indicated that, majority agreed that Information technology is a major contributor to organizational performance. It was also established that Information technology offers organizations, competitive and effective communication. The results also showed that information technology have an influence on the firm’s effectiveness and efficiency. The results showed that 68.8% of the variation in performance was explained by the variations in internet accessibility.

The results also indicated that, organizational structure supports effective control. Organizational structure provides a visual explanation of decision making process and resource allocation. It was also established that, organizational structure assists management in determining departments and functions in an organization. The results showed that 64.1% of the variation in performance was explained by the variations in structure.

The study revealed that, employee skills is a major contributor to organizations’ success. Employee skills also offer organizations competitive and effective communication.
channel. It was also established that employee skills have an influence on the firm’s effectiveness and efficiency. Size of the firm had an influence on the level of application of employee skills. A majority also agreed that employee skills is a backbone of firms’ operational activities, while employee skills offer support services to business operations.

The study concluded that Information technology plays a major role in the performance of organizations in the trucking sector. This is due to the fact that, it offers to the organization, competitive and effective communication channels. Secondly, organizational structure supports, effective controls as well as, it offers a visual explanation of decision making process and resource allocation. Thus, the organizational structure assists management in determining departments and functions within the firm. Employee skills are a major contributor to organizations success by offering competitive and effective communication channels. This also plays a crucial role in influencing the firms’ effectiveness and efficiency and, the level of competence varies with the size of the firm.

The study recommended that, trucking firms need to ensure that they maintain their position in the market, by ensuring they adopt the latest technology, in order to maintain a competitive edge over its’ competitors. Secondly, trucking firms need to have in place, a well-functioning structure, that supports effective controls, this will ensure that there is an effective decision-making process and resource allocation. Lastly, trucking firms should ensure that, their employees have the necessary skills, so as to maintain competitiveness and effective communication channels.

The study recommended that, further studies needs to be done, to determine how other factors such as; organizational leadership, organizational culture and resource allocation affect the sector.
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DEDICATION

I dedicate this research report to my family who have encouraged and supported me throughout the research. I would like to also dedicate this research report to my future spouse and children, IN-SHA-ALLAH.
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LIST OF ABBREVIATIONS

ERP  Enterprise Resource Planning
GDP  Gross Domestic Product
ICT  Information Communication Technology
IS   Information Systems
IT   Information Technology
KM   kilometer
LPI  Logistic Performance Index
LTD  Limited
NCTTCA  Northern Corridor Transit and Transport Coordination Authority
OS   Organizational Structure
SCP  Supply Chain Performance
SD   Standard deviation
SME  Small and Medium-sized Enterprise
SPSS Statistical Package for Social sciences
SWT  Subhanah wa taala
TEU  Twenty-foot equivalent unit
USA  United States of America
USD  United States Dollars
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the study
Transport has been one of the main drivers of trade globally for many years. Today the story is no different. With respect to Kenya, cargo volumes handled at the port have been on the rise, with an increase of about 7.5% from the previous year, according to (Kenya Ports Authority, 2016). The bulk of these goods are mainly transported by road that is approximately 94% of goods received at the port (Ministry of Transport and Infrastructure, 2014). Thus road, as a mode of transport in Kenya handles a considerable amount of pressure in moving cargo.

Globally in countries such as the United States of America, 70% of cargo is transported by road and in 2015, 10.49 billion tons of freight was transported by trucks (Reports, Trends & Statistics, 2017). Freight revenues from trucking represent 81.5% of the nation’s freight bill. As of 2014 the number of registered trucks stood at 31.4 million trucks (Reports, Trends & Statistics, 2017). These trucks managed to cover a total distance of about 279.1 billion miles in 2014 (Reports, Trends & Statistics, 2017). Thus trucking is referred to as the backbone of the American economy (Montgomery, 2013).

According to the American Trucking Association, the industry consists of approximately 1,477,965 companies as of 2015 (Reports, Trends & Statistics, 2017). While these companies may seem many, they serve different segments such as interstate carriers and private carriers. The above figures thus provide enough emphasis on the magnitude of task, the trucking sector handles for the general USA’s economy. Thus performance of this sector quite crucial for the general health of the country’s economy (Montgomery, 2013).

According to American Transportation Research Institute, (2016) issues cited in the American trucking sector include: Electronic logging device mandate, Hours of service, truck parking, slow economy, driver shortage, driver retention, congestion and driver distraction. On the other hand, Montgomery (2013) also sighted aging workforce and a shortage of diesel technicians as an industry wide concern.
A brief look at Myanmar shows that lack of access to finance has meant that operators are forced to stick with their old trucks, this has contributed to high operating costs, with their fuel consumption, averaging 2.8km per liter, which is considerably high. Trucks are also underutilized, since they average between 15,000km to 80,000 km per year. Port congestion has also further affected efficiency of trucking. On average it takes between 6.5 to 10 days to clear goods from the port (WorldBank, 2016).

In Pakistan, the logistics sector accounts for 14% of the country’s GDP, with a great reliance of logistics, on road transport. Trucking is mostly informal and is characterized by an outdated fleet, (Pakistan Institute of trade and development & International Trade Centre, 2016). Road freight rate in Pakistan is among the lowest in the world, with an average cost of USD 0.01 to 0.03 USD per ton per kilometer, although precise data regarding freight rate was hard to obtain, it is still a major challenge to the trucking sector, aside from which competition is quite high. Thus trucking firms are working purely on a survival mode.

In Greece, the country is heavily reliant on road, for freight transport. Transport of freight, by road, accounts for 98% of land transport by volume and value. The Greece trucking sector is mainly dominated by operators, who use their trucks for subsistence purpose, these account for 90% of the trucking sector. The commercial side of trucking is small, with 66% of the operators, operating on “one truck one owner model”. Inefficiency in the Greece trucking sector is quite high, courtesy of strict legal regulations by the government, this can be attested by the period, it takes to register a transport firm which cost approximately 4,000 Euros and takes between three and eight months, aside from that, Greece haulers have a hard time maintaining profitability internationally (WorldBank, 2014).

Regionally looking at the South African logistics sector, categorized as a developing economy, with a heavy dependence on bulk industry and a fast growing service sector (Arvis, 2016). The country’s logistic cost stood at 11.2% of its GDP, signaling an increase of 9.2% from the previous year, it is estimated to have grown by 9.5% in 2015 and is forecasted to grow by 6.3% in 2016, (Havenga, 2016). Bulk of the logistic cost in South Africa is mostly because of transport cost, while 40% of transport cost in 2014 was fuel. Road transport contributed to 83% of the total transport cost (Havenga, 2014).
According to Havenga (2014), The South Africa’s logistics costs are on the rise and improvements in this sector are pointing towards transport’s supply and demand. The three important recommendations are; efficient trucks, efficient logistics and modal shift (Havenga, 2014).

An insight into Namibia’s logistics sector provides a further emphasis on the importance of logistics sector as one of the main delivery vehicles to economic growth. While the country’s performance with regards to logistics is quite good with respect to its region, as it scored 69 out of 155 in 2014 (logistic performance index Survey, 2014). The country was still seeking to improve its capacity with an additional 500,000 twenty equivalent units at its port, with a target of reaching one million TEU in the future (Savage, 2014).

The Namibian logistic sector, like other logistic sectors of the world, also experiences some level of issues and challenges. Some of the issues experienced include, but are not limited to: infrastructure, corruption, training, strong communication and information technology system (Savage, 2014). While a number of opportunities exist for Namibia, such as servicing land locked countries like Zambia and Botswana, its huge size and low population poses a problem in terms of the cost of maintaining infrastructure (Savage, 2014).

There exist a huge gap between large and small-medium sized transport firms in Namibia. Thus the transport market is controlled by big industry players who are able to leverage on economies of scale, while small-medium sized companies are left to struggle (Elizabeth, 2013). In Namibia, all trucks are fitted with tracking system to monitor progress of deliveries. Security as a challenge in the Namibian trucking sector, has also been cited as a serious issue, theft of fuel through siphoning, vehicle parts theft and theft of goods. This has been greatly attributed to lack of truck stops hence drivers are forced to sleep in their trucks by the road side (Elizabeth, 2013).

A look in to the sub-Saharan Africa with a focus on logistics almost certainly confirms, several issues experienced globally as factors affecting performance of logistics. A report by the Food and Agricultural Organization of United Nation on logistics in sub-Saharan Africa, focused on four sub-Saharan countries that is; Ghana, Cameroon, Uganda and Tanzania. The report recognized some of the issues affecting logistics in sub-Saharan Africa as: Infrastructure, Communication Network and Information technology, Training,
Financial Support and policy implementation (Joseph, 2015). Some of these issues have also been highlighted by Kunaka (2016), and Hartman, (2013) in their respective reports.

In West and Central Africa, inefficiencies in the logistic sector are characterized by: port congestion, long cargo processing delays and poor performance of road transport. A comparison between the West and Central Africa corridors and the northern corridor in East Africa revealed that there exist a more competitive and active trucking market in East Africa with moderate congestion at the port of Mombasa (Nathan Associates Inc, 2013).

Since logistics is responsible for the overall movement of material and information flow throughout the world, it is important to utilize benchmarking tools such as Logistics Performance Index courtesy of World Bank to have a better view of the integration of the various parties involved. Currently Kenya’s LPI stands at 3.33 (Arvis, 2016). According to Arvis, (2016) logistics is the core pillar of economic development and as such policy makers should foster seamless supply chain operations as a driver of economic growth. Logistic performance index as a tool in gauging logistics focuses mainly on infrastructure, service quality, supply chain reliability and border procedure and time (Arvis, 2016).

Drawing from LPI, it is certainly clear that external factors such as infrastructure and legal procedures have quite an impact on the logistics efficiency of a nation. Though, firms borrow this external factors in their service delivery, service quality as an internal factor has not been left out and specifically competence of service providers (Arvis, 2016). The report further states that; “predictable, reliable supply chains are central to good logistic performance” (Arvis, 2016).

