INFLUENCE OF MANAGERIAL COGNITION ON FIRM PERFORMANCE OF TEXTILE AND LEATHER FIRMS IN KENYA: MODERATING ROLE OF COMPETITIVE DYNAMICS

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DECLARATION AND RECOMMENDATION

Student's Declaration

I declare that this research thesis is my original work and has not been presented in any other university.

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Supervisors' Recommendation

This research thesis has been submitted for examination with our approval as university supervisors.

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DEDICATION

This thesis is dedicated to my family.

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ABSTRACT

There continues to be growing interest in the organizational performance. This has led organizations to make great efforts to attain satisfactory performance in order to satisfy the needs of their stakeholders. In Kenya, the contribution of the manufacturing sector which includes textile and leather, the GDP has been decreasing since 2015 from 9.4% to 7.5% yet it is one of the sectors that are expected to bring about shared prosperity of citizens by positively impacting the economy. Managerial Cognition can play a key role in strategy formulation, execution and control in order to ensure satisfactory performance in this sector in a highly competitive business environment. However, empirical evidence on the influence of Managerial Cognition on performance of organizations and how Competitive Dynamics affect this relationship is scarce. Specifically, empirical literature on the influence of Managerial Cognition comprising salience, regulatory focus, identity domain, and external/internal orientation on performance is limited. Drawing from the Resource Based View, Upper Echelon's Theory, Social Cognition Theory and Competitive Dynamics Framework the relationship between Managerial Cognition and performance and the moderating effect of Competitive Dynamics was examined in 104 firms in the textile and leather (and footwear) manufacturing firms in Kenya. These were studied through a descriptive cross- sectional survey where data was collected using structured questionnaires. Prior to data collection, a pilot test of the questionnaire was conducted on top ten managers and allied firms. Cronbach Alpha established the reliability. At least three of the top managers from each of the 104 firms were requested to fill the questionnaires because their cognitions vary. A total of 163 responses representing 53% response rate was achieved. Since the data on the dependent variable were ordinal, a Logistic Regression was used to examine the direct and moderated effects. Salience and internal/external orientation significantly influenced the odds of performance (Salience: Wald = 5.219, $p = .022 < .05$, Odds ratio = 2.217; internal/external orientation: Wald =12.318, $p < .001 < .05$, Odds ratio = 4.101). However, regulatory focus (Wald = 1.093, $p > .05$, Odds ratio = 1.357) and identity (Wald = 2.739, $p > .05$, Odds ratio = 1.805) did not significantly increase the odds for performance of leather and textile firms. Salience increased the odds for performance by more than two folds (odds ratio = 2.217) while internal/external orientation increased the odds by 4.401 times (odds ratio = 4.101). These findings clarify the Managerial Cognition disposition, and its influence on firm performance and how Competitive Dynamics affect this relation. The findings will guide policy and practice in the textile and leather manufacturing sub-sector in Kenya.

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LIST OF ACRONYMS

AGOA	-	Africa Growth and Opportunity Act
AI	-	Artificial intelligence
AMC	-	Awareness-Motivation-Cognition
ANOVA	-	Analysis of Variance
AVR	-	Augmented virtual reality
CD	-	Competitive dynamics
CEO	-	Chief Executive Officer
COVID	-	Corona Virus Pandemic
EPZ's	-	Export Processing Zones
FAO	-	Food and Agricultural Organization
FMRI	-	Functional Magnetic Resonance Imaging
GDP	-	Gross Domestic product
HL	-	Hosmer-Lemeshow statistic
ICDC	-	Industrial and Commercial Development Corporation
ILO	-	International Labor Organization
KNBS	-	Kenya National Bureau of Statistics
KICOMI	-	Kisumu Cotton Mills
KIPPRA	-	Kenya Institute for Public Policy Research and Analysis
KS	-	Kolmogorov-Smirrnov statistic
MC	-	Managerial cognition
MUB	-	Manufacturing under Bond
PVoC	-	Pre-Export Verification of Conformity to Standard

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

The Sustainable Development Goals (SDGs) that were developed and approved by world leaders in 2015 at the United Nations General Assembly (UNGA) have the single purpose of creating fairer and better world by the year 2030 (United Nations [UN], 2015). These goals are the road map to a better future for every individual on earth. They are aimed at addressing the world challenges that humanity has borne and continues to bear albeit with different degrees across the different regions of the world. To implement these goals, the Government of Kenya crafted two strategies: One long term strategy namely; Vision 2030, and a short-term strategy known as the Big Four Agenda.

The Kenya Vision 2030 covers the period 2008-2030 aimed at transforming the country into an industrialized middle-income country that provides a high-quality life to all Kenyans. It has three pillars namely; economic pillar, social pillar, and political pillar. The Big Four Agenda aims at providing affordable houses to citizens, universal health care, food security and enhancing manufacturing. The enhancement of manufacturing creates employment which increases the purchasing power of the population including for food hence reduction of hunger and hence a healthy population. The textile and leather firms in Kenya are part of manufacturing sector players. To support this sector, the Kenyan Government has created an environment for the sector to thrive and produce competitively priced products. The support to this sector is in the form of rail, road, electricity and supportive policy framework.

The manufacturing sector requires transport and energy infrastructure. There is the standard gauge railway which runs from Mombasa to Nairobi and eventually to the Naivasha dry port. There is also ongoing improvement of the road network and modernization of Kisumu port in western Kenya, and rehabilitation of old railway lines namely; Nairobi - Nanyuki and Nakuru - Malaba near the Ugandan border. The rail and road infrastructure supports manufacturers of textile and leather goods for both export and local consumption because farmers are able to reach the manufacturing sites in a timely manner due to efficient transport.

Energy supply is also crucial to manufacturing. In this regard, the government encourages private power generation to ensure sufficient energy supply and connecting Kenya to energy surplus countries. This is to ensure power availability to the manufacturers at competitive tariffs. The government has also given policy and infrastructural support in the textile and leather sectors. An example is the disease-free zones and livestock processing facilities that ensure that Kenyan livestock products meet international standards required to access both regional and international markets.

Through this support, the government of Kenya intends to have a robust manufacturing sector that creates employment for the youthful Kenyan population. Further, exported products earn foreign exchange thereby improving balance of payment.

The aim of the SDGs is the reduction of poverty in the framework of “no poverty” (SDG 1). This goal is addressed by the textile and leather firms because the whole value chain comprising supply of inputs, production and processing empower the participants by providing employment, market to sell raw materials and profits to the leather and textile firms; and goods to consumers and exporters. The whole chain starts from the product which could be the animals for their hides and skins, or the cotton from a farmer to the actual processing and production of items that are sold in the domestic or international market. Essentially, all firms aspire to perform to the satisfaction of their stakeholders against a backdrop of intense competition arising from the dynamic operating environment.

Globally, there has been a growing interest on firm performance and Managerial Cognition (Reger & Huff, 2013). Various research studies have suggested that a wider range of techniques and concepts derived from cognitive sciences provide considerable promise into gaining deeper insight on the processes and issues which are crucial in strategic management discipline. A greater proportion of literature on performance is predicated on the assumption that firms are objective entities that wait for discovery through formal analysis. However, there has been a growing recognition globally that it is the managers' perception on performance, filtered through the mental models that exist which form the basis for formulating strategies within firms (Calori et al., 2014).

Over the years, superior firm performance has been explained significantly by management decisions to deploy strategies to address demanding cognitive challenges (Helfat & Martin, 2015). In the United States of America, Helfat and Martin (2015) compared fiscal data from the United States Department of Energy with those on corporate level decisions reported in the Wall Street Journal, it was clear that certain members of management were better at making some timely decisions to enhance firm performance as well as performance. According to Omusonga (2019) top managers must develop paradoxical cognitions which can enable them pursue exploitation and exploration simultaneously.

Still in the United States, Danneels (2011) examined extensive data on the last twenty years of Smith Corona and established that the collapse of the firm was attributed to the top management’s inability to identify resources of the firm. Functional magnetic resonance imaging (fMRI) has been applied by experimental researchers in an effort to distinguish specific cognitive processes and brain areas associated with exploitation and exploration decisions within organization by managers (Zollo et al., 2015).

Other researchers have created card games where participants have been notified of spontaneous changes of goals to trigger noticeable distinctive qualities associated with dynamic capabilities (Wollersheim et.al., 2016). Helfat and Martin (2015) recently proposed the managers’ cognitive capabilities concept that facilitates strategic change and innovation. They showed that certain mental actions of managers contribute to the ability of a firm to activate the processes of, seize, sense, and reconfigure: perception capacities; reasoning and redress ability; and communication and relational skills.

In the United Kingdom, several factors have been established to determine Managerial Cognition; experimental studies that have been conducted on managers’ cognitive style in the UK have indicated senior managers as more intuitive compared to their lower and middle counterparts. In another study conducted by Hayes and Allinson (1996) in a brewery firm in the United Kingdom, it was established that senior directors and managers are highly intuitive compared to their middle and junior counterparts. The study further established that senior and middle managers are more intuitive compared to supervisors and junior counterparts. Moreover, a similar study conducted by Sadler et al. (2016) revealed that senior managers as tending to be more intuitive compared to middle and first-line managers and employees in local government in the United Kingdom.

Cultural context has been established to be a determinant of Managerial Cognition. Hayes and Allinson (1996) established that managers in the Latin and Northern Europe cultures were more intuitive compared to their counterparts in developing economies such as India, Nepal, Sub- Saharan African, and Arab countries. European managers are likely to be more rational. In Asia, there is a strong correlation between rational style of thinking and job level that have been established. In Hongkong, it has been evident that managers are more rational than in the United Kingdom (Sadler et al., 2016). European managers may show high levels of confidence and intuition than their counterparts in developing countries such as Kenya, who may favour appearing as rational showing that there exists a symbolic meaning in being rational in certain cultures (Elbanna, 2016).

Concept of Managerial Cognition

Managerial Cognition is a multi-level concept Adna et al. (2020) pointed out that Managerial Cognition can be observed and analyzed from individual, team, and organization. The level of individual explores the effect of psychology, knowledge, and cognition of individual managers on individual behaviour, strategic choice and performance of enterprises. It believes that individual experience and character of the Chief Executive Officer (CEO) will significantly impact the formation and development of Managerial Cognition of CEO individual. From the team level of Managerial Cognition, when decision makers of the enterprise form a team, their knowledge structures will gather, and a set of collective knowledge structure will appear. Managerial Cognition of the team level is the result of team members after coordination.

Therefore, competitive cognition connotes the purview within which managers organize and retain knowledge on competitors and direct acquisition and utility of information in making critical decisions pertinent to success in the marketplace. As the managers continue practicing, they are able to learn the strategies competitors employ. There are cognitive hurdles that managers encounter in the course of strategy implementation, the most difficult of which is to make people aware of the need for strategic shifts and onboard them

subsequently. Most managers explain the need for change by pointing at the numbers and linking these numbers to targets and expected results. With regard to performance of organizations, performance indicators can be manipulated and may tempt managers to work at cross purposes as each department focuses on its targets. An example is sales people who are seldom sensitive to the costs of the sales they produce. Managers need to win people through team spirit and motivation and assurance that success of the organization is for all members (Kim & Mauborgne, 2015).

The role of top management in corporate strategy formulation and execution cannot be gain said. Consequently, their cognition, which is a strategic capability for appropriately perceiving and acting on environmental cues to guide their action is crucial for success. Further, top management is a resource to the organization from the perspective of the skills and expertise they bring to their job at the helm of organizations hence it is imperative for them to have adequate managerial cognitive abilities across four dimensions of cognition, namely, salience, regulatory focus, identity domain, and external-internal orientation.

In this regard, top managers should have appropriate skills, expertise and competencies to perceive, interpret, decide and take appropriate action to guide organizational success. They should thereafter implement actions, monitor progress and document the processes for replication on future actions demanded by their chosen strategy for the organizational success.

The belief of members of strategic decision-making team will have a collective cognitive structure, thereby influencing strategic decision making and strategy implementation of firms (Adna et al., 2020). From the perspective of organizational level, what Managerial Cognition explores is normal and thoughts expressed by the organization as a whole, which is called "mutually-shared schema" of organization. Managerial Cognition at the organizational level may have positive as well as negative effect on an organization: the positive effect is that mutually-shared schema of organization can ensure consistency of organizational behaviour in the rapidly changing environment and the negative effect is that cognitive bias may result in enterprise behaviour biases, enterprises will ignore potential competitive risks and information and strategic blind spot is generated accordingly (Reger & Huff, 2013; Adna et al .,2020).

Cognitive models mirror the reality that individuals possess in their minds. These mental models are simplifications of real-life situations. Managers need these models to sort out overloads of information relating to firms that are competitors as well as select the relevant information in manageable proportions (Hogg & Abrams, 2018). As noted by Hegazy, et al. (2020), these cognitive replicas of the competitive environment are applied by managers as the key decision makers while formulating their competitive strategies and scanning the business environment more carefully and economically. Mental models help in the simplification of the competitive environment and the classification of competitors into information that can be managed easily (Kilduff et al., 2015).

The manner in which managers classify competitors affect how the managers: individually and through their teams conduct the analysis of the environment as well as the way in which decisions are made regarding any competitive strategy, they are key to a firm's performance (Huff, 2015). An industry is categorized by managers by mapping competition that most threatens their business. Hsu and Elsbach (2013) assert that managers undertake this by first assuming or taking up competitive categories based on their businesses then arraying other competitors along a continuum of relevant attributes. Once the competitors have been evaluated along this continuum, some are removed from the managers' defined competitive categories while others are included.

The "cut-off point" between non-competitors and competitors is gradual and dynamic. This implies a continuously shifting evaluation threshold that is altered upon changes in the competitive environment (Huff, 2015). Organizational characteristics are the internal variables considered as capabilities that influence the day-to-day operations and the overall organizational competitive advantage and performance from the practical point of view and drawing from the capability paradigm, organizational characteristics are internal strategic capabilities that can trigger organizational competitive advantage and assist management in better understanding how to raise profitability. Such knowhow can influence the choice of each strategy to be employed at any given time, management can ascertain crucial directions to increase their competitive edge and consequently performance.

Some previous studies Kisengo and Kombo (2012) have conceptualized characteristics of an organization size, age, and ownership structure. In this study the organizational characteristic of interest was Managerial Cognition which is an organizational capability that can impact performance of an organization. In view of all these activities and the ever-changing environment, it is incumbent upon managers of textile and leather firms to summon and enhance their cognitive ability to tap into government support interventions and markets.

Managers should have the cognitive flexibility which should enable them to switch between different scenarios and adapt with the speed that the market demands. They should possess cognitive lenses to perceive, interpret and anchor their decisions on all the policy imperatives embedded in the SDGs, and national development agendas that derive from them, which is the national development agenda derived from the development plan.

Managerial Cognition is conceptualized as comprising four distinct dimensions - salience, regulatory focus, identity domain and internal external orientation as follows:

Salience: is that aspect in/of a phenomenon that stands out or is important or conspicuous. It could be a distinct feature of a product or a noticeable aspect of an organization's culture. In this study the attributes of a salient feature are impact, sensitivity, and interest. Regulatory focus: is bias towards either promotion or prevention in the carrying out of assignment or tasks. This is aimed at enhancing performance of firms. It is a psychological construct comprising two dimensions: promotion and prevention. Promotion is the aspect of creating a path to gain or advance and concentrate on the rewards that will be achieved by an individual who in turn experiences pleasure.

Prevention on the other hand is to see goals as responsibilities and concentrate on strategies to avoid pain and disappointments. This is aimed at enhancing performance of firms. In particular, "promotion" refers to identifying activities that would result in positive outcomes and investing time in them. Conversely, "prevention" as used in regulatory focus refers to avoidance of situations that would result in negative outcomes such as a reprimand from a supervisor. It is about “not sticking out your neck” lest fall into trouble at the workplace.

Identity domain: is the wholesome view by organizational members to create a feeling out of the environment. This in turn enhances performance of firms as the employees protect the services and products produced by the firm. Internal/ external orientation: This is extent to which organizational members, particularly managers train their attention on factors within the organization (internal orientation) or on factors outside the organization (external orientation). From the perspective of this cognitive dimension, the employees are expected to strike a balance between internal and external orientation and pick that which will maximize performance.

Competitive Dynamics: Besides Managerial Cognition, another key concept in this study is Competitive Dynamics. These are the responses and counter responses within firms in industry and their timings, not on intermittent basis, but on a continuous basis. These are aimed at capturing advantages over the competition with respect to products, prices, distribution and promotions.

Performance of firms

The existence of limits on opportunities and resources make competition among firm’s imperative in pursuing competitive advantage. Competition can include marketing campaigns, pricing strategies as well as mergers acquisitions with the common feature being to gain competitive advantage over rival firms where a firm will resort to effective competitive strategies (Ferrier, 2015).

For a firm to achieve competitive advantage, managers' cognition is a key factor (Huff, 2015). The study aims to examine managers' cognition and performance. In this study the strategic management measures of performance emphasizing firm structures and strategies; and on non- price measures of performance in particular is adopted.

Related to competitive advantage is the performance of organizations. According to Khan et al. (2020), organization performance is concerned with how the organization achieves the planned results as specified by objectives, goals and expected output. It is multidimensional comprising both subjective and objective measures. The objective measures are usually financial indicators (sales turnover, return on investments, and profits) while the non-financial (subjective) comprise product or service quality, customer satisfaction, and employee satisfaction. Another conceptualisation of performance is how resources within a firm's disposal are put into their use effectively and efficiently to achieve objectives of the firm.

Performance is measured diversely including based on the use of brand awareness, personnel efficacy, profits retained, investor's equity, and market share (Mehralian et al., 2012). Net profits, new product success rate, employee satisfaction, customer satisfaction and return on investment have also been employed in measuring performance (Shabaninejad, et al., 2014). The balances score card Hegazy et al. (2020) is a widely used framework for measuring performance. It has four perspectives to performance; these are financial focus internal process, customer focus, learning and growth.

Performance across organizations can be ascertained depending on how an organization emphasizes particular components based on factors such as the organization size (Awino et al., 2012). In this study performance was measured using both financial and non-financial measures.

Competitive Dynamics

Competitiveness largely depends on dynamism in competition comprising action and reaction among entities within an industry dynamic. Successful actions are those that generate new clientele and profits hence trigger competitive reactions among rivals attempting to block or imitate the actions. The timing of the actions and reactions to the actions have implications for success or failure of firms in an industry. In this regard, studies of Competitive Dynamics focus on how firm actions affect rivals, competitive advantage, and profitability. In some cases, the escalation of these actions and reactions among firms result in adverse effect on industry performance while in other cases the pattern of behaviour can be gentler and more profitable. Some actions can be introduction of new products, promotions, marketing strategies, or a new customer service platform which can lead to more sales hence improved performance.

Thus, the action and reaction of firms are indicators of Competitive Dynamics as each firm craft, suitable actions to have competitive edge in the industry. Consequently, managers essentially need to internalize Competitive Dynamics as an anchor to strategy development evaluation and implementation. This is through establishing the content linkages to the internal and external resources required by firms for enhanced and assumed competitive edge (Muneeb, et al., 2019).

Consistent with the foregoing, the relative economic power of countries depends on how their various industries perform such as Germany (engineering and electronics manufacturing) and Japan (automobiles and computers manufacturing) as some of the leading manufacturing countries. They achieve high performance partly through the capabilities of the managers to accurately perceive, interpret, decide and act on the cues from the local and global competitive environment. In the next section, a global, regional (Africa) and Kenyan perspective to manufacturing is provided to show the relative contribution of this sector to the Gross Domestic Product (GDP).

Global and regional perspective to manufacturing

Global perspective - Japan and Germany Globally, Japan and Germany are two of the leading countries in manufacturing. Japan. According Trading Economics (TE) (2021) manufacturing in Japan was reported to contribute 20.75% to the country’s GDP. Japan is known for manufacturing computers, machinery, auto mobiles and consumer electronics, machinery being the largest industry segment.

This is higher than the 2015 figure of 19% to the GDP indicating an increase in the contribution of manufacturing to the GDP. Germany. Germany has been the world leader in manufacturing of electrical equipment. Manufacturing in Germany contributed to 17.82% of the country’s GDP in 2020 (TE, 2021). The principal industries in Germany include machine building, automobiles, electrical engineering and electronics.

The example from Germany and Japan indicate that manufacturing contributed about 20% (Japan: 20.75; Germany: 17.82%) to the GDP of these highly industrialized countries. This implies that for the emerging economies and developing ones, emphasis should be placed on manufacturing to boost the GDP hence reduce poverty levels and attain the sustainable development goals.

Africa perspective - South Africa

rom an African continent perspective, manufacturing is the 4th largest industry in South Africa. The leading industry is finance, followed by real estate and business in that descending order. The manufacturing industry's contribution to GDP in South Africa's GDP is 13.53% where food and beverage lead with 26%. Petroleum and chemical follow at 24%. The least is the communication and professional equipment manufacturing at 2%. The textile and clothing industry is not the strongest either. It represented only 3% of the manufacturing industry.

Manufacturing and Sustainable Development Goals

The SDGs are singularly aimed at creating fairer and better world by the year 2030 (United Nations, [UN]2015). They constitute the road map to a better future for every individual on the planet earth. They are aimed at addressing the world challenges that humanity has borne and continues to bear albeit with different degrees across the different regions of the world. The Government of Kenya is operationalizing these SDGs through its Vision and five-year development agenda known as the Big Four (health, manufacturing, housing and food security).

The Kenya Vision 2030 along the Big Four Agenda aim at improving the livelihoods of the citizenry including by providing affordable houses to citizens, universal health care, food security and enhancing manufacturing. The enhancement of manufacturing creates employment which increase the purchasing power of the population including for food hence reduction of hunger hence a healthy population. The textile and leather firms in Kenya are part of manufacturing sector players. To support the manufacturing sector, the

Kenya Government has created an environment for the sector to thrive and produce competitively priced products. The support to this sector is in the form of rail, road, electricity and supportive policy framework.

The manufacturing sector requires transport and energy infrastructure. There is the standard gauge railway which runs from Mombasa to Nairobi and eventually to the Naivasha dry port. There is also ongoing improvement of the road network and modernization of Kisumu port in western Kenya, and rehabilitation of old railway lines namely, Nairobi - Nanyuki and Nakuru - Malaba near the Uganda border. The rail and road infrastructure supports manufacturers of textile and leather goods or both export and local consumption because farmers are able to reach the manufacturing sites in a timely manner due to efficient transport.

Sufficient and stable supply of energy is also crucial to manufacturing and the government has through policy encouraged private power generation along other interventions to boost the availability to the manufacturers at competitive tariffs. Through this support, the government intends to have a robust manufacturing sector that creates employment for the youthful Kenyan population. Further, exported products earn foreign exchange thereby improving balance of payment.

The aim of the SDG 1 is the reduction of poverty in the framework of “no poverty” (SDG 1). This goal is addressed by the textile and leather firms because the whole value chain comprising supply of inputs, production and processing empower the participants by providing employment, market to sell raw materials and profits to the leather and textile firms; and goods to consumers and exporters. The whole chain starts from the product which could be the animals for the hides and skins, or the cotton from a farmer to the actual processing and production items that are sold in the domestic or international market

Kenya's manufacturing sector

Textile and leather industry play a crucial role in the Kenyan economy yet its potential is yet to be fully realized. In this regard, the government of Kenya has given due recognition of the textile and leather industry. In its development agenda, known as the Big 4 agenda for the period 2017 – 2022, manufacturing has been emphasized as one of the four pillars of this agenda. The support for manufacturing is through the provision of support services such as policy direction, with one such policy direction being that the fabric and footwear production for government use be sourced only from local Kenyan manufacturers. A further support to the sector is in the provision of power, water, road and railway network and promotion of raw material production such as cotton. (Kenya Institute for Public Policy Research and Analysis [KIPPRA], 2021).

In addition to the national support for manufacturing, such global initiatives as Africa Growth and Opportunity Act (AGOA) have given Sub-Sahara Africa (SSA) entities quota and duty-free access to the US market (Kenya Apparel and Textile Industry Diagnosis Strategy and Action Plan, 2020). This implies that local manufacturers can leverage these opportunities to grow their business.

Textile and leather manufacturing

The leather and textile industries are major economic sectors globally, regionally and nationally. Consequently, the development of these sectors is crucial to the realization of sustainable development goals because it creates employment, reduces poverty and improves the well-being of humanity.

Leather: The leather industry is crucial in developing of economies as evidenced by the various feeds in industries such as chemical industries which provide necessary chemicals for processing leather, transport and logistics firms for transporting raw and finished products (United Nations Industrial Development Organization, [UNIDO], 2010). There is a thriving global trade in leather estimated at more than US$ 100 billion per year which is driven by the increase in world population in 20th and 21st century. This has increased demand for meat and meat products which in turn keeps the supply of leather raw materials fairly constant. The leather value chain in the world starts with animal husbandry ending with the processing of goods and items. The animals include cows, sheep, goats and camels among others. The processed items include textile, clothes, shoes, bags and belts and are used by the general population and security firms in various nations of the world. In the leather industry, the hides and skins from slaughtered animals are processed and then converted into leather through tanneries (Memedovic & Mattila, 2008).

Producers in the least developed countries like Kenya often lack the essential know how, managerial skills, and capital investment to develop this industry to its full potential. Further, quality is also another challenge because some local cultural norms or customs inhibit commercial livestock rearing which sometimes damage hides and skins. A global challenge which need mitigation is the decline of red meat consumption which has been replaced by chicken, pork and fish. This may mean a decline in the tradition tanning of hides and skins. However, some new sources of skins and hides are coming up. Camel, kangaroo and deer are some of the new sources and the industry needs to keep innovating and seeing the blue oceans in this hitherto latent hides and skins sources.

The Food and Agricultural Organization (FAO) report on global agriculture highlighted that the population of animal products in the human diet has increased in the thirty years preceding the study evidencing an anchor to the leather industry resultant of the increase in production of the hides and skins.

Leather products and footwear sector in Kenya: In the Kenya's Big 4 agenda, the leather sector is the second priority sector under manufacturing. Kenya's GDP growth was at 4.8% in 2017. There are 19 companies under the Kenya Association of Manufacturers (KAM) membership in the leather industry. Kenya produced leather uppers shoes at a 15.1% increase in 2019. Within the leather industry, some of the opportunities that encourage production include export to the COMESA countries, central collection system for all hides and skin, rehabilitation of previously closed tanneries, manufacture of high-quality leather products for the global market, investments in training institutions, and government of Kenya support through policy instruments.

Though the foregoing opportunities exist, there are some challenges faced by the leather products and footwear industry including informal and disorganized procedure in collecting hides and skin, low quality of skin and hides, not being able to meet bulk orders, no common method for treatment of solid wastes, low level of technical skills due to insufficient training institutes, local footwear cannot compete with cheap imports footwear and leather products, tannery's location with regard to raw material production, and lack of protection to local leather firms by government, Textile: The global textile market comprises textiles by organizations, factories, sole proprietors, and joint ventures. The global textile trade averages US$ 950 billion annually with China and the United States being the biggest exporters of raw textiles.

The raw material for textile includes hemp, cotton, wool, linen silk, cashmere, and jade. These materials are used for the manufacturing of garments, apparels medical dressing among others. The growth of e-commerce which increases the demand for online shopping is driving the growth of the textile industry. This is for the reason that larger populations are exposed to the various products and conveniently order the items.

However, just like it has affected many other industries, the Corona Virus pandemic (COVID 19) has disrupted the trade on textile and leather products due to the trade and human travel restrictions imposed by nations across the world (Textile Global Market, 2020). The global textile marketplace can be segregated first, according to type such as fabrics, yarn fibre, thread, mats, textile and fabrics. The second category is based on materials which include cotton, jute, silk synthetics and wool, and lastly by the process which is either woven or non-woven

Textile Industry in Kenya

According to International Labour Organization, (ILO, 2019), Textiles, clothing, leather and footwear (TCLF) industries are critical for the social and economic development of many emerging and developing countries and constitute entry points to global markets. They are highly labor-intensive ventures which avail avenues for employment to many and have been key in lifting people out of poverty.

By 1954, Kenya had 74 enterprises employing nearly 2,477 workers. After independence, the textile industry grew partly due to locally available raw materials including cotton, wool and sisal while synthetic fibers jute and linen dyes, chemicals, and resins were imported (Kinyanjui, 2013). In mid-1980 the major textile firms in Kenya included Kenya Textile Mills (in Thika), Mountex (in Nanyuki), Rift Valley Textiles (RIVATEX), and Kisumu Cotton Mills (KICOMI). There was stagnation in production from mid-80 the early 90's liberalization of the industry occasioning sharp declines (Ikiara & Ndirangu, 2014).

In 1984 the policy reforms in the industry including the national development plan of 1984-88, triggered change of policies to export led industrialization. These policies supported exportation through Export Compensation Export Processing Zones (EPZ 's) and Manufacturing under Bond (MUB) while the market was liberalized through abolition of quantity restrictions and reduction in tariffs (Kinyanjui, 2013).

The rapid growth of the industry in the immediate post-independence period was attributable to the protection accorded to entities through import substitution strategies. The support by the Kenyan government in the industry through Industrial and Commercial Development Corporation (ICDC) also facilitated its growth by domiciling these industries in major towns and further through the governments shareholding including in Kenya Textile Mills, KICOMI, Rivatex, and Mountex. (ILO, 2019).

During the era of substitution of imports, private-owned textile firms also boomed. These included United Textile Mills, Thika Cloth Mills, Sunflag, Spinners and Spinners, Yuken and Raymonds. These textile companies generally benefited from the protectionist policies which were in place until the mid-1980s.

As is observed in other manufacturing sectors, the failure by the managers of the textile firms to develop effective horizontal and vertical relationships with other sectors left the firms exposed upon severance of the protectionist policies. EPZ, provides exportation incentives for Kenyan firms including 10-year tax holidays, unobstructed foreign ownership, employment and to unlimited option to repatriate earnings (Kinyanjui, 2013).

Textile, cotton and apparel in Kenya: The textile, cotton and apparel sector comprises 85 textile and apparel manufacturers. Its highest GDP contribution to the GDP was 13.91% in 2013 (CEIC Data, 2021). The sector creates employment due to the labour demand of the sector especially among the youth. Cumulatively, there is a total number of about 250,000 jobs inclusive of the production farmers. However, the contribution has since reduced due to the overall poor performance of the manufacturing sector whose contribution to the GDP has been declining from 2015 (9.4%) to 2019 (7.5%). For this sector, the number of processes which work together in this sector to realize product production include farm inputs, cotton growing and ginning, textile mills, yarn knitting and dyeing, and finishing.

Like most manufacturing, opportunity usually drives and motivates production. Opportunities in the apparel sector include global apparel buyers like Levi's Vanity fair and Otto, and fashion, and full value chain integration which creates inclusive growth. There are as well challenges that the textile sector faces. These include inability of non-EPZ manufactures to compete with the highly incentivized products from the EPZ manufacturers due to the difference in taxation, high cost of financing, illicit trade, high cost of industrial inputs, import preference over locally made products by citizens (for example, the imports of textiles have been increasing from 2015 to 2019 as indicated by import duty levies [2015: 1,638.48 bn; 2019: 4,357.12 bn) (KNBS, 2020), inadequate training and capacity building, high cost of electricity, non-traffic barriers that hinder export, and that the current Common External Tariff (CET) structure does not encourage value addition up to the finished product level.

Leather and footwear sector in Kenya

Worldwide, leather industries are dependent on production of meat. In addition, human capacity, machinery and chemicals are key for top-quality production of leather. Further, in the leather garments, foot wear and goods sector, additional inputs are required such as manufacturing skills, knowledge on designing, assistive technologies, branding and marketing (Memedovic & Mattila), besides these attributes and inputs, management of the industry is crucial from the perspective of managers of firms that operate in this industry.

The leather and footwear sector comprises activities in the production of raw skins and hides, collecting, commercializing and the associated processing of raw materials into finished products. (UNIDO, 1997). These processes comprise two main categories. These are tanning and leather finishing, and manufacturing of leather products.

Most leather in Kenya is produced and sold as a commodity with minimal design or quality differentiation. The exports comprise semi-processed tanned 89% "wet blue" leather 5 % of raw hides and skins, while finished leather is only 2 percent (Ministry of Industrialization and Enterprise Development [MIED], 2015). Furthermore, leather handbags and footwear, travel ware, and other leather products account for 4 percent" (p. ii). "Wet blue leather" means hides freed of hair and which have been tanned and are wet. The wet blue product produces a variety of items including footwear, attires, leather, and upholstery. This report further asserts that Africa accounts for a paltry 4 percent of the global leather production and only 3.3 percent of value albeit boasting a fifth of the world's livestock population (p. ii). These statistics suggest that the leather and footwear industry's performance is unsatisfactory and need improvement in order to contribute to socio-economic development by creating employment to citizens.

In particular, there is minimal value addition by African countries because most of these countries export raw skins and hides, and wet blue leather with low production capacities for finished leather. However, Ethiopia is emerging as an exception hence the need to determine what Ethiopia is doing differently: Could the difference be in the disposition of managers of the leather and footwear industry?

Kenya leather and footwear industries are characterised by fairly low employment (14,000 during peak) with the informal sector constituting 10,000 of these workers. There is lack of cost performance: the high cost of locally sold leather and associated inputs; the high labour costs; and expensive electricity (MIED, 2015).

Further, the demand side is also adversely affected by external inflows of cheap imports of new leather and non-leather products and a further influx of the second hand (mitumba) market. Mitumba is a Kenyan name for second-hand clothes, handbags, school bags and shoes. Trading in mitumba is a popular business across Kenya due to its low set up capital and readily available products. The second-hand items are imported in bales from Asian, European, and American markets. Since the items are cheap, they affect the demand of locally purchased items by Kenyan firms.

Technology can impact the performance of the textile, leather and footwear industry. Therefore, besides competition from cheap imports, the level adoption of technology may account for the low of levels performance of the industry. For this industry, "technologies including radio-frequency identification (RFID) tags are crucial" ILO (2019) for traditionally oriented (low-technology) textile, leather, and footwear industry such as Kenya.

Leather products and footwear sector in Kenya: In the Kenya's Big 4 agenda, the leather sector is the second priority sector under manufacturing. Kenya's GDP growth was at 4.8% in 2017. There are 19 companies under the KAM membership in the leather industry. The peak level of production within this sector was between 2010 and 2013. There was an increase of 15.1% of Kenya's production of shoes with uppers of leather in 2019. Within the leather industry, some of the opportunities that encourage production include export to the COMESA countries, central collection system for all hides and skin, rehabilitation of previously closed tanneries, manufacture of high-quality leather products for the global market, investments in training institutions, and government of Kenya support through policy instruments.

Though the foregoing opportunities exist, there are some challenges faced by the leather products and footwear industry including informal and disorganized procedure in collecting hides and skin, low quality of skin and hides, not being able to meet bulk orders, no common method for treatment of solid wastes, low level of technical skills due to insufficient training institutes, local footwear cannot compete with cheap imports footwear and leather products, tannery's location with regard to raw material production, and lack of protection to local leather firms by government

Effect of COVID 19 on leather and textile sector

According to Kenya National Bureau of Statistics (KNBS, 2020) there was a 71 percent drop in mitumba imports in 2020 resultant of the Covid-19 pandemic. According to the

Mitumba Association of Kenya the decline had affected millions of Kenyans, who depend on this trade both directly and indirectly.

The Covid-19 outbreak in the country, the import of used clothes and footwear was suspended to control spreading of the virus. This affected traders since their source of livelihood was stopped. However, this ban was lifted but further protocols were issued to guide the importation. including subjecting imports to certification under the Pre-Export Verification of Conformity to Standards (PVoC) requirements, physical examination and requiring that the imports be supported by fumigation certificate from the nation of origin. This pandemic affected the leather and textile industry and the traders viewed these measures as crippling the sector. However, the extraordinary challenge presented by the pandemic necessitated these measures and the effect on business was not only limited to the leather and textile industry.

The foregoing factors hinder the development of the textile, leather and footwear industry require strategic responses from the firms in this industry. Such responses place demands on managers to deploy their cognitive capabilities in a manner that would ensure that the industry remain competitive both locally and internationally. This notwithstanding, the capabilities of managers in the textile, leather, and footwear industry regarding the demands placed by the industry is not clear.

Consequently, this study of Managerial Cognition, Competitive Dynamics and performance of firms is at the boundary between psychology and strategy. The former being concerned with mental process of managers that have implications for winning or success while winning in a competitive environment is the focus of the latter. To win is to perform better than closest competitors with managers' decisions, which are a product of cognition, as antecedents to this superior performance.

1.2 Statement of the problem

In 2014, the Kenya textile sector was liberalised enhancing competition including in the leather industry. This triggered increase in import of second-hand clothes and leather and footwear products. For instance, the affordable and quality mitumba were preferred over garments manufactured domestically (ACTIF, 2016). This led to poor performance and financial challenges being faced by the domestic textile firms leading to closure of some of the major textile firms such as KICOMI, Heritage Woollen Mills and Allied Industries Limited.

The situation worsened when the United States of America banned several textile products from Africa asserting trans-shipping of goods from Asia. Since then, various textile firms have not been able to effectively compete in the global business environment (Ikiara & Ndirangu, 2014). The local leather footwear producers experience unsatisfactory performance partly due to competition from new and affordable non- leather and leather imports (predominantly from India and China) and amidst preponderance of the Mitumba market.

According to the Kenya's Economic survey 2020 (KNBS, 2020), manufacturing sector contributed 7.5% of the GDP which has been declining from 2015 (9.4%) to 7.5% in 2019. Further, besides food, beverages and tobacco which accounted for 3.0% contribution to GDP, the other manufacturing, and repair and installation, which included textiles, leather and apparel contributed a total of 4.6% to Kenya's GDP (KNBS, 2020). These statistics imply that the contribution of leather and textiles to GDP is much less compared with South

Africa where it contributed 3% of the GDP; Kenya is thus performing comparatively lower than South Africa.

It is also noted that the textile and leather companies continue to operate in a relatively uncertain environment with stiff competition from imports which have been increasing since 2015. For example, the imports of textiles have been increasing from 2015 to 2019 as indicated by import duty levies (2015: 1,638.48bn; 2019: 4,357.12bn) (KNBS, 2020). These imports negatively impact the output market from this sector and thus affects its production. Additionally, textile and leather industry policy and regulatory mechanisms aimed at protecting local textile firms from foreign competition are yet to achieve the desired effect.

Furthermore, though there is implementation of innovation-driven development strategies in the global textile and leather value chains. (Memedovic & Mattila, 2008). Kenya's textile and leather industry firms have relatively weak innovation capability and are faced with stiff competition both locally and internationally Kinyanjui (2013) which has affected their performance leading to decline and collapse in some cases. The weak innovation capability may be as a result of managers' decision that arise from their cognitions of their operating environment because whether to build capacity or not may to a large extent depend on that managers think and priorities.

While managers of the textile and leather firms play key roles in the identification and analysis of environmental changes to form input for the formulation of their firm strategy, the effectiveness of their actions is not clear going by the performance of these two industries. In particular, the extent of the chosen strategies is matched with external environment and internal conditions, and whether the firms achieve performance to enhance organization performance from these strategies remains a challenge.

Managers of textile and leather firms operate in an environment that is sensitive to macro policies and require effective use of their cognitive skills in making fast and optimal strategic choices. However, there is scarce empirical clarity on the extent to which they maintain good decision- making quality when faced with challenges relating to external environment changes. In addition, how managers influence and are influenced by Competitive Dynamics in the textile and leather industry is less researched.

Further, managers' cognition and performance of firms have received little attention by strategic management scholars. For instance, strategic management studies in Kenya have majorly focused on an examination of factors affecting strategy implementation of strategy in firms, determinants of strategic decision making, and challenges faced during strategy formulation, among others.

Further, studies on Competitive Dynamics have been found to be biased toward large firms and the methods biased towards archival research, thus necessitating further study on the intentions of management in the framework of the Social Cognitive Theory and Upper echelon theory. These theoretical lenses have been scarcely used to study managers' dispositions with regard to strategy and firm performance. This is the motivation to conduct this study in order to determine manager's cognition (how managers interpret their operating environment) and how this influences performance of the firms that they manage.

In addition, managers either proactively or reactively take actions depending on how they sense the competitive environment, particularly regarding changes in the market-place. The scope and timing of these actions and reactions constitute Competitive Dynamics but whose effect on the interrelationship between Managerial Cognition and firm performance has received minimal attention in strategic management empirical literature and even much less in a developing country like Kenya and in the textile and leather industries in particular. This study empirically inquired into, first, the extent of Managerial Cognition, the relationship between this cognition and performance; and the effect of Competitive Dynamics on the relationship between Managerial Cognition of managers and performance of Kenyan textile and leather industry. The effect of Managerial Cognition on performance comprised an assessment of the influence of the four dimensions, namely of salience, regulatory focus, identity domain and internal/external orientation on performance while Competitive Dynamics comprised proactive and reactive actions/ responses to the actions of competitors and the timing of these actions.

1.3 Objectives of the study

The general and five specific objectives are as follows:

General objective

The general objective of this study was to examine the influence of Managerial Cognition on the performance of textile and leather firms in Kenya, and the moderating effect of Competitive Dynamics on this relationship.

Specific objectives

The following were the specific objectives:

i. To establish the influence of salience on the performance of textile and leather firms,

ii. To determine the influence managers' regulatory focus on the performance of textile and leather firms,

iii. To assess the influence of organizational identity domain on the performance of textile and leather firms,

iv. To examine the influence of Internal/external orientation on the performance of textile and leather firms,

v. To assess the moderating effect of Competitive Dynamics on the relationship between Managerial Cognition and the performance of textile and leather firms,

vi. To develop a model linking Managerial Cognition and performance with Competitive Dynamics as a moderator.

1.4 Research hypothesis

In this study, five hypotheses were tested. Four hypotheses were on the influence of Managerial Cognition on performance of textile and leather firms while the fifth hypothesis was on the moderating effect of Competitive Dynamics on the relationship between Managerial Cognition and performance. The null hypotheses that were tested are as follows:

i. **H_{01}:** Salience has no significant influence on the performance of textile and leather firms

ii. **H_{02}:** Regulatory focus has no significant influence on performance of textile and leather firms

iii. **H_{03}:** Organizational identity domain has no significant influence on performance of textile and leather firms.

iv. **H_{04}:** External /Internal Orientation has no significant influence on performance of textile and leather firms.

v. **H_{05}:** Competitive Dynamics has no significant moderating effect on relationship between Managerial Cognition and performance of textile and leather firms.

1.2 Justification of the study

The textile and leather firms in Kenya are encountering competition from imported new products and second-hand products (Mitumba) which are imported or dumped from developed countries. Since manufacturing is one of Kenya's development plan known as the Big Four Agenda which aims to create employment to millions of unemployed Kenyans, by locally manufacturing products for local use and export, jobs are created, and less foreign exchange is used to import the items hence its preservation and improvement Kenyan's balance of payment. It is therefore necessary that this economic sub-sector is enabled through evidence-based policy and best-practice which can only be achieved through research.

The study findings are expected to provide clarity on cognitive disposition of managers, Competitive Dynamics and performance which is still scarce. These findings will inform practice. Further, there is limited empirical evidence to inform the government's manufacturing policy focusing on textile and leather (including footwear) to enable improvement of the sector and its contribution to national development through job creation and inflow of foreign exchange.

It was also of interest to scholars by clarifying the extent of Managerial Cognition hence the capability of managers in relation to the demands placed on them by the market and the customers they are supposed to serve. Lastly, it was intended that the findings of this study would inform management practice by providing a roadmap to improve how managers perceive their environment and make decisions. The findings of this study will thus inform the creation training programs based on the practice gaps with regard to Managerial Cognition, namely salience, regulatory focus, identity domain, and internal external orientation; and Competitive Dynamics that have been identified by the study.

1.3 Scope of the study

The conceptual scope comprised Managerial Cognition and the performance of leather and footwear, and textile and apparel firms in Kenya. The dimensions of Managerial Cognition which were studied were Salience, Regulatory focus, Identity domain and External /Internal Orientation. Competitive Dynamics were also studied as a moderator variable. Top level managers were targeted in all the textile and leather firms in Kenya. The study was conducted within one year.

1.4 Limitations of the study

Though all efforts were made to ensure that this study was conducted successfully, it was likely to suffer the following limitations: First was accessing the data. There was a possibility that some performance data may not be readily provided by the respondents for confidentiality purposes. However, the respondents were assured of confidentiality and also allowed not to reveal their identity. It was also difficult to administer questionnaires during COVID 19 pandemic particularly for respondents who may have had unreliable internet connection. This notwithstanding, the questionnaire was converted to digital form and distributed online to be filled and automatically submitted. This minimized the risks associated with the pandemic. Lastly, data collection method was limited to only online means especially due to the prevailing COVID 19 pandemic. However, this had minimal effect on the data collection.

1.5 Delimitation of the study

By delimitation, the borders of a study are implied; what the study concerned with and the boundaries within which the conclusions should be gauged. This study was concerned with Managerial Cognition and performance of leather and textile firms in Kenya and how this relationship between Managerial Cognition and performance of the firms was affected by Competitive Dynamics. Four variables were used to operationalize Managerial Cognition; they were salience, regulatory focus, identity domain and internal/external orientation. The analysis of primary data comprised description of the characteristics of the respondents using, variables, and the association between pairs of variables while Logistic Regression analysis was used to examine direct and mediated effects; the former between Managerial Cognition (collectively, salience, regulatory focus, identity domain and internal/external orientation) and performance with Competitive Dynamics as a moderating variable whose effect on the association between Managerial Cognition and performance was tested.

Hypotheses were tested using Hosmer and Lemeshow statistic (for goodness of fit of the logistic model), chi-squared (for the association between pairs of variables) and Wald statistic (for the influence of predictor variables on odds of performance of leather and textile companies in Kenya) at the 5% level of significant, that $p < .05$. Data was only collected from leather ($n = 19$) and textile ($n = 85$) firms using a structured questionnaire. (Hosmer & Lemeshow, 1989). Furthermore, data was collected from respondents at manager level who reported on their cognition, performance and how they responded to competitive situations arising from the market - either with actions (proactively) or reactions (responding to competitors' actions).

This was study underpinned by the Social Cognitive Theory, Upper Echelon Theory which respectively underpinned managers thought processes which in turn informed their decisions as top managers, which manifest in the behavior of the organization (Upper Echelon Theory) and the resource-based view theory which anchored performance. To ensure validity of the instruments the multiple items that were used to operationalize and measure each study constructs were underpinned by theory and empirical literature. Further, Cronbach alpha statistic was employed to assess the instrument reliability and a threshold of 0.7 adopted as an indication of reliability of the measure of the construct.

1.6 Assumptions of study

For this study, it was assumed that, that honest responses would be received from respondents. Further, it was assumed that reality was objective and independent of the respondents; hence the positivist paradigm would be adopted in this study. Lastly, it was assumed that respondents understood the questions; the instruments would be tested for validity and reliability prior to use for data collection. This helped in ensuring that the questions were clear to the respondents

1.7 Significance of the study

From this study, it was projected that various audiences including management of textile, footwear, apparel and leather companies, policy makers and scholars would apply the findings.

1.7 Management of textile and leather manufacturing firms

Managerial Cognition is considered a key element for most organizations since it has direct impact on strategic decisions within the organizations. These decisions guide the actions of the firms to realisation of goals. The findings highlight the combinations of cognitive capabilities that management within textile firms can employ to attain competitive advantage and perform better. These findings can also help the managers gauge strategic decisions and performance of the textile and leather firms in the turbulent-competitive environments. Further, the findings are useful forguiding the managers to assess their areas of weaknesses while making strategic decisions for continued performance improvement.

Policy makers

The findings of the study also have implications for government agencies mandated with the regulation of textile and leather manufacturing firms. The regulators may, for instance find these findings useful in making informed policy decisions in textiles and leather firms regarding its expansion and competitiveness. These decisions should be aligned with the legal and regulatory framework and therefore the findings will be crucial in enabling policy makers to streamline existing policies in the textile and leather firms within the manufacturing sector.

Scholars

The study will enhance the existing scholarly work relating to Managerial Cognition, performance, and performance of firms and specifically in the context of the domestic textile industry. These findings may therefore provide further avenue for other academicians who wish to conduct further research in this area of research to refer from. The study findings may also provoke further research on other similar or related areas.

1.8 Operational definition of terms

Competitive Dynamics: These are the sequence of actions (moves) and reactions (counter moves) amongst entities within an industry; and the timing of these moves and counter moves on a continuous basis.

Performance: This is both the monetary (e.g., profit) and non-monetary measure of organizational effectiveness (e.g. new product development). They include market share, profitability, high customer satisfaction, and pricing.

Identity domain: This is the collective framework used by members of an organization to create sense out of their environment. It is a distinctive, enduring and central characteristic of a firm which describes the perception of organizational members of who they are and what they stand for.

Internal/external orientations: This is the degree to which managers focus their employee on organizational factors (internal orientation) as opposed to the demands and changes in the external environment (eternal orientation). It is the tension between internal (such as. Improvement of the efficiency of production and training of staff) and external focus (such as focus purchasing power of consumers and competitor actions).

Managerial Cognition: Is the perceiving, interpreting, deciding and taking appropriate action to guide organizational success. In this study it is the cognition of managers which was measured.

Regulatory focus: This is a cognitive orientation to prevention or promotion, the latter to means to engage in actions that would bring about desirable outcomes and the former is the tendency to avoid actions that would result in undesirable consequences.

Salience: Salience is the state of being important or conspicuous or getting noticed. It is the extent to which managers perceive factors as having impact on organization or to which the performance of the organization is sensitive or being of interest to stakeholders.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

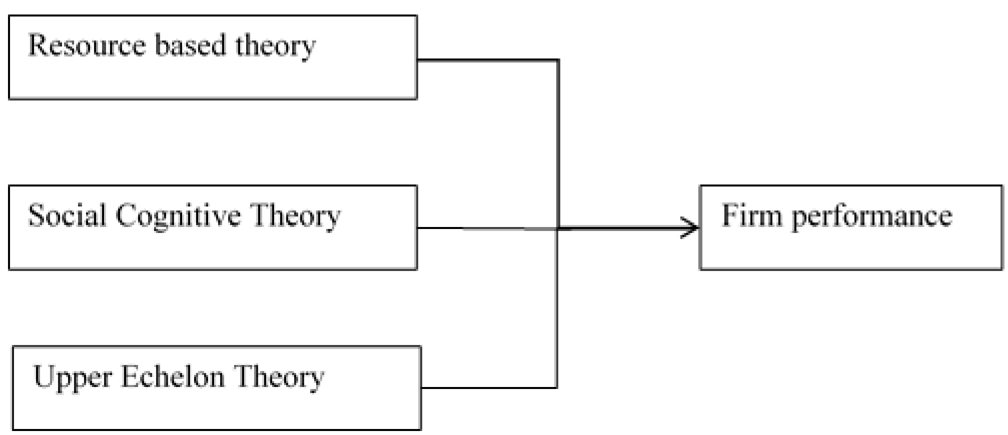
The theoretical underpinning of this study is presented in this chapter. The review of empirical literature for each of the variables Managerial Cognition (salience, regulatory focus, identity domain and internal/external orientation), Competitive Dynamics and performance, empirical review, and the conceptual framework which shows the relationships that were tested in this study.

2.2 Theoretical framework

This study anchors on the Resource Based Theory of the firm, Upper Echelon theory and the Social Cognitive Theory. A discussion of these theories is presented and their relation to the study variables explained. The theoretical framework is presented in Figure 2.1

Figure 2. 1:

Theoretical Framework



Source: Barney 1991; Bandura 1986; Hambrick 1981

This study is predominantly anchored by the resource-based view theory (RBT) of the firm which explains competitive advantage hence performance of an organization. In this study, managers are the strategic resource, and their cognitive abilities are strategic capabilities necessary to confer competitive advantage to the leather and textile firms in Kenya. In addition, the Upper Echelon Theory underpins the fact that it is the top managers of organizations who deploy their cognitive abilities to make decisions which impact the performance of organizations. Consequently, the RBT with managers as strategic resource is the overarching theory while the social cognitive theory (SCT) anchors Managerial Cognition which comprises salience, regulatory focus, identity domain and internal/external orientation as crucial strategic capability required of any manager charged with important decision roles. These theories are presented next starting with the RBT.

Resource Based Theory

Competitive advantage denotes a firm's ability to outperform its competitors. Firms always aspire to gain competitive advantages which assures them of success in the competitive market. One theory that explains competitive advantage of firms is the Resource Based Theory (RBV) that was posited by Barney (1991) and Chi et al. (1994) following earlier work by (Penrose,1959). This theory posits that firms should seek to have strategic resources that are valuable to the firm, are rare and difficult to imitate, and are non-substitutable. These resources could be natural, human capital, markets, technology, innovation and processes.

A valuable resource is one that accelerates the firm's ability to form strategies that assist it remain ahead of the competition. Furthermore, scarcity of a resource means that the event or phenomenon does not occur often and such event is uncommon, this could be a positive culture that embeds creative and hard work in an organization and as such improves productivity. Since some resources have no easy substitutes, this confers a competitive edge in the market for the firm to capture the market and ensure sustainability.

Further, some resources are difficult to imitate or duplicate which aid the firms in developing and making products and services that are unique and utility giving in the market place. They have legal protection that come in form of patents, copyright and trademarks which may have existed for many years. Such resources are described as strategic and account for the competitive advantage and superior performance of organizations that possess them.

In addition, non- substitutable resources are so because competitors are unable to find substitutes or alternatives to tap into the benefits that the resource gives. The resource could be a physical one such as a mineral or even culture that encompasses customer service which ensures customer loyalty and retention.

The resources that fit the description of "valuable", "rare", "difficult to imitate" and "non-substitutable" (VRIN) are strategic resources as opposed to the common assets like land, cash and buildings which are easy to obtain. These resources provide competitive advantage in the market by sustaining and strengthening the presence of the firm in the market arena. This is through provision of goods, services that are of high quality, lowly priced and in many market segments, and in qualities that satisfy the market demand.

A firm may have all these strategic resources but the way it deploys, and utilizes them depends on the cognitive abilities of the managers of these organizations. This in the perceiving, interpreting, deciding and taking value adding decisions in their organizations is a crucial capability of the human resource in these organizations. In this sense, managers with superior cognitive abilities are thus a strategic resource as predicted by the RBV. David J Deming calculates that the state of jobs that need managers who are apt at prompt and good decision making has increased from six percent in 1960 to thirty-four percent in

2018. Employers are paying high salaries to attract and retain experienced, highly skilled employees with greater cognitive ability as jobs now demand fast and accurate decision than before. This minimizes errors in making crucial decisions aimed at positioning organizations to success and sustainability.

The resource-based theory relies on internal analysis, yet the firm operates also within the external environment which may determine the effectiveness of the adopted strategies. It is therefore incumbent upon managers to have cognitive lenses that take cognizant of internal environment as well as the external environment and process the various information and cues as an input to strategic and operational decisions to guide the performance of the organization. This will maximize the chances of superior performance by these organizations.

In this study, the managers with appropriate cognitive abilities are strategic resource as posited by the RBV while the ability of these managers to continually reconfigure their cognition including salience, regulatory focus, identity domain and internal/external orientation, in response to the dynamic business environment comprises a dynamic capability from the dynamic capability view of the firm.

Upper Echelon theory

The Upper Echelon posits that the outcomes of organizations are predicted partially by the characteristics of the managers at the top position of an organization. The Upper Echelon Theory argues and lays a foundation that managers have no capability to process large numbers of internal and external stimuli. Hence, the managers interpret and select few based mental frame and experience. Kaburu (2018) argues that decision making is always based on behavioural factors rather than objective and clear economic optimization. The theory is clear as it makes individual look deeper into decision-making box.

According to the Upper Echelon Theory, experience, personal trait, cognitive biases and values of managers influence how they interpret events, and thereby determining strategic decisions (Gerstner et al. 2013). Hambrick (1981) claim these features form lenses where managers assess the environment surrounding them. The theory is relevant because it is used in the management as a basis of hiring new executives. Furthermore, the theory can be used as a tool to analyse other listed companies or the market competitors and can predict the managers' decision for future strategy of an organization. In this regard, the performance of the firms which are essentially a result of the decisions of manners is anchored by this theory.

Social Cognitive Theory

In this theory, behaviour, cognitive and casual structure, and other factors of individual together with environmental events function as interacting factors that influence each other in a bi- directional manner. The theory has application illustrated in series of complex experiments of managers' decision-making by use of simulated organization. The theory is relevant to the study, as the casual structure of interactional is verified in conjunction to varied experiment with beliefs that can undermine or enhance the operation of self-regulatory. The theory claims that the induced believe of ability to control organization and the managerial conception strongly affects the self- regulatory of managers' processes and achievements of an organization.

According to Bandura (1986), the complexity of organization and the realized performance contributes as an influencer to managerial self-efficacy, which in turn influences the organizational achievement directly, their objectives and analytic reasoning. Managers' personal objectives directly enhance organizational achievements through analytic strategy mediation. Managers form self-schema of their effectiveness through experience. Performance system is strongly and intricately regulated through their managerial self-conception.

The theory is important, as this research body aims at creating a link between the cognitive structure of individuals and the decisions impacting the formulation and implementation of strategy and (Narayanan et al., 2011). Here, management is perceived as entities that absorbs, disseminate and process complex and ambiguous information. The current recovery of social cognitive theory aims at showing the importance of the human cognition in firm behaviour in response to the environmental stimuli which include Competitive Dynamics.

The study fits within this research stream as it incorporates Managerial Cognition attention and concept in elaborating the Competitive Dynamics which can be understood from the behavioural strategy perspective. The Managerial Cognition variables, namely – salience, identity domain, regulatory focus and internal-external orientation – are underpinned by the Social Cognitive Theory (SCT) and partly the Upper Echelon Theory with regard to decisions that the managers ultimately make arising from their antecedent cognitions. (Alford & Duan, 2018).

A Critique of the underlying theories

This study is underpinned by the Resource Based Theory (RBT) of the firm, Upper Echelon Theory (UET) and the Social Cognitive Theory (SCT). The RBT suggests that unique resources in an organization confers competitive advantage which lead to satisfactory performance. In this study the managers with the superior cognition and decision-making ability are the strategic resources that positively impact organizations. In particular, through their accurate perception of environment (SCT) and decision making as top managers (UET) constitute a strategic resource with crucial capabilities that drive superior performance. Though this be the case, there have been criticism of the RBV as lacking predictive ability on performance.

A review of some of these critiques has been done where they identify two of the critics of the RBV as potential threats to the RBT - the “indeterminate nature of resource and value – plus the RBV’s narrow explanation of a firm's competitive advantage” as a third threat. (Kraaijenbrink et al., 2009) They argue that these can still be mitigated if the RBV is viewed from a subjective as with Penrose (1959) dynamic and subjectivist framework rather than from a rational perspective which follows the industrial organization.

However, the theory still serves the purpose of informing superior performance by virtue of its focus on what actually affects performance such as is the case of top managers who have cognition and responsibility to make decisions, and if its boundaries are clearly defined. In other words, the more cognitively complex these managers are, the more they will make appropriate decisions regarding strategy and resources to implement the strategy and the more the changes of success of the organizations that they managed - the textile firms in this study.

The UET attributes decision makers to behavioural factors rather than objectives and clear economic optimization. This theory plays an important role during the Top Management Team (TMT)decision making. The theory posits that the strategy of an organization is a reflection TMT thought. This theory underpins TMT decisions including how they allocate attention and deal with Competitive Dynamics.

It also explains how they allocate attention: either internally or externally in pursuit of their goals. However, this theory may suffer some limitations because the current thinking in organizations is the empowerment of middle managers to make decisions and act quickly because it is at this level of management where critical actions are to be taken. It would therefore appear that the notion of "behaviour of an organization being the refection of TMT" may not be entirely sufficient because the lower-level managers play an equally crucial role in the overall outlook and performance of the organization.

The Social Cognitive Theory (SCT) posits that the cognitive and behavioural aspects influence managerial decision making. The theory is important because it links one's cognitive structure and the decisions they make. It may also explain the thought process of managers which in turn explain the weight they attach to organizational and environmental variables while making critical decisions. In general, both Upper Echelon and Theory and Social Cognitive Theory underpin Managerial Cognition which is at the core of managers' disposition with regard to salience, regulatory focus, identity domain and external/internal orientation which in turn affect their strategic posture and ultimately performance.

The predictions of the SCT notwithstanding, it is important to consider the fact that cognitions are subject to individual biases which may impair the accuracy of these cognitions and the decisions that arise from them. It is also true that managers differ in their cognitive complexities and therefore the heterogeneity in their decisions. This heterogeneity may explain why managers in similar situations – including access to resources – may achieve different performance results including differences in performance of the organizations that they manage.

Competitive Dynamics (CD) is understood from the perspective of the changes that are taking place in the marketing mix variables namely, price, place, product, and promotion which are subject to varying competitive pressures. Managers need to respond to these pressures or market/ competitive demands by acting ahead of competitors or reacting after competitors' action or after a significant change/ event has taken place in the operating environment. It could be a price change, introduction of a new products, change in distribution channels or aggressive promotions. It is noted that the essence of CD is action or reaction and the timing of these actions/reactions in pursuit of superior performance by organizations in the marketplace.

As a moderating variable, the managers will have to check the environment they operate in and decide on the optimal adjustments to be made on each of the variables. Since CD was moderating variable, this study aims to discern how the aggressiveness or otherwise of the managers in relations to the market demands placed on the marketing mix (product, price, place, and promotion) affect the relationship between Managerial Cognition and performance of firms.

2.3 Managerial Cognition, Competitive Dynamics and Performance

The first connection between management studies and cognitive science was based on the view that managers are the processors of information. Alford and Duan (2018) has proposed detailed mental models and the way they have influenced how an organization is noticed and interpreted. According to Adna et al. (2020), the formation of mental models is through the experience and the associative thinking of an individual. Associative thinking can be based on how an individual organizes expertise and knowledge into mental scheme and categories, when in an unusual situation.

Helfat and Martin (2015), established the various Managerial Cognition aspects such as mental models, mental presentation, resources, beliefs, attention, interpretation, emotion regulation and reasoning, that has undergone investigation. According to Liedong et al. (2020) managers' casual logic and focus are the managerial cognitive elements that are significant. They observed a distinction between the economic point of view that the strategic determinant of managers' causal logic is the industry structure and the cognitive opinion where managers are considered to be the primary determinant.

According to them, in the economic viewpoint, they deem managers as rational while the cognitive view believes that managers make decisions based on the biases; hence the causal logic depends on cognitive disposition rather than rational disposition or consideration. Further, they proposed a holistic approach in which managers should adopt both the industrial structure - the industrial organization economics (IO) - and Managerial Cognition perspectives in their causal logic to account for, as well as consider their interaction.

However, Liedong et al. (2020) concluded that the industrial structure and Managerial Cognition were significantly crucial for the tactical actions and the existence of the bi-directional connection between the managerial perception and industry structure. According to Shepherd et al. (2016) a cognitive variable is one of the significant aspects of efficacy belief among the top managers. They distinguished the efficacy belief into three types: self- efficacy, organizational efficacy beliefs and the group efficacy.

In this conceptualization, the group refer to the management team, with the emphasis that the group is not similar to individual efficiencies, because there are interaction and allocation of the resources to the groups. In this conceptualization, the coordination of the group is a key component in the Managerial Cognition (Yang & Meyer, 2015). Loveless (2022) found that new situations are always presented in a manner that it is regular with the schemata that underlies its idea where the unique experience will then develop and be available as part of the knowledge structure.

Narayanan et al. (2011) argue that the presence of the schemata and mental model has a positive and negative outcome because they may enhance or limit the thought process and decision making in times where there are limited information and capability to analyse. However, they also mask the stimuli with the possibility of being potential. This schemata and mental models can make decision-makers visionless to the information that cannot fit the contemporary structure of knowledge.

According to researchers Adna et al. (2020) and Loveless (2022), schemas and the formation of experience are essential components of the Competitive Dynamics studies since it is the decision of the manager about the competitive behaviour of their firms based on their perception to the organization and the competitive environment (Chen et al., 2017). The response of the decision-makers to what is happening in their environmental happening depends on their interpretation of an opportunity or threat, in which their analyses of opportunity or threat are entrenched in their mental models and their focus is channeled by these models (Stepnov, 2021).

A variety of methods have estimated the structure of knowledge and mental models. Psychology literature has preferred capturing spiritual content by use of experiment.

According to Stepnov (2021) the determination of how the mental model and schemas influence behaviour and decision requires an understanding of the interrelation between sense-making and attention, where attention is the mediator of the relationship between the mental structure and the process of decision making. Kaburu (2018) argues that management make sense only on the aspects which attract their attention. In this case, awareness connotes decision makers' noting, interpreting, encoding and concentrating of effort and time in an organization on issues. These issues include the sensing of the nature of the environment and responses by managers which are the available repertoire of knowledge for alternative action such as procedure and programs (Stepnov, 2021)).

It was also earlier established that neither hierarchical levels nor functional areas variables were significantly related to environmental scanning for cues to aid in decision making (Toit, 2016). The complexity arises where the management is confronted by many issues at one given point, and their abilities to fully comprehend every single stimulus from the environment around them are limited.

Additionally, there is a possibility of issues with lesser importance to have high visibility / prominence to managers while those consequential to the performance of the firm become obscured from managers and subtle from attention (Garg et al.,2014). This is true for issues in many aspects of an organization, such as competitive action. Competitive auctions (Competitive Dynamics) based on non-important issues, which is a result of inaccurate cognition are inconsequential to the organization focal strategy and performance though they may be more salient in the sense-making process, while the one with greater impact are undetected or dismissed as insignificant.

According to Ocasio et al. (2017), the focus of attention influences a variety of governance and operational channels present in the firm. The characteristics of these structures affect the detection of stimuli from the entities that are outside the firm. Whereas sense-making emphasizes the mental structure scheme and role of structure decision making in determining the attention target, these opinions are top-down aspects of the process in attention focus of the organization.

There are two different ways in which decision-makers determine the attention focus (Ocasio et al., 2017). Firstly, that the demand in task, goals, and orientation of the prior cognitive determines the attention focus. Secondly, the bottom-up process that deals with stimuli characteristic and the factors influencing it (Ocasio et al. 2018).

In a competitive dynamic context, competitive action approach and the executing entity are the primary components considered in the bottom-up process of attention. Generally, in organizational attention research, it is essential to describe the two- process bottom-up and top-down in detail. The salience of events is a feature which is essential in the discussion of the organization. Salience can be evaluated using both bottom-up and top-down approaches. A salient event has the more likely characteristic that can be noticed by an observer (Van den Steen, 2018). Also, it directly influences the perception of an event, and it forms the basis of the mental model.

Mitsuhashi (2012) labelled the phenomena of salient as "objective salient" in one of his vicarious study of biases. While looking at nuclear plant operation error, he argued that errors are more salient since they possess a substantial negative impact on the stakeholders. From this perspective, the mental structure of an observer ceases to process the event (for example “errors”) but takes it as an imperative requiring utmost attention, and salient becomes part that is independent of the mental structure.

However, Mitsuhashi (2012) argues that the weak environmental cues may contain opportunities or threat information, which are significant to the organization outcomes. While considering the concept on “mindfulness” in an organization, Heyden et al. (2017) argue that when salient stimuli are less, attention is merited. He further concludes by setting recommendations on processes and structures needed by organizations to implement direct attention to the vital weak cues.

Additionally, the top-down attention process could assist in understanding salience. Organizational structure shared beliefs and Managerial Cognition can make events salient to an individual in an organization. For instance, Mitsuhashi (2012) argues that events are contextually salient if they become different to individuals as they get accustomed, or as they have encountered them.

Individuals make sense of the surrounding and the unfolding environmental events which are greatly influenced by the contemporary schema and mental models. Weick (2015), describes the process of sense-making as an individual ability that extracts cues from the environment and compare them with the experience in their mental models. He also considers it as the process of making sense, whereby an individual always enacts an affirmation that is held currently in the mental model.

Human beings store beliefs in their mental model and act in a manner suggestive of the fact that their mental model about an event/ cue is the reality, which consistently elicits behaviour from others with similar ideas. The sense-making of an organization provides a view of attention. Attention describes the component influencing the interpretation of issues by members of the organization (Weick, 2015). Finally, Ocasio et al. (2018) argued that sense-making and attention paying in a particular industry's aggressive competitive move are rooted in past mental models, in which this process creates new mental models directing future attention and sense-making.

Identity domain

According to Weick (2015), corporate identity comprises the collective mental frame used by members of an organization to create sense out of their environment. Also, Whetten et al., (1985) explained identity as a distinctive, enduring, and central characteristic of a firm and it describes the sense perception of the organization members.

Nag et al. (2017), also described identity as organizational features perceived as central, distinctive and enduring by the organizational members; and they contribute significantly to giving the organization an identification. Identity is a mutual understanding among members of an organization on the things that define their status (Whetten, 2006). The sense of their identity also incorporates elements, features, characteristics, and competitive arena that goes with this cognitive description. These elements and features create organizational identity domains.

Beta (2020) explains on this identity as the top-management consensual thought on the elements that represent the identical forms of the organization. Similar to identity itself, identity domain, therefore, is a cognitive phenomenon. It consists of features including services, technologies, or markets. These elements can be factors defining the identity of an organization.

In a study by Beta (2020), an example of the Blackberry Management, a top producer of mobile product globally, is given where its identity has always been keenly anchored on the data security as their defining feature of the company. Technologies and data security were part of the Blackberry part of identity domain. It is vital to emphasize that the perception of managers has a connection to economic-based reasoning. Economic factors might define the domain identity and their elements.

However, it can be achieved through enactments and interpretation based on previous experience, which represents common beliefs (Anteby & Molnar, 2012). The beliefs that are shared by members of an organization create an identity for every firm and incorporates most of the attributes that define expectations of and what defines the firm.

Two mechanisms are related and explain the awareness of the managers to the identity domain. The first mechanism is crucial as there are strong psychological ties among individuals and their organization identity (Kramer & Elsbach, 2014). They contain the perceived members' features to be distinctive and central in defining their identity. Their knowledge of what creates the identity of an organization becomes the mirror that they use to view their external environments and make sense there from. They further develop feelings on the identity representation, as non-members of the entity. As an outcome, the organization elements and activities that are pertinent to identity domain become more important to the minds of managers.

Competitive action targeting the identity domain tends to be visible not as a result of actions, but for the reasons that the perceptions and the mental model classify them as significant. Actions can take any shape, but since it targets identity elements of the organization, there is always more attention from the managers to it. Hence, the top-down organizational attentions process elicits competitive (or otherwise) moves that significantly fall within identity domain (Ocasio et al., 2018).

Identity stimulates organizational members with the environmental awareness and their mode of interpreting the stimuli. Ravasi et al., (2020) showed that firms could manage environmental events if they think beyond domain identity perception. Thus, that which is considered fundamental to an organization will have attention directed towards it. Firms thus create routines and structures which strengthen their perceived identities which routines and structure create further filters which guide the attention of managers to events which fits with the identity domain (Nag, 2017).

Additionally, decision-makers influence is based on reacting in the face of the threat to their domain of identity. Individuals working with positive identity organizations feel they obtain a positive status socially through their linkages with the firms (Tipurić et al., (2019). Thus, positivity trickles to the organization's membership and any threat to the identity threatens the members' social identity. For the preservation of the identity domain, decision-makers are influenced to address threats upon their integrity.

Hence, the threat aimed at personal factors as self-esteem and image motivates emotional reaction (Brown, 2017). The motivation of the individuals in responding to identity threat is to avoid anxiety and psychic pain from them (Liedong, et al., 2020). Another mechanism links awareness and motivation to identity, as a perception of the relationship between the organization's identity elements and the performance. The top management in the organizational believe that their integral identity is consequential for production.

In this regard, it is very important to emphasize that the perception of senior management, as also posited by the Upper Echelon Theory, is not necessarily factual; this can be explained at some point of an organization, where it has been doing well and thus formed identity. However, changes in circumstances affect the elements such that they do not significantly impact performance of the organization at all. It is usually a perception case when management lag in the market reality when it matters to what contributes to the identity and performance of the organization.