Among the hindrance to logistic performance are delays and unexpected cost (Arvis, 2016). This can be further affirmed by Kunaka (2016) for the case of the East African market which is quite affected by hidden cost, although it has been greatly reduced recently, together with delays, given that there has been considerable change among East African nations with respect to LPI from 2014 to date (Kunaka, 2016). There is still room for improvement and further streamlining of the sector.
Locally the Kenyan governments has tried to improve state of roads in the country, this could be attested by the improvement in budgetary allocation of the road sector from 4.9 billion Kenya shilling in 2002 to 80 billion Kenya shillings in 2013 (Ministry of Transport and Infrastructure, 2014).

Aside from improving the budgetary allocation of road development, the Kenyan transport ministry has sought for a faster and efficient way of road development and this has been through a private public partnership model to ensure a level of responsiveness (Ministry of Transport and Infrastructure, 2014). From the above statements, it is certain that the Kenyan government is committed to improving infrastructure and to further emphasize this point is that, aside from roads, the government has also invested in a standard gauge railway from Mombasa to Nairobi and is expected to be operational by June 2017, (Ministry of Transport and Infrastructure, 2014). Among the beneficiaries of improved infrastructure are trucking firms. While trucking firms stand to benefit from improved infrastructure, they are also at the same time faced with the challenge of competition from other modes of transport and specifically rail transport.

The standard gauge railway has been designed to carry up to a maximum of 22 million tons annually with freight trains having a maximum carrying capacity of 216 twenty equivalent units approximately 4000 tons (Oirere, 2017). Once the railway is operational, a reduction of truck traffic along the Mombasa-Nairobi is expected and hence truckers along this route are expected to feel a considerable amount of business loss. The Kenyan trucking industry is characterized by a number of factors, while currently competition is quite intense, with 5% of trucking firms controlling 45% market share, small and large firm compete and co-exist in the market (Hartman, 2013). Small market players consist of firms with less than four trucks while large firms consisting of firms operating 200 trucks and above (Kunaka, 2016).

Trucking firms are mainly family owned with subsidiaries of international logistic firms being mostly medium players in the market (Hartman, 2013). The average age of trucks in Kenya is about 7.5 years with their acquisition being mainly financed by company cash flow or short term loans of up to 3 years (Hartman, 2013).

While competition from the standard gauge railway is yet to be realized, trucking firms have for a long time been faced with a myriad of challenges in Kenya (Kunaka, 2016). Although there have been a number of improvements in the trucking industry such as
reduction in delays along the borders and weighbridges, prices of transport service have reduced considerably up to 30% (Kunaka, 2016). On the other hand, the number of trucks have been increasing, hence a further increase in competitive pressure in the market (Northern Corridor Transit and Transport Coordination Authority, 2015).

Currently in Kenya there is wide embracing of the global positioning system for fleet management, with over 50% of firms using the technology (Hartman, 2013). This has brought about improved performance and efficiency in planning truck operations (Kunaka, 2016). With the embracing of technology, improvement of infrastructure and reduction of delays at border points Kenyan truckers are now able to do truck mileages of approximately 10,000 kilometers a month and generally efficient truck usage (Kunaka, 2016). Truck population in Kenya currently stands at about 17,066 as of 2015 (Kunaka, 2016).

1.2 Problem Statement
The performance of many firms is pegged on a number of factors. These factors may come from both the external environment and internal environments the firm operates in. A study by Mohammed (2015) on the determinants of firm performance in developing countries. Acknowledged that, different researchers use different variables that influence firm performance and that some use variables that really capture performance. He therefore suggested that future researchers should make use of variables that serve as determinants of firm performance in developing countries.

A review of determinants of firm performance by Ben (2014) did a comparison of European countries. The study looked into; growth opportunities, firm size, cash ratio and firm age. The results showed that all variables affect significantly firm performance, with the exception of age of Swedish firms.

An examination of the factors affecting performance of firms listed in the Shanghai stock exchange by Mou (2015) looked into; liquidity, asset utilization, leverage and firm size. The study found out that asset utilization and leverage are factors that affect financial performance of listed firms in shanghai stock exchange.

On the part of transport sector, several studies have been conducted on the factors affecting performance of transport firms. A study by Badenhorst-Weiss (2015) obtained an insight into, the business environmental risks, from a logistics perspective of the South
African logistics market. The study found out that increasing transportation cost, operational management of infrastructure and human resource related problems posed the biggest challenges in the logistics industry.

A study by Jacinta (2017) performed a survey of courier companies in Kenya in an attempt to getting and insight and understanding of factors affecting performance of courier service industry. The study found out that, firms had invested heavily in training their employees and thus the reason behind good reliable service. Another factor sighted was the use information technology. Although there is evidence of poor infrastructure, firms turned this into an opportunity by investing in motorbikes, thereby favoring their growth.

From the above discussions, it is evident that no research has been conducted on the effects of internal factors on non-financial performance of trucking firms in Kenya. Therefore this study aims to bridge this gap of knowledge, by providing the relevant information needed to effectively and efficiently communicate the effects of internal factors on non-financial performance of trucking firms in Kenya. This study will rely on previous studies in the transport sector, aiming to improve on what has already been done and further recommend other areas that need to be researched on.

1.3 General Objective
To investigate the effects of internal factors on non-financial performance of trucking firms in Kenya.

1.4 Specific Objective
1.4.1 To determine influence of information technology on firm performance
1.4.2 To assess the influence of organization structure on firm performance
1.4.3 To examine the relationship between employee competence and firm performance

1.5 Justification of the Study
1.5.1 Management of Trucking Firms
The findings and recommendations of this study will help the top management of trucking firms, make informed decisions with regards to their day to day operations and long term sustainability. The study will also highlight the effects of internal factors on the general performance of the firm. It will also serve to enlighten new management
personnel on how general trucking operations is managed and the various challenges that exist in this particular industry. In addition, it will highlight the various areas that management may need to increase or reduce effort as far as investment is concerned.

1.5.2 Academicians and Researchers

This study will highlight the various current issues in the Kenyan trucking industry. It will also serve to provide new researchers, with specific areas that may need further review or further investigation. The study will not only showcase current issues faced in the industry but will also review previous research in this field thereby providing consistency. By focusing specifically on internal factors, the research will ensure provide a more in depth analysis of the situation.

1.5.3 Government

The study will serve to dispense information to various government officials and legislators on the current performance and practices in the Kenyan trucking industry and therefore put necessary measures to ensure Kenyan truckers enjoy undisrupted performance. It will also serve as a good document from which new policies and regulation could be drawn from. The document will add insight on the internal factors affecting generally all Kenyan firms. The study will enable the Kenyan government make informed judgements on how to regulate Kenyan firms without affecting the general performance.

1.5.4 Investors

The study will serve to furnish current investors on what specific areas to improve on, with respect to internal factors affecting firm performance. The research will also highlight the various issues the Kenyan trucking industry is facing and how to go about them. The study will also serve to attract the attention of future investors by highlighting the various occurrence and condition of the Kenyan trucking industry.

1.6 Scope of the study

The study seeks to investigate the internal, non-financial factors affecting performance of the trucking firms in Kenya, with a specific focus on Dakawou Transport Limited. The researcher thus intends to collect relevant data from Dakawou Transport Limited. Therefore, data will be obtained from the intended target population at the operational level. The study will be carried out between January 2018 and April 2018.
1.7 Definition of Terms

1.7.1 Performance

Performance is the outcome or the end results of activities of an entity of a business, usually measured at the end of each financial period to determine how successful it has been (Fan, 2013)

1.7.2 Firm

An integrated and durable organization devoted to the production of goods and services that are owned as property under law by the firm (Geoffrey, 1998)

1.7.3 Trucking

According to the Mariam Webster dictionary, a truck’s definition is a wheeled vehicle for moving heavy goods American Version, (2017) in the British version, the definition states that it is an open railroad freight car. Therefore the act of transporting goods via trucks would mean trucking.

1.7.4 Organization Structure

Henry Minterzberg defines organizational structure as, a framework of the relations on jobs, system, operating process, people and groups making effort to achieve the goals. (Mintzerberg, 1972).

1.7.5 Information Technology

According to Attaran (2003) information technology is defined as “capabilities offered to firms by computers, software applications and telecommunication to deliver data, information and knowledge to individuals and processes”

1.7.6 Employee

According to Mitchell (2012) an employee by definition is, someone who is hired for a wage, salary, fee or payment to perform work for an employer.

1.7.7 Competence

There exist many definitions for the term competence but according to Stephan, (2012) it simply means, a special form of knowledge in the sense of action-enabling knowledge.
1.8 Chapter Summary
This chapter gave a description of the issues involved in the trucking industry and highlighted the main focus points. It compared operations from different geographic locations to give a more comprehensive overview of the scenario. By so doing it unearthed several factors that may need attention going forward.

The chapter also sets stage, for the development of the next chapters that is two, three, four and five. Thus the next chapter which is two will now focus on the critical issues highlighted in this chapter, this will entail expounding on the objectives, deeply, through literature review, in order to understand their interplay with objectives so identified in this chapter, within the industry.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This section of the study, looks into works conducted by other scholars within the realm of this topic in hand. It looks into each objective acknowledged in chapter one comprehensively, with a critical view of the findings of other researchers. While analyzing the findings of other researchers, it also looks at the methodology behind the findings. Thus the chapter expounds on the topic further, with a view of better supporting and giving the research concrete foundation.

2.2 Impact of Information Technology on Firm Performance
A review of the effect of ICT on firm performance by Timothy (2016) found out that the effects of ICT on performance is not homogenous. According to Janusz (2014), there exist more or less advanced technologies apart from telematics such as; detectors and sensors, making possible the remote measurement of the state of means of transport, satellite communication systems that enable transmission of information over longer distances, database and data warehouse make possible information storage as well as rapid processing (Janusz, 2014).

Information system can bring benefits in form of better financial results, more efficient coordination and improving the quality of transport (Janusz, 2014). Zeynep (2015) states that: “sustainable supply chains are not only essential to delivering long-term profitability, but are also crucial environmental and social responsibility for organizations in the global market place”.

According to Kitheka (2014), firms today are in great need of information for performance as it enables managers to make more informed decision and generally better decisions. Kitheka (2014) also found out that; it is important for organizations to consider the interest of all stakeholders to fully realize the benefits of implementing technology. Kitheka, (2014) also acknowledged that technology can lead to process efficiency and effectiveness, not forgetting improved customer satisfaction.