According to Marcel et.al. (2011) anything related to the performance of an organization is considered as important strategy-wise for an entity, and aspects perceived as relevant have a high likelihood of being understood by decision-makers. Since, there is the perception from the managers that elements within domains influence performance of an organization, they are likely to elicit these managers competitive action targeting the concerned identity domain. More attention to the actions leads to sense making and interpretation with more likelihood of action. Also, managers are always likely to address conflicts that threaten their domain identities owing to their effects on performance.

The managers' perception of domain identities as determinants of performance, their sense making, and interpretation are subsequently premised on already existed conceptions (Beta, et al., (2020). So, in the case where a manager detects a threat within their domains, they are more likely to inevitably associate it to performance outcome, and they are inclined to respond from the perspective of Competitive Dynamics. Also, the perception of identity may trigger interpretation of competitive action as a precise threat on them less than rival competitive action. The direct attack perception always motivates managers to act and reduce the negative results and their associations.

Additionally, managers may believe in having the required capabilities to react to any attack targeting their domain. As to what is termed central to their firms, managers create structures and devote resources that will reinforce the business element and identity (Nag et al.,2017). This identity creates an understanding of how organization have the capability of protecting its core when attacked.

Livengood and Reger (2010), shows the existence of a link between elements of awareness-motivation-cognition (AMC) and argues that the presence of these elements, brings an outcome of more resource allocation to the business part that is within identity domain. A similar reasoning line has appeared to claim that reaction of managers to threat towards domain identity is faster than external actions. They move to strengthen the identities and to repel any attacks on the organization.

The response of the managers is as quick as possible in sending a signal on their capability in defending organization identity. It is therefore argued that the motivation of the decision-makers is faster in the response aimed at achieving maximum outcome. Besides, when a manager perceives the presence of a link between performance and identity domain, there is motivation to respond faster to reduce a negative impact on performance. If there is any delay in response, it can lead to an increased benefit to the firm that is attacking the slow firm.

Regulatory focus

The Regulatory focus theory Fellmann, (2017) asserts that the development of individual adjustment is motivated to respond in a manner that lead to the achievement of desirable results and avoids the converse. Essentially, Higgin (2017) suggests the former acts to attain pleasure and the latter seek to avoid pain. These orientations possess a necessary implication of a definite sense and reaction towards external stimuli. The need for security creates the motivation for the prevention of focused/ affected individuals, where they focus on maintaining the status quo and their obligation to meet organizational objectives.

Promotion orientation of an individual is guided by nurturance need, they possess long-term perception, seeking change and development, and they are willing to attain maximum. Among the orientation and characteristics in this literature review, there are elements which directly influence the motivation and awareness of the decision-makers in regard to the environmental stimuli.

Attitude is the most significant towards the changes in environmental demands. Hmieleski and Baron (2008), argued that prevention-oriented people tend to perceive change as a chancy attempt, and they are likely to implement current actions. In contrast, promotion-oriented people are more flexible and open to a variety of options necessary to meet the demands of the environment. Such "promotion-oriented" decision makers or managers contemplate on a wide array of possibilities and show greater ingenuity.

Decision makers perceive and interpret (making sense) of events in accordance with their dominant ("promotion" or "prevention") regulatory focus/ orientation. Cao et al. (2020) tried to associate regulatory foci and managerial attention when they proposed that those mandated to make decisions are prevention-oriented, they see the threat to be vital in their decisions. Promotion- oriented decision makers are more likely to process opportunities rather than dangers such that when faced with competition, they base their determination on the regulatory focus on how the competitive action is framed cognitively.

Also, Brown (2017) argues that promotion-oriented individuals' have more chance of viewing competitive action from a broader perspective and with high probability of modifying the course of action of the organization, as they engage competitive responses. The competitive responses are referred to as Competitive Dynamics, the action and reaction to competitive market demands.

Conversely, prevention-focused people perceive competitive measures as unnecessary and have orientation for maintaining the status quo. They also choose inaction as an essential decision despite the existence of a clear alternatives. Elbanna, (2016) argues that when these individuals are faced with competitive actions from the rivals, managers with less dominant prevention are likely to react compared to those with more dominant prevention orientation.

According to Baron (2008), prevention-focused persons are inclined to avoid changes to present strategy even when there are changes, as it manifests in less modification to the current course. They also tend to have a slower response to threat and opportunities due to their detailed oriented approach.

Internal/External orientation

Previous research reveals certain organizational and environmental characteristics that elicit a focus on external or internal by the decision-makers. There are explanations for the attention of managers to external or internal stimuli, as the basis of the decisions.

First is education and experience that offers specific mental schema which results in internal or external orientation. In this regard, it is important to recognise that certain aspects, such as some other mental models are, and remain stable over time. Secondly, attention structure and channels of procedures guide decision makers to specific orientation (Ocasio, 2017). Even though the internal/external schema seems not be as stable as other cognitive forms, it is thus realistic to assume that relative stability of these components occurs over time.

In particular, construction of the attention is defined as the economic, cultural and social structure that governs effort, time and attention allocation by the decision makers of organization. These factors (economic, cultural and social structure) are reliable and influence behaviours for very long. These structures of attention are norms that are socially accepted within an organization and guide various activities and aspects in that organization.

In addition to the formation of mental models in the mind of the decision-maker, the situational factors help in the creation of cognitive schema which influence subsequent decisions and attention allocation (Ocasio, 2017). In particular, the factors which receive more attention may be more likely to inform decisions than those which receive less attention. It is emphasized that the attention an issue or environmental cues receives depends on an individual perception of its schema.

Further, procedures and norms may also determine the decision that is made because norms of an organization may comprise heuristics which are known to inform most administrative decisions. Managers who are externally oriented are more motivated to react to competition. These managers' perceptions have likelihood that is antecedent for the performance of the organization factors (or cues) that exist in external environments.

The motivation for either internal or external orientation operates in conjunction with the process of strategy discussed in I/O economics and the strategies posited by the position school of thought. For example, Porter (1980), suggests that organizational performance is highly dependent on how the decision-makers make decisions, the position of the firm in the business and environmental characteristics such as competitors' action and consumer demand. Decision makers that have an external orientation are highly motivated to respond to changes in the environment due to perceived connection of these changes to performance of their organization. Conversely, internally oriented managers will predominantly base the decisions on prevailing factors in the organization such as resources, capabilities and processes.

Salience

The salience concept discussion has similarity with social cognition construct in literature. According to Hoffman and Ocasio (2001), salience stimuli interact with current models of the mind in shaping the attention of individuals. Further, Sutcliffe and Huber (2018), considers salient as an event that has properties that make it gets noticed despite the difference in the levels that exist among individuals. Salience is regarded as the impact of the environment cue that draws a lot of attention than any other; this is an essential element in attention concept. Particular attention suggests that organizations and individuals selectively concentrate on certain stimuli from external while ignoring others (Hoffman & Ocasio, 2001).

Two processes exist to determine whether the event is salient. Firstly, the top-down process, which is where the decision-maker mental models, channels and organization share beliefs and norms in making stimuli remarkable. The top-down process is based on the notion that managers rearrange, alter and construct the physical features and meaning of their existing environment (Weick, 2015). Through this process events will become salient based on the prominence it receives through these managerial actions.

Mental models have a vital role in the performance and how managers place various actions, and thus they determine the salience of events which elicits action by managers. Further, the type of managers' response and its likelihood influence the nature of the relationship between the dependent variable and cognitive predictors. This implies the possibility of a certain response and the likelihood that managers will chose it can either moderate or mediate the relationship between cognitive predictors (namely, in this study, salience, regulatory focus, identity domain and internal/external orientation) and the dependent variable, performance of firms; in this study leather and textile firms.

In a discussion of the importance of situation in their salience conceptualization harsh/adverse business conditions, such as the COVID 19, are noticeable and cause/motivate people to interpret the event (Sutcliffe & Huber, 2018). Such conditions have properties that make them conspicuous thus easily noticeable. Conversely, Liedong, et al. (2020) argue that weak (less salient events) circumstances are usually ambiguous and result in non-uniformity on specific behaviour (such as internal versus external orientation) based on how individuals perceive, notice, and interpret these incidents in their cognitive orientation and mental model. Operationally, salience connotes the importance actors attach to issues (Warntjen, 2012).

The basis of the attached importance can be the "effect of policies or the political sensitivity or the attention given to issues from its principal constituencies" (p.2), and the attached importance has two components, namely "actor-specific and an issue- specific". These two components may determine the decisions about business issues whether quick or slow, and whether at the top level, middle level or operational level of management. In this regard, salience is a cognitive process where managers at all levels in an organization need to perceive the issue as “having great or little impact”, being sensitive or not” or “being of high interest or low interest to stakeholders”. In this regard, impact, sensitivity, and interest were used to operationalize salience construct in this study.

Competitive Dynamics

Competitive Dynamics is about competitive action by managers which arises from their sensing and sense-making (interpretation) of competitive cues. From a scholarly perspective, it is the study concerned with the specific actions of competitors, and the reaction ofthe competitors, resultant performance, and competitive advantage. It focuses on action, the acts of characters or the determiners as responders, and response speed that then translate into performance outcome (Chen et al., 2017). These characteristics have dominated studies in strategy and strategic management for some time, where some of the studies have focused on antecedents of competitive action; others have examined the responder characteristics while others have evaluated the performance link, that is the relationship between Competitive Dynamics and performance.

The competitive response/action could include development of new products, the scheming of prices, acquisition of other business as a growth strategy, or the geographic market change (Derfus et al.,2008). The works in literature are not consistent in their view on competitors or rivals. For instance, rooted studies in I/O economics, there is an assumption that entities in similar industries are automatically competitors. However, this may not be necessarily true because some may cooperate in the same industry.

Chen et al. (2017) defines a competitor as an organization which captures or has a potential to capture valuable opportunity or resource that the target firm is interested in. Further, industrial organization economics posit that firms in the same industry are inherently competitors. In this regard, there is heterogeneity in existing literature on what or who a competitor is. While there is no unanimity on who is to be regarded as competitor in existing literature, there, however, is diverse and comprehensive literature on Competitive Dynamics. To a more significant extent, it has adhered to four sets of overarching principles which have enabled it to be defined (Rittle- Johnson & Loehr, 2017).

First, a single competitive traffic or a response/action dyad is the unit of analysis. Studies have mostly examined specific organization objectives or factors that form the context of the organization and which forecast or predict response or reaction (Ferrier, 2011). Intensity, likelihood, diversity, and speed with which an organization responds are all classically related to competitive move variables in existing empirical research body. Secondly, an essential premise of competitive move is relativity and strategies of a firm, and market position which are considered in comparison to the competitor group.

Chen et al. (2017) discussed the third principle, which is the competitive principle known as asymmetry. Where the core of the principle indicates the perception of given competition action when there are two rivals, this may be due to some reasons such as position of the firm in the, internal factors of an organization including structure or resources, or individual factors level such as previous experience or mental model.

Finally, a vital aspect that defines research stream strategy is the agency of human and matters of decision-making, which are a central part of the argument in Competitive Dynamics conceptualization. Both the human agency and decision-making style are an integral part in the study of Competitive Dynamics because the absence of human agency will render Managerial Cognition concept irrelevant.

The focus of the literature on Competitive Dynamics is on the observable and structural aspects of the market and the organizational factors affecting competition. An interesting research stream is an assessment of the characteristics of the entity initiating response contemplation from a firm, where the features to be studied can be the likelihood of response and the response speed by the firm that is being attacked.

Omusonga, (2019) examined characteristics such as organization slack, top managers' education and complexity structure which influence the probability and response lag. They also include the possibility to adopt a new competitive move to be the dependent/ response variable; in such a formulation of the causal relationship, the response characteristics are linked to the performance of the organization.

Hambrick and Chen (2008), illustrate the difference between small firms and the large firms on speed, visibility and propensity of competitive activities. Hence, the authors study the responsiveness differences and the clarity and speed of the responses and likelihood of response taking part in Competitive Dynamics. This is important because when prolonged attacks from rivals lack intervention, opponents get more time of taking advantage of the opportunities available in the competitive market (Livengood & Reger, 2010).

Research has also scrutinized the intensity and diversity of the competitive action and the focal firm competitive moves responses. It is likely that the intensity and the nature of competitive activities by a firm can impact the competitive advantage. For instance, Ferrier. (2016) found that market leaders tend to have reduced aggression and the use of competitive moves set in a limited manner, in addition to a slower time of response.

A review of previous literature indicate that less attention had been given to the mental competitive antecedent behaviour and the actual motivation of the decision-makers to engage in competitive response/action. Though this is the case, as most of the industry foundational framework have elements that call for the incorporation of these concepts. This outline was one of the first attempts to explore competitive antecedent behaviour.

One study by Chen (2016) identified the crucial competitive action drivers; these are awareness-motivation-capability framework (AMC) were identified. Since awareness is the primary antecedent of competitive behaviour, in response to an opportunity, threat or specific competitive action, organizational decision-makers should be mindful of it.

Motivation is the second antecedent of Competitive Dynamics. There should be motivation to the decision-makers to act in the form of competitive response or move to attack from rivals. Additionally, the actor should have the capability to respond/act to/on the opportunity/threat. The capability can be financial resources or unique staff competencies necessary to deal with a trait or exploit and opportunity. The awareness of an actor may be high, and the actor motivated to act; however, without the skills, it makes it difficult for initiation of the response from the actor. While the AMC framework has components requiring focused attention in order to make decisions, many pieces of research have considered economic factors to explain it.

In the AMC model for competitive action, factors have underlined the effect of motivation and awareness elements rooted in the cognition phenomena have been emphasized. The perception of the decision-makers and organization, their interpretation as well as responses are influenced by individual and structural factors in an organization making it imperative to explore the role of the cognition of decision- maker in competition. Few studies have explained these issues in the competitive dynamic context (Wyatt, 2014)

The concept of competitive tension dynamic Chen et al. (2017) has been widely introduced as a significant cognitive. In this conceptualization, pressure defines the build-up of forces which tend to pull inter-entity static relationships to dynamic behavioural interaction between competitors. It is a kind of energy loading agent; that explodes once there is competitive tension and enough build- up. Furthermore, as the definition of Competitive Dynamics suggests, competitive pressure, cognition and managerial psychology are essential elements that influence those perceptions based on the managers understanding or their knowledge to particular entities as their primary competitors. However, the underlying attention to psychological and cognitive mechanisms that creates that perception are largely missing in existing empirical literature.

Though Chen et al. (2017) used objective measures which include the relative size firms to predict rivalry perception, there are important subjective elements that influence perception. Nonetheless, it is noteworthy that the study was significant towards incorporating psychological factors as predictors of Competitive Dynamics; this consideration partly paved the way for further inquiry opportunities in this study. The current study was motivated by this work and the need to test the influence of cognitive factors on Competitive Dynamics and performance which was an area that had received limited attention in empirical studies in strategy and strategic management.

Further, Marcel et al. (2011) examined the various cognitive elements and linked them to Competitive Dynamics. Perception of managers about managerial activities that influence performance of the firm, the perception of the managers about the rival firms attacking part of an entity's business that is primary to its performance, and the likelihood of responding that are important variables in Competitive Dynamics discourse were studied. the other variables variables including the size of production as well as actors, the similarity in the organization, intensity of attack and market commonality have been studied.

Marcel et al. (2011) further explored the relationship between the cognitive phenomena and cue variables. The study was designed to capture the perception of managers as opposed to their crucial objectives to perform. Kilduff et al. (1994), research on the psychology of rivalry, which focused on proposing that Managerial Cognition competitive action and rival are not equally perceived and construed as the apparent and subsequent effects will vary based on, among others factors, the source of the competition and timing of the actions.

Opposing perceptions are always created with interaction that might be emotionally introduced or by prior experience; these, then affect the performance of organizations. Indeed, an empirical study on the effect of environmental perception of managers on generating dynamic capabilities (DC) showed that "managers perception of munificence in the environment had a positive and significant influence on the process of creating dynamic capabilities. (Bezjian et al., 2016).

According to Ocasio et al. (2017), initiation of competitive action by a competitor has consequences to focal of an organization, the response from an organization is when decision- makers are aware of the activities. In the study, the author believes in no response to undetectable actions. The noticing act is an integral key to attention concept. Ocasio et al. (2018), argues that the decision-makers are bound with two processes involved in determining attention focus. The first one is a bottom-up process that deals with stimuli characteristics and the things that make them unique from others. The top-down process is the second one, which claims that values, goals, cognitive orientations, and demand tasks influence the direction of attention.

Thomas et.al. (2014), argue that industries experiencing competition at a faster pace, organizations face a demanding and complex environment, and it requires managers to develop a quick interpretation of information. They suggest interpretation may be a complicated process and various previous studies have suggested both empirically and theoretically that when managers are exposed to the same stimuli, there will be a different interpretation from decision-makers from these organizations.

For instance, different managers may look at specific competitive action by rivals, with others interpreting it as an opportunity; it is due to contextual factors directing attention, information flow and interpretation (Ocasio et al., 2017). The more accurate the interpretation of the environment and the use of the information to make decision and take actions, the better will be the performance compared to that of competitors.

Performance

A central theme in strategy and strategic management is competitive advantage (CA); the disposition of an entity relative to its closest competitor. It implies performance superiority over a competitor. Competitive advantage of firms leads to superior performance. Consequently, CA should be measured based on benchmarks because it is a relative concept (Muneeb et al.,2019) Entities or countries should be compared with each other; in this case to produce absolute figures for industries or countries is of not much use with regard to performance. Thus, performance improves when an entity reduces its costs relative to those incurred by competing entities. In this illustration, it is seen that the firm with lower production costs would be more competitive compared to the one with higher production costs. In other words, it has a cost advantage compared to its competitors.

Performance is important in understanding the continued existence of firms after their formation. It can be measured based on two disciplines: i) the neoclassical economics, focusing on business success and measuring performance based on real exchange rates, indices on comparative advantage, and import or export; and ii) the strategic management school, which emphasises on the firm structures and strategies (Muneeb, et al. 2019).

Performance represents the minimum conditions for firms to remain in the market without implying any kind of competitive advantage. Performance suggests that both firms and nations must be compared with each other; therefore, depicting absolute figures for an industry or country is of no much use in measuring performance. For instance, increased performance occurs where a firm reduces its costs relative to those incurred by its competitors. Performance of an organization can be measured using both efficiency and effectiveness measures. Some of the measures of performance were used in this study are cost, innovation, quality, social responsibility, knowledge, and customer relations, strategic alliances, production techniques, and information and communication technologies deployments for efficiency improvements were used to measure firm performance.

2.4 Empirical review summary

Various researchers and scholars have adopted the use of survey and analysis of secondary data to ascertain how mental models influence the outcome of organizations (Hegazy, et al., 2020). An example of these studies includes Clark and Mackaness (2016), in their attempt to capture the actual mental models of managers and the cognitive maps they have employed to make crucial decisions. Also, Thomas (2014) evaluated entities in highly dynamic and competitive sectors where firms always operate in demanding and complex business environment. In such context, managers are expected to develop interpretations for information that is very ambiguous.

Further, Clark and Mackaness (2016) explain the way managers interpret events and how the term is premised on the mental groupings and govern response behaviour. The findings revealed that how top management interpret situations relate to the changes of products. From the managers' cognition perspective, these changes are aimed at addressing the needs of markets. However, if this cognition is defective then changes the managers make cannot result in positive performance outcomes.

Tsukamoto et al. (2019) established that identity is connected intrinsically to the firm's relationship with, and views compared to others, which is a keyword that defines character to have a distinctive nature. The study also found that identity is cognitive by its description and motivates an individual's mind in thinking of factors that affects them as well as the entities in these individuals work or are employed.

Tipurić, et al. (2019) in their study found a different but linked categorization of the perception of organizational identity. The first one being the perception of members on the identity of an organization to what individuals have faith in and attribute in defining their organization. The second being external interpretation in which individuals' reflection on the outsider's beliefs to establish their own organization identity.

In addition, a study by Livengood and Reger (2010) focused on identity domain that mainly opposed the status of an organization. They examined the subjective factors tangled in explaining reaction/action which helped in explaining why particular organizations attack a specific market or respond more vigorously to attacks. Identity is the perception of organization members towards themselves (Livengood & Reger, 2010). However, for the identity domain to be competitive it should best capture and strengthen the sense of identity in the marketplace. The arena may include services, geographic market and products perceived to give an organization its identity.

Elsbach. and Hsu (2013) provided evidence emphasizing the perceptual and cognitive nature of identity in an organization. In the study, it was established that a manager's individual's status is rooted in a distinct psychological process that relates to spontaneous cognitive and self- enhancement rooted in prior organizational experience. Though empirical literature examines the notion of 'mental models' and its relationship with manager's actions, there is little literature on the attributes of mental model; and even less on how each attribute influences performance of organizations including firms.

In addition, though the notion, "Competitive Dynamics" is covered in literature, its relationship with Managerial Cognition comprising salience, regulatory focus, identity domain and internal/ external is scarcely documented in literature. Even more scarce, the role of Competitive Dynamics as a moderator has received little empirical attention. In particular, its (Competitive Dynamics) moderating effect on the relationship between Managerial Cognition (salience, regulatory focus, identity domain and internal/ external) and performance presents a theoretical gap.

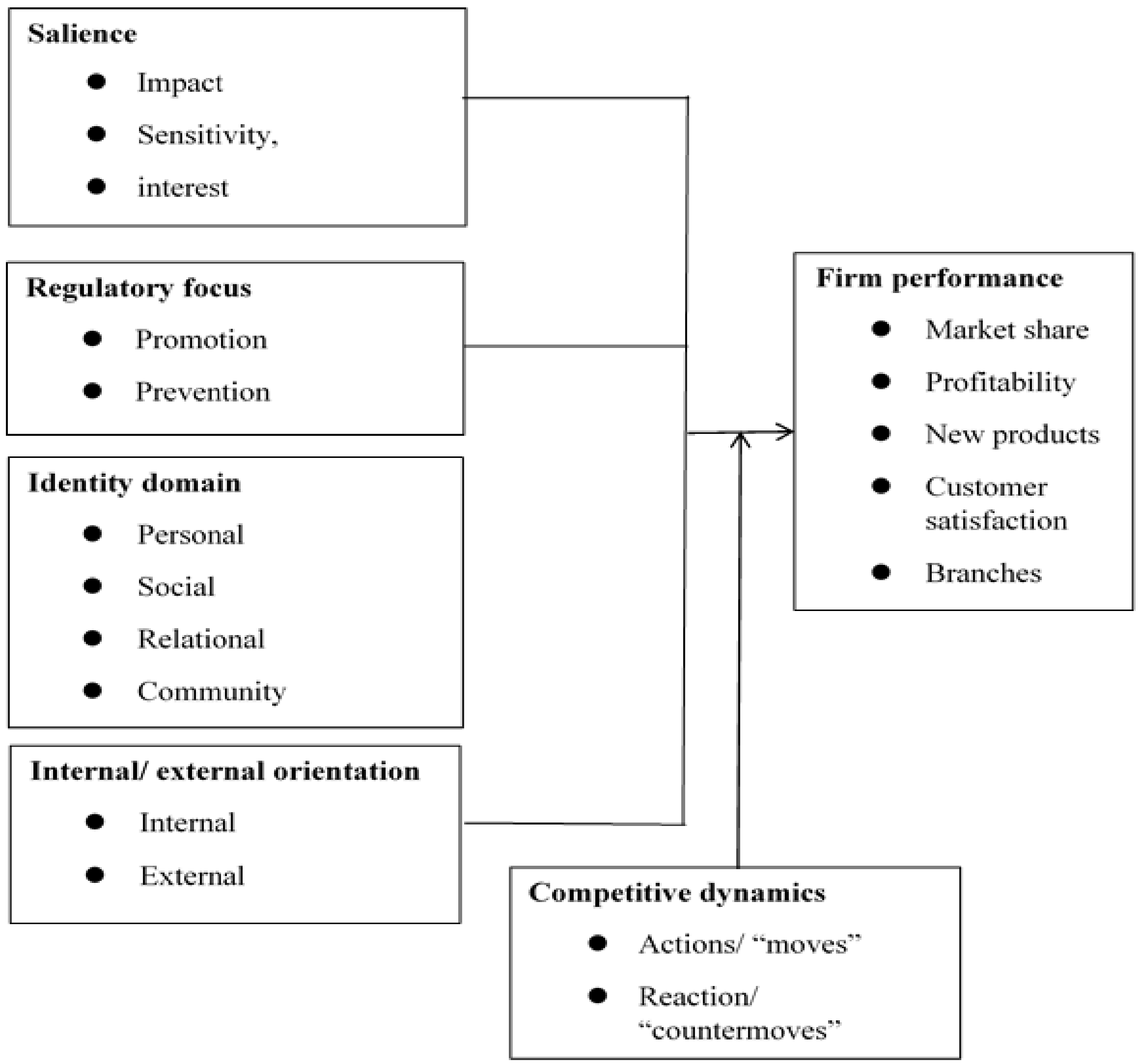
Specifically, clarity is required about the relationship between salience, regulatory focus, identity domain, and internal/ external orientation which are dimensions/attributes of Managerial Cognition, and Competitive Dynamics. The current study departs from previous studies by examining the influence of Managerial Cognition (salience, regulations, focus, identity domain and internal/external orientation) on performance and treats Competitive Dynamics as a moderator on the relationship between MC and performance - a gap which was discovered from previous studies.

2.4 Conceptual framework

The independent variables presented in the conceptual framework are the Managerial Cognition variables, namely, Salience, Regulatory focus, Identity domain and External /Internal Orientation. The dependent variable is firm performance measured by both efficiency and effectiveness measures. The relationship between Managerial Cognition and firm performance as moderated by Competitive Dynamics. The conceptual framework is presented in Figure 2.2.

Figure 2. 2:

Conceptual Framework



Source: Author (2021)

Salience: Consistent with the proposition by Warntjen (2012), the operational measures of salience were the assessment of an issue as "having great or little impact", "being sensitive or not" or "being of high interest or low interest to stakeholders". In this study, the issues were Competition,Client care, and Quality of Products; and each was examined for Impact, Sensitivity, and Interest from the perspective of the respondents. The respondents were managers of leather and textile firms in Kenya.

Regulatory focus: This concept is about hopes/goals and gains on one hand and obligations and responsibilities on the other. While the hopes/goals and gains are referred to as promotion, obligations and responsibilities are categorised as prevention (Fellmann, 2017). Examples of operational measures for promotion are;(a) feeling of progressing towards success in life, (b) ability of getting what one desired in life compared to most people, and (c) performing as well as you ideally would have liked while pursuing achievement of what one aspires to achieve. For, prevention, indicative items are (a) exercising caution and avoiding trouble, (b) stopping oneself from acting contrary to instructions of superiors, and (c) avoiding getting into superiors' nerves.

Identity domain: as posited by Whetten (1985) identity is a distinctive, enduring and central feature of a firm and it describes the sense perception of the organization members. As proposed by Cheek and Briggs (2013) it has four dimensions, these are Personal identity, Relational identity, Social Identity, and Collective identity.

Internal/external orientation: This variable is concerned with the extent to which managers focus their attention on internal organizational factors compared to their focus on the demands and changes that are, and occur in the external environment, such as on politics, economic, and competitive market. The more the managers focus on internal factors, the more they are considered to be of "internal orientation" disposition and vice versa. In this study, external orientation is defined to mean attention of managers with similar perceptive characteristics to economic, cultural, and social structure of the society that they use to govern their effort, time and attention allocation in making decisions in the organization.

Firm performance: While previous studies Roman et al. (2012) suggest some of competitive factors for an organization to be flexibility, culture, innovation, social responsibility, and information technology, there are more factors that characterize the competitive position of an organization. In this study, factors related to cost, innovation, quality, social responsibility, knowledge, and customer relations, strategic alliances, production techniques, and information and communication technologies deployments for efficiency improvements were used to measure firm performance.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

A discussion of philosophy of research, design and the procedures employed in conducting this study is presented in this chapter. The chapter outlines the steps that were followed to the end of the study. The sections discussed in the chapter comprise: the philosophy, design, population, location, sampling techniques and sample size, procedures for collecting data, data analysis procedures, test of validity and reliability of the data collection instrument, analytical model diagnostic tests, and the ethical issues relating to this research.

3.2 Research philosophy

Positivism philosophy of research guided this study. This philosophy argues that socially, the universe is remote in existence such that its properties ought to be measured through objective techniques as opposed to subjective construction through instincts, reflection and sensations (Saunders et al., 2015). According to the positivist rationality, learning is dependent on certainty where discussions or subjective observations are excluded. Based on the positivism view, objective realities exist and are capable of being conveyed/ presented numerically in view of prescient and illustrative powers (Neuman, 2014).

The philosophy of science that the researcher ascribes to determines the approach used in conducting research. The approach included design and methods to be used. According to Lafond (2014) epistemology, which is the study of knowledge, is concerned with distinguishing between true and false knowledge. It is also concerned with distinguishing between adequate and inadequate knowledge. Philosophers are divided between two main streams of school of thought, that is, positivism and phenomenology. Phenomenology leaning studies involve collecting vast and rich information founded on believing the values of comprehending the experiences and situations of a fairly small number of subjects who are usually key informants whom the researcher considers to have the information that is needed for the research.

Under phenomenology philosophical leaning, the study is based on grounded theory where data is collected from subjects that deal with and experience the phenomena being studied first-hand that is on a day-to-day basis and are therefore able to provide information with accuracy. This type of study enables academicians to gain in-depth understanding of the subject under study. Since phenomenology is used for theory building, the outcome of this kind of research are propositions and/ or hypotheses which are later tested using quantitative surveys where a large amount of quantitative data is collected and used to test the propositions or hypothesis. Phenomenology based research is also known as inductive research and utilizes qualitative methods such interviews and focus group discussions.

The second stream of research, which was used in the current study, is based on positivism where hypotheses are tested to deduce relationships that can be generalized to the population (Casula et al., 2021). This kind of research is also known as deductive study. The argument of the positivism approach is that scientifically, suggestions are true only upon being tested and confirmed through empirical testing. This approach reinforces the researcher's independence in respect of what is being studied and can be objectively observed and measured.

According to Uddin and Hamiduzzaman, (2011), positivism attempts to gain predictive and illustrative knowledge of the external world through theory construction. These theories comprise highly generalized statements which express the regular interrelationships such as is the case in this study where the purpose was to study the interrelationship between Managerial Cognition and performance of firms; and how Competitive Dynamics affect this relationship. Positivism is appropriate for social sciences research.

This study adopts positivism approach because it is grounded on upper echelon and social cognitive theories and test of hypothesis which were formulated beforehand based on theory and empirical literature. Positivism paradigm was the most appropriate approach because the data was to be collected to enable testing of hypotheses which were consistent with the study objectives. In particular, this study progresses from statement of study objectives, formulation of hypotheses, operationalization of variables, measurement and analysis of data on study; and finally drawing of conclusions based on the study findings.

3.3 Research design

This presents the roadmap for collecting, measuring as well as data analysis. Cooper and Schindler (2016) notes that research design is a structure and plan of investment that is conceived in order to find answers to research questions. This study purposed to first describe the state Managerial Cognition, Competitive Dynamics and performance, and the relationship between these constructs. Secondly, the aim was to examine the relationship between Managerial Cognition and the effect of Competitive Dynamics on this relationship. In this regard, the study was of both descriptive and correlations. The context of the study was in the leather and textile firms in Kenya. Consequently, descriptive, and correlational design was used for this study. According to Orodho (2004) asserts this design involves the collection of data through interviews or administration of research instruments to sampled respondents in order to establish peoples' opinions, attitudes, habits or any other social issues.

Sekaran and Bougie (2013) posits that a descriptive research design enables the understanding of group of characteristics in given situations hence enabling a systematic thinking regarding the issues within the situation as well as providing insights for further investigation and research. This study adopted a descriptive design mainly to enable the generalization of the findings to a larger population of textile and leather manufacturing firms; and a correlational design to determine the influence of Managerial Cognition on performance, and the effect of Competitive Dynamics on the relationship between Managerial Cognition and performance of leather and textile firms.

The attributes of Managerial Cognition which were studied were salience. regulatory focus, identity domain and internal/ external orientation. Additionally, while the descriptive design enabled description of the features of the population as existing hence reducing the levels of bias and maximizing reliability, the correlational approach enabled the understanding of the influence of salience, regulatory focus, identity domain, internal/ eternal orientation on performance, and how Competitive Dynamics moderated these relationships. Thus, the study sought to collect data and use it in describing Managerial Cognition, Competitive Dynamics and performance of textile and leather manufacturing firms in Kenya.

3.4 Study population and sample

Kothari and Garg, (2014) define a study population as the totality of elements collected regarding the inferences made in respect of all possible cases under the study.

Population

A study population comprises all elements of the researcher's specifications of characteristics of interest. In the Kenya Association of Manufacturers database, there were 85 textile and apparels, and 19 leather and footwear manufacturing firms in Kenya. The target population comprised managers from all the 104 textile and leather manufacturing firms in Kenya. Managers of these two categories of firms were surveyed since this category of staff are involved in cognitive decisions aimed at enhancing the performance of firms such as the textile and leather manufacturing firms which were studied. For this study the respondents were at least one manager from each firm to make 104 respondents.

Sampling frame and sample

According to Oso and Onen (2009), sample frames consist the totality of the entire population to be studied from which a sample is ascertained as representative of total population. For this study, the sampling frame was top level managers from all the 104 firms (Textile and apparels: N1 = 85; Leather and footwear: N2 = 19) in Kenya. These firms are distributed throughout Kenya. Since the unit of analysis was the firm, one respondent per firm with the right information regarding the operations of the firm would suffice, however since the study is about cognition which vary from across individuals, at least three responses from managers were targeted from each firm.

This implied that 312 (= 104 x 3) responses from the survey were sought and a mean response calculated from each of the firms to represent the firm. Taking more than one respondent from a firm and calculating the mean gives a more accurate status of the firm than if only one response is taken because single respondent per firm may be biased most of the times. Further, single respondent studies have limited generalizability and present limitations. Consequently, a targeted sample of 312 managers was targeted (See Table 3.1).

Table 3. 1:
Target Sample

Firm	No.	Sample per firm	Total
Textile and apparels	85	3	255
Leather and footwear	19	3	57
	104		312

Source: Kenya Association of Manufacturers (2018)

3.5 Data collection instruments

Since this study was a cross-sectional descriptive and correlational quantitative survey of textile and leather manufacturing firms, self-administered structured questionnaires were used for data collection from managers in the 104 firms in Kenya. Self-administered questionnaires are suitable in surveys because they enable collection of data without the influence of the researchers (Senaji, 2012). Further, the structured questionnaires would enable the collection of data from large samples, cover wide area and ensures confidentiality while using questionnaires to collect data.

Further, the choice of questionnaires as data collection instruments are suitable for collecting a large amount of data necessary for hypothesis testing as is the case in this study. The questionnaire contained structured questions whereby the respondents were expected to select the most appropriate response. This simplifies data analysis procedures and requires less time. The first section of the questionnaire collected demographic information while the second section contained questions relating to each objective of the study. Further, the researcher applied the use of a five-point non-comparative Likert scale for the structured questions.

According to Shanghverzy (2013), the Likert scale is intended that statements represent different aspects of the same attitude. Likert items comprise statements where respondents are asked to undertake evaluations based on any kind of objective or subjective criterion; otherwise stated, the measurement of the level of disagreement or agreement is measured (Senaji, 2012). In this study where a five-point Likert type scale and the format of a typical responses that were elicited on each item on the scale were follows:

1. Strongly disagree/
2. Disagree
3. Slightly disagree/Agree
4. Agree
5. Strongly agree

Another example the was used in this research to elicit responses on Likert items was on "regulatory focus" where respondents reported the frequency with which the respondents exhibited a behavior that described "regulatory focus"

1. Never
2. Rarely
3. Sometimes

4. Often

5. Always

Further, structured questionnaires were used because they exhibited the following attributes which are desirable for a theory (hypothesis) study as is the case with this study.

(1) Answers to the questions are known in advance Paradis et al. (2016) and this facilitates faster analysis, (2) Closed ended questionnaires can elicit faster responses which is necessary to increase the probability of higher response rate, (3) Closed –ended questions have a higher likelihood of being more reliable or consistent over time compared to open-ended questions since respondents can elect responses that better explains their answer (Paradis et al. 2016)

3.6 Pilot testing

Pretesting of the questionnaire should be done on elements or people who have similar characteristics to those that will take part in the actual study. Pretesting is intended to correct any errors that there may be in the instruments such as language errors, sequence of questions, appropriateness of questions, clarity of statements and consistency in measurement.

According to Kothari (2013), the intent of pilot -testing is to ensure that the items in the research instruments are not complex or ambiguous and can be understood by respondents. Pilot testing of the research instruments enabled the researcher to assess the ease of utility of the research instruments. Any sensitive, complex, ambiguous or biased questions were identified and revised or removed during the pilot test. According to Cooper and Schindler

(2016), pilot testing allows for refining of the research instruments before the actual study is conducted.

Consequently, the questionnaire was pretested on 10 persons drawn from the manufacturing industry comprising managers from metal and allied sector who had similar characteristics to those of the respondents that were surveyed. The responses from this pilot sample were used to adjust the questionnaire prior to its use for data collection in the main study. Specifically, it was necessary to revise the phrasing of some questions and adjusting the flow of others once the feedback of the pilot/ pre-test sample was received. The participants in the pre-test were accessibly selected as statistical conditions were not necessary in the pilot stage.

Validity of research instruments

Kothari and Garg (2014) defined validity as the extent to which sample testing characterizes the output the test is intended to measure. However, to be able to exhaustively determine the validity of the instruments, the views of scholars and experts in strategic management regarding the appropriateness of the constructs and questionnaire statements/ questions was sought by the researcher. Specifically, opinions and suggestions on the theoretical underpinning of the constructs and the item measures was sought. This enabled the researcher to effectively modify the instruments and enhance validity. Further, the assessment of the responses and non-responses per question during the pilot study was done to determine if there was any ambiguity in the research instruments during the actual study.

Reliability of research instruments

Shanghverzy (2013) define reliability as the consistency of measurement increased by including many comparable measure items, by testing a diverse sample of respondents as well as the use of uniform testing procedures. In this study, it was established using Cronbach's Alpha to establish the closeness in relationship between a set of constructs within a group. Cronbach's Alpha values above 0.75 shows reliability while values below 0.7 indicate lack of reliability of instruments.

To determine the reliability of the instruments, Cronbach alpha statistics were generated for each construct and items deleted from the questionnaire measure in case the item was found to impair the reliability of the measure. There are six variables in this study: for dimensions of Managerial Cognition (Salience, Regulatory focus, Identity domain, and Internal-external orientation), Competitive Dynamics (underpinned by the actions of managers on product, price, distribution, and promotion), and firm performance. For each one of the six multiple item constructs' measure, the Cronbach was calculated, and the scale adjusted accordingly to ensure that the items that remain in the measure have internal consistency hence reliable for measuring the study variables.

3.7 Data collection procedures

Prior to commencing the field work, an introduction letter to National Commission for Science, Technology and Innovation (NACOSTI) was obtained from Kenya Methodist University Directorate of Postgraduate Studies and used to apply for research permit. Upon obtaining a research permit from NACOSTI, the researcher contacted each of the firms by phone that was obtained from the official website to introduce himself, explain the purpose of the study and request participation of the managers from the 104 textile and leather firms. Once the permission was granted, the researcher distributed the questionnaire to each of the firms.

The questionnaires were distributed through email, online questionnaire using google forms, and drop-and-pick later method. The method of distribution depended on the mode that the firms preferred once the researcher contacted them through phone call and emails that were provided on the firms' websites. In cases where the respondent firms preferred the drop-and-pick-later approach, research assistants were recruited and trained for one day and deployed them in each of the geographical areas to physically deliver a set of questionnaires intended for the location concerned.

However, this approach to data collection was minimal (n = 13) because most of the respondents preferred online questionnaire surveys which they responded to (email: n = 15; google forms: 135); there were a total of 163 responses. Further, the COVID 19 containment measures could not allow distribution of paper questionnaires unless safety protocols were implemented. In this regard, the majority of the questionnaires were distributed online. The emails to which the questionnaires or the google forms were sent were obtained by calling the target respondents to provide.

Therefore, though this study was conducted during the COVID 19 pandemic period, necessary mitigations measures were adopted not to expose the researcher and the respondents to the danger of contracting the disease. This was done by distributing the survey questionnaires mainly online using google forms thus eliminating physical movements and handling of paper.

3.8 Operational measures of variables

This section outlines the operational measures of variables, measurement scales and levels of measurement. Operational measures of a variable are the items that are used to describe the variable at the lowest level of abstraction and are used as measurable indicators of the variable. In this study, constructs were operationalized using multiple items. The use of multiple items to operationalize a construct or a variable ensures that as much as possible of the characteristics of the variables are captured. This allows for accurate measurement of the construct or variable. The variables in this study were salience, regulatory focus, identity domain and internal/external orientation which were Managerial Cognition variables, Competitive Dynamics and performance. The latter two were moderating and dependent variables respectively. The operationalization and measurements are presented in Table 3.2.

Table 3. 2:

Operational framework and measures of variables

Variable	Type of Variable	Indicator	Measurement scale	Data Collection Instrument	Data Analysis	Sources
Performance	Dependent	Market share Profitability No. of branches firms Customer Service New products Customer satisfaction	Likert scale	Questionnaire	Descriptiveand inferential	Developed for this study
Regulatory focus	Independent	Promotion	Likert Scale	Questionnaire	Descriptiveand inferential	Adapted from Fellmann,(2017)
		Prevention	Likert Scale	Questionnaire	Descriptiveand inferential	Adapted from Fellmann , 2017
Salience	Independent	Competition Customer Service Product quality *(Impact, Sensitivity, Interest)*	Likert Scale	Questionnaire	Descriptiveand inferential	Adapted from Freitas &Higgins, 2002
Identity domain	Independent	Personal identity	Likert Scale	Questionnaire	Descriptive and inferential	Adapted from Fellmann, (2017
		Social Identity	Likert Scale	Questionnaire	Descriptiveand inferential	Adapted from Fellmann, (2017)

		Community identity	Likert Scale	Questionnaire	Descriptive and inferential	
		Relational identity	Likert Scale	Questionnaire	Descriptiveand inferential	
External /Internal Orientation	Independent	Economic environment	Likert Scale	Questionnaire	Descriptiveand inferential	Adapted from Fellmann (2017)
		Actions by competitors	Likert Scale	Questionnaire	Descriptiveand inferential	
		Internal process Staff development Resources	Likert Scale	Questionnaire	Descriptiveand inferential	
Competitive Dynamics	Moderator	New products Distribution ChannelsPrice changes New market agreements New Promotion New customer Service	Likert Scale	Questionnaire	Descriptiveand inferential	Developed for this study

Measurement scales

This describes the nature of information within the values assigned to variables. Such a measurement scale was developed by Stanley Smith Stevens in 1946. The four levels of measurement are the nominal, ordinal, interval and ratio levels of measurement. In nominal scale, attributes are only named and it is the weakest, while at the ordinal attributes can be ordered from the lowest to the highest. The measure of the central tendency of nominal data is the mode. In interval distance is meaningful while in ratio there is an absolute zero and multiplication and division can be performed on ratio data. The measurement level/ scale in this study was ordinal.

Ordinal Scale

Ordinal data is measured on an ordinal scale. In this type of measurement, the data are ordered by being assigned a category or rank; for example, on a Likert scale with five points, strongly disagree can be "1" and strongly agree be "5" with disagree, somewhat agree, and agree taking the categories, 2, 3 and 4. In this level of measurement, the numbers are only for ordering the responses. This statistical data type and categorical variables have natural ordered category.

It is noted that the distances between the categories is not known; in particular, the difference between say 3 and 2 and 4 and 5 in the foregoing example are not equal and have no meaning; however, 3 is a higher rank than 2 as is 5 compared to 4. The data in the current study was anchored on a five-point Likert scale which was an ordinal scale as described by Stevens in 1946. This was used as the order of responses mattered but not the difference between the values. The measures of central tendency and dispersion for ordinal data distributions, as was the case in this study, are the median and the range (specifically the quartile range) respectively.

Likert scale

In an attempt to measure attitudes directly, various scales of rating scales have been developed. By measuring attitude directly, it is meant that the person to whom the measurement instrument is administered knows that their attitude is being considered. The commonly used rating scale is the Likert scale (Likert, 1932). The final form, it is constructed as a 5 – or 7 – point scale which allows a respondent's expression of the extent to which they disagree or agree with a specific statement on the instrument. The instrument is usually a quantitative survey as was the case in this study.

The scale is an ordinal scale and is a unidimensional scale that is used in research to collect respondents' attributes and opinions about a phenomenon. It is a psychometric scale depicting perceptions towards brands, products or target markets, disposition or orientation. In this study managers' cognitions, which are essentially, considered opinions upon perceiving and interpreting events were measured. It was established by psychologist Likert (1932 and answers are measured from an array of values. The kind of questionnaire material on the Likert scale may include "propositions to be responded to by degrees of approval" (Likert, 1932) such as the extent of agreement with a statement or satisfaction with a product or service. In this study, the focus was on the cognition of managers which involved the measuring of the extent to which managers cognitively assessed phenomena that was underpinned by the social-cognitive theory, specifically Managerial Cognition.

Likert Scale can be divided into two, namely even Likert Scale where the respondents do not have a neutral choice, and the odd Likert Scale where respondents are given the choice of neutrality. Data which is collected in research can be grouped into a hierarchy of four fundamental measurement levels - the lowest level of measurement is nominal (assigning labels/ name to data, such as male or female), ordinal (ranking the data or indicating the order of category), interval and ratio. While the nominal level is the lowest measurement level where the variables are just assigned labels e.g., male or female and "yes" or" no", "alive" or "dead", the ratio level is the highest level of measurement where the data can be analysed using all statistical techniques. An example of a ratio measurement is the measurement of the height of a student or the quantity of a liquid where the data can be added, subtracted, divided and even multiplied. For the lower levels of measurement, all these operations are not applicable. For example, we can only calculate the frequencies and draw pie charts for nominal data.

The data in this study was collected using a psychometrically validated questionnaire whose measures of variables were anchored on a five-point Likert scale (1 = strongly disagree, 2= disagree, 3 = somewhat agree, 4 = agree, 5 = strongly agree) and where the level of measurement was ordinal. Each variable was measured using multiple items.

3.9 Data Analysis

Omusonga (2019) defined it as the process used to examine the data collected and making inferences. Checking for completeness of the data in the received questionnaires was conducted upon the receipt of the completed questionnaires. The quantitative data was analyzed using Statistical Package for Social Sciences (SPSS version 24) along MS Excel in both the descriptive (median and range) and inferential statistics (chi-square, and Wald, and Hosmer-Lemeshow) statistics were obtained and interpreted.

Binary Logistic Regression analysis assessed the interrelationship between Managerial Cognition which comprised salience, regulatory focus, identity domain and internal/external orientation, and performance. Logistic Regression was used because the data violated the assumptions of the linear regression model and nonlinear logistic model was found to be the most suitable. In addition, the data was ordinal and was thus coded into binary, and both cross tabulations and chi-square tests performed to assess the association between pairs of variables prior to undertaking the Logistic Regressions.

According to Muthen and Muthen (2017), regression analysis establishes the nature (either positive or negative) and degree (significant or insignificant) of the relationships between the variables and for testing the hypothesized relationships in a given study. Regression analysis was suitable for this study where hypotheses were tested on the effect of Managerial Cognition (salience, regulatory focus, identity domain, and internal/ external orientation) on firm performance; and the moderating effect of Competitive Dynamics on this relationship.

Inferential statistics were used to examine the relationship (correlation analysis) between the variables through multi-variate analysis, and the influence (regression analysis) of the Managerial Cognition variables on performance. The research hypothesis was tested at 95% confidence interval and 5% significance level (p=0.05). The coding of data was done using binary coding. In particular, the scores 1, 2, and 3 were coded "0" while 4 and 5 were coded as "1" and analyses performed. The data that was collected and analysed was measured at the ordinal level of measurement. In this regard, the measure of central tendency was the median while the range was the measure of dispersion.

Research Model Diagnostic Tests

In this sub-section the diagnostic tests for the classical multiple linear regression are presented. These include linearity test, multicollinearity test, and normality test and heteroscedasticity test.

Multicollinearity: To test this, variance inflation factor (VIF) was used. Both Tolerance and VIF were examined. When the correlation coefficient between a pair of variables in a regression model approaches either 1 or -1, we say that there is multicollinearity and that a perfect multicollinearity would occur if, the correlation between two independent variables is equal to either 1 (perfect positive correlation) or −1 (perfect negative correlation). It is desirable that predictor variable in a model be sufficiently independent of each other; this is why they are referred to as independent variables. However, if the variables are strongly related, they cease to be independent of each other. Therefore, multicollinearity refers to a situation where there is very strong relationship between more than two predictor variables in a multiple regression model to an extent that one variable can be predicted by the other variable yet they are supposed to be sufficiently unrelated – this to say that they should not be strongly related. However, in most cases, the threat of multicollinearity exists when the correlation between a pair of independent variables approaches 1 or -1, usually correlation coefficients greater than 0.8 suggest the presence of a threat of multicollinearity. When this occurs, one of the strongly (positively or negatively) correlated variables should be omitted from the regression model whether the model is linear or nonlinear.

While scatter plots can determine the correlation between two independent variables, it is preferable to use VIF for better understanding of the nature of the relationship between pairs of variables in the same regression model. Specifically, VIF = 1 → No correlation; VIF = 1 to 5 → Moderate correlation, while VIF >10 → High correlation. In this regard, VIF <=5 indicates absence of threat of collinearity.

Linearity Assumption Test: Here ANOVA test was used. If the model fit statistic, F-statistic ($F=R^2/ (K-1)/ (1-R^2)/(n-1)$) is significant, then the linearity assumption holds. High R^2 means that the dependent variable (performance of firms) can be explained by the independent variables (Salience, Regulatory focus, Identity domain and External /Internal

Orientation). To test for linearity, there should be a significant linear relationship (a significant correlation coefficient, r) between the predictor variable and the response variable (firm performance). Linearity between a pair of variables is confirmed if there is a significant coefficient of correlation between the pair of variables.

Normality Tests: Normality was tested using Kolmogorov-Smirnov and Shapiro Wilk (SW) test where the null hypothesis is that "the distribution of data on the variable of interest is not different from a normal distribution" ($p > 0.05$). Using these tests, the distribution of the research data was considered not to be different from a normal distribution if both the KW and SW statistics had a p- value greater than 0.05 since the hypotheses were tested at 5% significance level.

Homoscedasticity Test: For Homoscedasticity Test, squared residuals were used i.e. a plot of squared residuals versus each of the independent variables were used. Visual inspection of the plot was used to confirm homoscedasticity. Further, the Levene statistic was used. This test is based on the hypothesis that error terms have constant variance. The purpose of these classical linear regression diagnostics was that, in the event that the foregoing diagnostic tests were not satisfied, then a different analytical model, a non-linear regression model was adopted. In particular binary Logistic Regression was adopted.

Logistic Regression as an Analytical Model

Logistic Regression is a non-linear regression probability distribution function. It is also known as cumulative logistic distribution function. It denotes the odds ratio in favor of the dependent or regressed. It has been used in critical analysis of phenomena such as performance, competitiveness and growth. In Logistic Regression the constant effect of a predictor X (in this study X was either salience, regulatory focus, identity domain, or internal/external orientation), on the likelihood that one outcome will occur in this study satisfactory or unsatisfactory performance of leather and textile firms is represented by the odds ratio. In this study, performance of leather and textile firms in Kenya was the dependent variable hence the suitability of this model.

The Logistic Regression has certain strengths namely that it is a simple way to analyze ordinal data. It is also possible to deduce the importance of exploratory variables (salience, regulatory focus, identity domain, and internal/ external orientation), and the dependent variable (performance) and the direction of association. It is also easy to update the model and there is minimal over fitting of the model. This model is also easy to interpret and can be extended to multiple classes of different scenarios.

On the other hand, the Logistic Regression Model has certain inherent weaknesses. It at times inaccurately predicts the outcomes of tests. Further, dependent and independent variable relationships that are complex are difficult to analyze using Logistic Regression. In ordinary situation the data is not always discrete, yet Logistic Regression can only predict discrete functions. In this study, the data was discrete comprising ordinal level of measurement data hence the suitability of this analytical model

Given the above analyses the Logistic Regression remains useful model in analyzing nonlinear data distribution. It was particularly useful in the current study because the dependent variable was a binary outcome - satisfactory/ unsatisfactory performance where satisfactory performance was coded 1 while unsatisfactory performance was coded 0.

The logistic function is used to model the probability of an event such as win/lose, healthy/ sick, pass/ fail, good/ bad, satisfactory/ unsatisfactory, or alive/ dead and extend to other classes of events including ascertaining if images contain a goat, cow, sheep, chicken or other animal. In this latter example, each animal that would be detected will be assigned a probability value between 0 and 1, with a sum of all probabilities being one. By definition Logistic Regression or logit regression is estimating parameters of a logistic model (which is a form of binary regression) (Tolles & Meurer, 2016).

Since the dependent variable elicited nominal level responses with only two possible outcomes it was binary coded, and binary Logistic Regression was used. The dependent variable was binary coded according to the following rule;

1, $if y = TRUE$ (y = 4, or 5)

$y *$ = {0, $otherwise$ (y = 1, 2, or 3)

Where y* is a binary variable which takes value of "1" for an aggregate mean equal to 4 or 5 (y = 4, 5) and "0" for a value of y less than 4 (y = 1, 2, 3) on a scale of 1 to 5 where "Almost Never True" = 1, and "Almost Always True" = 5

Model 1: Direct effect

$$Logit Y, L = \ln\left(\frac{p}{1-p}\right) = z; \text{ where } z = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Firmperformance

β_i (i = 1, 2, 3, 4) are the regression coefficients associated with Managerial Cognition variables

β_o = constant

X_i (i = 1, 2, 3, 4 = independent (covariates) variables.

ε = error term

X_1 = Salience

X_2 = Regulatory focus

X_3 = Identity domain

X_4 = External /Internal Orientation

Model 2: Moderating effect

$$Logit, L = \ln\left(\frac{p}{1-p}\right) = Z; \text{ where } Z = \beta_0 + \beta_1 X + \beta_2 X_m + \beta_2 X * X_m + \varepsilon$$

Where

p = probability that a firm's performance is satisfactory X = Composite Managerial Cognition

Xm = Competitive Dynamics (moderator) X*Xm = interaction term

At 5% level of significance, it is noted that the presence of a moderating effect was confirmed when the interaction term's coefficient has a t-value whose p-value is less than 0.05.

The odds ratio was used because the interest was to determine the constant effect of each independent variable (salience, regulatory focus, identity domain and internal/ external orientation) on performance; in other words, the aim was to measure the unique effect of each X on Y (Y denoted performance while X denotes Managerial Cognition variables).

Test statistics

All the null hypotheses were tested at 5% level of significance. Consistent with this level of significance ($p = .05$, the critical test statistics that were used in the study were as follows:

First, the Hosmer Lemeshow statistic (HL-stat) which was used to test then goodness of fit of the logistic model where a $p > .05$ was used to conclude that the model was fit for the data. The HL statistic operates from the premise that the observed odds of performance are not due to the Managerial Cognition variables (the independent/ predictor) specified in the logistic model but due to some spurious factors not in the model; if this is the case, then the p-value associated with the HL-stat is less than .05 ($p < .05$). However, if $p > .05$, then the odds are as a result of the variables in the model and therefore the model has a good fit. In this study, HL-stat with $p > .05$ indicated that the changes in the odds of performance was due to the variables specified in the logistic model. Secondly, the chi-square (X2) statistic which was used to test the association between each independent variable and the dependent variable, and that $p < .05$ implied that there was a significant association between an independent variable (Managerial Cognition dimension) and the dependent variable. This is to say that either salience, regulatory focus, identity domain or internal/ external orientation had an association with performance of leather and textile firms in Kenya.

Lastly, the Wald statistic was used to test the hypothesis that either salience, regulatory focus, identity domain or internal/ external orientation significantly predicted the odds for performance of leather and textile firm Kenya. This statistic was also used to test the mediating role of Competitive Dynamics on the relationship between Managerial Cognition and performance of leather and textile firms in Kenya

Assumptions of Classical Linear Regression Model

The following are the assumption of the linear regression model that were tested to ascertain whether the data that was collected were amendable to linear regression model estimation.

(i) Linear relationship between dependent and independent variables; a linear relationship was found between the variables as shown by scatter plots and correlation coefficients which were significant for each pair of the independent (Managerial Cognition attribute) and dependent variable (performance).

(ii) Fixed X values or X values independent of the error term, values taken by the regressor X maybe considered fixed in repeated samples (fixed regressor) or may be sampled along with the dependent variable Y (stochastic regressor) in the latter case, it is assumed that X variable (s) and the error term are independent; that is COV (Xi, Ui) = 0

(iii) Zero mean value of disturbance U1. Given the value of X1 the mean or expected value of the random disturbance term Ui is zero (E(Ui) = 0)

(iv) Homoscedasticity or constant variance of U1 the variance of the error or disturbance term is the same regardless of the value of X.

(v) No autocorrelation between the disturbances given any two X values Xi and X_j ($i \neq j$) the correlation between any two U1 and U_j ($i \neq j$) is zero that is the observations are sampled independently.

(vi) The number of observation n must be greater than the number of parameters to be estimated, alternatively the number of observations must be greater than the number of explanatory variables.

(vii) The nature of X variables, the X values in a given sample, must not all be the same that is, no Multicollinearity.

(viii) Var (X) must be a positive number and there can be no outliers in the values of the X variable that is very large in relation to the rest of the observations.

The results for key assumptions, namely normality, linearity, heteroscedasticity, and equality of error terms for the dependent variable are presented in Chapter Four.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

A survey of managers in leather and textile industry in Kenya was conducted on a sample of 163 respondents. In this chapter the results of analysis of data that was collected are presented. Data was collected on characteristics of respondents, Managerial Cognition, Competitive Dynamics and performance. The Managerial Cognition variables were salience, regulatory focus, identity domain and internal/external orientation. The results for pre-test of data collection instrument comprising the reliability and validity of research measurements are presented first, followed by the characteristics of the respondents. These are followed by descriptive results. The fourth set of results are the relationship between pairs of all variables which are presented in a correlation table where correlation coefficients and their associated significance values are shown. Further, the direct effects of Managerial Cognition on performance which was assessed using binary Logistic Regression are presented and interpreted. The last set of results are for the moderating effect of Competitive Dynamics on the relationship between Managerial Cognition and performance of leather and textile firms in Kenya.

4.2 Validity and reliability of instruments

To establish its validity, a pre-test of the questionnaire was conducted and as Malhotra and Birks (2007) asserts: “pretesting involves testing the questionnaires on small samples of the population for identification and elimination of potential problems”. Consequently, a pilot test was conducted on 10 respondents to assess the validity and reliability of the research instruments. This test was done in order to minimize inconsistency and ambiguity in the final questions contained in the questionnaire form. In this study the domain that informed the predictor variables was Managerial Cognition with its sub-dimensions namely, salience regulatory focus, identity and internal vs external orientation, while the other domains were Competitive Dynamics and performance which derive from the strategic management literature.

Validity of data collection instruments

While content validity was ensured by reviewing empirical literature and adapting measures that had been used to measure Managerial Cognition, Competitive Dynamics and performance used in previous empirical studies, face validity was assessed by distributing 10 questionnaires to managers in manufacturing firms who provided comments on clarity of the questions, length of the questionnaire, sequencing of the questions and whether they believed that the questions would measure the variables in the study. From the feedback received, some statements were rephrased while the length and sequencing of the questions was found appropriate. The pilot test respondents reported that in their opinion statements and questions in the questionnaire were suitable for measuring their cognition, Competitive Dynamics and performance. These opinions from respondents who were similar to those of respondents to the final survey confirmed face validity of the questionnaire. “A survey has face validity if, where the respondents deem that questions measure what they are intended to measure.” (Deniz & Alsaffar, 2013).

Reliability tests for data collection instrument

Reliability denotes the consistency of the research instruments in measuring a concept (Bryman & Bell, 2011). In this regard, measuring of variables should be done through a set of questions which should have high homogeneity levels in order to provide internally consistent measures (Hair et al., 2010). This consistency evaluates the extent to which measures used to represent a certain variable possesses high inter-correlation.

The data collection instrument – questionnaire - had six multi-item constructs: Salience, regulatory focus, identity, internal/external orientation, Competitive Dynamics and performance. The results are presented in Table 4.1.

Table 4. 1:

Cronbach Alpha reliability results

Reliability Statistics

	Cronbach's Alpha	**N of Items**	**Items deleted**	**Remark**
Salience	**0.834**	**9**		Acceptable
Regulatory focus	**0.646**	**4**	1 and 2	Acceptable
Personal identity	0.824	5		
Social identity	0.785	5		
Community identity	0.709	3	1 and 3	
Relational identity	0.801	5		
Identity	**0.885**	**18**		Acceptable
Internal orientation	0.619	2	2 and 4	
External orientation	0.855	4		
Orientation	**0.636**	**6**		Acceptable
Competitive Dynamics (A)	0.795	6		
Competitive Dynamics (R)	0.906	6		
Competitive Dynamics	**0.907**	**12**		Acceptable
performance	**0.809**	**15**		Acceptable

Salience

Salience was measured by *impact, sensitivity* and *interest* with regard to competition, customer service and product quality. In particular, respondents were asked to validate their evaluation of the extent of impact the three variables had on their business; how sensitive their business was to the three factors and of how much interest they were to stakeholders.

The responses were anchored on a five-point Likert scale. Salience had nine items with a Cronbach's alpha of 0.834.

Regulatory focus

Regulatory focus comprised two attributes: *promotion* and *prevention*. One item "in pursuit of achieving something important to you, you performed as well as you would have wished" was used to measure *promotion* while three items measured *prevention,* they were "avoiding getting in trouble by being careful", "stopped from acting in ways supervisors would have deemed objectionable" and "you were careful not to get on your superiors nerves" had a Cronbach's alpha of 0.646 after deleting items 1 and 2 ("You felt that you made progress towards success in life" and "Compared to most people you were able to get what you desired in life")

Internal/external orientation

While internal orientation was measured using two items: "focus on empowerment of efficiency of production "improving communication within the business", external orientation was measured using four items by ensuring respondents reported the extent to which they had paid attention to "purchase power of consumers", "consumer tastes", "competitor actions" and "government policy" while making business decisions in the previous one to three years. There were six items each for both the actions and reactions making a total of 12 items with a composite Cronbach alpha value of 0.636.

Identity domain

Identity was assessed across four dimensions; personal, social, community and relational identity which were measured using five items each except community identity which was measured using three items. This construct was measured by a total of 18 items across the four attributes of identity (personal, social, community and relational).

Identity domain had four sub-variables: Personal identity, Social identity and Relational identity each having five items with an alpha of 0.824, 0.785 and 0.801 respectively. Community Identity had a Cronbach's alpha of 0.709 after items 1 and 3 were deleted. The Identity construct had a total of 18 items and the Cronbach's alpha was 0.885.

Competitive Dynamics

Competitive Dynamics is concerned with how firms rival one another as observed by competitive actions that they take in advance of the competitor action ("moves") and in response to competitor action ("counter moves"). This variable was measured using proactive actions and reactions responses to changes in the market environment that the business had taken in the last one to three years in relation to business environment; six items were used to measure each of the construct's "actions" and "reactions". Competitive Dynamics was measured by 12 items whose Cronbach alpha was 0.907.

Performance was measured using 15 items derived from empirical and theoretical literature on how this construct has been measured. The composite alpha value of performance was 0.809.

While a generally accepted rule is that α of 0.6-0.7 indicate acceptable reliability levels, with 0.8 or greater; very good level of reliability, values higher than 0.95 are not good, as they may portend redundancy (Hulin, et al., 2001). The reliability statistics obtained upon "purification" of the questionnaire by deleting some items were acceptable since they were at the recommended value of at least 0.7 for previous used instruments and at least 0.6 for new instruments as was the case for regulatory focus whose measures were specifically developed for this study; this was a new measure derived from review of literature.

As already seen in this section, reliability is the extent to which a measure is without error when used to measure a phenomenon. Before the data collection instrument was used for collection of data, it was tested for reliability by calculating the Cronbach alpha using data that was collected from a pre-test sample of 10 respondents. The Cronbach alpha statistic was used to gauge reliability of the instrument.

Reliability is usually assessed for the items that measure a particular construct which has multiple indicators or item measures. In this study, the constructs were Managerial Cognition variables: salience, regulatory focus, identity domain and internal/ external orientation; Competitive Dynamics and finally performance. The Cronbach alpha takes values from zero (no internal consistency) to one (complete internal consistency). McLeod (2019) observed Cronbach value of 0.7 as reliable. Similarly, a value of at least 0.6 is acceptable for mew instruments. The cut off point for the Cronbach alpha coefficient for this study was 0.6.

Validity of an instrument connotes extent to which the instrument measures the constructs or phenomenon that it purports to measure. In other words, it is the degree to which the measures of the variables, actually measure the constructs or variables that they purport to measure. Face validity of the instrument (questionnaire) was enhanced through pre-testing the questionnaire on 10 respondents. To improve the content validity of the questionnaire, suggestions from experts were sought and incorporated in the subject under study. In addition, the variables were grounded in theory and empirical studies where the indicators of the variables, which were used in the questionnaire, had a theoretical and empirical underpinning. The subject under study was Managerial Cognition, comprising salience, regulatory focus, identity domain and internal/external orientation, Competitive Dynamics, which include actions (moves) and reactions (countermoves), and performance of leather and textile firms in Kenya. As seen from the results of reliability tests, the instruments were suitable for the measurement of the variables in the study.

4.3 Respondent Characteristics

Out of the 312 questionnaire that were distributed, 163 were fully completed, returned and used for analysis. The responses comprised at least one response from the surveyed firms. There were a total of 104 firms (Textile: n = 85 and Leather: n = 19). Three questionnaires were sent to each firm to minimise the single respondent. However, this situation did not negatively impact this study because the questionnaire was sent through online means using google forms and where drop and pick later was used, the COVID 19 protocols were adhered to where only 13 questionnaires were administered by this method. The questionnaire was completed and submitted electronically and automatically. At least one response was received from each of the targeted textile and leather firms thus all the 104 leather and textile manufacturing firms were surveyed. There were 23 responses from leather firms and 140 from textile firms making a total of 163. The response rate was 53% though all the leather and textile firms that were surveyed were represented in the responses. This response rate was satisfactory based on recommendation, a response rate above 50% is satisfactory.

Managerial Cognition, Competitive Dynamics and performance

The status of the managers' cognition with regard to four dimensions of cognition was assessed using descriptive statistics. Further, the disposition of Competitive Dynamics and performance of the leather and textile firms was assessed. In this study Competitive Dynamics were conceptualized as responses by managers comprising actions (moves) and reactions (counter-moves) in the face of a competitive situation and the speed of their response. While moves are those actions taken on the managers own motion, the reactions are elicited by the actions of the competitors. In this regard, actions or 'moves' are proactive while the counter moves are reactive. The "action/ moves" and reactions/counter-moves' are also referred to as 'action dynamics' and 'reaction dynamics'"; the concept 'dynamics' suggest that the 'actions'/ 'reactions' by managers are in a state of flux and are taking place continually in the course of business operations. Unless otherwise specified, the median which was used to measure central tendency is denoted by the letter "M". The median is the appropriate measure of central tendency in ordinal data while the range is used to measure dispersion.

Salience

Salience was measured using three indicators namely impact, sensitivity and interest across three key organizational performance dimensions/ factors namely 'competition', 'customer service' and 'quality'. The respondents were asked to read statements about /regarding their business and indicate their assessment on each indicated factor. In other words, *salience* was measured by three sub-variables: *impact*, *sensitivity* and *interest* with competition, customer service and product quality as objects of attention. The result is in Table 4.2. An example for measuring manager's cognition of salience of competition were

‘Competition has*impact*on our organization’, ‘Our” business is *sensitive* to competition’ and ‘Competition is of *interest* to our stakeholders’. Here, the three indicators of salience of competition - impact, sensitivity and interest are captured.

Table 4. 2:
Salience

Measure of “salience”	Median	Mode	Range
Impact			
Competition has impact on our organization	4	4	4
Customer service has impact on our business	4	5	4
Product quality has impact on our business	5	5	4
Sensitivity			
Our business is sensitive to competition	4	4	4
Our business is sensitive to customer service	4	5	4
Our business is sensitive to product quality	5	5	4
Interest			
Competition is of interest to our stakeholders	4	4	3
Customer service is of interest to stakeholders	4	5	3
Product quality is of interest to stakeholders	5	5	4
Salience	4	4	3

In order to measure “impact” the respondents were asked to “indicate your assessment of the IMPACT of the following factors on your business”, they had five choices to make: “No impact” =

1, “Little impact” = 2, “Moderate impact” = 3, “Great impact” = 4 and “Very great impact” = 5. From the median values in Table 4.2, it was found that “product quality” was the most salient factor (M = 5) because it was ranked as having “very great impact” to the business (M = 5), the business was “very highly sensitive” to product quality (M = 5) and product quality was of “interest” to stakeholders (M = 5). In all the three cases for “product quality”, the modal response/ score was 5. The results further show that “competition” was ranked as the least salient factor on “impact”, “sensitivity” and “interest” (M = 4 in all cases); the modal rank/score was 4. Customer service was ranked second as a salient factor (Median, M = 4; Mode =5).

The question that was asked on *sensitivity* was *"How, in your assessment, are the following factors SENSITIVE for your business?* (Not sensitive = 1, Very little sensitive = 2, Moderately sensitive

=3, Highly sensitive = 4, Very highly sensitive = 5). The other measure of "salience", namely, "Interest" was measured by asking the question: *"Of what INTEREST are the following factors to*

your stakeholders?", with the possible responses as "very low" = 1, "low" = 2, Moderate = 3, "high interest" = 4 and "very great interest" = 5.

An environmental cue is salient if it is perceived by individuals in an organization as having an *impact* on an organization's outcomes, it is of *interest* and that if it is perceived as being *sensitive*. Such factors can be competition, product quality, and customer service. These three have important implications for the performance of organizations and tend to receive managers' attention. Stated otherwise a salient cue or factor is one that attracts attention compared to other cues or factors in both the external and internal environment.

However, from an organizational perspective and considering a competitive business environment, salient factors are mainly from the external environment. Examples of salient factors are quality, customer relations and nature of competition (Roman et al., 2012); the more a factor - such as an external environment cue is conspicuous/ easily noticeable, the more salient it is. Thus, from a Managerial Cognition perspective inadequate comprehension of such cues constitute cognitive limitation on the part of managers which can negatively affect performance of organizations.

Regulatory focus

In this study, *regulatory focus* was a psychological construct comprising two dimensions: promotion and prevention. Promotion is the aspect of creating a path to gain or advance and concentrate on the rewards that will be achieved by an individual who in turn experiences pleasure.

Prevention on the other hand is to see goals as responsibilities and concentrate on strategies to avoid pain and disappointments. In particular, the managers were asked to think of a situation in their recent or distant past and indicate the frequency with which they had FELT a certain way or ACCOMPLISHED a certain activity. They scored the presented feeling or accomplishment as “Never” = 1, “Rarely” = 2, “Sometimes” = 3, “Often” = 4, and “Always” = 5, Examples of situations that were responded to were: “While trying to achieve something important to you, you performed as well as you ideally would have liked to” (promotion), and “I am careful not to get on my superior’s nerves” (prevention).