A study conducted by Haewoon (2016) reviewed the investment on information technology by firms. It categorized those investments into; basic infrastructure, security, wireless, collaboration and data-center. The study found out that wireless technology is
the main I.T driver in terms revenue growth. Furthermore the investigation showed that there exist some paradox in some of the investment because of the time lag before full realization of the investments.

A review on the impact of information technology capability on firm performance by Ahmad (2014) focused on employee-customer profit chain. According to Ahmad (2014) one of the guidelines in organization success is employee-customer profit chain. In his study he also states that, strong relationships have been found between, employees’ attitudes and behaviors, employees’ behaviors and customer impression, and customer impressions and revenue growth. One of the factors that can influence this process is information technology. The results of study showed that I.T capability tends to enhance this relationship and thus firm performance.

Another study was conducted on relationship among information technology investment, firm performance, innovation and firm growth by (Mahdi, 2012). The study focused on large Iranian manufacturer. The researched ased whether, innovation is moderated by firm growth and also mediation effects of innovation on I.Ts impact on firm performance. The results of the study indicated that I.T increases the innovation of the firm. Innovation improves performance of the firm in financial and operational terms. Thus firms should, consider I.T investments that improve firm’s capabilities in order to achieve a significant impact on firm performance

2.2.1 Information Technology

According to Aziati (2013) management information system is a system that converts data into information, conveyed in an appropriate form to managers. Mohammad (2012) States that management information system provides information that is required to manage organizations effectively and efficiently.

An exploratory study on the information and communication technology adoption on the Italian road was conducted by Evangelista (2014), with the aim of having an insight of the current and future practices of information technology in the Italian road haulage industry. A questionnaire survey was carried out on a sample of companies operating in the Campania region of southern Italy.

The area was chosen because it has a potential to play an important role by acting as interlink between European industrial and consumer areas, Northern Africa and the
Middle East and the significance of road usage is anticipated to rise. The questionnaire was structured into three main sections, the first part gathers information about the operating characteristics of firms, the second section was aimed at investigating the current and future usage of information technology and the third part aimed at identifying main factors influencing adoption of information technology. The sampling frame was described using a database provided by the Italian federation of road haulers (Evangelista, 2014).

The study excluded small firms operating less than 4 trucks sighting marginal impact of the potential of ICT. This point was reinforced by interviews conducted by authors in an attempt to test the questionnaire, it was noted that these firms with less than 4 trucks could employ cheaper and easily accessible technologies to effectively manage their respective operations, such as mobile phones. Thus the sample size was effectively reduced to 688 from 1,133. The total number of questionnaire received was 39. To ensure data reliability and completeness, respondents were contacted to clarify unclear responses (Evangelista, 2014). It was found out that majority of firms (82%) have between 10-50 employees, majority of firms offer general and less than truck load services (44.8%).

The importance attached to information technology was assessed by examining ICT cost as a percentage of the firm’s total cost. 25 out of the 39 surveyed firms spent less than 1% of their total cost on information technology, just three companies spent more than 10%, while 11 spent between 3% and 10%. Thus in terms of financial resources, the significance attributed is low in the sampled firms (Evangelista, 2014).

Among the information technology practices unearthed include: tracking and tracing is mainly by traditional paper based system (61.5%), while the system used for communication with drivers was by voice through mobile phones (89.7%) of respondents. In terms of proof of delivery system, there was clear evidence of a widespread usage of paper based system (78%). Although there was a lot of anticipation of a change from paper based system in the future in favor of electronic system. On the part of routing and scheduling for the surveyed firms, most used manual planning (36%) or carried out by voice through mobile phones (27%). On internet utilization, majority of the respondents were found to operate websites (61.5%). Website utilization was mainly for advertising purposes rather than for transactions (Evangelista, 2014).
Using information technology in supply chain is considered a significant tool to enhancing organizational performance as it helps firms accumulate knowledge (Al-Fawaeerl, 2013). A study by Al-Fawaeerl (2013) on the impact of information technology in enhancing supply chain performance on the textiles companies in Jordan found out that textile firms in Jordan acknowledged the benefits and positive impacts of information technology that support supply chain performance.

A study on factors affecting information technology acceptance, willingness and adoption in logistics industry from supply chain perspective was performed by (Tsan-Hwan, 2014). The study was conducted on the Taiwanese logistics industry from a cross-organizational perspective, the research found out that, perceived easiness, perceived usefulness and social norms do not have a substantial, direct correlation with the actual adoption, but supply chain relationship does. Thus to make technology adoption to be a success, logistics firms should learn together and share resources with their partners through strategic alliance (Tsan-Hwan, 2014).

According to Galin (2012), ICT system may change the structure of the logistics industry. He found out in his study that most important benefits of ICT systems adoption are cost reduction, improved competitiveness, business control, error reduction and customer integration for small road transport businesses. Issues undermining adoption of ICT were cited as high cost, lack of management initiative and lack of ICT system that fulfill the firm’s needs.

### 2.2.2 Organizational Performance

Performance is the outcome or the end results of activities of an entity of a business usually measured at the end of each financial period to determine how successful it has been (Fan, 2013). A firm is an integrated and durable organization devoted to the production of goods and services that are owned as property under law by the firm (Geoffrey, 1998).

In her study Joanne (2016) found out that, capital and resources influence performance of independent fuel dealers positively, together with marketing and management skills. Marketing skills was able to provide a competitive edge for firms in general and was able to place a firm in a better position to face the competition.

A look into succession planning of executive directors and its effect on organizational performance by Lucy (2014) found out that, succession planning is beneficial in:
improving and addressing key issues such as employee’s management, organizational growth and sustainability. Her disquisition also highlighted that, majority of firms do not have a succession plan, due to laxity by the board members and senior management. In other cases, the succession plan is developed but is not finalized thus leading to poor leadership transition within the firm.

The effects of information technology on performance of logistics firm in Nairobi was studied by Macharia (2015), his studied acknowledged the positive influence of information technology on firm performance. Among the areas investigated by the study include: level of IT usage among firms, security and tracking and customer service delivery.

In his search for determinants of financial performance of a firm, he focused on corporate governance, ownership structure, capital structure and risk management. The study acknowledged that corporate governance, ownership structure, capital structure and risk management have a major effect in determination of financial performance of firms in Pakistan, with either return on equity or shareholder return as financial performance measure.

### 2.3 Impact of Organizational Structure on Firm Performance

A study on impact of decentralized decision making on firm performance was established by Bashir (2015), the study was conducted in Pakistan and took the example of Honey well, Google, Toyota and other different sectors of Pakistan. The study found out that, ultimate performance of a firm increases with decentralization. Thus as the communication and cooperation of the top level management with middle and lower management increases, the organizational performance increases.

A study was administered by Nedal (2013) on defining and solving organizational structure problems to improve the performance of ministry of state for environmental affairs in Egypt. The study aimed at providing more acuity on organizational issues and their solution for the ministry of state for environmental affairs. The author defined organizational structure as the way an organization arranges people and jobs so that its work can be performed and its goals met. In conclusion the writer found out that structured problem solving is the most useful way to improving the performance of organization.
A study developed by Margareth (2017) on organizational structure, service capability and its impact on business performance of logistics providers in the B2B Context. The inquiry was done in South Brazil and it aimed at verifying what aspects related with organizational structure and service capability contribute to the performance of logistic providers in the business to business context with client companies in supply chains. The study found out that technical quality and capacity of operations of logistic firms generated direct and reciprocal impacts on their performance and performance of client companies as well.

A review of organizational structure and performance of large manufacturing firms in Kenya was carried out by Zachary (2015), her paper aimed at determining the influence of organizational structure on performance of large manufacturing firms. The author found out that organizational structure positively influences the firm’s performance. A study was carried out on the impact of organization structure on organization performance by (Sylvia, 2015). The findings revealed that organization structure has an impact on organization performance, it also indicated that there is a relationship between specialization of work process and labor productivity. Thus organizational structure affect the behavior of employees in the organization. In general performance of a firm largely depends on its structure through defining task clearly.

A review on the effect of information technology on organizational structure and firm performance in Tehran, Iran was performed by (Ali, 2013). The study employed a causal and descriptive research design to determine the cause and effect relationships among IT, OS and FP based on previous studies. The findings showed that information technology has an indirect and direct impact on firm performance. Organizational structure was found to have a direct impact on firm performance, information technology was also found to have a direct effect on organization structure.

A study was conducted by Adeleye (2016) on the impact of organizational structure on the performance of the Nigerian securities exchange commission. The study found out that, the Nigerian securities exchange commission structure is mechanistic, a kind of bureaucratic set up that hinders responsiveness to changes in a rapidly changing business environment. It was also found out that the existing structure accounts for the weakness and failures of NSEC in effective sanctioning of saboteurs and defaulters, capital market efficiency and stable growth. The study recommended that the current organization
structure needs to be changed to match the current pace and intensity of the business environment.

A review on the effect of organizational structure on financial performance of commercial state corporations in Kenya was conducted by (John, 2014). Specifically the study focused on the effect of organization size on the financial performance of commercial state corporations. The study found out that, organizational structure affected the financial performance of commercial State Corporation. The study thus recommended that, organizational size, structure formalization, structure complexity and structure centralization should be considered to be very important, when corporation management is developing their organizational structure that will achieve their strategic objective.

A study by Ju-Yeon (2012) focused on the effect of customer centric structure on firm performance. The study found out that, increases in structural alignment, enhances performance by increasing customer satisfaction, but damage it by increasing coordinating costs. The study also found out that restructuring around customer groups pays off when the firm already has relatively large business units or serves many diverse end markets.

2.3.1 Organizational structure

An inquiry on flat organizational structures was conducted by (Julie, 2012). The focus of her study was to show that flattened firms can exhibit more control and decision making at the top thus going against their intended purpose. In conclusion Julie (2012) states that the flattened firm has fewer levels and broader spans of control. The flattened firm also appears to rely on more coordination among the top team. She also states that, it is a complex phenomenon that in the end it looks more like centralization.