Table 4. 3:
Regulatory focus

Regulatory focus (Promotion)	**Median**	**Mode**	**Rang e**
While trying to achieve something important to you, you performed as well as you ideally would have liked to	4	4	3
Regulatory focus (Prevention)			
Being careful enough avoided getting myself into trouble	5	5	3
I stopped myself from acting in a way that my superiors would have considered objectionable	4	5	4
I am careful not to get on my superiors’ nerves	5	5	4
Regulatory focus	4	4	3

Identity domain

The identity domain comprised four sub- constructs, these were *Personal identity*, *Relational identity*, *Social identify* and *community identity* tested using the following scale:

1 = Not important to my sense of who I am

2 = Slightly important to my sense of who I am

3 = Somewhat important to my sense of who I am

4 = Very important to my sense of who I am

5 = Extremely important to my sense of who I am

Upon analyzing the responses, the descriptive statistics (median, mode and range) arising from the data that was collected are as shown in Table 4.4.

Table 4. 4:

Identity domain: Personal, Social, Relational, and Community Identity

Identity domain

...important to the sense of who I am **Personal identity**	***Median***	***Mode***	***Range***
My personal values and moral standards (P)	5	5	4
My dreams and imagination (P)	5	5	4
My personal goals and hopes for the future (P)	5	5	3
My emotions and feelings (P)	4	5	4
My thoughts and ideas (P)	4	5	3
Personal identity	4	5	3
Social identity	*Median*	*Mode*	*Range*
My popularity with other people (S)	3	4	4
The ways in which other people react to what I say and do (S)	3	3	4
My physical appearance: my height, my weight, and the shape of my body (S)	3	3	4
My reputation, what others think of me (S)	4	5	4
My attractiveness to other people (S)	3	3	4
Social identity	3	3	4
Relational identity	*Median*	*Mode*	*Range*
My relationships with the people I feel close to	4	5	3
Being a good friend to those I really care about	4	5	4

My commitment to being a concerned relationship partner	4	5	4
Sharing significant experiences with my close friends	4	4	4
Having mutually satisfying personal relationships	4	4	4
Relational identity	4	4	3
Relational identity	1	1	1
Community identity	*Median*	*Mode*	*Range*
My race or ethnic background	2	1	4
My religion	4	5	4
My feeling of belonging to my community	4	5	4
Community identity	3	3	4
Community identity bin	0	0	1
Identity domain	3	4	3

With regard to personal identity, personal values and moral standards, dreams and imagination, and personal goals and hopes for the future were ranked as "extremely important to the respondents' sense of who they are" (M = 5).

The most important attribute of Social identity was the respondents' reputation - "what others think of me" which was ranked as "Very important to my sense of who I am" (M = 4) with a mode of 5. Overall, social identity was somewhat important to the respondents' sense of who they are (M = 3)

Based on the results, the most important relational identity attributes that were ranked as very important to the respondent's sense of who they are where "relationships with the people I feel close to", "being a good friend to those I really care about", and "my commitment to being a concerned relationship partner", all the attributes had a median and modal score of 4 and 5 respectively. This implies that managers in leather and textile manufacturing firms found these three attributes as very important to the sense of who they are.

The most important attributes of community identity were the respondents' religion and feeling of belonging to their community (M = 4, mode = 5). However, "race or ethnic background" was reported as "Slightly important to my sense of who I am" (M = 2) with the mode being 1 implying that the majority of the respondents chose the "Not important to my sense of who I am". It also noted that social identity and community identity were raked the same with regard to median response (M = 3) and modal category which was 3 in both cases.

Overall, identity domain had a median of 3 ("Somewhat important to respondent's sense of who they are"), and a modal category of 4 ("very important to the respondent's sense of who they are")

Internal / External orientation

Orientation is a cognitive disposition of an individual which determines whether the focus on factors that are within their organization (internal orientation) or factors that are outside their organization (external orientation) which have implications for business in order to assess this construct – external/ internal orientation. In order to assess the orientation of the managers of textile and leather firms, two sets of indicators were used: the first set comprising two indicators for internal orientation and four indicators for external orientation including to think about the last one to three years of their business, and indicate the frequency with which they paid attention to and acted on the following aspects of their business. They responded with either "Never", "Rarely", "Sometimes", "Often" or "Always" with Never = 1 and Always = 5. The respondents provided responses to two indicators of internal orientation, namely "Improvement of the efficiency of production" and "Improving communication within the business"

In a similar manner, external orientation was measured using four indicators by requiring of the respondents, to indicate the frequency with which they paid attention to and acted on four factors: purchasing power of consumers, Consumer tastes, Competitor actions and Government policy in their business decisions. The descriptive results are in Table 4.5.

Table 4. 5:
Orientation: Internal and External

Measure of orientation	***Median***	***Mode***	***Range***
Improvement of the efficiency of production	5	5	4
Improving communication within the business	5	5	4
Internal	5	5	4
Internal bin	1	1	1
Purchasing power of consumers	5	5	4
Consumer tastes	5	5	4
Competitor actions	4	5	4
Government policy	5	5	4
External	4	5	4
Orientation	4	5	3
Orientation bin	**1**	**1**	**1**

From the results in Table 4.5, the aspect that they considered and acted upon most was consumer tastes and government policy (external) while they also frequently considered and acted upon two internal conditions, namely "Improvement of the efficiency of production" (M = 5) and "Improving communication within the business" (M = 5). These results also imply that the managers' decisions were more frequently internally oriented than they were externally oriented (Internal: median = 5, Mode = 5; External: median = 4, Mode = 4) on the basis of the median of the responses that were received and analysed. This is the case because a median of 4 and 5 respectively imply that they "often" (external) and "always" (internal)paid attention to and acted upon the factors on which they provided responses. From a Managerial Cognition perspective, this result suggests that, overall, there was sufficient practice of internal/external orientation by textile and leather firms' managers in Kenya (median = 4; Mode = 5). This means that the managers paid attention to internal ("always") and external ("often") conditions while making decisions that affected the operations of their businesses. Further, internal orientation is grounded in the capability paradigm where organizations need to develop capabilities related to sensing of the environment and business processes and using these insights/knowledge to improve quality of products/ services to customers and operational efficiency.

The motivation for either internal or external orientation operates in conjunction with the process of strategic management discussed in I/O economics and the strategies posited by the position school of thought. Gujarati and Porter (2009), suggests that the organizational performance is highly dependent on how the decision-makers make decisions, the position of the firm in the business and environmental characteristics such as competitors' action and consumer demand. These decisions depend on the way the managers perceive their environment – both internal and external. In the context of external orientation, managers are highly motivated to react to changes in the environment changes due to an apparent (perceived) connection to performance. In this study the focus was more internally oriented though the difference between the internal and external focus was not significant. From the results of this study, the leather and textile manufacturing firms' managers exhibited internal/external orientation Managerial Cognition; they were more internally than externally oriented/ focused.

Competitive Dynamics

Competitive Dynamics are the sequence of actions (moves) and reactions (counter moves) among entities within an industry, and the timing of these moves and counter moves on a continuous basis in response to the competition and rivalry in an industry. The strategic moves are actions that an organization proactively deploys in order to effectively compete and win the market. On the other hand, countermoves are reactions or response by a firm to the actions of competitors. In this study, the "moves" or proactivity is referred to as “action dynamics while the “counter moves”/ responses to competitor actions are “reactive dynamics”. For example, “launching new products into the market” ahead of competitors is a strategic move while “Implemented new promotion methods” in response to competitors’ innovative promotions is a counter move or “reactive dynamic”. Though there are both “moves” and “counter moves” the timing and speed of their execution is an important aspect of Competitive Dynamics because the actions and reactions by managers regarding the market place cannot be conceived of in the absence of the temporal considerations. Based on the analyzed data, the descriptive results on Competitive Dynamics which comprise action and reaction dynamics are presented in Table 4.6.

Table 4. 6:
Competitive Dynamics

“Action” dynamics	**Median**	**Mode**	**Range**
Launching new products into the market	4	4	4
Introducing new distributions channels	4	4	4
Effecting price changes	4	4	4
Using new promotion methods	4	4	4
Signing new marketing agreement for products	4	4	4
Implementing new customer service platform	4	5	4
Action dynamics (strategic moves)	4	4	4
Action dynamics binary	*1*	*1*	*1*
“Reaction” dynamics			
Launched a new product into the market	4	4	4
Introduced new distributions channel for products	4	4	4
Effected price changes in response to competition	4	4	4
Implemented new promotion methods	4	5	4
Signed a new marketing agreement for products	4	4	4
Implemented a new customer service platform	4	5	4
Reaction dynamics (counter moves)	4	5	4
Reaction_dynamics_binary	*1*	*1*	*1*
Competitive dynamics	4	5	4

From the results in Table 4 6, managers of textile and leather firms acted proactively with (M=4). They also had counter reactions at (M=4). The results show that there was a balance in active and reactive dynamics.

Performance

Assessment of performance of the studied firms was done using both effectiveness and efficiency indicators: six effectiveness and nine efficiency measures. Specifically, the respondents were asked to think of their business during the "last one to three years" and indicate the extent to which the provided statements that were used to measure performance were true about their business. The possible responses were: "Almost Never True" = "1", "Usually Not True" = "2", "Occasionally True" = "3", "Usually True" = "4", and "Almost Always True" = "5". The result of the analysis of the collected is data presented in Table 4.7 which shows the median and mode responses and the range of the responses. In this study the median was used as a measure of central tendency since the data was ordinal

Table 4. 7:
Performance

Measure of performance (Effectiveness)	**Media**	**mode**	**Range**
Increased our market share	4	4	4
Increased profitability	4	5	4
Increased the number of branches/Sister firms in the same geographical area	3	4	4
We have maintained a price slightly lower than our competitors	3	4	4
Expanded into new geographical markets	4	4	4
Significantly reduced the cost of our operations **(cost advantage)**	4	4	4
Measure of performance (Efficiency)			
Improved our customer satisfaction levels (cr)	4	5	4
Made improvements on existing products **(innovation)**	4	5	4
Commercialized new products (**innovation**)	4	4	4

Our quality is better than that of our competitors (**quality**)	5	5	3
We have implemented system that have increased our knowledge about the market requirements (knowledge)	4	4	4
We have expanded our community services (sr)	4	4	4
We have forged beneficial strategic alliances **(strategic alliance)**	4	4	4
Our production techniques have been enhanced **(productivity)**	4	5	4
Efficiency of our operations have been improved through implementation of information and communication technologies (**ICT adoption**)	4	5	3
Performance	3	4	3
Performance in	0	0	1

This result (Table 4 7) suggests that the firms were more efficient than they were effective because the median (M) of effectiveness measures was below 4.00 (M = 3) while that of efficiency measure of performance was 4.00 (M =4). This result also suggest that the leather and textile firms were moderately competitive in their business. These results also show that the leather and textile firms in Kenya had enhanced their effectiveness through increased our market share (M = 4), and increased profitability (M = 4), and through moderate significant reduction of the cost of operations (cost: M = 3) of these firms.

In addition, the efficiency indicators of enhanced performance were that customer satisfaction levels had increased (customer relations: M = 4), “Made improvements on existing products” (Innovation: M = 4), and that “Our quality is better than that of our competitors" (Quality: M = 5). Further, the firms' production techniques had been enhanced (Product: M = 4), and that "Efficiency of our operations have been improved through implementation of information and communication technologies" (ICT implementation: M = 4). It is noted that these measures of performance were ranked as "Usually true" (M = 4). Further by examining the modal categories, the firms scored slightly higher on effectiveness (mode = 5) than on efficiency (mode = 4).

In this study, factors related to cost, innovation, quality, social responsibility, knowledge, and customer relations, strategic alliances, production procedures, and information and communication technologies deployments for efficiency improvements were the measures of performance. In this study similar results regarding the disposition of the leather and textile firms with regard to similar measures of performance was discerned. As seen from these results, the leather and textile firms were only performed moderately (M = 3). This, (M = 3) represents an assessment of "Occasionally True" by manager respondents when they were asked to report on how true the measures of performance that were presented to them were - such as "We have expanded our community services", which was a social responsibility (SR) performance measure; and "efficiency of our operations have been improved through implementation of information and communication technologies". which was a measure of process efficiency arising from ICT adoption by the leather and textile manufacturing firms (an effectiveness measure). As posited by Roman et al. (2012) some of the competitive factors of an organization that were measured for the leather and textile firms were strategic coalitions/ alliance (SA) and customer relations which were respectively represented by "We have forged beneficial strategic alliances (M = 4), and improved our customer satisfaction levels (M = 4) implying that that these statements were raked as “usually true” (M = 4) though not “Almost Always True” (M = 5).

Summary status of Managerial Cognition, Competitive Dynamics and performance

The status of Managerial Cognition comprising salience, regulatory focus, identity and orientations; Competitive Dynamics (action and reactions) and performance of leather and textile firms is presented in Table 4.8.

Table 4. 8:
Summary Descriptive Results

Descriptive Statistics

Constructs/ Variables	**N**	**Median**	**Mode**
Salience	**163**	**4**	**4**
Regulatory focus	**161**	**4**	**4**
Personal identity	*163*	*4*	*5*
Social identity	*163*	*3*	*3*
Relational identity	*163*	*4*	*4*
Community identity	*163*	*3*	*3*
Identity domain	**163**	**3**	**4**
Internal/external Orientation	**163**	**4**	**5**
Action (moves)	*163*		
Reaction (countermoves)	*163*		
Competitive Dynamics	**163**	**4**	**5**
Performance	163	3	4

Salience. The overall median for *salience* was high (*M = 4*) which means that the managers of leather and textile firms had high Managerial Cognition of *salience*. *Product quality* was the most salient feature/ factor at a median of 5 (mode = 5) followed by customer service at 4 (Mode = 5) and competition, the least salient at M = 4 (Mode = 5) on a scale of 1 to 5 with 1 = lowest and 5 = highest perception of salience.

Regulatory focus. This variable was measured using two sub-variables: *promotion* and *prevention*. It was found that managers "often" practiced *regulatory focus* (*M = 4*)

Identity Domain. Four categories of *identity domain* were assessed. The results indicate that *personal identity* was the most prominent (M = 4; Mode = 5) followed by *relational identity* (M = 4, Mode = 4) then *community identity* (*M = 3*) and lastly *social identity* (M = 3); both "community' and "social" identities had a modal response of 3. The overall median of *"identity domain"* was low (*M = 3; mode = 4)*. This implies that the managers had moderate cognition of identity

Orientation (internal/external). Managers exhibited slightly more internal focus (Median = 5; Mode = 5) than external focus (Median = 4; mode = 5) - a score of five represented "always" which means that the mangers always paid attention to and acted on that particular aspect of their business; the overall median on orientation was 4 ("often") based on ranking of .the frequency with which the managers paid attention to and acted on the following aspects of their business such as "Improvement of the efficiency of production" (internal orientation) (Median = 5; Mode = 5), and "Competitor actions" (external orientation) (Median = 5; Mode = 5). A mode of 5 implies that they "always" (M = 5) paid attention to and acted on internal factors including efficiency of production compared to "often" (M = 4) paying of attention to external factors such as competitor actions. The responses on *internal/ external orientation* were either "Never", "Rarely", "Sometimes", "Often" or "Always" with Never = 1 and Always = 5.

Organizational characteristics are the internal variables considered as capabilities that influence the day to day operations, and the overall organizational competitive advantage and performance .From a practical point of view, organizational characteristics, which constitute capabilities of that organization, can be used to improve organizational competitive advantage and assist management to better understand how to improve profitability and employ strategies to increase their competitive edge and consequently performance. In this study Managerial Cognition was conceptualized as organizational capabilities with implications for performance of leather and textile firms. These capabilities were those of managers who are a crucial strategic resource to the extent that they possess superior capabilities, specifically cognitive abilities compared to their competitor organizations managers. The cognitive capabilities that were studied were broadly Managerial Cognition but specifically salience, regulatory focus, identity domain and internal/ external orientation.

Analysis of variance by type of organization

In this study "action" means whether the managers are proactively implementing strategies pertinent to their business while "reaction" means trying to catch up based on market changes brought about by either the competitive environment e.g., actions of competitors or the wider macro factors such as government policies and technological changes. The *actions* are the "moves" made while *reactions* are "countermoves" by managers. First, the means for each type of organization – leather and textile – is presented (Table 4.9); this is followed by one-way ANOVA on means by Type of Organization (Table 4.10).

Descriptive statistics by type of organization. The mean responses were compared across the organization that the respondent managers belonged. The result is presented in Table 4.9.

Table 4. 9:
Descriptive results by Type of Organization (Leather, Textile)

Variable		N	M	Range	Min	Max
	Leather	23	4	2	3	5
Salience	Textile	134	4	3	2	5
	Total	157	4	3	2	5
	Leather	23	4	3	2	5
Regulatory focus	Textile	132	4	3	2	5
	Total	155	4	3	2	5
	Leather	23	4	2	3	5
Personal identity	Textile	134	4	3	2	5
	Total	157	4	3	2	5
	Leather	23	3	3	1	4
Social identity	Textile	134	3	4	1	5
	Total	157	3	4	1	5
	Leather	23	4	3	2	5
Relational identity	Textile	134	4	3	2	5
	Total	157	4	3	2	5
	Leather	23	3	4	1	5
	Textile	134	3	4	1	5
Community identity						
	Total	157	3	4	1	5
	Leather	23	3	3	2	5
Identity domain (Composite)	Textile	134	3	3	2	5
	Total	157	3	3	2	5
	Leather	23	5	2	3	5
Internal orientation	Textile	133	5	4	1	5
	Total	156	5	4	1	5

	Leather	23	4	2	3	5
External orientation	Textile	133	4	4	1	5
	Total	156	4	4	1	5
	Leather	23	4	1	4	5
Internal/ external Orientation	Textile	133	4	3	2	5
	Total	156	4	3	2	5
	Leather	23	4	2	3	5
Managerial Cognition	Textile	130	4	2	3	5
	Total	153	4	2	3	5
Action_ Competitive Dynamics (moves)	Leather	23	4	3	2	5
	Textile	132	3	4	1	5
	Total	155	3	4	1	5
Reaction_ Competitive Dynamics (countermoves)	Leather	23	3	3	2	5
	Textile	129	3	4	1	5
	Total	152	3	4	1	5
	Leather	23	4	2	3	5
Competitive Dynamics	Textile	128	4	4	1	5
	Total	151	4	4	1	5
	Leather	23	4	2	3	5
Performance	Textile	134	4	3	2	5
	Total	157	4	3	2	5

There was no significant difference at 5% level of significance (all $p > .05$) between mean response across the two firm categories therefore the two categories (leather and textile) were treated as one sample. For example, performance (Leather: $n = 23$, $M = 4.04$; Textile: $n = 134$, $M = 3$); a median score of 3 indicated that statements on satisfactory performance

- efficiency and effectiveness - were ranked as “occasionally true” hence the need to improve the performance of these firms.

One Way Analysis of Variance

The results of One-way ANOVA for Salience, Regulatory focus, Personal identity, Social identity, Relational identity, Community identity, composite score of identity, Internal orientation, External orientation Managerial Cognition composite score, “Action” dynamics, “Reaction” dynamics, Competitive Dynamics performance by type of organization are presented in Table 4.10.

Table 4. 10:
One Way ANOVA by Type of Organization
ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Salience	Between Groups	0.038	1	0.038	0.086	0.770
	Within Groups	67.771	155	0.437		
	Total	67.809	156			
Regulatory focus	Between Groups	0.082	1	0.082	0.159	0.691
	Within Groups	78.796	153	0.515		
	Total	78.877	154			
Personal identity	Between Groups	0.005	1	0.005	0.013	0.911
	Within Groups	66.071	155	0.426		
	Total	66.076	156			
Social identity	Between Groups	3.59	1	3.590	3.598	0.060
	Within Groups	154.677	155	0.998		
	Total	158.268	156			
Relational identity	Between Groups	0.185	1	0.185	0.319	0.573
	Within Groups	89.739	155	0.579		
	Total	89.924	156			
Community identity	Between Groups	1.708	1	1.708	1.872	0.173
	Within Groups	141.362	155	0.912		

	Total	143.07	156			
Identity domain	Between Groups	0.202	1	0.202	0.461	0.498
	Within Groups	68.091	155	0.439		
	Total	68.293	156			
Internal orientation	Between Groups	1.435	1	1.435	3.375	0.068
	Within Groups	65.467	154	0.425		
	Total	66.902	155			
External orientation	Between Groups	0.086	1	0.086	0.200	0.656
	Within Groups	66.6	154	0.432		
	Total	66.686	155			
Orientation	Between Groups	0.747	1	0.747	1.926	0.167
	Within Groups	59.734	154	0.388		
	Total	60.481	155			
Managerial Cognition	Between Groups	0.072	1	0.072	0.356	0.552
	Within Groups	30.467	151	0.202		
	Total	30.539	152			
Action _Competitive Dynamics (Moves)	Between Groups	1.457	1	1.457	2.060	0.153
	Within Groups	108.182	153	0.707		
	Total	109.639	154			
Reaction _Competitive Dynamics (countermoves)	Between Groups	0.026	1	0.026	0.032	0.857
	Within Groups	121.862	150	0.812		
	Total	121.888	151			
Competitive Dynamics	Between Groups	2.363	1	2.363	3.199	0.076
	Within Groups	110.074	149	0.739		
	Total	112.437	150			
Performance	Between Groups	0.57	1	0.570	1.135	0.288
	Within Groups	77.8	155	0.502		
	Total	78.369	156			

The results of the ANOVA test (Table 4.10) suggest that there was no significant difference ($p > 0.05$) in the responses between leather and textile samples. In other words, the median responses were statistically homogeneous; that is if the median of leather responses is X leather and that of textile is X textile, then X leather - X textile = 0; where 0 means that the difference in these means was not statistically significant. The implication of this result is that the responses from the two groups (leather and textile) were homogeneous and were thus treated as one sample. The result of the analysis of variance showed that the responses from the sample comprising leather firms and textile firms were homogeneous between and within groups because there was no significant variance in responses by the leather firms and the textile firms between groups and within groups.

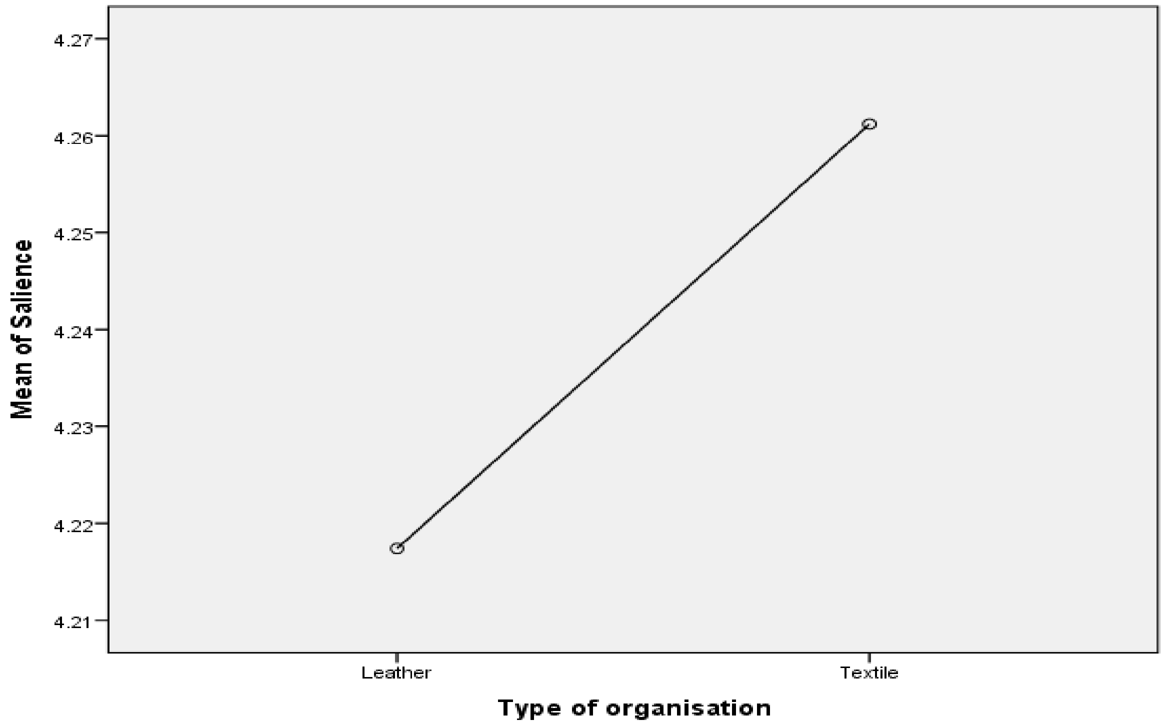
Mean plots for Managerial Cognition, Competitive Dynamics and performance

Consistent with the result in Table 4.10, the mean plots are a visual representation of how the mean across the two categories of firms: leather and textile compare. It should be noted that from the result on Table 4.10, there was no significant difference in the means ($p > 0.05$) and that the graphical representation of the means across the two types of organizations are presented in Figure 4.1 a, b, c, d, e, f, g, h, i, j, k, l and m. The difference in mean scores was only significant at $p < 0.1$, for social identity (identity domain), internal orientation and Competitive Dynamics but not at 5% level of significance ($p < .05$).

Figure 4. 1:

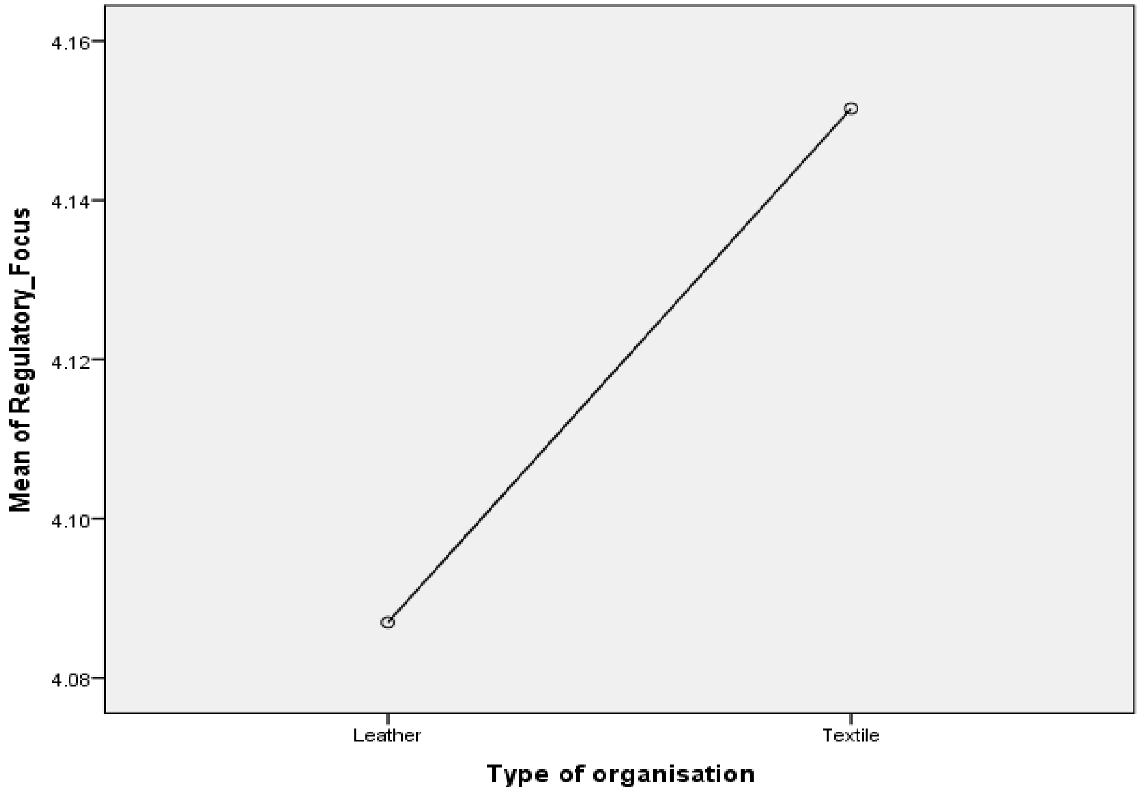
Mean Plots for Managerial Cognition

a. Salience



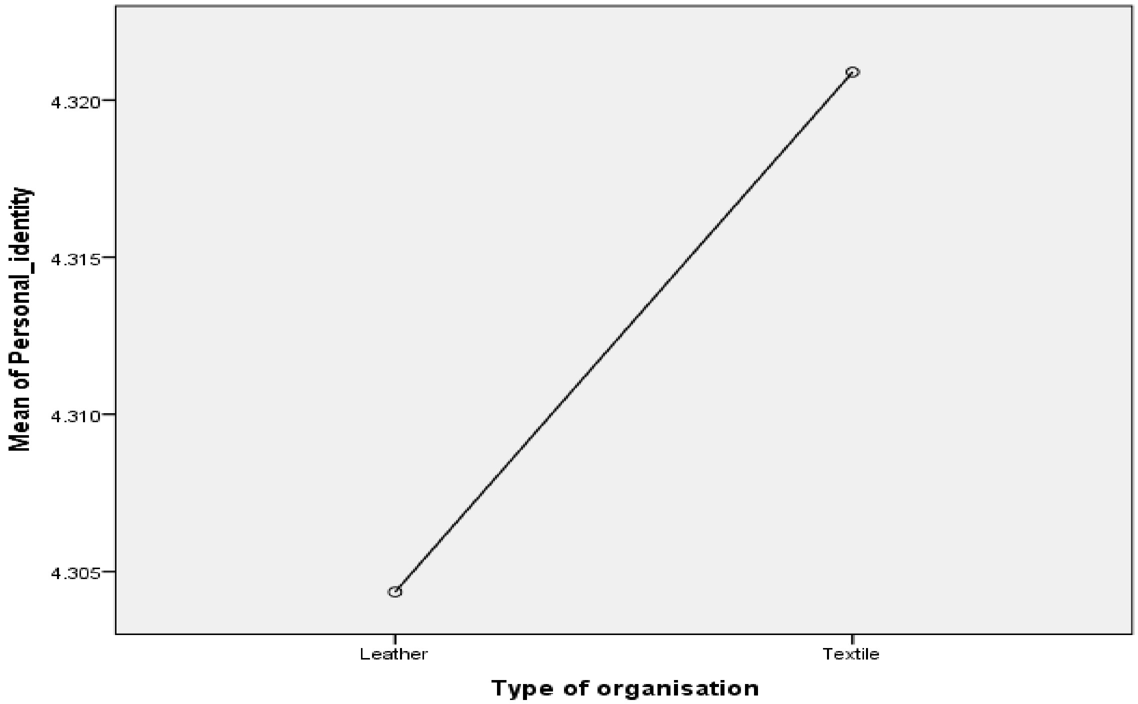
As seen from Figure 4.1, *salience* was more highly rated for textile than it was for leather (leather M = 4.22, textile M = 4.26), the means for all variables across the two organizations namely leather and textile firms. However, the difference in their means was not statistically significant at 5% significance level ($p > 0.05$) ($F(1,155) = 0.086$, $P = 0.770$).

(b) Regulatory Focus



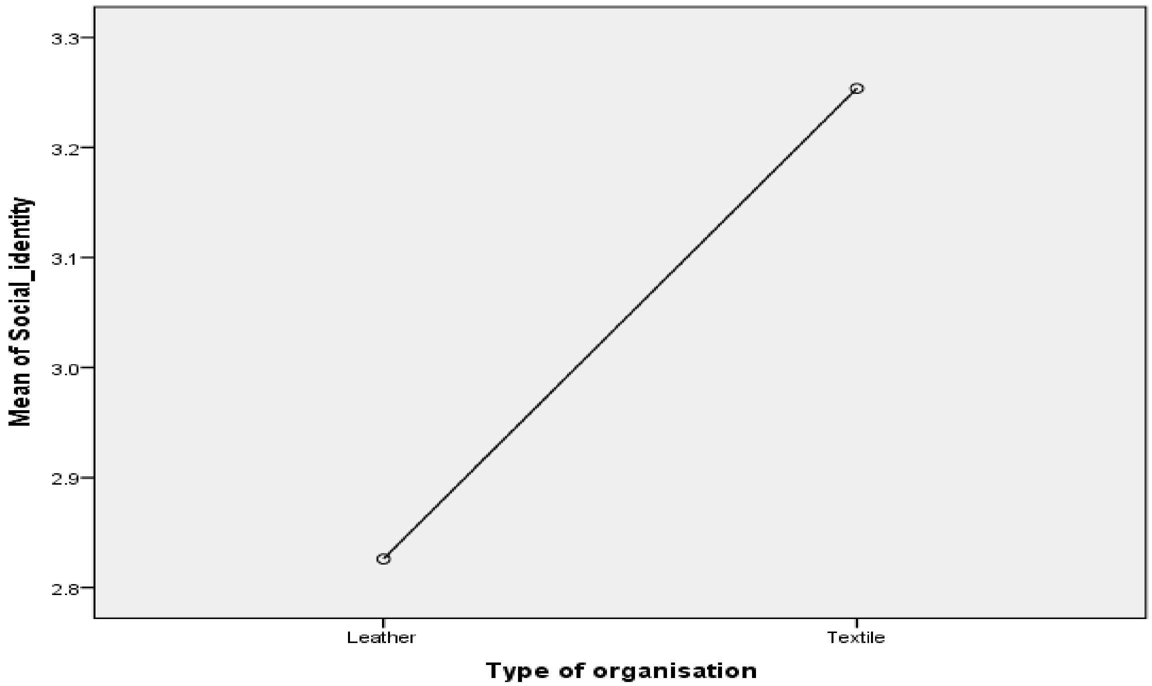
The mean for regulatory focus was high for textile than for leather, though the difference in the mean scores was not significant at 5% level of significance ($p>0.05$) ($F (1,153) = 0.159$, $p = 0.691 > 0.05$).

c. Identity Domain



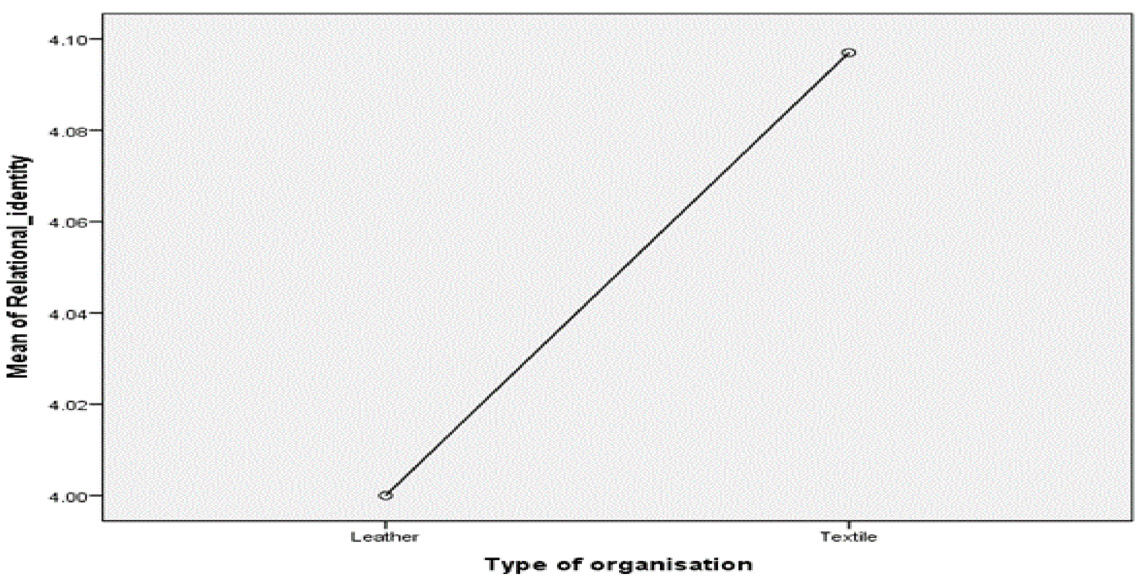
The scores on *Identity domain* were higher in textile firms than they were in leather firms; but the difference in mean differences were insignificant at 5% significance level ($F(1,155) = 0.013$, $p = 0.911 > 0.05$).