A research was determined by Rishipal (2014) on the analytical comparison of flat and vertical organizational structures. The main focus of his study was on the structure of modern organizations in the context of a fundamental change in organization structure which is currently taking place in the way firms view their organizations and the inherent requirements and results. In conclusion, the author found out that the age of flat organizations is becoming a reality and that the traditional framework is increasingly proving itself incapable of satisfactorily dealing with the new market reality.
The role of organizational design in 21st century organizations was studied by (Michael, 2014). The author tries to inspire leaders to understand the mortality of the organizations they lead and consider the role organizational design in the health of that firm. In conclusion the author demonstrates that they is need to develop a holistic understanding of the organization’s design as it is the likely discriminator of whether a company continues in the future.

A study on organization structure using the Mintzberg framework was conducted by (Fred, 2012). Henry Mintzberg suggests that organizations can be differentiated along three basic dimensions include: the key part of the organization, that is, the part of the organization that plays the major role in determining its success or failure; the prime coordinating mechanism, that is, the major method the organization uses to coordinate its activities; and the type of decentralization used, that is, the extent to which the organization involves subordinates in the decision-making process. Mintzberg suggests that the strategy an organization adopts and the extent to which it practices that strategy result in five structural configurations: simple structure, machine bureaucracy, professional bureaucracy, divisionalized form, and adhocracy.

A review on organization structure and innovation performance in different environments was carried out by (Andy, 2012). The study was conducted on small and medium sized firms in the United Kingdom. The study focused on whether the choices over the combination of the centralization of decision making and the formality of structure influence innovation performance and whether different combinations perform better in technically turbulent environments and at different stages of a firm’s development. In conclusion the author states that organizational form matters in for innovation success and that the decentralized, formal structure works best in most circumstances. The only exceptions is of young firms operating in high tech sectors which benefit from informal structure.

A study was performed on the relationship between organizational structure factors and personnel performance by (Hadi, 2016). It was found out that there is a positive relationship between organization structure factors and personnel performance. The firm structure emphasizes on omission of repetitive task thereby increasing efficiency.

A study on structure and strategy in the Kenyan banking industry was conducted by (Anastasia, 2016). The focus of her study was on understanding the interrelationship
between strategy and structure. It was deduced from the study, that between strategy and structure, either can come first, but both are interrelated and interdependent therefore none supersedes the other. It was also determined that firms may begin as simple structures but will evolve into more complex structures.

An inquiry on the impact of organizational structure and business strategy on performance and risk-taking behavior in insurance industry was carried out by (Gene, 2015). The main focus was on the impact of organizational structure and business strategy on company efficiency, profitability, risk-taking behavior in the Taiwanese life insurance industry. The insurance industry in Taiwan provides an interesting environment for studying this issue because different organizational forms coexist in the insurance industry. The results show that organizational structures and business strategies have significant impact on efficiency, profitability, and risk-taking behavior. In addition, firm size, lines of business, leverage ratio, and market share have significant impact on efficiency, profitability, and risk-taking behavior.

### 2.4 Employee Competence and Firm Performance

A research on the effect of core competence on competitive advantage and organizational performance was performed by (Sabah, 2012). The study was conducted on paint industry in the United Arab Emirates. The findings of the research indicated that while core competence has a strong and positive impact on competitive advantage and organizational performance, competitive advantage has also a significant impact on organizational performance.

A study on the effect of individual competencies on performance in services industries in Turkey was reviewed by (Halil, 2013). The research was limited to banking, cargo, communication, food and catering, finance, publishing, retail, I.T and tourism companies. The findings indicate that there is a positive relationship between competencies and individual performance. Core competencies appeared to have the most significant effect on individual performance. A surprising result of the findings showed that when it comes to organizational performance, managerial competence appeared to be the most significant factor.

An examination of the relationship between human capital and business performance was conducted by (Sarminah, 2013). The study was done on managerial staff in Malaysian logistics companies. The findings unveiled that all aspects of human capital contributed
significantly to business performance. The results also showed that competency and creativity as the main factors that influenced business performance.

A study on determining the importance of competency and person-job fit for the job performance of service SMEs employees in Malaysia was performed by (Sethela, 2013). The main objective of the research was to investigate on the relationship that may exist between: competency, person-job fit and employee’s job performance. The results showed significant relationship between competency, person-job fit and employee’s job performance. Thus in order to improve performance of employee’s job performance, serious attention must be given to issues related to employee’s competency.

An inquiry was conducted by Aidah (2013) on effects of training on employee performance. The research was conducted on the telecommunications industry in Uganda. The investigation discovered that training and development have an impact on the performance of employees. A coordinated study Antwi (2015) on employee’s competency and organizational performance in the pharmaceutical industry. The inquiry was done in Ghana. The results showed that employee’s competence contributed immensely to performance of the entire organization.

2.4.1 Significance of Employee Competence
A study on human resource practices and employee competence was carried out by (Mohammed, 2014). The focus of the study was on proving the viability of general system theory when applied to the relationship between human resource practices and employee competence. In conclusion the application of the theory illustrated the effectiveness of human resource practices in enhancing employee’s competence at the firm level.

A study was orchestrated by Petra (2013), on management competencies and organizational performance in CEE. The study entailed a comparison between Austria and Slovenia. The findings did not show a clear answer to the question “which managerial competencies are crucial” for the case of Slovenia, which was attributed to structural reforms in the Slovene economy. The Austrian samples however revealed a link between leadership, turnover and human resource. Leadership was emphasized as the key competency in management for the case of Austria.

A study was performed by Havidz (2017) on the model of employee performance. The study aimed to analyze the effect of competency and work motivation on employee
performance. A case study of atPT. Bank.Bukopin, Tbk Center. The results showed competency and work motivation simultaneously had a significant positive impact on performance. A study was established on the effect of employee training on employee performance by (Ramya, 2016). The aim of the inquiry was to understand the importance of training on employee performance, identify significance of employee performance and provide suggestions on how firm can improve its employee performance.

The findings indicated that training plays a vital role in the building of competencies of new as well as current employees to perform their job in effective way. Firms thus must design the training programs with clear goals and objectives while keeping in mind the particular needs of both the individual and the firm.

An inquiry on the impact of human resource management on the competitiveness of transport companies was conducted by (Nijolė, 2017). The study was carried out in Lithuania’s transport sector. The study found that human resource management determines organizations’ performance and its position in the market. Employees were also found to be the main link between organization’s strategy and its implementation. An assessment on the impact of managerial competencies on the performance of immigrant–owned enterprises in South Africa was conducted by (Olawale, 2014). The results indicated that there is a relationship between owner’s education and performance. Business owners with experience prior to starting business significantly perform better than those without.

A study on the relationship between competency and performance was developed by (Kolibáčová1, 2014). The study was conducted in one firm over a period of two years. The findings of the study established that there a positive relation between competency and performance. Thus the research paper went further and recommended that it makes sense to invest time and finances in increasing employee competence. An inquiry on the role of core competencies on organizational performance was performed by (Nada, 2014). The study took place in the Iraqi private banking sector. The results of the inquiry indicated that there is significant correlation among core competencies and organizational performance. The paper further recommended that bank management should develop core competencies for human resource as a strategic tool to enhance organizational performance.
An examination on the impact of training and development on employee performance and productivity was performed by (Abdulrahman, 2016). The study was conducted in a form of a case study on the Jordanian private sector transportation companies. The findings showed that training and development are positively correlated and claimed statistically significant relationship with employee performance and productivity. Thus the study concluded that training and development have important impact on employee performance and productivity.

Looking at a study conducted by Mercy (2015), on human capital, employee empowerment and performance of commercial banks and insurance firms in Kenya, the article reviewed whether the influence of human capital on the performance of banks and insurance firms in Kenya was moderated by employee empowerment. The findings revealed that employee empowerment does not moderate the influence of human capital on firm performance but that it has a mediating effect.

Small and medium size enterprises play quite a substantial role in a developing economy. A study was conducted by Sanda (2011) in Ghana, on managerial competence and non-performance of small firms in a developing economy. The research found out that SME executives in Ghana possess the requisite competence and discretionary behavior to enhance the performance of theirs firms. Although, their inability to make such competence reflect in the performance of their firms might be due to their inability to simultaneously attain efficiency and effectiveness in the management of their work places.

A look at a study conducted by Ovidiu-Iliuta (2013) on employee motivation and organizational performance, show that a motivated and qualified workforce is essential for any company that needs to increase productivity and customer satisfaction. It is until this needs are met that people will focus more on job performance. Thus he suggests that firms should use employee suggestion schemes and use the feedback from the workforce to improve the organizational environment.

A research by Genç (2014), on the impacts of core employees on the performance of SME’s, showed that there is no positive relationship between the expertise of core employees, whose superior characteristic are firm specific and organizational performance. The study further suggested that, value, uniqueness and non-sustainability
of core employees and organizational performance should be searched in different regions and sectors.

Another insight on managerial competencies and small business growth by Syamsuriana, (2014) indicated that all managerial competency dimensions had a positive and significant impact on growth of small business. The study was conducted in Kelantan and Terengganu regions, with a focus mainly on technical, generic and conceptual skills of managers. A review by Reza (2013) on supply chain management competence and performance in the Iranian I.T SME’s, found out that SME’s should develop unique competencies that are inimitable to maximize their utility in the supply chain and to improve their performance.

2.5 Chapter Summary

This chapter presented literature review on the three highlighted objectives of the study in chapter one. These objectives include: influence of organizational structure on firm performance, influence of information technology on firm performance and finally the relation between employee competence and firm performance. The next chapter that is, chapter three will comprehensively cover research methodology, which will be on mainly how the actual data collection, analysis and research design was conducted.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter describes the methodology that was applied while conducting the research. It is segmented into different parts including the research design, the population and sampling design, data collection methods, research procedures and instruments, and data analysis methods. The adopted research methods were found to be appropriate in terms of effectiveness, time, cost and information accuracy.

3.2 Research Design
Research design refers to a framework which acts as the blueprint for data collection, measurement, and analysis which explains the procedure necessary for obtaining the information needed to solve a research problem (Cooper & Schindler, 2014). Hence, research design is a layout of the research project which determines the most suitable method of investigation, nature of instruments, sampling plan and different data types (Saunders, Lewis, & Thornhill, 2015).

There exists a number of research designs but the main ones are descriptive, exploratory, correlation design and causal (Collis & Hussey, 2009).