d. Social identity



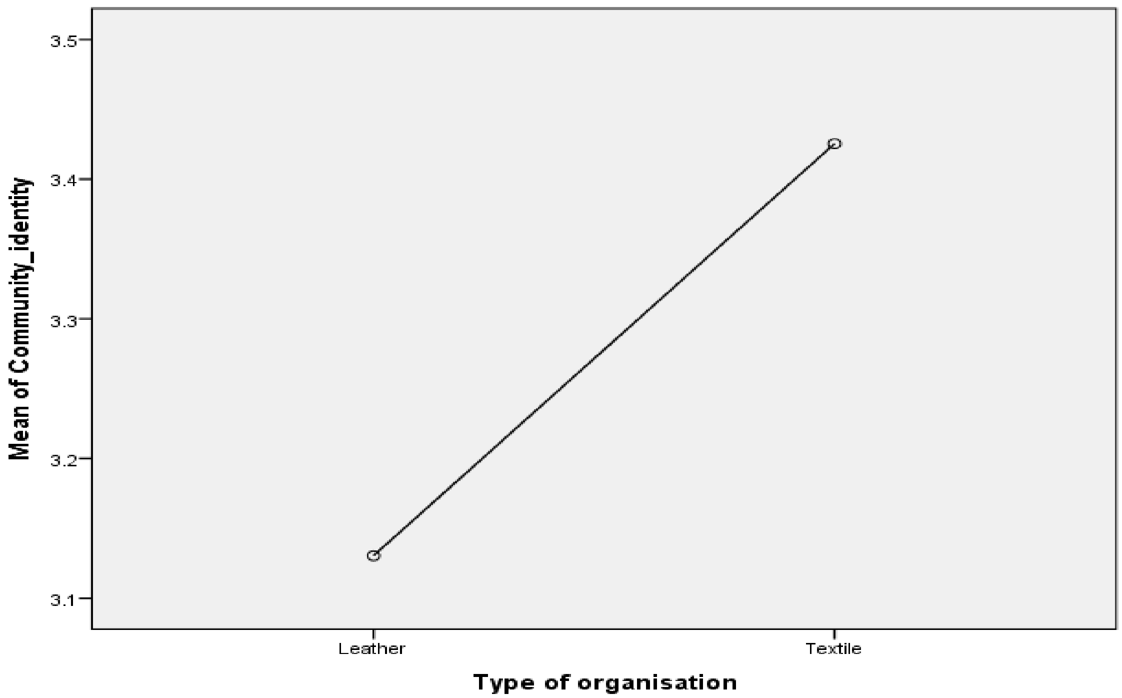
The responses on social identity were significantly different at p = 0.1 (10 % level of significance) but not at p = 0.05 (F (1,155) =3.598, p = 0.060 > 0.05); social was higher among managers in textile firms than by leather firm managers.

e. Relational identity



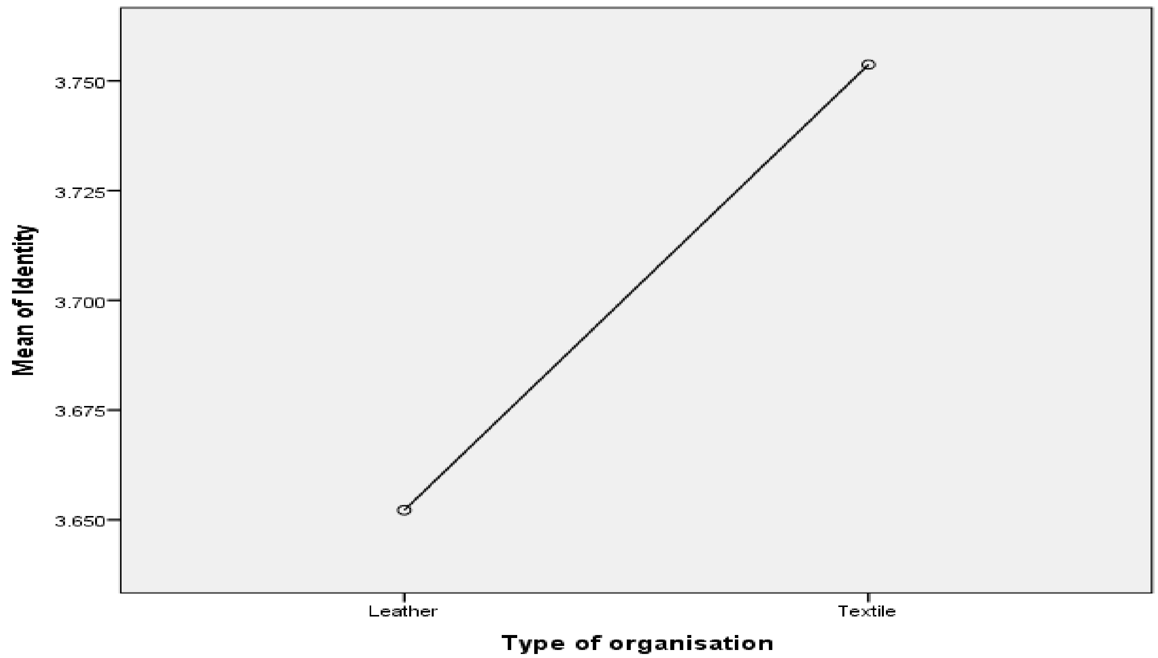
Consistent with the indicated graph (Figure 4.1 (g), textile managers ranked higher on relational identity compared to leather firm managers but the difference in the mean responses was not significant (F (1,155) = 0.319, p = 0.573 > 0.05).

f. Community Identity



The textile firm managers were more inclined to community identity than were the leather firms' managers; however, the difference in the mean disposition on this identity was not significant at p = 0.05 (F (1,155) = 1.872, p = 0.173 > 0.05).

g. Personal Identity

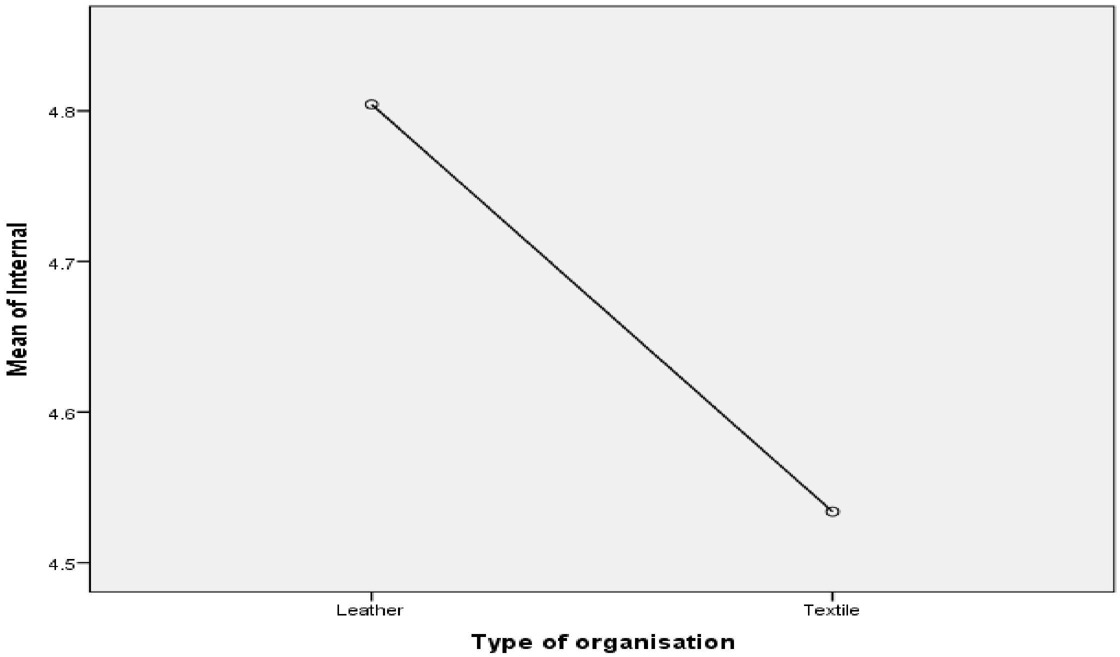


Overall, textile firm's managers had high ratings on personal identity domain recognition compared to leather firms' managers. (F (1,155) = 0.461, p = 0.498 > 0.05).

h. Managerial Orientation: Internal/External

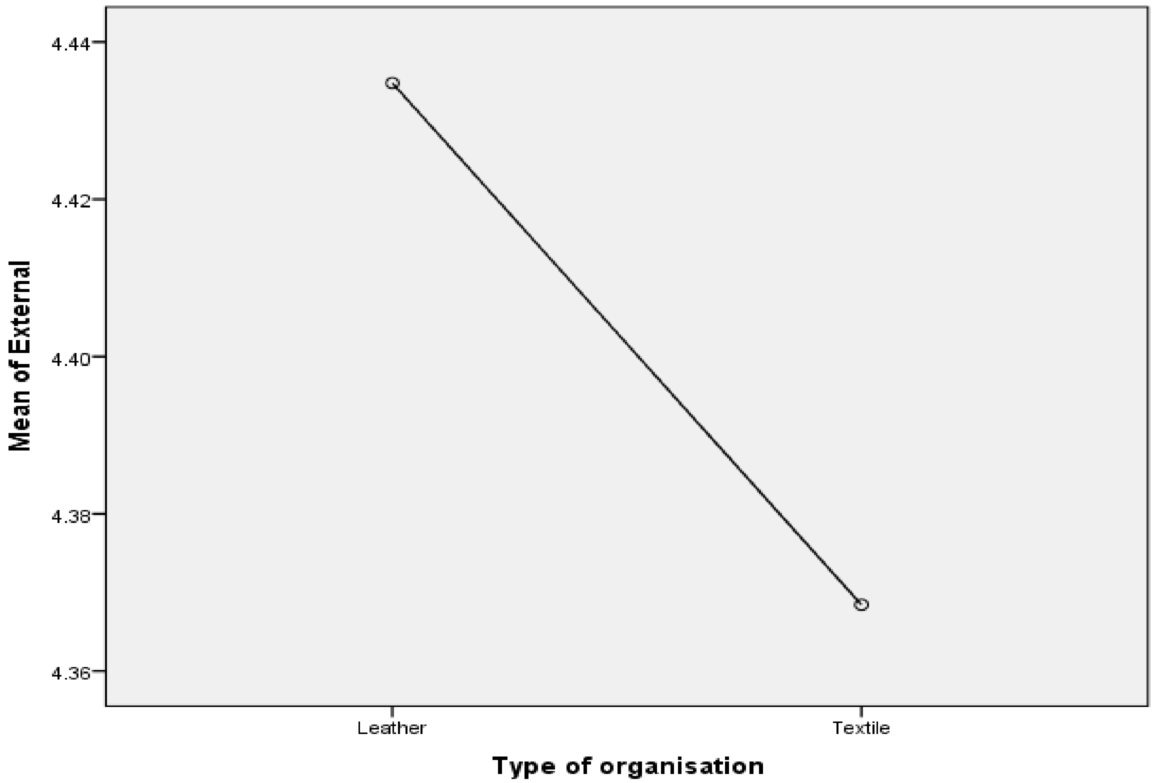
Managerial orientation can be internal or external: both these dimensions of orientation were assessed and the graphical representation of the means on them are presented in the following figures:

i. Internal Orientation



The difference of mean response on internal orientation was not significant (F (1,154) =3.375, p = 0.068 > 0.05). However, managers of leather firms were more internally oriented than managers of textile firms.

j. External orientation

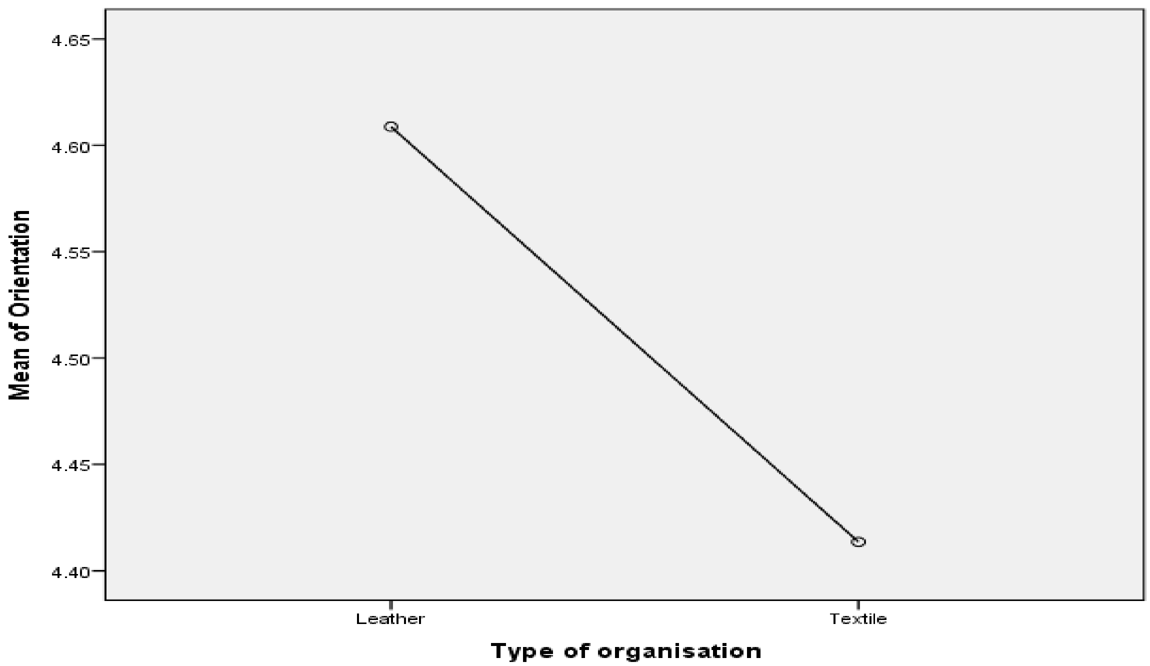


The mean responses on external orientation were higher in leather than in textile firms (see foregoing figure) though as seen from Table 4.9 the difference was not significant at $p = 0.05$ ($F(1,154) = 0.200$, $p = 0.656 > .05$).

In addition, there was relatively higher instance of internal orientation than there was external orientation by managers of leather and textile firms.

k. Composite score of Managerial Orientation

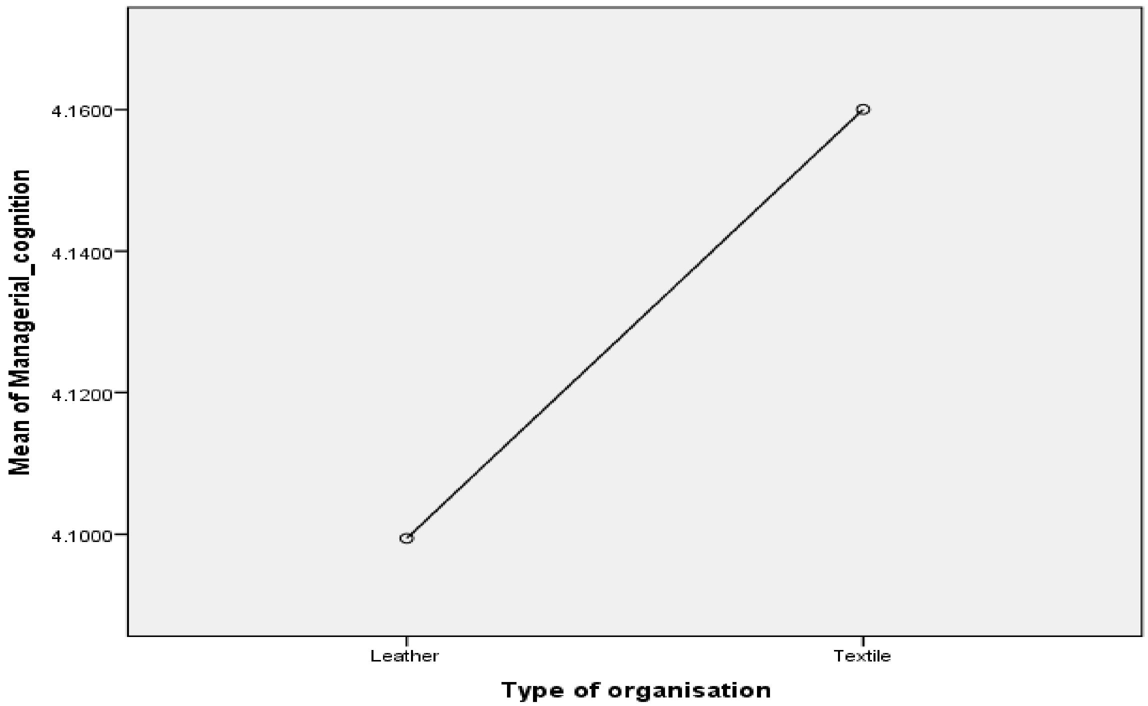
The graphical representation of the composite mean score of both internal and external orientation (internal/ external orientation)



According to Figure 4.1 (i), Managerial Cognition of orientation (internal/ external orientation) was higher in leather than it was in textile firms though the difference in these orientations across the two categories of firms was not significant as shown by the comparison of means ($F(1,154) = 1.926$, $p = 0.167 > 0.05$).

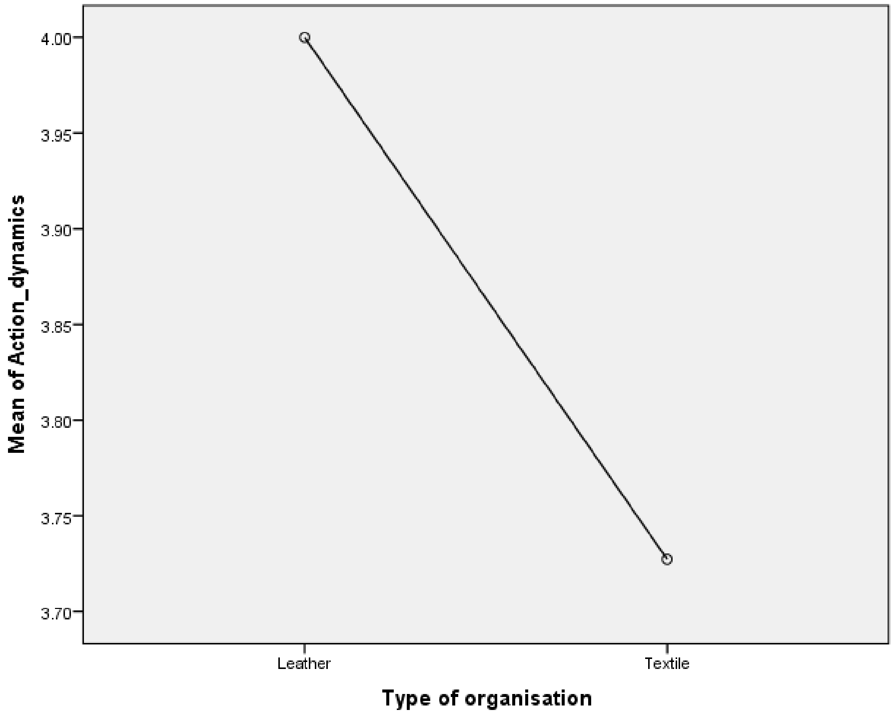
l. Managerial Cognition (composite score)

The aggregate score of the four MC sub-variables is as follows:



As seen from Figure 4.1 (j), the overall Managerial Cognition was higher by textile managers than it was for leather firms' managers. This notwithstanding but the cognitions were statistically equal ($F (1,151) = 0.356$, $p = 0.552 > 0.05$).

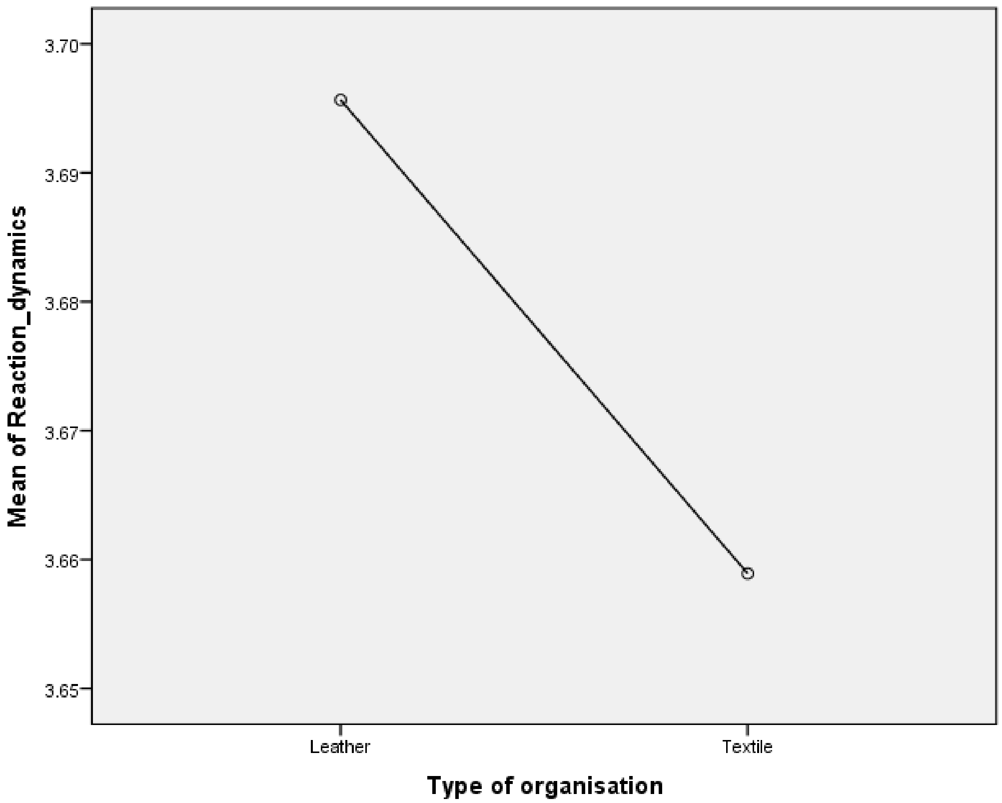
Competitive Dynamics



Data was collected on two dimensions of Competitive Dynamics: Action (moves) and Reaction (Countermoves). The movers were the actions that managers took on their own motion in a proactive manner while the countermoves are those actions that the managers took in response to the actions of their competitors or to changes in that occurred in the marketplace or industry.

As seen from Figure 4.1 (k), leather firms ranked higher on “Action” (moves) than textile firms on Competitive Dynamics. Nevertheless, as noted in Table 4.9 the difference was not significant ($p > 0.05$) ($F(1,153) = 2.060$, $p = 0.153 > 0.05$).

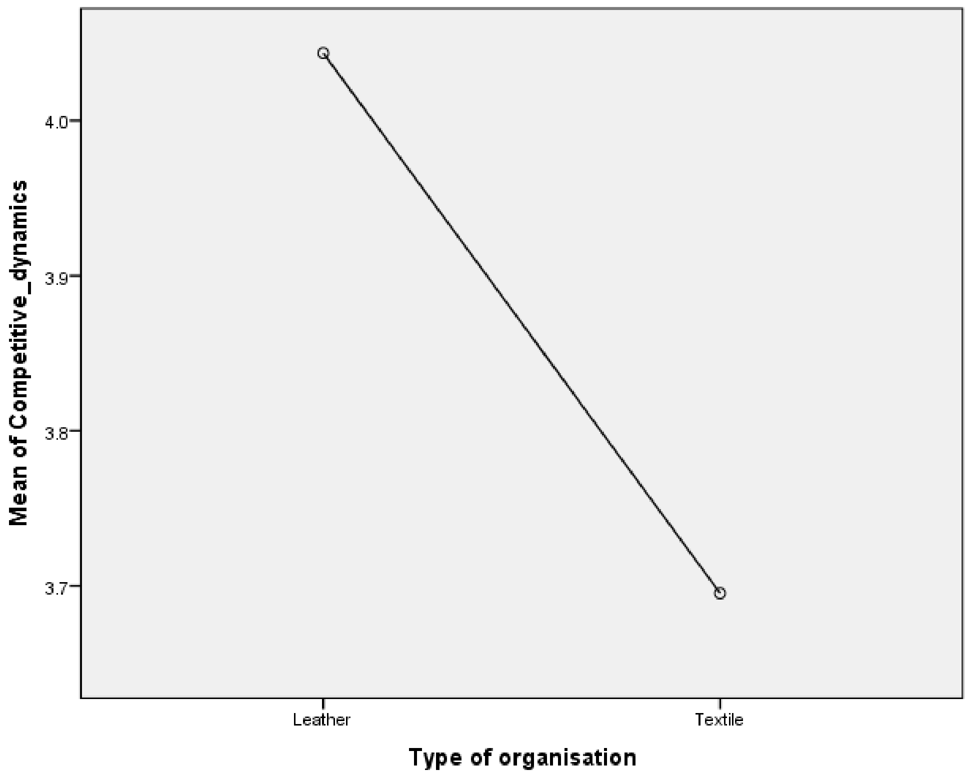
(ii) Reaction (countermoves)



The managers of leather and textile firms performed more proactive actions in response to competitive forces than they reacted to them. This is to say they were more action oriented than they were reaction oriented. ($F (1,150) = 0.032$, $p = 0.857 > 0.05$).

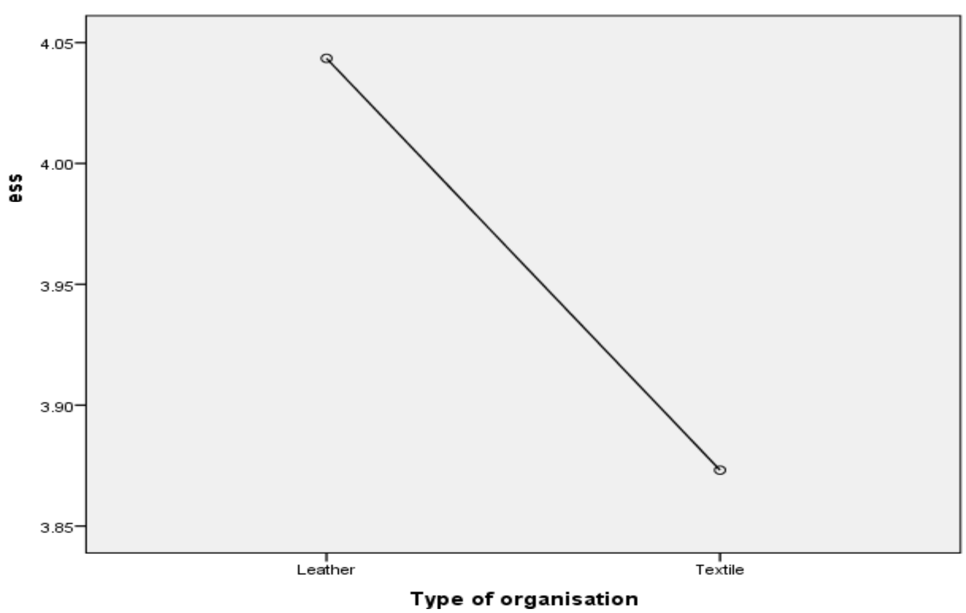
Competitive Dynamics

The composite mean of Competitive Dynamics is presented in the figure that follows.



The result in Figure 4.2 managers in leather firms were more actively engaged in Competitive Dynamics than the managers of textile firms were. (F (1,149) = 3.199, p = 0.076 > 0.05).

Performance



As shown in Figure 4.3, the leather firms were more competitive than the textile firms though the difference in performance between the two categories of firms was not significant as shown in ANOVA results (Table 4.10) ($F(1,155) = 1.135$, $p = 0.288 > 0.05$)

4.4 Results of Diagnostic Tests

The properties of the data that was collected on all the variables were examined through exploratory of data analysis and the results used to guide on the analytical approaches used on the data to generate results for testing hypotheses. In particular, the assumptions of linear regression model were tested

Normality test

The null hypothesis in the testing of normality: that data distribution "is not significantly different from a normal distribution". Consequently, the difference between the data set distribution and that of a normal distribution should be insignificant ($p > .05$) if the level of the chosen significance is 5% as was the case in this study. In case a different level of significance, for instance 1% was chosen, then p – value should be greater than .01 (that is $p > .01$). In order to test the normality of the distribution of data on variables, Kolmogorov-Smirnov and Shapiro-Wilk tests were used. The null and alternative hypothesis for this test were as follows:

> *H_0: The distribution of data is significantly different from a normal distribution ($p < .05$)*
>
> *H_1: The distribution of data is not significantly different from a normal distribution ($p > .05$)*

This hypothesis was alternatively stated as:

H_0: Data is not

normally distributed (p

< .05)H_1: Data is

normally distributed (p

> .05)

The results of normality tests are presented on Table 4.11

Table 4. 11:

Normality Test

Tests of Normality

	Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
	Statistic	**Df**	**Sig.**	**Statistic**	**df**	**Sig.**
Salience	0.105	153	<.001	0.934	153	<.001
Regulatory focus	0.162	153	<.001	0.897	153	<.001
Personal Identity	0.274	153	<.001	0.771	153	<.001
Social Identity	0.186	153	<.001	0.909	153	<.001
Relational Identity	0.243	153	<.001	0.828	153	<.001
Community Identity	0.222	153	<.001	0.897	153	<.001
Identity domain	0.306	153	<.001	0.81	153	<.001
Orientation	0.318	153	<.001	0.722	153	<.001
Action dynamics	0.283	153	<.001	0.86	153	<.001
Reaction dynamics	0.251	153	<.001	0.876	153	<.001
Competitive Dynamics	0.253	157	<.001	0.873	157	<.001
Performance	0.274	153	<.001	0.828	153	<.001

a Lilliefors Significance Correction

As seen from the results on Table 4.11 the distribution of the data on all the variables was significantly different from a normal distribution since the p – values associated with each of the normality statistics was less than .05 ($p < .001$) Consequently, it was concluded that the distribution of data is significantly different from a normal distribution ($p < .05$).

Homoscedasticity

Classical linear regression analysis of data can only proceed if variances of error terms are constant (or equal) for all values of the dependent variable across groups of independent variables. This is known as homoscedasticity otherwise if the variances are not equal then there is heteroscedasticity which is a violation of the assumption underlying linear regression.

H0: *Error variances are not equal ($p < .05$)*

H1: *Error variances are equal ($p > .05$)*

The results of the heteroscedasticity test which was done using Levene's statistics are presented in Table 4.12.

Table 4. 12:
Heteroscedasticity Test
Levene's Test of Equality of Error Variances[a]

Dependent Variable: Performance	**F**	**df1**	**df2**	**Sig.**
Salience	2.476	23	138	0.001
Regulatory Focus	2.095	14	145	0.015
Personal identity	0.322	3	158	0.810
Social identity	1.529	4	157	0.196
Relational identity	0.505	3	158	0.679
Community identity	6.680	4	157	<0.001
Identity domain	1.112	3	158	0.346
Orientation	4.722	3	157	0.003
Action dynamics	6.146	4	156	<0.001
Reaction dynamics	8.324	4	153	<0.001
Competitive Dynamics	7.912	4	152	<0.001

Test the null hypothesis that the error variance of the dependent variable is equal across groups.

The result in Table 4.12 imply that the error variances of the dependent variable (performance) were not equal across *Salience (p = <.001), Regulatory Focus (p = .015 < .05), Orientation*, (internal/ external) (p = <.001) and Competitive Dynamics (p = .001) except for indent (p = .346 > .05). Thus, the assumption of equality of variance across groups was violated.

Multicollinearity test

It is desirable that predictor variable in a model be sufficiently independent of each other; this is why they are referred to as independent variables. However, if they are strongly related, they cease to be independent of each other. Multicollinearity refers to a situation where more than two predictor (explanatory) variables in a multiple regression model are highly linearly related to an extent that one variable can be predicted by the other variable yet they are supposed to be sufficiently unrelated– this is to say that they should not be strongly related. When the correlation coefficient between a pair of variables in a regression model approaches either 1 or -1, we say that there is multicollinearity and that a perfect multicollinearity would occur if, the correlation between two independent variables is equal to either 1 or -1. However, in most cases, the threat of multicollinearity exists when the correlation between a pair of independent variables approaches 1 or -1, usually correlation coefficients greater than 0.8 suggest the presence of a threat of multicollinearity. When this occurs, one of the strongly (positively or negatively) correlated variables should be omitted from the regression model whether the model is linear or nonlinear. As already explained, multicollinearity occurs when there are high correlations between independent variables. When such high correlations (usually $r > 0.8$) is evident, one of the highly correlated variables is omitted from the analytical model. In this regard the Multicollinearity was assessed, and the result is presented in Table 4.13.

Table 4. 13:
Multicollinearity Test
Coefficients

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**sig.**	**Collinearity Statistics**	
		B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
1	(Constant)	-0.296	0.393		-0.753	0.453		
	Salience	0.186	0.075	0.166	2.489	0.014	0.793	1.260
	Regulatory focus	0.117	0.063	0.119	1.870	0.063	0.871	1.149
	Identity domain	0.270	0.069	0.252	3.900	<0.001	0.843	1.187
	Internal-external Orientation	0.188	0.079	0.168	2.382	0.018	0.710	1.408
	Competitive Dynamics	0.285	0.052	0.350	5.443	<0.001	0.854	1.171

Dependent Variable: Performance

A variance inflation factor (VIF) value of less than 10 indicates no multicollinearity, but values of VIF greater than 10 indicate the presence of multicollinearity (Myers, 190). The results of multicollinearity assessment (Table 4.13) suggest that there was no multicollinearity because the variance inflation factor (VIF) < 10, and tolerance (T) > 0.1; some typical values that indicate that there was no threat of multicollinearity VIF < 5, and T >0.2. Since all VIF and Tolerance values for all variables were within these thresholds; all the variables were retained in the analytical model.

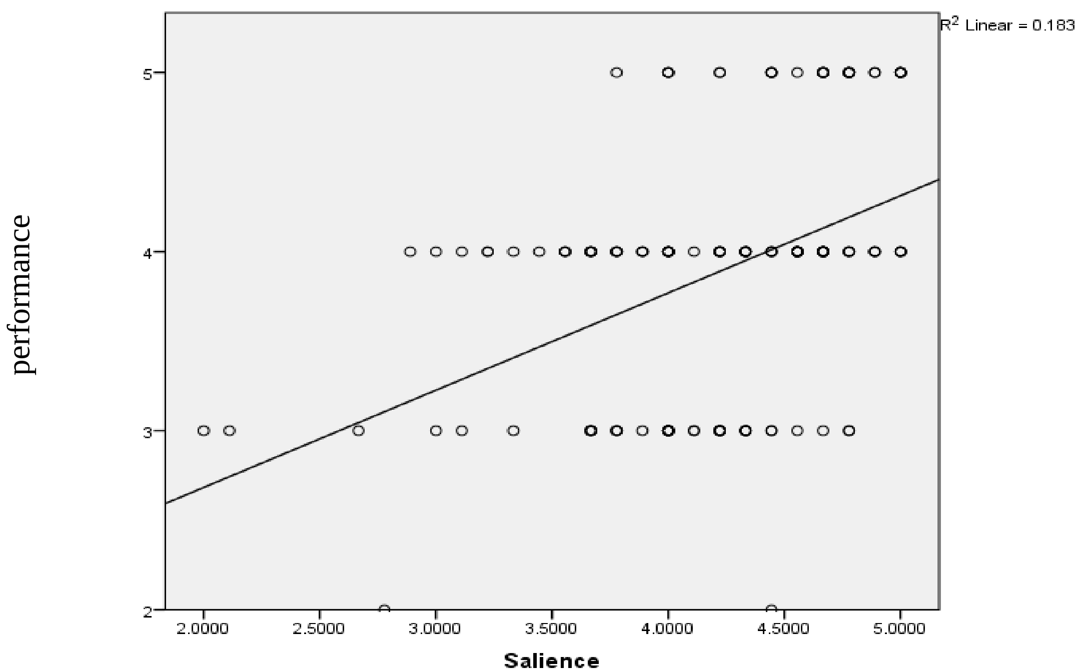
Linearity test using scatter plots

The fourth assumption of the classical linear regression analytical model to be tested was linearity. The scatter plots were used to provide a visual representation of how Managerial Cognition varied with performance; and with Competitive Dynamics in the leather and textile firms. The plots indicate the results as shown in Figure 4.2 a, b, c, d, and e.