Descriptive research is usually used in obtaining information in regards to the current status of the phenomena and explains what exists with respect to variables or conditions in a situation. The major objective of a descriptive research is to provide a valid and accurate representation of the variables that are relevant to the research questions and objectives Creswell, (2014). This study adopted a descriptive research design, descriptive approach was also applied since it enabled the researcher to use quantitative data so as to find common characteristics about the population or phenomena being studied (Zikmund, Babin, Carr, & Griffin, 2010).

In addition, the study adopted the correlation approach in order to describe the dependent and independent variables relationship. Correlation research represents a general approach to research that focuses on examining the co-variation among natural occurring variables (Creswell, 2014).
The major objective of correlation research was mainly to identify predictive relations using correlations or other statistical techniques (Cooper & Schindler, 2014). Furthermore, the study employed both quantitative and qualitative research approaches. Quantitative approach entails the use of tools such as questionnaires, or data analysis procedure including graphs, that use numerical data. Whereas, qualitative approach assisted in analysis of non-numerical data such as interviews (Saunders, Lewis, & Thornhill, 2015).

3.3 Population and Sampling Design

3.3.1 Population

Population is described as the total collection of elements about which the researcher wishes to make reference Cooper & Schindler, (2014). It is basically the universe of people, place or things to be investigated (Saunders, Lewis, & Thornhill, 2016). The targeted population for this study comprised of top management, middle level management and subordinate staff across the organization. The top management consisted of a total of ten people, middle management comprised of up to fifteen individuals and finally the subordinates consisting of eighty people.

3.3.2 Sampling Design

Sampling design is described as that part of research plan that indicates how many cases are to be carefully chosen for observation (Cooper & Schindler, 2014). Hence, the design gives a blue print of the process to be followed to draw the study’s sample based on the sample size (Saunders, Lewis, & Thornhill, 2016). The study shall adopt this design as the sample shall be inferred to the population.

3.3.2.1 Sampling Frame

Sampling frame is described as the physical representation of all the elements of the population from which the sample size is drawn (Sekaran & Bougie, 2013). Other studies posit that sampling frame is the detailed presentation of population of study outlined in a table or figure (Oladipo, Ikamari, & Kiplang’at, 2015). According to Cooper and Schindler (2011), sampling frame has been defined as a list of elements from which the sample is drawn and closely related to the population. The sample of the study constituted of the top management, middle level management and subordinate staff at Multiple Haulers.
3.3.2.2 Sampling Technique

Sampling technique entails the method that is used to select the members of a sample (Cooper & Schindler, 2011). A study by Sekaran and Bougie (2013), explains the various sampling designs types which include; probability and nonprobability. The study findings was assumed to be a true representative of the study population (Cooper & Schindler, 2014). Since the population is divided into the various categories of top management, middle level management and subordinate staff, a stratified random sampling was used to collect data from the various strata of the respondents. This technique ensured full representation of all respondents and eliminated the aspect of biasness. Stratifying the entire population helped ensure a sample that accurately reflects the population that was being studied (Zinkmund et al., 2012).

3.3.3.3 Sample Size

Sample size is described as the number of items to be selected from the universe to constitute a sample (Oladipo, Ikamari, & Kiplang'at, 2015). The sample size is an important element of any empirical study in which the objective is to make inferences about a given population from a sample. Basically the sample size utilized in a study is determined based on the expense of data collection and needs to have sufficient statistical power (Creswell, 2014). A good sample should be accurate, precise, ensure to have a good representation of the population, and be at least 20% of the population Cooper & Schindler, (2011). From the initial target population of 108, this being more than 100 but less than 500, and guided by the rule of thumb, the study used stratified random sampling and a quota of 50% shall be drawn from each strata.

Table 3.1: Sample Size

<table>
<thead>
<tr>
<th>Unit Of Analysis</th>
<th>Target Population</th>
<th>% Of Sample</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>10</td>
<td>50</td>
<td>5</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>15</td>
<td>50</td>
<td>8</td>
</tr>
<tr>
<td>Subordinate Staff</td>
<td>80</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>TOTAL</td>
<td>105</td>
<td>50</td>
<td>53</td>
</tr>
</tbody>
</table>
3.4 Data Collection Methods
This study used a structured questionnaire as a data collection tool to collect both qualitative and quantitative data. The questionnaires issued consisted of both closed and open ended questions. The decision to use a questionnaire was based on the fact that the tool is considerably easy to understand and use for the respondents (Burns & Ryman, 2008).

Furthermore, it offers a high rate of response as it is less tasking in comparison to other tools such as focus groups. In addition, a likert scale was also used with options ranging from strongly agree to strongly disagree on a 5 point scale. This scale was used because it has proven to be effective in other studies (Bryman & Bell, 2011). The questionnaire was divided into four main segments. The first section of the questionnaire will include questions on the respondents’ general information. The second, third and fourth parts will entail questions based on the research objectives. The researcher obtained a letter from Chandaria School of Business to facilitate the authorization to collect data from Dakawou Transport LTD.

3.5 Research Procedures
The research utilized a developed questionnaire as the data collection tool and ensured that the questions were appropriate for the study. The questionnaires were tuned in accordance to the research objectives. A pretest was also conducted before administering the questionnaire to the study population. A study by Cooper and Schindler (2014), posits that pretests aid in improvement of instrumentation and design.

Pretest is said to helpful in refining information contained in the questionnaire which in turn increases efficiency and identifies any shortcomings in the questionnaire (Bryman & Bell, 2011). This enabled the researcher make changes based on suggestion from the pretest participants and eliminate errors and improve on validity. The researcher obtained permission from Chandaria School of Business to facilitate the data collection process. Time was given for respondents to fill in the questionnaires and phone calls was used as a measure to follow up. The researcher both delivered and emailed the questionnaires and feedback from respondents was treated with high degree of confidentiality.

3.6 Data Analysis Methods
Data analysis entails the process of analyzing, cleaning, transforming, and modeling data collected in a research with the objective of identifying useful information (Cooper &
The information collected was used to make decisions. The data collected was edited and keyed into Statistical Package for Social Sciences (SPSS) tool for analysis. The main purpose of the analysis was to consolidate the observations so as to provide solutions to the research objectives or questions. Quantitative and qualitative data analysis tools was used, which will comprise of descriptive analysis and, in particular cross-sectional analysis. A cross-sectional analysis basically entails a study carried out once and represents a snapshot of one point in time (Bryman & Bell, 2011). Finally, the data collected was presented in form of tables and figures which will facilitate interpretation of information obtained. Both descriptive statistics and inferential statistics was used in order to draw as much information as possible from the data to enable comprehensive decision making from the data collected.

The following equation was established

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

\[ Y = 0.238 + 0.481X_1 + 0.396X_2 + 0.105X_3 + 0.29245 \]

Where:

\( Y \) is the dependent variable (Consumer saving);

\( \beta_0 \) is the regression constant;

\( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are the coefficients of independent variables;

\( X_1 \) is information technology;

\( X_2 \) is organization structure;

\( X_3 \) is competence; and

\( \varepsilon \) is the error term.

### 3.7 Chapter Summary

The chapter clearly described the methodology that the study used to reach its objectives. The research methodology was explained in sections including; research design, population, sampling frame, sampling technique, sample size, data collection and data analysis. Chapter four will discuss data analysis and presentation of study findings.
4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter brings forth the results as acquired from the data analysis done. This included results relating to the demographical features of the respondents and the specific research objectives aimed at establishing the internal factors affecting performance of trucking firms in Kenya

4.1.1 Response Rate

The research issued a total of 53 questionnaires and a total of 50 were filled and returned giving a response rate of 93%. This was sufficient for the study as indicated in table 4.1

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled and returned</td>
<td>50</td>
<td>93</td>
</tr>
<tr>
<td>Non-response</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2 General Information

4.2.1 Respondents Gender

On analysing the gender of the respondents revealed that male had the highest representation at 60%, while female had a 40% representation as shown in figure 4.1.

Figure 4.1: Gender
4.2.2 Age of Respondents

On analysing the ages of the respondents only 2% were aged above 50, those of 26-35 were the majority and represented 48%, those aged 36-45 were 14%, and those above 46 of 50 represented 20%, while respondents of 18-25 years represented 14%. This implies that at trucking firms the employees are young hence have many years to serve however, if they choose to seek better options, the firms might collapse.

Figure 4.2: Age of Respondents

4.2.3 Education

With regard to education degree holders were 48%, diploma holders were 18% while master holder were 8% while those with professional certificates representing 26% as indicated. This implies that the employees are well educated to work well in their respective departments as indicated in figure 4.3

Figure 4.3: Education
4.2.4 Work Experience

An analysis of the respondents work experience indicated that 42% have worked for the firms in a period less that 5 years, 22% on the other hand represented 6-10 years. On the other hand 16% have worked for 11-15 years. Those who have worked for 16-20 years represented 12% and the oldest group (above 20) were 8% as shown in figure 4.4

Figure 4.4: Work Experience

4.2.5 Management Level

To analyse management levels, the findings revealed that top level managers accounted for 8% of the total, middle level was 16% while subordinate was 76% as indicated.

Figure 4.5: Management Level

4.3 Impact of Information Technology on Firm Performance

The first objective sought to determine impact of information technology on firm performance. To achieve this objective respondents were asked to base their argument on a five scale rating where; (1) Strongly Disagree, (2) Disagree, (3) Not Sure, (4) Agree and (5) Strongly Agree.
4.3.1 Descriptive of Information Technology on Firm Performance

The finding indicated that majority agreed that Information technology is a major contributor organizational performance (m=4.41, sd =0.92). It was also established that Information technology offer organizations competitive and effective communication channels (m=4.35, sd=0.818). Results also show that information technology have an influence on the firms effectiveness and efficiency (m=4.3, sd =0.84). The findings also indicated that level of application of information technology has an impact on organizational performance (m=4.05, sd=0.964). It was also agreed that information systems is a backbone of firms operational activities (m=3.89, sd=1.142). Finally, information systems offer support services to business operations (m=4.38, sd=0.789).