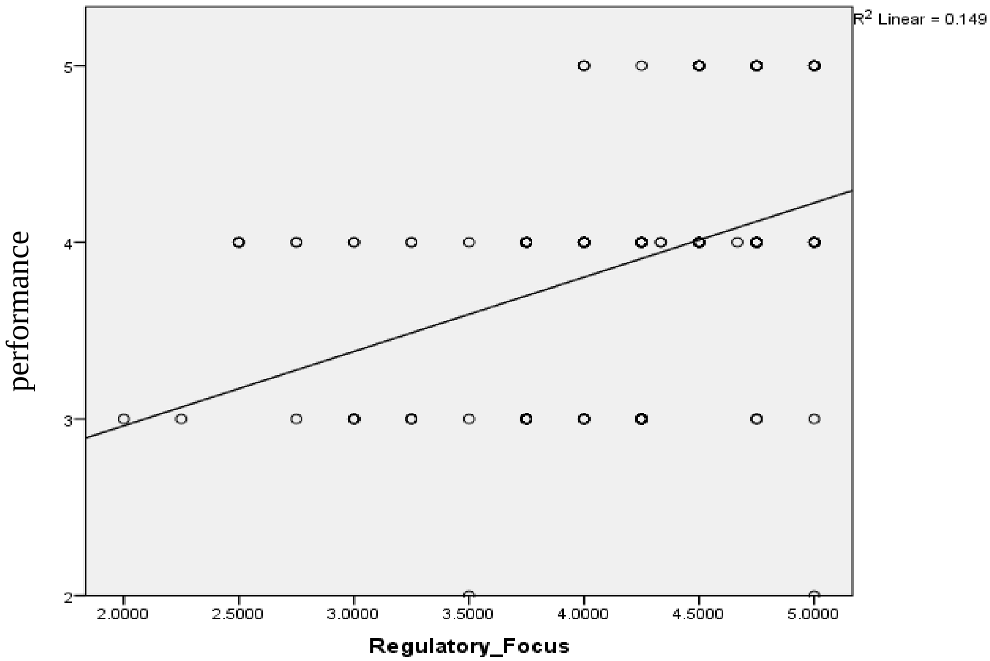
Figure 4. 2:

Linearity Graphs

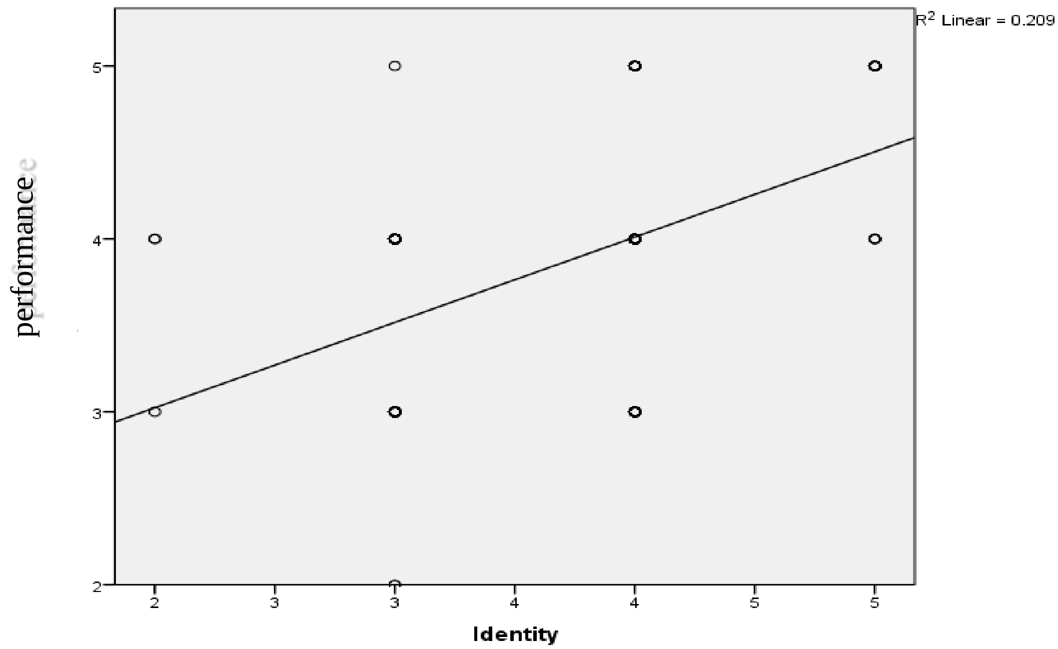
Salience vs Performance



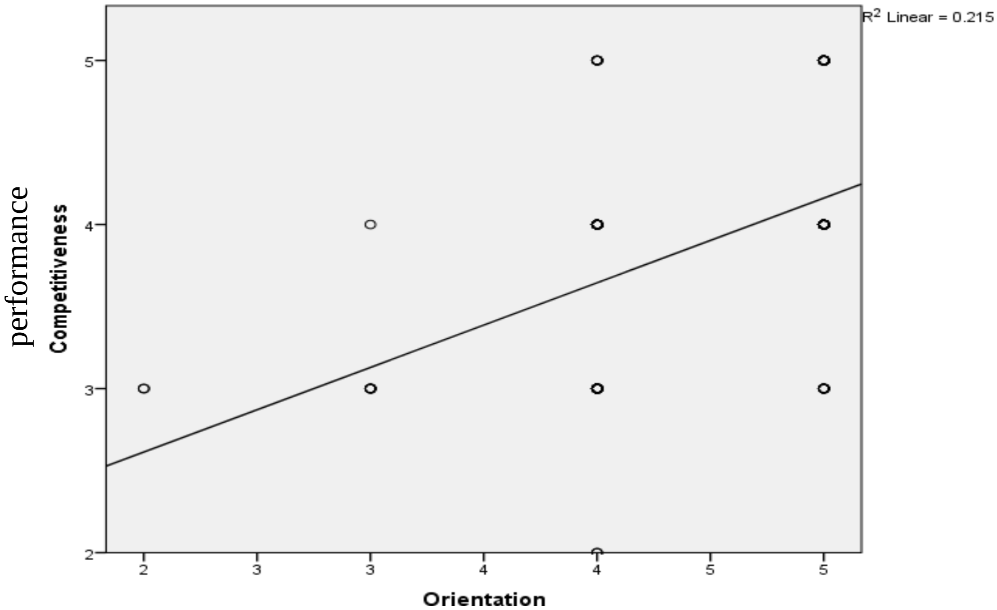
Regulatory Focus vs performance



Identity Domain vs Performance

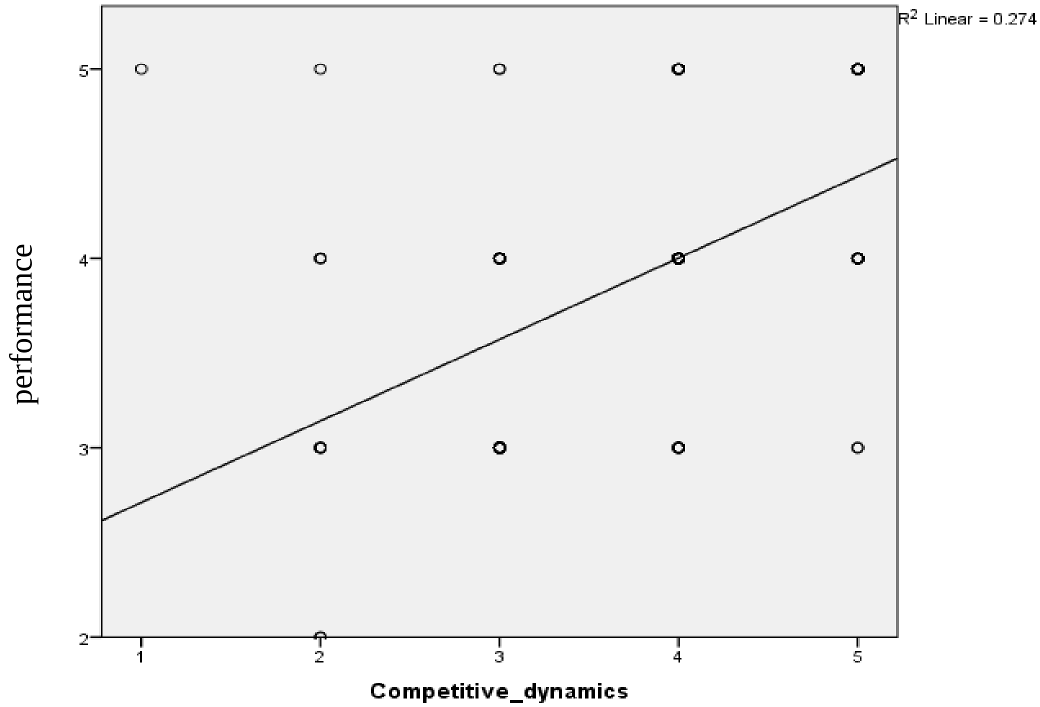


Internal/ External Orientation vs Performance



The scatter plots suggest the existence of a positive linear relationship between Managerial Cognition (Salience, Regulatory focus, Identity domain and Internal/ External orientation) and performance of the studied firms.

Competitive Dynamics vs Performance



Though the linearity assumption was not violated as seen from the scatter plots (Figure 4.1 a, b, c, d, e and f), the results from the classical liner regression model diagnostic tests showed that the distribution of the data violated some assumptions of the classical linear regression analytical model. In particular, homoscedasticity (equality of variance of error terms) and normality assumptions were violated, that is the Levene's equality of variance of error terms test and the Shapiro-Wilk test for normality respectively. Consequently, the binary Logistic Regression model was used to examine the relationship between Managerial Cognition and performance. Further, there existed a positive linear relationship between Competitive Dynamics and performance.

4.5 Relationship between Managerial Cognition, Competitive Dynamics and performance

The relationship between pairs of variables was examined using both scatter plots and cross- tabulations to assess the significance of associations. The Managerial Cognition variables were *salience*, *regulatory focus*, *identity domain* and *internal/external orientation*. Competitive Dynamics comprised both *actions* and *reactions* by managers in response to market competitive forces. Besides testing the association between performance and Managerial Cognition and Competitive Dynamics, the association between Competitive Dynamics and Managerial Cognition was also tested.

The association between pairs of variables was assessed using cross tabulations where Pearson Chi- square and associated asymptotic significance was used to determine whether a significant association existed, first between and Managerial Cognition and performance, and between Competitive Dynamics and performance of leather and textile firms; and secondly between Competitive Dynamics and Managerial Cognition.

Association between performance versus Managerial Cognition and Competitive Dynamics The cross-tabulation results are presented in Table 4.14 while the results of the assessment of the association between performance and Managerial Cognition and Competitive Dynamics are presented as Table 4.15. Chi- Square test is used to assess whether an association exists between pairs of variables. However, the direction of this association cannot be determined from a X^2- test.

Table 4. 14:

Cross-tabulation: Performance * Managerial Cognition

Managerial Cognition bin * Performance bin Cross-tabulation

Count

		Performance bin		**Total**
		0	1	
Salience bin	0	6	7	13
	1	38	111	149
Total		**44**	**118**	**162**
Regulatory focus bin	0	9	11	20
	1	35	105	140
Total		**44**	**116**	**160**
Personal identity bin	0	9	6	15
	1	36	111	147
Total		**45**	**117**	**162**
Social identity bin	0	37	61	98
	1	8	56	64
Total		**45**	**117**	**162**
Relational identity bin	0	16	18	34
	1	29	99	128
Total		**45**	**117**	**162**
Community identity bin	0	28	57	85
	1	17	60	77
Total		**45**	**117**	**162**
Identity bin	0	22	26	48
	1	23	91	114
Total		**45**	**117**	**162**
Internal bin	0	6	3	9
	1	39	113	152
Total		**45**	**116**	**161**
External bin	0	5	4	9
	1	40	112	152
Total		**45**	**116**	**161**
Orientation bin	0	7	2	9
	1	38	114	152
Total		**45**	**116**	**161**
Action dynamics bin	0	32	19	51
	1	12	98	110
Total		**44**	**117**	**161**
Reaction dynamics bin	0	34	27	61
	1	10	87	97
Total		**44**	**114**	**158**
Competitive dynamics bin	0	32	21	53
	1	11	93	104
Total		**43**	**114**	**157**

The results for the assessment of the association between performance and Managerial Cognition. The Managerial Cognition variables were salience, regulatory focus, identity domain (Personal identity, Social Identity, Relational Identity and Community Identity), and internal/external orientation.

Table 4. 15:

Performance vs Managerial Cognition, Competitive Dynamics

	Chi-Square Tests					
		Value	**Df**	**Asymp. Sig. (2-sided)**	**Exact Sig. (2-sided)**	**Exact Sig. (1-sided)**
Salience	Pearson Chi-Square	2.577[a]	1	0.108		
	Continuity Correction[b]	1.639	1	0.200		
	Likelihood Ratio	2.342	1	0.126		
	Fisher's Exact Test				0.117	0.103
	Linear-by-Linear Association	2.561	1	0.109		
Regulatory focus	Pearson Chi-Square	3.511[a]	1	0.061		
	Continuity Correction[b]	2.579	1	0.108		
	Likelihood Ratio	3.235	1	0.072		
	Fisher's Exact Test				0.105	0.058
	Linear-by-Linear Association	3.489	1	0.062		
Personal identity	Pearson Chi-Square	8.555a	1	0.003		
	Continuity Correction[b]	6.877	1	0.009		
	Likelihood Ratio	7.584	1	0.006		
	Fisher's Exact Test				0.006	0.006
	Linear-by-Linear Association	8.502	1	0.004		
Social Identity	Pearson Chi-Square	12.309[a]	1	<.001		
	Continuity Correction[b]	11.082	1	0.001		
	Likelihood Ratio	13.287	1	<.001		

	Fisher's Exact Test				0.001	<.001
	Linear-by-Linear Association	12.233	1	<.001		
Relational Identity	Pearson Chi-Square	7.974[a]	1	0.005		
	Continuity Correction[b]	6.804	1	0.009		
	Likelihood Ratio	7.434	1	0.006		
	Fisher's Exact Test				0.009	0.006
	Linear-by-Linear Association	7.925	1	0.005		
Community Identity	Pearson Chi-Square	2.377a	1	0.123		
	Continuity Correction[b]	1.866	1	0.172		
	Likelihood Ratio	2.398	1	0.121		
	Fisher's Exact Test			0.16		0.086
	Linear-by-Linear Association	2.362	1	0.124		
Identity domain	Pearson Chi-Square	11.084a	1	0.001		
	Continuity Correction[b]	9.842	1	0.002		
	Likelihood Ratio	10.58	1	0.001		
	Fisher's Exact Test			0.002		0.001
	Linear-by-Linear Association	11.016	1	0.001		
Internal orientation	Pearson Chi-Square	7.096[a]	1	0.008		
	Continuity Correction[b]	5.205	1	0.023		
	Likelihood Ratio	6.21	1	0.013		
	Fisher's Exact Test			0.015		0.015
	Linear-by-Linear Association	7.052	1	0.008		
External orientation	Pearson Chi-Square	3.607a	1	0.058		
	Continuity Correction[b]	2.302	1	0.129		
	Likelihood Ratio	3.209	1	0.073		
	Fisher's Exact Test			0.118		0.07
	Linear-by-Linear Association	3.585	1	0.058		

Internal/ external Orientation	Pearson Chi-Square	11.753[a]	1	0.001	
	Continuity Correction[b]	9.278	1	0.002	
	Likelihood Ratio	10.295	1	0.001	
	Fisher's Exact Test			0.002	0.002
	Linear-by-Linear Association	11.68	1	0.001	
Action dynamics	Pearson Chi-Square	47.143[a]	1	<.001	
	Continuity Correctionb	44.569	1	<.001	
	Likelihood Ratio	45.69	1	<.001	
	Fisher's Exact Test			<.001	<.001
	Linear-by-Linear Association	46.85	1	<.001	
Reaction dynamics	Pearson Chi-Square	38.464a	1	<.001	
	Continuity Correction[b]	36.236	1	<.001	
	Likelihood Ratio	38.785	1	<.001	
	Fisher's Exact Test			<.001	<.001
	Linear-by-Linear Association	38.221	1	<.001	
Competitive Dynamics	Pearson Chi-Square	43.783a	1	<.001	
	Continuity Correction[b]	41.314	1	<.001	
	Likelihood Ratio	42.955	1	<.001	
	Fisher's Exact Test			<.001	<.001
	Linear-by-Linear Association	43.504	1	<.001	
	N of Valid Cases	157			

a 0 cells (0.0%) have expected count less than 5. The minimum expected count is 14.52.
b Computed only for a 2x2 table

As seen from the results on Table 4.15, there was significant association between performance and two Managerial Cognition Variables Identity ((χ^2 = 11.084, df = 1, p = .001 < .05) and orientation (χ^2 = 11.753, df = 1, p = .001 < .05). However, there was no significant association between performance and both *Salience* (χ^2 = 2.577, df = 1, p = .108> .05) and *Regulatory focus* (χ^2 = 3.511, df = 1, p = .061 > .05). Further, while Internal orientation was significantly associated with performance at 5% significance level (χ^2 = 7.096, df = 1, p = 0.008 < .05), External orientation was not (χ^2 = 3.607, df = 1, p = .058 > .05). Lastly, while personal, social and relational identities had a significant association with performance (p < .05), community identity had no significant association (χ^2 = 2.377, df = 1, p = 0.123 > .05) with performance of leather and textile firms in Kenya

Association between Competitive Dynamics versus Managerial Cognition

The *Competitive Dynamics*was operationalized using two sub-variables *action* and *reaction* where a composite score was used to test the association between Competitive Dynamics and Managerial Cognition variables, namely *salience, regulatory focus, identity domain* and *internal/external orientation.* The significance of the association between pairs of variables was assessed at 5% level of significance (p = .05). The results of the cross tabulations and chi-square analysis are in Table 4.14 and Table 4.15.

For the cross tabulation, the hypothesis that formed the basis for the assessment of the association between Competitive Dynamics and Managerial Cognition was:

H0: *There is no significant association between Competitive Dynamics and Managerial Cognition (p > .05)*

H1: *There is significant association between Competitive Dynamics and Managerial Cognition (p< .05)*

While the classification of cases is presented in Table 4.16, the chi-square test results are presented in Table 4.17.

Table 4. 16:

Managerial Cognition * Competitive Dynamics

Salience_bin * Competitive_dynamics_bin Crosstabulation

Count

		Competitive_dynamics_bin		**Total**
		0	**1**	
Salience_bin	0	7	5	12
	1	45	99	144
Total		**52**	**104**	**156**
Regulatory_focus_bin	0	8	11	19
	1	45	91	136
Total		**53**	**102**	**155**
Personal_identity_bin	0	9	6	15
	1	44	97	141
Total		**53**	**103**	**156**
Social_identity_bin	0	37	57	94
	1	16	46	62
Total		**53**	**103**	**156**
Relational Identity bin	0	17	15	32
	1	36	88	124
Total		**53**	**103**	**156**
Community Identity bin	0	29	52	81
	1	24	51	75
Total		**53**	**103**	**156**
Identity bin	0	23	23	46
	1	30	80	110
Total		**53**	**103**	**156**
Internal bin	0	5	3	8
	1	48	99	147
Total		**53**	**102**	**155**
External bin	0	6	3	9
	1	47	99	146
Total		**53**	**102**	**155**
Orientation bin	0	7	1	8
	1	46	101	147
Total		**53**	**102**	**155**
Action dynamics bin	0	47	3	50
	1	6	101	107
Total		**53**	**104**	**157**
Reaction dynamics bin	0	50	10	60
	1	3	94	97
Total		**53**	**104**	**157**

Table 4. 17:

Competitive Dynamics vs Salience,

Regulatory focus, Identity, Orientation (internal/external)

Chi-Square Tests

		Value	**Df**	**Asymp. Sig. (2-sided)**	**Exact Sig. (2-sided)**	**Exact Sig. (1-sided)**
Salience	Pearson Chi-Square	3.656[a]	1	0.056		
	Continuity Correction[b]	2.539	1	0.111		
	Likelihood Ratio	3.419	1	0.064		
	Fisher's Exact Test				0.106	0.059
	Linear-by-Linear Association	3.633	1	0.057		
Regulatory focus	Pearson Chi-Square	.602[a]	1	0.438		
	Continuity Correction[b]	0.268	1	0.604		
	Likelihood Ratio	0.586	1	0.444		
	Fisher's Exact Test				0.448	0.297
	Linear-by-Linear Association	0.598	1	0.439		
Personal identity	Pearson Chi-Square	5.011[a]	1	0.025		
	Continuity Correction[b]	3.81	1	0.051		
	Likelihood Ratio	4.712	1	0.03		
	Fisher's Exact Test				0.041	0.028
	Linear-by-Linear Association	4.979	1	0.026		
Social Identity	Pearson Chi-Square	3.060[a]	1	0.08		
	Continuity Correction[b]	2.486	1	0.115		
	Likelihood Ratio	3.119	1	0.077		
	Fisher's Exact Test				0.087	0.057
	Linear-by-Linear Association	3.041	1	0.081		
Relational Identity	Pearson Chi-Square	6.582[a]	1	0.01		
	Continuity Correction[b]	5.552	1	0.018		
	Likelihood Ratio	6.308	1	0.012		
	Fisher's Exact Test				0.013	0.01
	Linear-by-Linear Association	6.54	1	0.011		
Community Identity	Pearson Chi-Square	.251[a]	1	0.616		
	Continuity Correction[b]	0.11	1	0.74		
	Likelihood Ratio	0.251	1	0.616		
	Fisher's Exact Test				0.735	0.370

	Linear-by-Linear Association	0.249	1	0.617	
Identity domain	Pearson Chi-Square	7.469[a]	1	0.006	
	Continuity Correction[b]	6.49	1	0.011	
	Likelihood Ratio	7.271	1	0.007	
	Fisher's Exact Test			0.009	0.006
	Linear-by-Linear Association	7.421	1	0.006	
Internal orientation	Pearson Chi-Square	3.004[a]	1	0.083	
	Continuity Correction[b]	1.824	1	0.177	
	Likelihood Ratio	2.813	1	0.093	
	Fisher's Exact Test			0.123	0.091
	Linear-by-Linear Association	2.984	1	0.084	
External orientation	Pearson Chi-Square	4.478[a]	1	0.034	
	Continuity Correction[b]	3.077	1	0.079	
	Likelihood Ratio	4.194	1	0.041	
	Fisher's Exact Test			0.063	0.043
	Linear-by-Linear Association	4.449	1	0.035	
Orientation	Pearson Chi-Square	10.652[a]	1	0.001	

Continuity Correction[b]	8.301	1	0.004	
Likelihood Ratio	10.39	1	0.001	
Fisher's Exact Test			0.002	0.002
Linear-by-Linear Association	10.584	1	0.001	
N of Valid Cases	157			

a 0 cells (0.0%) have expected count less than 5. The minimum expected count is 20.25.

b Computed only for a 2x2 table

According to the result in Table 4.16, *Salience* and *Regulatory focus* were not significantly associated with Competitive Dynamics (Salience: 3.656, df = 1, $p = .056 > .05$; regulatory focus:

.602, df = 1, $p = .438 > .05$). However, Competitive Dynamics was significantly associated with Identity domain ($\chi^2 = 7.469$, df = 1, $p = .006 < .05$) and Orientation ($\chi^2 = 0.652$, df = 1, $p = .001 >.05$). Further eternal orientation was significantly associated with performance dynamics ($p = .034< .05$) while internal orientation was not ($p = .083$). In addition, while personal and relational identity were significantly associated with Competitive Dynamics, social and community identities were not ($p > .05$).

Further, while *External Orientation* was more significantly associated with Competitive Dynamics ($X^2 = 4.478$, $p = 0.034 < 0.05$), *Internal Orientation* was not ($X^2= 3.004$, $p = 0.083 > 0.05$). In the foregoing result (Table 4.16), Fisher's exact test is a statistical significance test used in the analysis of contingency tables. Although it is mostly employed for small sample sizes, it is still valid for all sample sizes and is one of a class of exact tests.

4.6 Influence of Managerial Cognition on performance using Logistic Regression

For the purpose of identifying which variables have impact on a topic of interest, usually thedependent variable, regression analysis method is used since it is a reliable method for doing this.In this study the outcome variable was performance. The process of performing a regression is to confidently determine which factors (in this study Managerial Cognition variables: salience,regulatory focus, identity domain and internal/ external orientation) matter most, which factors canbe ignored, and how these factors influence each other.

Since the distribution of the data that was collected on variables violated the assumptions of classical linear regression, binary Logistic Regression was used to assess the influence of Managerial Cognition on the performance of leather and textile firms in Kenya.

4.7 Discussion and Justification of Logistic Regression Model

Logistic Regression is a statistical model that uses a logistic function to predict the probability or odds of an instance belonging to a particular category.

Assumptions of Logistic Regression: The following are the assumption of Logistic Regressions that were satisfied and hence its use in this study:

i. Binary Logistic Regression requires the dependent variable to be binary and ordinal Logistic Regression requires the dependent variable to be ordinal. In this study, the dependent variable was binary, that is either the firms were satisfactorily performing (performance = “1”) or not satisfactorily performing (performance = “0”)

ii. Logistic Regression assumes that P (Y = 1) is the odds of the events occurring. For binary regression 1 represents the desired outcome or success and 0 otherwise, in this research, 1 represents "performance" and 0 otherwise, that is "non- performance"

iii. The model ought to be fitted correctly that is no overfitting or under-fitting should be allowed; all meaningful variables should be included. In this study, there was neither over specification nor under-specification because the dimensions of Managerial Cognition discerned from theory and empirical literature were the ones that were used as independent variables. The independent variables were salience, regulatory focus, identity domain and internal/external orientation.

iv. Error terms should be independent that is each observation should be independent and collected data should not be from dependent sample designs as shown by Levine's statistic test for equality of variance of error terms.

The model should have little or no Multicollinearity meaning that the explanatory variables should be independent of each other. The model requires a large sample size. For this assumption, Multicollinearity statistics were calculated and both the VIF and tolerance were within the thresholds for no Multicollinearity ($VIF < 5$; $T > 0.2$).

4.8 Justification of use of Logistic Regression in this study

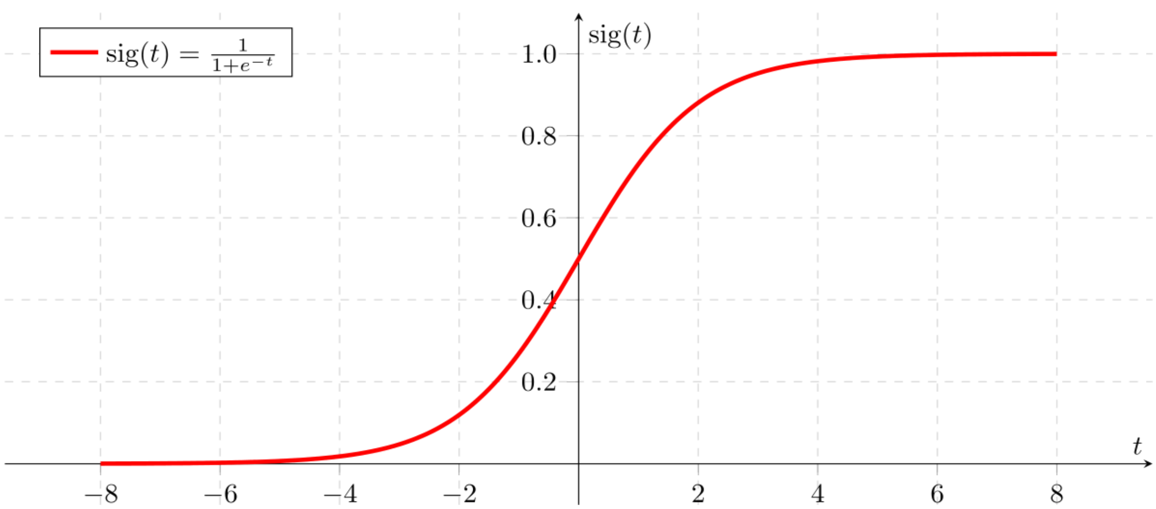
It is used when the relationship between the independent and dependent variable is nonlinear and is a probability distribution. This regression analysis predicts the probability of performance. This approach enabled knowing the chances of likelihood of, also referred to as odds for, performance of firms. The chances or odds are presented thus:

$$\frac{p}{1-p} = e^z$$

Where, p is the probability that the firm is performing and z is a linear function in x, where xi (i = 1,2, 3, 4) are the variables that influence performance. In this study, the xi were the Managerial Cognition variables namely, salience, regulatory focus, identity domain and internal/external orientation. It can be shown that, the probability p, is performing satisfactorily is expressed as follows:

$$p = \frac{e^z}{1+e^z}$$

The logistic function is also called cumulative logistic function. An example of the logistic function is the sigmoid prediction function, sig (t), which is essentially probability function, which we can consider as p (Y), with Y being the performance.



In the sigmoid function, we can replace sig with p and t with y.

From the presented cumulative logistic function, probability of performance (performance) can lie anywhere between 0 and 1. The Logistic Regression is used when data on the dependent variable is not normally distributed as was the case in this study where the data on the dependent variable was not normally distributed as shown by the KS and SW statistical tests of normality. Logistic Regression does not require a linear relationship between the dependent and independent variable. It can determine different relationships as it uses nonlinear log transformation to predict odds ratios. In this research the results show the odds for performance of the leather and textile firms in Kenya.

4.9 Prediction of the odds for performance by Managerial Cognition

Since the data that was collected failed some of the classical linear regression assumptions thus making, the linear regression unsuitable for assessing the relationship between variables, the assumptions of Logistic Regression were tested. The data satisfied the Logistic Regression assumptions and this model was used to examine the influence of Managerial Cognition on performance of leather and textile firms. The result of the Logistic Regression of is presented on Table 4.18.

Table 4. 18:
Managerial Cognition and performance

Hosmer and Lemeshow Test

Step	**Chi- square**	**df**	**Sig.**
1	11.592	8	0.17

As indicated by the p-value of the Hosmer and Lemeshow test, (Table 4.18), the probability that the odds for performance were not predicted by the Managerial Cognition variables - silence, regulatory focus, identity domain and internal/ external orientation- was not significant at $p > .05$ ($p = .017$); hence, the model had a good fit ($p > 0.05$). This result implies that the prediction of the odds for performance were due to the four predictor variables (silence, regulatory focus, identity domain and internal/ external orientation) that were in the model.

Table 4. 19:
Influence of Managerial Cognition on performance

Model Summary

Step	**Deviate score**	**Cox & Snell R Square**	**Nagelkerke R Square**
1	138.867a	0.253	0.367

a Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Classification Table[a]

	Observed		Predicted		
			Performance _bin		Percentage e Correct
			0	1	
Step 1					
	Performance _bin	0	15	28	34.9
		1	9	106	92.2
	Overall Percentage				76.6

a The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Odds ratio
Step 1a	Salience	0.796	0.348	5.219	1	0.022	2.217
	Regulatory focus	0.305	0.292	1.093	1	0.296	1.357
	Identity domain	0.591	0.357	2.739	1	0.098	1.805
	Internal-external Orientation	1.411	0.402	12.318	1	<0.001	4.101
	Constant	-11.769	2.366	24.741	1	<0.001	0

a Variable(s) entered on step 1: Salience, Regulatory focus, Identity, Orientation.

From the result in Table 4.19, it is noticed that while salience and internal/external orientation significantly influenced the probability of performance (Salience: Wald = 5.219, p = .022 < .05, odds ratio = 2.217; internal/external orientation: Wald =12.318, p

<.001 < .05, odds ratio = 4.101). However, regulatory focus (Wald = 1.093, p > .05, odds ratio = 1.357) and identity (Wald = 2.739, p > .05, odds ratio = 1.805) did not significantly increase the odds for performance of leather and textile firms. Salience increased the odds for performance by more than two folds (odds ratio = 2.217) while orientation increased the odds by 4.401 times (odds ratio = 4.101).

Further, Cox and Snell R square and Negelkerke R-square are referred to as pseudo R square because they are an approximation. of a linear relationship between the Managerial Cognition variables (silence, regulatory focus, identity domain and internal/ external orientation) and performance of leather and textile firms in Kenya. Specifically, the R-value equal to 0.367 implies that salience, regulatory focus, identity domain and internal/external orientation predicted about 37% of variation in performance and that the model was significant (HL: X2 = 11.592, p > 0.05).

Salience: Sutcliffe and Huber (2018), considers salient as an event that has properties making it get noticed despite the difference level existing among individuals. Salience is regarded as the impact on the cue of the environment that draws a lot of attention than any other, which is an essential element in attention concept. Particular attention suggests that organizations and individuals selectively concentrate on certain stimuli from external while not looking at others (Ocasio et al., 2018). In this study, salience was found to be the most influential element of Managerial Cognition with regard to how Managerial Cognition influences performance of firms; in this study the firms were the leather and textile firms.

Internal-external orientation: The orientation of managers was measured with two indicators for internal orientation and four indicators for eternal orientation. The relationship between orientation and performance was assessed using correlations analysis of the composite scores of internal orientation, external orientation and performance which also had two categories of measures (effectiveness and efficiency). In this study, the attention to external environment is defined to mean attention of managers with similar characteristics to economic, cultural and social structure that governs effort, time and attention allocation by the decision-makers of an organization.

Significant findings were on the relationship between internal/external orientations and Pearce's indicators on performance; profits, return on assets, and equity and interest (Pearce II, 1983, p. 297). In this study, the attention to external environment was defined to mean attention of managers with similar characteristics to economic, cultural and social structure that governs effort, time and attention allocation by the decision-makers of an organization. The findings of this study corroborate those previous study findings (Pearce II, 1983).

Identity domain: With regard to identity domain, Livengood and Reger (2010), show the existence of a link between elements of awareness-motivation-cognition (AMC) and argued that the presence of these elements brings an outcome of more resource allocation to the business part that is within identity domain. A similar reasoning line has appeared to claim that reaction of managers to threat towards domain identity is faster than action falling outside it. Thus, psychologically, a threat to the identity domain is a threat towards the firm's stand and that which defines members of the firm. The managers would then move to strengthen the identity and to repel the recent and future attacks on the organization. This notwithstanding, identity domain did not significantly predict the odds for performance in this study at $p < .05$; it however predicted it at $p < .1$. This finding suggests that there is a possibility that identity domain may predict performance if its cognition is improved because it had a significant relationship with performance ($X2 = 11.084$, $df = 1$, $p = 0.001$).

4.10 Cognition and Competitive Dynamics

Interest in how performance relates with cognition has attracted interest from strategy scholars (Kumbure et al., 2020). In particular, cognition can shed light on the reasons some top managers are more effective than their counterparts in other organizations in perceiving, interpreting, deciding, taking appropriate action and addressing the demands of rapidly changing environment (Helfat & Martin, 2015). Consequently, the key question of strategy and by extension performance of organizations is why some firms perform better than others. Insights to this concern can be found by focusing on cognition in strategic management. Many scholars emphasize the critical role played by Managerial Cognition. For example, Managerial Cognition has been cited as key determinant of how organizations adapt to the inconsistent operating environments (Cao et al., 2020). Since "managerial cognitive capability enables managers to execute single or multiple mental activities comprising cognition" (Helfat & Martin, 2015). This suggests that Managerial Cognition predicts performance of organizations as was the case of leather and textile firms in this study. This adds to empirical literature on the relationship between Managerial Cognition and performance as was measured by performance in this study.

4.11 Competitive Dynamics between Managerial Cognition and performance

Competitive Dynamics (CD) was hypothesised to have moderating effect on the relationship between Managerial Cognition (MC) and performance of leather and textile firms in Kenya. The test of this effect proceeded in three steps: Step 1 was the direct effect of Managerial Cognition on performance, ***Step 2:*** Influence of MC and CD on performance; and Step 3: the influence of MC, CD and CD*MC (interaction term) on performance. Since Step 1, the direct effect of MC variables on performance was already determined (see Table 4.18), only Step 2 and Step 3 were performed in this section.

Step 2: Assessment of the combined effect of Managerial Cognition which was the composite score of salience, regulatory focus, identity and orientation; and composite score of Competitive Dynamics (pro-action and reaction) on performance.