Table 4.2: Descriptive of Information Technology on Firm Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Information technology is a major contributor organizational performance</td>
<td>50</td>
<td>4.41</td>
<td>0.92</td>
</tr>
<tr>
<td>2  Information technology offer organizations competitive and effective communication channels</td>
<td>50</td>
<td>4.35</td>
<td>0.818</td>
</tr>
<tr>
<td>3  Information technology have an influence on the firms effectiveness and efficiency</td>
<td>50</td>
<td>4.3</td>
<td>0.84</td>
</tr>
<tr>
<td>4  Level of application of information technology has an impact on organizational performance</td>
<td>50</td>
<td>4.05</td>
<td>0.964</td>
</tr>
<tr>
<td>5  Information systems is a backbone of firms operational activities</td>
<td>50</td>
<td>3.89</td>
<td>1.142</td>
</tr>
<tr>
<td>6  Information systems offer support services to business operations</td>
<td>50</td>
<td>4.38</td>
<td>0.789</td>
</tr>
</tbody>
</table>

4.4 Impact of Organization structure on Firm Performance

The second objective sought to determine impact of organization structure on firm performance. To achieve this objective respondents were asked to base their argument on a five scale rating where : (1) Strongly Disagree, (2) Disagree, (3) Not Sure, (4) Agree and (5) Strongly Agree.

4.4.1 Descriptive of Organization Structure on Firm Performance

The results indicated that organizational structure supports effective controls (m=4.22, sd=0.781). Organizational structure provides a visual explanation of decision making process and resource allocation (m=4.14, sd= 0.849). It was also established that
organizational structure assists management in determining departments and functions in an organization. \(m=4.43, \text{sd}=0.795\). There was however uncertainty of organizations shifting from traditional (one rigid structure) organizational structures to a hybrid structure. \(2\) or more organizational structure synchronized to work as ones) \(m=3.76, \text{sd}=0.791\). The findings also revealed that organizations are redefining and adjusting their organizational structures to match their strategic activities \(m=4.16, \text{sd}=0.794\). Also an appropriate organizational structure is crucial in the achievement of the organization goals and objectives \(m=4.38, \text{sd}=0.789\). In addition, changes in organizational structure has an effect on organizational performance \(m=4.11, \text{sd}=1.015\).

Table 4.3: Descriptive of Organization Structure on Firm Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Organizational structure supports effective controls.</td>
<td>50</td>
<td>4.22</td>
<td>0.78</td>
</tr>
<tr>
<td>2 Organizational structure provides a visual explanation of decision making process and resource allocation.</td>
<td>50</td>
<td>4.14</td>
<td>0.84</td>
</tr>
<tr>
<td>3 Organizational structure assists management in determining departments and functions in an organization.</td>
<td>50</td>
<td>4.43</td>
<td>0.79</td>
</tr>
<tr>
<td>4 Organizations are shifting from traditional organizational structures to a hybrid structure. (2) or more organizational structure synchronized to work as ones</td>
<td>50</td>
<td>3.76</td>
<td>0.79</td>
</tr>
<tr>
<td>5 Organizations are redefining and adjusting their organizational structures to match their strategic activities.</td>
<td>50</td>
<td>4.16</td>
<td>0.79</td>
</tr>
<tr>
<td>6 Appropriate organizational structure is crucial in the achievement of the organization goals and objectives.</td>
<td>50</td>
<td>4.38</td>
<td>0.78</td>
</tr>
<tr>
<td>7 changes in organizational structure has an effect on organizational performance</td>
<td>50</td>
<td>4.11</td>
<td>1.01</td>
</tr>
</tbody>
</table>

4.5 Impact of employee competence on Firm Performance

The third objective sough to determine impact of employee competence on firm performance. To achieve this objective respondents were asked to base their argument on a five scale rating where ; (1) Strongly Disagree, (2) Disagree, (3) Not Sure, (4) Agree and (5) Strongly Agree.

4.5.1 Descriptive of employee competence on Firm Performance

The study revealed that Employee skills is a major contributor organizations success \(m=4.65, \text{sd}=0.481\). Employee skills also offer organizations competitive and effective
communication channels ($m=4.24$, $sd =0.755$). It was also established that employee skills have an influence on the firms effectiveness and efficiency  ($m=4.59$, $sd =0.547$). Size of the firm has an influence on the level of application of employee skills ($m=3.92$, $sd =0.947$). Also majority agreed that employee skills is a backbone of firms operational activities ($m=4.59$, $sd =0.595$) while employee skills offer support services to business operations  ($m=4.65m$, $sd=0.481$).

Table 4.4: Descriptive of employee competence on Firm Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Employee skills is a major contributor organizations success</td>
<td>50</td>
<td>4.65</td>
<td>0.481</td>
</tr>
<tr>
<td>2  Employee skills offer organizations competitive and effective</td>
<td>50</td>
<td>4.24</td>
<td>0.755</td>
</tr>
<tr>
<td>3  communication channels</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4  Employee skills have an influence on the firms effectiveness and efficiency</td>
<td>50</td>
<td>4.59</td>
<td>0.547</td>
</tr>
<tr>
<td>5  Size of the firm has an influence on the level of application of</td>
<td>50</td>
<td>3.92</td>
<td>0.947</td>
</tr>
<tr>
<td>6  employee skills</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6  Employee skills is a backbone of firms operational activities</td>
<td>50</td>
<td>4.59</td>
<td>0.595</td>
</tr>
<tr>
<td>6  Employee skills offer support services to business operations</td>
<td>50</td>
<td>4.65</td>
<td>0.481</td>
</tr>
</tbody>
</table>

4.6 Firm Performance

To analyze the performance respondents were asked a set of questions which they were to rate based on the rating of five; (1) Strongly Disagree, (2) Disagree, (3) Not Sure, (4) Agree and (5) Strongly Agree. The findings revealed that competition has an effect on the firm’s market position  ($m=4.41$, $sd=.920$). On the other hand, the level of firms efficiency affects firms internal business processes ($m=4.11$, $sd=1.015$). On the other hand, profitability has an effect on firms financial health ($m=4.65$, $sd=.481$).
Table 4.5: Firm Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Competition has an effect on the firm’s market position</td>
<td>50</td>
<td>4.41</td>
<td>.920</td>
</tr>
<tr>
<td>2 Level of firms efficiency affects firms internal business</td>
<td>50</td>
<td>4.11</td>
<td>1.015</td>
</tr>
<tr>
<td>processes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Profitability has an effect on firms financial health</td>
<td>50</td>
<td>4.65</td>
<td>.481</td>
</tr>
</tbody>
</table>

4.7. Inferential

4.7.1. Multiple Correlation Analysis

A Pearson correlation analysis was done to establish the relationship between the dependent variable (Firm Performance) against other core factors and the result established a strong positive relationship between firm performance and Information Technology ($r=0.830$, $P<0.01$), Organization structure ($r=0.800$, $P<0.01$), competence ($r=0.175$, $P>0.05$) as indicated in table 4.6. This implies that an increase in IT, structure and competence led to an increase in firm performance.

Table 4.6: Multiple Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>performance</th>
<th>IT</th>
<th>structure</th>
<th>competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.830**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>structure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.800**</td>
<td>.738**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>competence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.175</td>
<td>.052</td>
<td>.211</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.136</td>
<td>.657</td>
<td>.071</td>
</tr>
<tr>
<td>N</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

**, Correlation is significant at the 0.01 level (2-tailed).

4.7.2 Regression

4.7.2.1 Regression between Information Technology on Firm Performance

The research analyzed relationship between the dependent variable (performance) against Information Technology. The results showed that the $R^2$ value was 0.688 hence 68.8% of
the variation in performance was explained by the variations in internet accessibility as illustrated in table 4.7.

Table 4.7: Model Summary of Information Technologies on Firm Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>.830^a</td>
<td>.688</td>
<td>.684</td>
<td>.33564</td>
<td>.688</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>158.845</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>48</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), IT

ANOVA analysis result of the regression between performance against Information Technology at 95% confidence level, the F critical was 158.845 and the P value was (0.000) therefore significant the results are illustrated below in table 4.8

Table 4.8: ANOVA of Information Technologies on Firm Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1</td>
<td>17.895</td>
<td>158.845</td>
<td>.000^a</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>48</td>
<td>.113</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>49</td>
<td>26.006</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
b. Predictors: (Constant), IT

The regression equation illustrated in Table 4.9 established that taking information technology into account and other factors held constant firm performance increased by 1.259 and both variables were significant.

\[ Y = \beta_0 + \beta_1 X_1 + \varepsilon \]

\[ Y = 1.259 + 0.740X_1 \]

Where:

Y is the dependent variable (performance)

\( \beta_0 \) is the regression constant;

\( \beta_1 \) coefficients of independent variables;

\( X_1 \) information technology, and \( \varepsilon \) is the error term.
### Table 4.9: Coefficient of Information Technologies on Firm Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.259</td>
</tr>
<tr>
<td>IT</td>
<td>.740</td>
<td>.059</td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
b. Predictors: (Constant), IT

### 4.7.2.2 Regression between Organization structure on Firm Performance

The research analyzed relationship between the dependent variable (performance) against organization structure. The results showed that the $R^2$ value was 0.641 hence 64.1% of the variation in performance was explained by the variations in structure was illustrated in table 4.10.

#### Table 4.10: Model Summary of Organization structure on Firm Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.800a</td>
<td>.641</td>
<td>.636</td>
<td>.36022</td>
<td>.641</td>
<td>128.421</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), structure

ANOVA analysis result of the regression between performance against organization structure at 95% confidence level, the F critical was 128.421 and the P value was (0.000) therefore significant the results are illustrated below in table 4.11.

#### Table 4.11: Anova of Organization structure on Firm Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>16.664</td>
<td>1</td>
<td>16.664</td>
<td>128.421</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>9.343</td>
<td>48</td>
<td>.130</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>26.006</td>
<td>49</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
b. Predictors: (Constant), structure

The regression equation illustrated in Table 4.12 established that taking organization structure into account and other factors held constant firm performance increased by 0.992 and both variables were significant.
Y = β₀ + β₁X₁ + ε

Y = 0.992 + 0.814X₁

Where:

Y is the dependent variable (performance)

β₀ is the regression constant;

β₁ coefficients of independent variables;

X₁ structure, and ε is the error term

Table 4.12: Coefficient of Organization structure on Firm Performance

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.992</td>
</tr>
<tr>
<td></td>
<td>structure</td>
<td>.814</td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
b. Predictors: (Constant), structure

4.7.2.3 Multiple Regression Model

The research analyzed relationship between the dependent variable (performance) against co factors (information technology, organization structure, and employee competence). The results showed that the R² value was 0.770 hence 77% of the variation in performance was explained by the variations in information technology, organization structure, and employee competence as illustrated in table 4.13.

Table 4.13: Model Summary of performance against co factors

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>R Square Change</th>
<th>F Change</th>
<th>df1</th>
<th>df2</th>
<th>Sig. F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.877a</td>
<td>.770</td>
<td>.760</td>
<td>.29245</td>
<td>.770</td>
<td>78.026</td>
<td>3</td>
<td>47</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), competence, IT, structure

ANOVA analysis result of the regression between performance against co factors at 95% confidence level, the F critical was 78.026 and the P value was (0.000) therefore significant the results are illustrated below in table 4.14.
Table 4.14: Anova analysis of Performance against Co factors

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>20.019</td>
<td>3</td>
<td>6.673</td>
<td>78.026</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>5.987</td>
<td>46</td>
<td>.086</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>26.006</td>
<td>49</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: performance
b. Predictors: (Constant), competence, IT, structure

The regression equation illustrated in Table 4.15 established that taking information technology, organization structure, and employee competence into account and other factors held constant performance increased by 0.238 units.

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

\[ Y = 0.238 + 0.481 X_1 + 0.396 X_2 + 0.105 X_3 + 0.29245 \]

Where:
Y is the dependent variable (Consumer saving);
\( \beta_0 \) is the regression constant;
\( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) are the coefficients of independent variables;
X_1 is information technology;
X_2 is organization structure;
X_3 is competence; and
\( \varepsilon \) is the error term.

Table 4.15: Coefficients of Performance against Co factors

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.238</td>
<td>.460</td>
<td>.517</td>
</tr>
<tr>
<td></td>
<td>IT</td>
<td>.481</td>
<td>.077</td>
<td>.539</td>
</tr>
<tr>
<td></td>
<td>structure</td>
<td>.396</td>
<td>.089</td>
<td>.389</td>
</tr>
<tr>
<td></td>
<td>competence</td>
<td>.105</td>
<td>.097</td>
<td>.064</td>
</tr>
</tbody>
</table>

4.8 Chapter Summary
The chapter presents the results and findings attained from the data analysis done. The first section presents the demography data, in the subsequent section the findings are outlined in line with the specific research objectives which sought to determine influence of information technology on firm performance; to assess the influence of organization
structure on firm performance; and to examine the relationship between employee competence and firm performance. Chapter five will present the discussions, conclusions and findings of the study.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This section seeks to analyse the findings and this will be done by comparing previous literature related firm’s performance. This will be organized based on the specific research questions which sought to determine the influence of information technology, influence of organization structure and the relationship between employee competence and firm performance.

5.2 Summary of the Study
The general objective of this study was to investigate the internal factors affecting performance of trucking firms in Kenya. To achieve this, the study was guided by specific objective which sought to determine influence of information technology on firm performance; to assess the influence of organization structure on firm performance; and to examine the relationship between employee competence and firm performance.

This study adopted a descriptive research design, descriptive approach was also applied since it enabled the researcher to use quantitative data so as to find common characteristics about the population or phenomena being studied. The target population for this study comprised of 105 top management, middle level management and subordinate staff across the organization. Since the population is divided into the various categories of top management, middle level management and subordinate staff, a stratified random sampling was used to collect data from the various strata of the respondents. This technique ensure full representation of all respondents and eliminate the aspect of biasness. Stratifying the entire population ensured a sample that accurately reflects the population being studied. From the initial target population of 105, this being more than 100 but less than 500, and guided by the rule of thumb a quota of 50% was drawn from each strata. The study used a structured questionnaire as a data collection tool to collect both qualitative and quantitative data.

The first objective sought to determine impact of information technology on firm performance. The finding indicated that majority agreed that Information technology is a major contributor to organizational performance. It was also established that Information technology offer organizations competitive and effective communication. Results also show that information technology have an influence on the firm’s effectiveness and
efficiency. The findings also indicated that level of application of information technology has an impact on organizational performance. It was also agreed that information systems is a backbone of firm’s operational activities. Finally, information systems offer support services to business operations. The research analyzed relationship between the dependent variable (performance) against Information Technology. The results showed that the $R^2$ value was 0.688 hence 68.8% of the variation in performance was explained by the variations in internet accessibility.

The second objective sought to determine impact of organization structure on firm performance. The results indicated that organizational structure supports effective control. Organizational structure provides a visual explanation of decision making process and resource allocation. It was also established that organizational structure assists management in determining departments and functions in an organization. The findings also revealed that organizations are redefining and adjusting their organizational structures to match their strategic activities. Also an appropriate organizational structure is crucial in the achievement of the organization goals and objectives. In addition, changes in organizational structure has an effect on organizational performance. The research analyzed relationship between the dependent variable (performance) against organization structure. The results showed that the $R^2$ value was 0.641 hence 64.1% of the variation in performance was explained by the variations in structure.

The third objective sought to determine impact of employee competence on firm performance. The study revealed that Employee skills is a major contributor organizations success. Employee skills also offer organizations competitive and effective communication channel. It was also established that employee skills have an influence on the firm’s effectiveness and efficiency. Size of the firm has an influence on the level of application of employee skills.

Also majority agreed that employee skills is a backbone of firms operational activities while employee skills offer support services to business operations.

5.3 Discussion

5.3.1 Impact of information technology on Firm performance

The finding indicated that majority agreed that Information technology is a major contributor organizational performance. A review of the effect of ICT on firm performance by Timothy (2016) found out that the effects of ICT on performance is not
homogenous. According to Janusz (2014) there exist more or less advanced technologies apart from telematics such as; detectors and sensors, making possible the remote measurement of the state of means of transport, satellite communication systems that enable transmission of information over longer distances, database and data warehouse make possible information storage as well as rapid processing (Janusz, 2014).

It was also established that Information technology offer organizations competitive and effective communication. According to Kitheka (2014) firms today are in great need of information for performance as it enables managers to make more informed decision and generally better decisions. Kitheka (2014) found out that; it is important for organizations to consider the interest of all stake holders to fully realize the benefits of implementing technology. Kitheka (2014) also acknowledged that technology can lead to process efficiency and effectiveness, not forgetting improved customer satisfaction.

Results also show that information technology have an influence on the firm’s effectiveness and efficiency. Using information technology in supply chain is considered a significant tool to enhancing organizational performance as it helps firms accumulate knowledge (Al-Fawaeerl, 2013). A study by Al-Fawaeerl (2013) on the impact of information technology in enhancing supply chain performance on the textiles companies in Jordan found out that textile firms in Jordan acknowledged the benefits and positive impacts of information technology that support supply chain performance.

A study on factors affecting information technology acceptance, willingness and adoption in logistics industry from supply chain perspective was performed by Tsan-Hwan, (2014). The study was conducted on the Taiwanese logistics industry from a cross-organizational perspective, the research found out that, perceived easiness, perceived usefulness and social norms do not have a substantial, direct correlation with the actual adoption, but supply chain relationship does. Thus to make technology adoption to be a success, logistics firms should learn together and share resources with their partners through strategic alliance (Tsan-Hwan, 2014).

The findings also indicated that level of application of information technology has an impact on organizational performance. A review on the impact of information technology capability on firm performance by Ahmad (2014) focused on employee-customer profit chain. According to Ahmad (2014) one of the guidelines in organization success is employee-customer profit chain. In his study he also states that, strong relationships have
been found between, employees’ attitudes and behaviors, employees’ behaviors and customer impression, and customer impressions and revenue growth. One of the factors that can influence this process is information technology. The results of study showed that I.T capability tends to enhance this relationship and thus firm performance.

The research analyzed relationship between the dependent variable (performance) against Information Technology. The results showed that 68.8% of the variation in performance was explained by the variations in internet accessibility. The effects of information technology on performance of logistics firm in Nairobi was studied by Macharia (2015), his studied acknowledged the positive influence of information technology on firm performance. Among the areas investigated by the study include: level of IT usage among firms, security and tracking and customer service delivery.

5.3.2 Impact of organization structure on Firm performance

The results indicated that organizational structure supports effective control, similar results have been established before for instance, a study on impact of decentralized decision making on firm performance was established by Bashir (2015), the study was conducted in Pakistan and took the example of Honey well, Google, Toyota and other different sectors of Pakistan. The study found out that, ultimate performance of a firm increases with decentralization. Thus as the communication and cooperation of the top level management with middle and lower management increases, the organizational performance increases.

Organizational structure provides a visual explanation of decision making process and resource allocation. A study developed by Margaret (2017) on organizational structure, service capability and its impact on business performance of logistics providers in the B2B Context. The inquiry was done in South Brazil and it aimed at verifying what aspects related with organizational structure and service capability contribute to the performance of logistic providers in the business to business context with client companies in supply chains. The study found out that technical quality and capacity of operations of logistic firms generated direct and reciprocal impacts on their performance and performance of client companies as well.

It was also established that organizational structure assists management in determining departments and functions in an organization. A study carried out on the impact of organization structure on organization performance by Sylvia (2015) also indicated the
same. The findings revealed that organization structure has an impact on organization performance, it also indicated that there is a relationship between specialization of work process and labor productivity. Thus organizational structure affect the behavior of employees in the organization. In general performance of a firm largely depends on its structure through defining task clearly.

The findings also revealed that organizations are redefining and adjusting their organizational structures to match their strategic activities. A study was administered by Nedal (2013) on defining and solving organizational structure problems to improve the performance of ministry of state for environmental affairs in Egypt. The study aimed at providing more acuity on organizational issues and their solution for the ministry of state for environmental affairs. The author defined organizational structure as the way an organization arranges people and jobs so that its work can be performed and its goals met. In conclusion the writer found out that structured problem solving is the most useful way to improving the performance of organization.

Also an appropriate organizational structure is crucial in the achievement of the organization goals and objectives. Adeleye (2016) study on the impact of organizational structure on the performance of the Nigerian securities exchange commission. The study found out that, the Nigerian securities exchange commission structure is mechanistic, a kind of bureaucratic set up that hinders responsiveness to changes in a rapidly changing business environment. It was also found out that the existing structure accounts for the weakness and failures of NSEC in effective sanctioning of saboteurs and defaulters, capital market efficiency and stable growth. The study recommended that the current organization structure needs to be changed to match the current pace and intensity of the business environment.

The research analyzed relationship between the dependent variable (performance) against organization structure. The results showed that 64.1% of the variation in performance was explained by the variations in structure. An inquiry on flat organizational structures was conducted by Julie (2012). The focus of her study was to show that flattened firms can exhibit more control and decision making at the top thus going against their intended purpose. In conclusion Julie (2012) states that the flattened firm has fewer levels and broader spans of control. The flattened firm also appears to rely on more coordination among the top team. She also states that, it is a complex phenomenon that in the end it
looks more like centralization. A review of organizational structure and performance of large manufacturing firms in Kenya was carried out by Zachary (2015), in his paper aimed at determining the influence of organizational structure on performance of large manufacturing firms. The author found out that organizational structure positively influences the firm’s performance.

5.3.3 Impact of Competence on Firm performance
The study revealed that employee skills is a major contributor organizations success. A study on the effect of individual competencies on performance in services industries in Turkey was reviewed by (Halil, 2013). The research was limited to banking, cargo, communication, food and catering, finance, publishing, retail, I.T and tourism companies. The findings indicate that there is a positive relationship between competencies and individual performance. Core competencies appeared to have the most significant effect on individual performance.

Employee skills also offer organizations competitive and effective communication channel. A research on the effect of core competence on competitive advantage and organizational performance was performed by (Sabah, 2012). The study was conducted on paint industry in the United Arab Emirates. The findings of the research indicated that while core competence has a strong and positive impact on competitive advantage and organizational performance, competitive advantage has also a significant impact on organizational performance. A surprising result of the findings showed that when it comes to organizational performance, managerial competence appeared to be the most significant factor. It was also established that employee skills have an influence on the firm’s effectiveness and efficiency. A study on determining the importance of competency and person-job fit for the job performance of service SMEs employees in Malaysia was performed by (Sethela, 2013). The main objective of the research was to investigate on the relationship that may exist between: competency, person-job fit and employee’s job performance. The results showed significant relationship between competency, person-job fit and employee’s job performance. Thus in order to improve performance of employee’s job performance, serious attention must be given to issues related to employee’s competency.

Also majority agreed that employee skills is a backbone of firm’s operational activities. An examination of the relationship between human capital and business performance was
conducted by (Sarminah, 2013). The study was done on managerial staff in Malaysian logistics companies. The findings unveiled that all aspects of human capital contributed significantly to business performance. The results also showed that competency and creativity as the main factors that influenced business performance. An inquiry was conducted by Aidah (2013) on effects of training on employee performance. The research was conducted on the telecommunications industry in Uganda. The investigation discovered that training and development have an impact on the performance of employees. A coordinated study Antwi (2015) on employee’s competency and organizational performance in the pharmaceutical industry. The inquiry was done in Ghana. The results showed that employee’s competence contributed immensely to performance of the entire organization.

The finding also revealed that employee skills offer support services to business operations. A study on human resource practices and employee competence was carried out by (Mohammed, 2014). The focus of the study was on proving the viability of general system theory when applied to the relationship between human resource practices and employee competence. In conclusion the application of the theory illustrated the effectiveness of human resource practices in enhancing employee’s competence at the firm level. Petra (2013) on management competencies and organizational performance in CEE. The findings did not show a clear answer to the question “which managerial competencies are crucial” for the case of Slovenia, which was attributed to structural reforms in the Slovene economy. The Austrian samples however revealed a link between leadership, turnover and human resource. Leadership was emphasized as the key competency in management for the case of Austria. On the other hand, study performed by Havidz (2017) on the model of employee performance. The study aimed to analyze the effect of competency and work motivation on employee performance. The results showed competency and work motivation simultaneously had a significant positive impact on performance. A look at a study conducted by Ovidiu-Iliuta (2013) on employee motivation and organizational performance, show that a motivated and qualified workforce is essential for any company that needs to increase productivity and customer satisfaction. It is until this needs are met that people will focus more on job performance. Thus he suggests that firms should use employee suggestion schemes and use the feedback from the workforce to improve the organizational environment.
5.4 Conclusion

5.4.1 Impact of Information Technology on Firm performance
Information technology plays a major role in the performance of organizations in the banking sector. This is due to the fact that it offers to the organizations competitive and effective communication channels. Results also show use of information technology has an influence on the firm’s effectiveness and efficiency based on the level of application of information technology. In addition, information systems form that backbone of firm’s operational activities and offers support services to business operations.

5.4.2 Impact of organization structure on Firm performance
Organizational structure supports effective controls as well as offers a visual explanation of decision making process and resource allocation. Thus the organizational structure assists management in determining departments and functions within the firm. Despite the shift from traditional to hybrid structure there is still uncertainty. Due to trends in the sector, organizations are now redefining and adjusting their organizational structures to match their strategic activities.

5.4.3 Impact of competence on Firm performance
Employee skills are a major contributor organizations success by competitive and effective communication channels. This also plays a crucial role in influencing on the firms effectiveness and efficiency and the level of competence varies with the size of the firm has an influence on the level of application of employee skills which is considered backbone of firms operational activities as it offer support services to business operations.

5.5 Recommendation

5.5.1 Recommendation for Improvement

5.5.1.1 Impact of information technology on Firm performance
Trucking firms needs to ensure they maintains their position in the market by ensuring they adopt the latest technology use in order to maintain a competitive edge over competitors. This need to be done by ensuring employees have the right skills and know -how of operating the systems. The trucking industry also needs to ensure effectiveness and efficiency by use of this systems.
5.5.1.2 Impact of organization structure on Firm performance

Trucking firm’s need to have in place, a well-functioning structure that supports effective controls, this will ensure that there is effective decision-making process and resource allocation. For firms to remain efficient, organizational structure should be well structured in order to assists management in determining the functioning in the organization.

5.5.1.3 Impact of Competence on Firm Performance

Trucking firms should ensure that their employee have the necessary skills so as to maintain competitiveness and effective communication channels. There is also a need for the firms to maintain skills sets that support the day to day operations so as to positively influence the firms effectiveness and efficiency.

5.5.2 Recommendations for Further Research

This study looked at how research aimed to determine how information systems, organizational structure, and employee competence influenced performance of trucking firms. There is a need to undertake a similar study to determine how other factors such as organizational leadership, organizational culture and resource allocation affect the sector.
REFERENCES


Seo, G. (2013). *Challenges in Implementing Enterprise Resource Planning (ERP) System in Large Organizations: Similarities and Differences Between Corporate and University Environment*. Cambridge, MA: Sloan School of Management, MIT.


APPENDICES

APPENDIX I: INTRODUCTION LETTER

Ali Farhan Abdi
United States International University
P.O. BOX 14634-00800
Nairobi, Kenya

Date: 07/02/2018
Dear Respondent,

RE: FACTORS AFFECTING PERFORMANCE OF TRUCKING FIRMS: A CASE OF DAKAWOU TRANSPORT LIMITED

I am a graduate student at United States International University pursuing a Master’s degree in Business Administration (MBA) with a concentration in Strategic Management. In partial fulfillment of the requirement for the degree, I am conducting a study to determine the factors affecting performance of trucking firms: A Case Study of Dakawou Transport Limited.

Your participation is of great importance for the accomplishment of this study and it will be highly appreciated. The information provided by the respondents will be protected by the principle of confidentiality and a high degree of anonymity will be maintained. Should you have any questions or concerns with regards to the questionnaire, kindly do not hesitate to contact me through the contact provided below. I would like to express my sincere gratitude and appreciation for your cooperation in advance.

Thank you in advance.

Yours Sincerely,

Ali Farhan Abdi

Tel: +254-729 310 209
Email: farhanalzeid@gmail.com
APPENDIX II: QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

Kindly Respond to the questions below by ticking in the boxes provided

1. What is your Gender?
   - Male [ ]
   - Female [ ]

2. What is your age range in years?
   - Less than 25 [ ]
   - 26-35 [ ]
   - 36-45 [ ]
   - 46 and over [ ]

3. What is your highest level of education?
   - Diploma [ ]
   - Degree [ ]
   - Masters [ ]
   - Other [ ]

4. Number of years worked in the organization
   - Less than 5 [ ]
   - 5-10 [ ]
   - 15-20 [ ]
   - More than 20 [ ]

5. Management Level
   - Top Management [ ]
   - Middle level Management [ ]
   - Subordinate Staff [ ]
### SECTION B: Influence of Information Technology on Performance

Basing on the rating of five; (1) Strongly Disagree, (2) Disagree, (3) Not Sure, (4) Agree and (5) Strongly Agree, share your opinion by putting a tick

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<td>4 Level of application of information technology has an impact on organizational performance</td>
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<td>6 Information Technology offer support services to business operations</td>
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What other organizational information system factors affects performance in your organization

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### SECTION C: Influence of Organizational Structure on Firm Performance

Basing on the rating of five; (1) Strongly Disagree, (2) Disagree, (3) Not Sure, (4) Agree and (5) Strongly Agree, share your opinion by putting a tick

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<td>4  Organizations are shifting from traditional (one rigid structure) organizational structures to a hybrid structure. (2 or more organizational structure synchronized to work as ones)</td>
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<td>6  Appropriate organizational structure is crucial in the achievement of the organization goals and objectives.</td>
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<td>7  Changes in organizational structure has an effect on organizational performance</td>
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What other organizational structure factors affect performance in your organisation

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SECTION D: The Relationship between Employee Competence and Firm Performance

Basing on the rating of five; (1) Strongly Disagree, (2) Disagree, (3) Not Sure, (4) Agree and (5) Strongly Agree, share your opinion by putting a tick

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What other skill factors affects performance in your organization
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SECTION E: Firm Performance

Basing on the rating of five; (1) Strongly Disagree, (2) Disagree, (3) Not Sure, (4) Agree and (5) Strongly Agree, share your opinion by putting a tick

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