Table 4. 20:
Managerial Cognition and Competitive Dynamics predicting performance

Model Summary

Step	Deviate score	Cox & Snell R Square	Nagelkerke R Square
1	118.244[a]	0.323	0.47

a Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Classification Table a

	Observed		Predicted		
			Performance _bin		Percentage Correct
			0	1	
Step 1					
	Performance _bin	0	25	16	61
		1	11	101	90.2
	Overall Percentage				82.4

a The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	sig.	Odds ratio
Step 1a	Managerial Cognition	2.798	0.631	19.652	1	<.001	16.405
	Competitive Dynamics	1.332	0.305	19.02	1	<.001	3.787
	Constant	-14.985	2.886	26.962	1	<.001	0

a Variable(s) entered on step 1: Managerial Cognition, Competitive Dynamics.

As shown in Table 4.20 the binary coding in the classification table is: 0 = "unsatisfactoryperformance", and 1 = "satisfactory performance" of leather and textile firms.

This result (Table 4.19) suggests that Competitive Dynamics (CD) had a significant influence on performance of Kenyan leather and textile firms.

Step 3: Introduce the interaction term in the model

The interaction term was the product of Managerial Cognition and Competitive Dynamics (MC*CD). It was introduced in the model to from the third variable in addition to MC and CD. The results are displayed on Table 4.21.

Table 4. 21:
Test for moderation effect of Competitive Dynamics

Model Summary			
Ste p	**Deviate score**	**Cox & Snell R Square**	**Nagelkerke R Square**
1	117.782[a]	0.325	0.472

a Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Classification Table[a]

	Observed		Predicted		
			Performance _bin		Percentage Correct
			0	1	
Ste p 1	Performance _bin	0	25	16	61
		1	11	101	90.2
	Overall Percentage				82.4

a The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	sig.	Odds ratio
Ste p 1a	Managerial Cognition	2.395	0.847	7.992	1	0.005	10.971
	Competitive Dynamics	0.854	0.761	1.259	1	0.262	2.348
	Interaction term (MC*CD)	0.124	0.182	0.462	1	0.497	1.131
	Constant	-13.42	3.622	13.731	1	<0.001	0

a Variable(s) entered on step 1: Managerial Cognition, Competitive Dynamics, interaction term.

Upon the introduction of Competitive Dynamics (CD), the coefficient of the interaction term was not significant (B = .124, Wald = .462, p = .497 > .05), (see Table 4.21). On the basis of this result, it was concluded that Competitive Dynamics did not have a significant moderating effect on the relationship between Managerial Cognition and performance of leather and textile firms in Kenya.

Once Competitive Dynamics (CD) was found not to have a significant moderating effect on the relationship between Managerial Cognition (MC) and performance, its effect as mediator in the relationship between Managerial Cognition variables, namely, salience, regulatory focus, identity and internal/external orientation and performance was assessed. Specifically, the deviate score reduced by 0.426, which means that the model fit improved but this improvement was not significant.

Step 4: Competitive Dynamics as mediator

Since Competitive Dynamics did not significantly moderate the relationship between Managerial Cognition and performance it was assessed as a mediator in the relationship between Managerial Cognition and performance. The result is presented on Table 4.22 where the model summary, classification table and coefficients are displayed. In particular, the deviate score reduced from 138.867 to 118.224; a reduction of 20.623. This implies that the model fit improved upon the introduction of Competitive Dynamics and that the odds ratio increased.

Table 4. 22:
Mediating effect of Competitive Dynamics

Model Summary

Step	Deviate score	Cox & Snell R Square	Nagelkerke R Square
1	116.793[a]	0.329	0.479

a Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Classification Table[a]

	Observed		Predicted		
			Performance _bin		**Percentage Correct**
			0	1	
Step 1	Performance _bin	0	25	16	61
		1	8	104	92.9
	Overall Percentage				84.3

a The cut value is .500

Variables in the Equation

		B	**S.E.**	**Wald**	**df**	**sig.**	**Odds ratio**
Step 1a	Salience	0.610	0.388	2.474	1	0.116	1.840
	Regulatory focus	0.426	0.320	1.777	1	0.182	1.532
	Identity domain	0.697	0.384	3.291	1	0.070	2.008
	Orientation (internal/external)	1.020	0.435	5.493	1	0.019	2.774
	Competitive Dynamics	1.279	0.316	16.382	1	<0.001	3.593
	Constant	-14.652	2.782	27.745	1	<0.001	0

a Variable(s) entered on step 1: Salience, Regulatory focus, Identity, Orientation, Competitive Dynamics.

When Competitive Dynamics (CD) was introduced into the Logistic Regression Model (Table 4.22), only orientation (internal/external) significantly influenced the odds for performance. In other words, only orientation significantly predicts the probability of performance in the presence of Competitive Dynamics as a predictor. The other Managerial

Cognition variables (Salience, Regulatory Focus, and Identity Domain) did not significantly predict performance that is, they had no significant influence on the odds for performance when Competitive Dynamics (moderator) was introduced into the model.

In the presence of CD, only orientation significantly influenced performance implying that its relationship with performance was partially mediated by CD. However, the relationship between salience, regulatory focus and identity as predictor variables and performance were fully mediated by CD because while the coefficient of CD was significant the coefficients of salience, regulatory focus and identity were all insignificant (salience: $p = .116$; regulatory focus: $p = .182$; identity domain: $p = .07$; all $p > .05$).

This result implies that if managers do not act (make moves) or react (make countermoves) on the basis of their cognition in terms of salience, regulatory focus, identity and orientation, the performance will not be assured. Further, CD partially mediated the relationship between internal/ external orientation and performance; and the relationship between Managerial Cognition and performance. This is because partial mediation is observed when the coefficients of both the independent variable and the mediator are significant as was the case for orientation and Competitive Dynamics (CD), and Managerial Cognition (composite score) and Competitive Dynamics.

In this study, Cox and Snell's R2 approximations were used to estimate the coefficient of determination. Further, Nagelkerke's R2) an adjusted version of the Cox & Snell R-square that adjusts the scale of the statistic to cover the full range from 0 to 1 was also used. In this study, either Cox and Snell or Nagelkerke was chosen as an estimate of R2 depending on which one was larger.

Both the Cox and Snell and Nagelkerke R2 are referred to as pseudo R2 because they are only approximations of a linear coefficient of determination (R2). (Nagelkerke, 1991).

Studies, on Competitive Dynamics focus on how firm actions (moves) impact competition, competitive advantage, and performance. In this study Competitive Dynamics did not have a significant influence on the relationship between Managerial Cognition and performance; instead, it mediated the relationship. Specifically, it was predicted by Managerial Cognition; it also predicted performance of leather and textile firms. In some cases, the escalation of these actions and reactions among firms result in adverse effect on industry performance while in other cases the pattern of behaviour can be gentler and more profitable. Some of the actions can be the introduction of new products, promotions, revised marketing agreements, or a new customer service platform which can lead to more sales hence improved performance. The actions may be moves or countermoves depending on whether managers decide on them out of their own motion or as a response to the actions of the competitive marketplace.

4.12 Qualitative results

In this section the results of analysis of information collected from the open-ended questions is presented. The results are on salience, regulatory focus, internal/ external orientation, Competitive Dynamics (proactive actions and reactions to competitive environment by managers) and performance.

Salience

Salience refers to the quality of noticeability, importance or prominence. It was measured by impact, sensitivity and interest. Specifically, information was sought on how the respondents considered competition, customer service and quality as factors that had impact on business, were of sensitivity. to and of interest to the business of the Kenya leather and textile firms. In this regard, the respondents were asked to indicate or describe any other factor they considered to have had are impact on businesses as number of responses.

With regard to impact, employee performance from production, finance and marketing departments was cited as an impactful factor. Further, business operating environment comprising economic factors, government regulation and taxation regime were cited as being impactful. Similarly, production, logistical, power supply, and foreign exchange regime were stated as having an impact on the businesses. It was also found that advances in technology with regard to competition and customer changing tastes and preferences impacted the Kenyan leather and textile industry. Second- hand clothes and leather products were also reported as having an impact on the leather and textile businesses as they are cheap and therefore preferred by the low-cost customers.

On sensitivity, the businesses were said to be sensitive to the image and reputation with a positive image being preferred. In particular, consumer tastes and preferences, customer satisfaction and retention made the firms to focus on this aspect of salience and gave it due attention. Further the market trends in this business area were also considered to be sensitive. The other factors which the firms were also sensitive to included, change in fashion trends, government policies and impact in the leather sector, substandard goods from China has been a challenge to the industry, power rationing, industrial relations, and motivation level of employees. In addition, businesses were sensitive to raw material availability to avoid stock outs.

Besides the impactful and sensitive factors, several factors were reported to be f interest to textile and leather businesses in Kenya; they included interest rates, inflation rates, government policies like "Buy Kenya Build Kenya", and corporate social responsibility. These results imply that these firms found these factors to be of great interest to their operations and were thus paying attention to them in their decisions.

Regulatory focus

This had two aspects of "promotion" and "prevention". "Promotion" is the aspect or psychological process of creating a path to gain or advance and concentrate on the rewards that will be achieved and lead to experience of pleasure. "Prevention", on the other hand, is to see goals as responsibilities and concentrate on strategies to avoid pain and disappointments.

On promotion respondents cited a number of incidences that they felt they accomplished. First was the ability to perform well amid COVID-19 pandemic. They also learned new ways to operate in industry as well as deploying new technology. Another aspect of promotion was seeking opportunities and working in global environment and learning the safe "home" environment through coming up with new strategies to keep the business running. There was also cooperation with other businesses which is cooperative competition and digital marketing / online sales hitherto unexploited.

Regarding prevention respondents cited several incidences they were cautious about. They included caution when handling new markets, local or export; and when suggesting improvements to their supervisors. New clients were also cautiously approached. Knowledge sharing strategies were also “not free” and respondents seemed to practice “need to know” principle where only those in certain positions would get the information. Respondents also cited strict implementation of company policy and guidelines and stifling of creativity not sanctioned by the management.

Internal/External orientation

Internal orientation focuses on internal processes, effectiveness, production and interfaces within divisions and departments. External orientation is about how to sense the factors outside the organization, but which have an impact on it such as technology, government regulations and the economy.

For internal orientation, respondents stated the factors they considered to be important in their businesses and how these were emphasized. These included “management competence” in terms of giving the right instructions to staff, teamwork, and efficiencies and effectiveness in departments that the surveyed managers headed. Further, “communication in the business” and “consensus building on key issues” were cited as key considerations. Another aspect that was highlighted was “knowledge and information strategies” to ensure seamless processes without delays. Emphasis on “frequent feedback” as stated in memos, meetings were also cited as part of the internal orientation. Another aspect of internal orientation was the “attention to organizational culture” to support the firm’s success was also considered as being important.

In terms of external orientation, descriptors included “assessment of the impact and response to COVID-19 pandemic”, “assessing the current market trends” and “acting on competition" in terms of product, price, and promotion; and conducting market intelligence. In addition, feedback in terms of satisfaction and retention of customers was considered for decision making. Government policies and support, and stakeholder's views within the industry as well as the nature and level competition were also considered in formulating strategies and actions.

Competitive Dynamics

Performance which comprises both efficiency and effectiveness of an organization largely depends on Competitive Dynamics (CDs) where various firms are competing for market. They (CDs) refer to the actions (moves) and reactions (counter actions) by firms or inter-firm rivalry. The "actions" (moves) that were being taken by the respondents were varied. They included "providing quality and affordable products" and "deploying cutting-edge technology" to go ahead of competition.

The textile and leather firms engaged in the following Competitive Dynamics either on their own motion or in response to the competitor actions: collaboration with different other companies, innovation by reengineering processes such as reducing delivery times, deployment of more distribution channels times, price reviews to match the competition, and opening of new market franchises (frontiers) to increase the market share. The textile and leather firms had also joined national promotions and supportive bodies to leverage on the available national benefits to their businesses. Such benefits can include support by government to enter new markets and access to government tenders to supply leather and textile products such as footwear and uniform to government employees. Further, they had branded their products and brought efficiency in the leather and textile value chain to minimize production costs, as well as conducting continuous market research to inform strategic decision making. Some firms had also conducted market intelligence to understand the competition.

Besides the proactive actions (moves), the studied leather and textile firms also engaged in some reactionary Competitive Dynamics. On reactions, new manufacturers were enlisted to provide cutting edge technology to address the competition. In addition, price adjustments, sales promotions and opening of new market segments had been implemented as part of the "reaction" strategy. Reskilling of staff and deploying them in their areas of strength had also been done.

Lastly, to respond to green production, the firms had introduced organic fabrics to enhance environmental conservation, while "marketing and promotional campaigns have been intensified including digital and online marketing campaigns".

Performance

To enhance performance of the leather and textile firms, the businesses implemented various activities; these included customer support, product demonstrations and follow up. This is customer focus. Specifically, the reduction in prices to increase sales and enhancement of product features to increase utility. There was also partnership with other businesses to enhance market visibility and presence of the firms, and that social media usage had been tapped into to take advantage of its intrusive nature.

Similarly, cutting edge technology to increase efficiency and reduce costs has been embraced while recycling and reusing of materials has also been embedded in the production processes. Further, geographical segmentation in countries and regions had been implemented to enhance presence of products in those markets.

Quality control and assurance had been embedded in processes to cut down on “return to manufacturer” syndrome. There were also customer retention programs through loyalty cards and psychological construction which had been introduced. Another aspect of customer retention program was addressing of the complaints. On the human resources focus, there was recruitment and retention incentives of dedicated staff to support the business. Lastly, with regard to standards, the firms were ensuring adherence to global product and labour standards “as firms are operating in a global environment and performing continuous improvement of products”.

The other factors that have made the firms competitive were “making sure our products are more superior in quality”, being “extremely responsive to market demand” and enhancing zero waste production through creativity in recycling of waste materials. It was reported that due to our conservation goal by some of the firms, customers had tended to support this initiative by co-

producing with the firms and also buying the firms’ products. Further, there was continuous improvement in sourcing of new materials and supporting the marginalized communities. The firms also embraced new technology and innovation through automation of “most of our services hence improved productivity”

Besides appointment of own suppliers on company's behalf, the firms were “ensuring sustainability by opting to maintain the skilled employees working within the organization”. There were also product innovations hence “superior product” and the “use of more energy efficient machines” hence energy conservation to reduce energy bills hence increase profit margins. Digital marketing was also used in the form of “Intensive digital marketing” where some firms were fully utilising “the social media in marketing especially for the global market” while new distribution channels had been implemented “for our product to compete with market”. From these responses, it is also discerned that technology, customer service which included “regular visits to our customers to understand the way they want us to service them”, distribution channels, reliable suppliers of raw materials and other supplies; conservation-oriented production and skilled human resource were the competitive advantages that the leather and textile firms had and which they were leveraging to compete in the market. One respondent said that they ensure “quality, consistency, fast deliveries, and innovation of new products”, while another said that “we have partnered with other bigger brands hence increasing traction”. This finding suggest that the firms placed high premium on partnership as a competitive positioning in the leather and textile industry.

4.13 Hypothesis testing

The collected data was analysed using Logistic Regression analysis and the result used to test five hypotheses shown in Table 4.21. The first four (H01, H02, H03, andH04) hypotheses were on the relationship between Managerial Cognition variables (salience, regulatory focus, identity domain and internal/external orientation) and performance.

The fifth hypothesis (H05) was on the moderating effect of Competitive Dynamics on the relationship between Managerial Cognition and performance.

To test the hypothesis, a t-test was used. The hypotheses in this study were tested using t-test where the t-statistics related with the coefficients of regression were used. Specifically, the Wald statistic which is a variant of the t-statistic was used.

Further, p value associated with Wald - stat was used as the evidence against each of the null hypotheses. The smaller the p-value, the stronger the evidence that the null hypothesis should be rejected. For example, a p value of 0.0254 is 2.54% which shows that the probability of not rejecting the null hypothesis is 2.54 in 100.

Table 4. 23:
Summary of Hypothesis testing

No	Hypothesis	Wald statistic	Conclusion
H01	Salience has no significant influence on theperformance of textile and leather firms	Wald = 5.219, df =1, p = .022, odds ratio =2.217	Reject null hypothesis
H02	Managers' regulatory focus has no significant influence on the performance of textile and leather firms	Wald = 1.093, df = 1, p = 0.296, odds ratio = 1.357	Accept null hypothesis
H03	Organizational identity domain has no significant influence on the performance of textile and leather firms	Wald = 2.739, df =1, p = .098, odds ratio =1.805	Accept null hypothesis
H04	Managers' External /Internal Orientation has no significant influence on the performance of textile and leather firms	Wald = 12.318, df = 1, p <0.001, odds ratio = 4.10	Reject null hypothesis
H05	Competitive Dynamics has no significant moderating effect on the relationship between Managerial Cognition and performance of textile and leather firms	Wald = .462, df = 1, p = .497, odds ratio = 1.131	Accept null hypothesis *(interaction term had nosignificant influence on performance)*

From the hypothesis test results in Table 4.23, that all Managerial Cognition variables were individually significantly related with performance. In other words, Managerial Cognition was significantly related with the odds for performance of Kenyan leather and textile companies. However, when their combined effect on performance was tested, some of the variables (*regulatoryfocus* and *identity domain*) did not have a significant influence on performance of the studied organizations. This means that effect of these two variables was relatively less compared to that of the other two variables, namely *salience* and *internal/external orientation*.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

Drawing from the socio-cognitive and upper echelon theories, relationship between Managerial Cognition and performance; and the moderating role of Competitive Dynamics was examined. The Managerial Cognition variables were salience, regulatory focus, identity domain and internal/external orientation. Competitive Dynamics comprised both actions and reactions by managers in response to market competitive forces. These Competitive Dynamics have been respectively indicated as CD Action (moves) and CD Reaction (countermoves) in the results in Chapter Four. Areas for further study are also indicated to guide future inquiry into related and other phenomena.

5.2 Summary

Data was collected using pretested questionnaires. While validity was ensured by ensuring that the measures of variables were grounded in both theoretical and empirical literature, reliability was tested using a pilot sample where Cronbach alpha statistics were calculated with the help of SPSS v 24 computer software. The Cronbach alpha reliability statistic was above the recommended value of 0.7 and above. The following summary of results comprises descriptive results which show the manifestation of the study variables as by means and standard deviation, followed by the relationship between the variables and lastly the influence of Managerial Cognition on performance of leather and textile firms.

Status of Managerial Cognition

The following is a summary of the descriptive results on the variables that were studied. These are salience, regulatory focus, identity domain, internal/ external orientation, Competitive Dynamics and performance.

Salience: The median score for salience was high (M = 4) which means that the managers of leather and textile firms had high cognition of salience. Product quality was the most salient feature/ factor with a median of 5 followed by customer service at 4 (mode = 5) and competition, the least salient at M = 4 (mode = 4) on a scale of 1 to 5 with 1 = lowest and 5 = highest perception of salience.

Regulatory focus: This variable was measured using two dimensions: promotion and prevention. It was found that managers that were satisfactorily surveyed practiced regulatory focus (M = 4) but with more prevention (M = 5) than promotion (M = 4)

Identity Domain: Four categories of identity domain were assessed. Personal, relational, community and social identities. The results indicated that Personal identity was most prominent (M = 4; mode = 5) followed by relational identity (M = 4; mode = 4), then community identity (M

= 3) and lastly, social identity (M = 3). The overall median sore of identity domain was low (M = 3, mode = 3). This implies that the managers had moderate cognition with regard to identity domain.

Orientation (internal/external): Managers exhibited slightly more internal focus (M = 5; mode = 5) than external focus (M = 4; mode = 5); the overall median on orientation was 4 (mode= 5). For internal focus, they included providing quality and affordable products and deploying cutting-edge technology to go ahead of competition. With regard to external orientation, the aspect that they considered and acted upon most was consumer tastes and government policy (external) while they also frequently considered and acted upon two internal conditions, namely “improvement of the efficiency of production” (M = 5; mode = 5) and “improving communication within the business” (M = 5, mode = 5).

Competitive Dynamics: They (Competitive Dynamics) refer to the actions (moves) and counter actions by firms or inter-firm rivalry. The competitive actions (the “moves” and “countermoves”) taken by the respondents were varied. The moves were actions taken proactively while the countermoves were the reactions to actions by the competition. They included providing quality and affordable products and deploying cutting-edge technology to go ahead of competition. The textile and leather firms engaged in these Competitive Dynamics either on their own motion or in response to the competitor actions. These actions were “moves” if they were taken without the instigation of the competitors and “countermoves” if they were taken as a reaction or response to what the competitors had done.

Performance: The firms were moderately competitive (M = 3; mode =3). performance was measured using both efficiency and effectiveness measures. The leather and textile firms were found to be more efficient than they were effective. The media ranking of measures of performance was “occasionally true”; implying that performance was not satisfactory but somewhat satisfactory thus needing improvement.

Relationship between Managerial Cognition, Competitive Dynamics and performance

Overall, Managerial Cognition was significantly related performance; similarly, Competitive Dynamics was significantly related with both Managerial Cognition and with performance of textile and leather firms in Kenya. Specifically, salience was significantly associated with performance (Salience: $X2 = 2.577$, $p = 0.108 > .05$).

Further, sensitivity (perception of environmental cues as being sensitive) significantly influenced the odds for performance at 5% level of significance (sensitivity: odds ratio = 2.435, Wald = 4.191, $p = .041$); impact had the least negative and insignificant (odds ratio = .693, $p = .444$) prediction of the odds for performance.

While regulatory focus was not associated with performance at $p < .05$, it significantly related to it at $p < .1$ ($X2 = = 3.511$, $p = .061 > .05$). However, identity domain had a significant association with performance at 5% level of significance $x2 = 11.084$, $p = .001 < .05$). Further, both internal/external orientation was significantly associated with performance ($X2 = 11.753$, $p =< .001 < .05$). Further, odds of performance were more predicted by internal managerial orientation (Wald = 17.197, $p <.001 < .05$, Odds ratio = 4.777).

Lastly, Competitive Dynamics (both “actions” and reactions”) were significantly associated with performance of Kenyan leather and textile firms (actions/ moves: $X2 = 47.143$, $p <.001$; reactions/ counter-moves: $X2 = 38.464$, $p < .001$; Competitive Dynamics: $X2 = 43.783$. $p < .001 < .05$)

Influence of Managerial Cognition on performance

While managers' cognition of salience and orientation (internal/ external) significantly influenced the probability of performance (Salience: Wald = 5.219, $p = .022 < .05$, odds ratio = 2.217; orientation: Wald =12.318, $p <.001 < .05$, odds ratio = 4.101), regulatory focus (Wald = 1.093, $p >.05$, odds ratio = 1.357) and identity domain (Wald = 2.739, $p > .05$, odds ratio = 1.805) did not significantly increase the probability of performance of leather and textile firm. Salience increased the odds for performance by more than two-fold (odds ratio = 2.217) while managers' cognition of orientation increased the odds for performance of these firms by 4.401 times (odds ratio = 4.101).

Moderating effect of competitive dynamics on managerial cognition and performance. Competitive Dynamics did not significantly moderate the relationship between Managerial Cognition and performance (interaction term (Wald = .462, df = 1, $p = .497$, odds ratio = 1.131), instead it partially mediated it. However, it partially mediated the relationship between Managerial Cognition and performance (MC: Wald = 19.652, df = 1, $p <.001$, odds ratio = 16.405; CD: Wald= 19.02, df = 1, $p< .001$, odds ratio = 3.787); partial mediation because both MC and CD had significant influence on the odds for performance. It was also found that CD fully mediated the relationship between salience, regulatory focus, and identity domain with performance; except for orientation where the mediation was partial.

Managerial Cognition and practice

Managerial Cognition denotes the perceiving, interpreting, deciding on appropriate action, and archiving of the learned lessons for future replication in similar situations. The study findings reveal that performance of firms is influenced by managers' cognition. It is also influenced by cognition of other persons within an establishment who also make decisions.

Decision making can be on resource allocation, formulation, implementation and control of strategies in organizations. Cognition of managers vary from one individual to another. The differences could be attributed to personal experiences, behavioural factors or even social cultural underpinnings of the individual managers. Appropriate and spot on cognition is key to satisfactory performance by firms.

The mental process leading to cognition, whether appropriate or otherwise, occurs within a short time for less complex situations and may take much more time for more complex situations. The complexity of a situation also depends on the individual actor's cognitive disposition and may not be uniform. The cognition can be practiced in all settings - commercial, profit making and non-profit making organizations as well as in political and social organizations. Since different situations have various needs and processes, cognition of managers or the actors is crucial for superior performance of the organizations. The findings on Managerial Cognition variables (salience, regulatory focus, internal external orientation, and identity domain) have confirmed that they influence performance of organizations. It is crucial for managers, other actors and performers of various tasks in organizations to correctly sense the environmental cue, process them and use them to enhance performance and hence satisfy the various needs of stake holders.

This is because cognitive attributes of managers are an intangible resource for an organization. Consequently, it is incumbent therefore that managers should enhance their Managerial Cognition and continuously review the performance of firms and use these reviews to inform actions that contribute to positive performance. By so doing, there will be positive synergies and maximum value additions in all industries, products and services for improvement of socio-economic status of citizens in Kenya and elsewhere.

COVID 19 pandemic

This study was conducted during the COVID 19 pandemic. This affected the responses as most firms had down scaled their operations and many employees were working from home to reduce the spread of the contagious disease. Many sectors in the economy including the manufacturing sector encountered difficult operating environment due to the measures that were instituted to contain the spread of the disease, and which affected consumption of products. The measures included inter-county lockdowns and cessation of movement, the 7pm to 4am curfews on the onset of the pandemic and later to 10pm to 4 am curfew, and the banning of gatherings and in person meetings. The result of this was reduction in economic activities with a reported shrinking of Kenyan economy as measured by gross domestic product (GDP) figures, which shrank by 0.3% in 2020 compared with growth of 5% in 2019 (Kenya National Bureau of Statistics, 2020).

The economy shed 700,000 jobs in this period (Kenya National Bureau of Statistics, 2020). The loss of these jobs and the decline of economy led to a reduction in the personal disposable incomes. The manufacturing sector registered a slow growth rate of 0.2 percent in 2020 compared to 2.8 percent in 2019, the pre-COVID 19 year. This was attributed to reduced demand for goods asCOVID-19 slowed economic activities. The sector also contributed less to the national economy in terms of contribution to the GDP.

It is at such challenging times that managers should deploy their competencies including their cognitive skills in order to maximize the performance of their firms. Appropriately deployed the cognitive skills by managers by textile and leather firms should enhance performance of firms. This is part of the motivation of this study - to assess the cognitive disposition of the managers and how this cognition influences performance.

Though this study was conducted within the COVID 19 pandemic period, necessary mitigation measures were put in place not to expose the researcher and the respondents to the danger of contracting the disease. This was done by distributing the survey questionnaires online using google forms this eliminating physical movements and handling of paper. It is possible that during such period, the respondents were uncertain about their businesses and jobs and their cognition may have been affected by the pandemic. However, this effect was not captured in this study and can be an area of further investigation.

Managerial Cognition and Practice

Managerial Cognition denotes the perceiving, interpreting, deciding on appropriate action, and archiving of the learned lessons for future replication in similar situations. The findings show that performance of firms is influenced by managers' cognition. It is also influenced by cognition of other persons within an establishment who also make decisions.

Decision making can be on resource allocation, formulation, implementation and control of strategies in organizations. Cognition of managers vary from one individual to another. The differences could be attributed to personal experiences, behavioural factors or even social cultural underpinnings of the individual managers. Appropriate and spot on cognition is key to satisfactory performance by firms.

The mental process leading to cognition, whether appropriate or otherwise, occurs within a short time for less complex situations and may take much more time for more complex situations. The complexity of a situation also depends on the individual actor's cognitive disposition and may not be uniform. The cognition can be practiced in all settings - commercial, profit making and non- profit making organizations as well as in political and social organizations. Since different situations have various needs and processes, cognition of managers or the actors is crucial for superior performance of the organizations. The findings on Managerial Cognition variables (salience, regulatory focus, internal external orientation and identity domain) have confirmed that they influence performance of organizations. It is crucial for managers, other actors and performers of various tasks in organizations to correctly sense the environmental cue, process them and use them to enhance performance and hence satisfy the various needs of stake holders. This is because cognitive attributes of managers are an intangible resource for an organization.

Consequently, necessary that therefore managers should enhance their Managerial Cognition and review the performance of firms on an ongoing basis and use these reviews to inform actions that contribute to positive performance. By so doing, there will be positive synergies and maximum value additions in all industries, products, and services for improvement of socio-economic status of citizens in Kenya and beyond.

5.3 Conclusion

In this study, the influence of Managerial Cognition on performance, and the moderating effect of Competitive Dynamics on the relationship between Managerial Cognition and performance of leather and textile firms in Kenya was examined.

Influence of Managerial Cognition on performance

The first four objectives were on assessment of the influence of Managerial Cognition variables, namely salience, regulatory focus, identity domain and internal/ external orientation on performance of leather and textile firms in Kenya. It was found that Managerial Cognition influenced performance. Specifically, salience and orientation increased the chances of (that is odds for) performance, while regulatory focus and identity domain did not. However, all the variables had a significant linear relationship with performance of leather and textile firms in Kenya as found from the correlation analysis results.

Besides the quantitative results, qualitative findings were obtained on salience, regulatory focus, identity domain and internal/ external orientation.

Salience: In addition to competition, customer service and product quality, employee performance, business operating environment comprising economic factors, government regulation and taxation regime; and production, logistical, power supply, and foreign exchange regime were impactful to the leather and textile firms in Kenya. In addition, advances in technology with regard to competition and customer changing tastes and preferences, and second-hand clothes and leather products were also perceived to be impactful to the studied leather and textile firms.

On the second dimension of salience (namely, sensitivity) that was examined in this study, the businesses were said to be sensitive to the image and reputation with a positive image being preferred. In particular, consumer tastes and preferences, customer satisfaction and retention made the firms to focus on this aspect of salience and gave it due attention. Further the market trends in this business area were also considered to be sensitive. Further of interest (third dimension of salience) to textile and leather businesses in Kenya were interest rates, inflation rates, government policies like “Buy Kenya Build Kenya”, and corporate social responsibility. These results imply that these firms found these factors to be of great interest to their operations and were thus paying attention to them in their decisions. It was also found that regulatory focus and identity domain did not significantly increase the odds for performance of leather and textile firms in Kenya. Further, product quality was the most salient feature, followed by customer service and then competition.

Regulatory focus: Regulatory focus comprised two sub-variables: promotion and prevention which were measured in this study. Promotion, as a regulatory focus sub-variable was manifested as the ability to perform well amid COVID-19 pandemic and to learn new ways to operate in industry as well as deploying new technology. The other aspects of promotion were actively seeking opportunities and working in global environment, coming up with new strategies to keep the business running and cooperation with other businesses which is cooperative competition and digital marketing / online sales hitherto unexploited.

Regarding prevention respondents cited several incidences they were cautious about. They included caution when handling new markets, local or export; and when suggesting improvements to their supervisors. New clients were also cautiously approached. Knowledge sharing strategies were also “not free” and respondents seemed to practice “need to know” principle where only those in certain positions would get the information. Respondents also cited strict implementation of company policy and guidelines. The level of prevention suggests a possibility of stifling of creativity not sanctioned by the management.

Identity domain: This Managerial Cognition variable comprised four sub-variables, personal identity, social identity, relational identity and community identity. Personal identity had the strongest relationship with performance followed by relational identity. The weakest relationship was between community identity and performance. It is concluded that the leather and textile firms should nurture both personal and relational identities because they were found to have the strongest relationship with performance. These identity domains constitute important strategic capabilities which are resources that are strategic to the organizations.

Internal/External orientation: The managers of the leather and textile firms were cognitively more internally oriented than they were externally oriented (Internal orientation: M = 5; External orientation: M = 4). However, internal orientation was more strongly associated with performance than was external orientation (internal orientation:

$X2 = 7.096$, $p = 0.008 < .05$; External orientation: $X2 = 3.607$, $p = .058 > .05$; Internal/external orientation: $X2 = 11.753$, $p = .001$

$< .05$). These finding suggests the need to focus on internal strengths in order to succeed in the competitive market place for the leather and textile firms.

Competitive dynamics effect on the managerial cognition and performance

In determining whether competitive dynamics influences the relationship between managerial cognition and performance, the finding was that competitive dynamics has no significant moderating influence on the relationship between Managerial Cognition and performance of leather and textile firms in Kenya.

Though Competitive Dynamics did not significantly moderate the association between Managerial Cognition and performance of leather and textile firms, it fully mediated the relationship between salience, identity domain and regulatory focus and performance ($p > .05$ for all Wald statistics of these variables). Further, Competitive Dynamics comprised both pro-action (moves) and reaction (countermoves) where "moves" were more strongly associated with performance than countermoves (reaction to competitor actions) (Actions/ moves: $X2 = 47.143$, $p <.001$; Reactions/ countermoves: $X2 = 38.464$, $p <.001$; Competitive Dynamics: $X2 = 43.783$, $p < .001$). For Competitive Dynamics, it is concluded that firms that use their managers' cognitive capability to proactively "sense the environment" and take action rather than waiting to "follow" or react to the actions of the competition will perform better than those that react to actions by their competitors.

5.4 Recommendations

In view or the findings of this study sensitivity and interest are the most important aspect of salience. In this regard, managers should enhance their cognitive capacity to discern sensitivity and interest from the environmental cues and use these to make decisions that have important implications for success of businesses.

Cognition of managers need to be enhanced because it influences performance. Further, managers need to have internal focus (internal orientation) by improving efficiency of production and improving communication within the business. In addition, consumer tastes and government policy should also receive keen interest of managers as it affects performance by mediating the relationship between cognition and performance

Furthermore, since competitive dynamics fully mediated the relationship between Competitive Dynamics and each one of three of the Managerial Cognition variables, namely salience, identity domain and regulatory focus, managers should act or react on the basis of their cognition and make informed decisions; they should then implement these decisions to sustain their performance.

With regard to internal/ external orientation, managerial orientation should be directed more internally, that is, in the organization since internal orientation predicted performance more strongly compared to external orientation. This will enhance success of the firms in a highly competitive environment. Further, since proactivity was found to be more strongly related with performance than reaction to competitor moves, it is recommended that firms should build cognitive capability proactively “sense the environment” and take action rather than waiting to “follow” or react to the actions of the competition.

5.5 Contribution to the body of knowledge

Conceptually, this study clarifies the relationship between Managerial Cognition and performance. The association between manager's cognitions and performance of organizations has receives limited attention empirical literature particularly in strategic management. From a theoretical perspective, this is one of the first attempts to examine performance from a socio-cognitive theory on a sample in a developing country. Thus, this study expands literature on the socio-cognitive theory.

Further, a methodological contribution is also made through development of a psychometrically validated measurement tools to measure the study variables. The measurement tool that was used in this study can be used by other researchers since it was tested for validity and reliability and found to be suitable for measuring Managerial Cognition variables (salience, regulatory focus, identity domain and internal/external orientation), Competitive Dynamics (Actions and Reactions), and performance. The actions and reactions are respectively "moves" and "countermoves" by the firms in a competitive market environment.

In addition, the quantitative findings have been corroborated with the qualitative findings form the analysis of the open-ended questions. The qualitative findings have provided insights on what a developing economy sample considers salience, regulatory focus, identity domain and internal/ external orientation are. This extends the understanding of the predictions of the socio-cognitive theory.

Further, the relative importance of the dimensions of identity domain and Competitive Dynamics to performance has been clarified this proving knowledge to practitioners on where to focus in the development of managerial capabilities in order to improve performance. In particular, personal and relational identities should be developed more than the community and social identities. Further, proactivity should be emphasised due to its stronger relation with performance. This has implication for the development of capacity building programs for managers.

Lastly, this study has important implications for practice. First, the performance of the leather and textile firms is only moderate, hence there is need for the masers of these firms to improve their performance. It is also found that there is less focus on external orientation than there is form internal orientation yet competitive cues are supposed to be picked from the external environment. In this regard managers need to maintain a balanced view of both internal and external orientation. In particular, external orientation was found to be significantly associated with Competitive Dynamics. This implies that if managers to not pay attention to external environment, they will miss important cues that are necessary for them to engage in Competitive Dynamics which are necessary for sustained performance.

5.6 Recommendation for further study

It is recommended that more studies be conducted on identity domain with the aim of determining why some of the identity domain variables are less emphasized and why there is heterogeneity in their influence on performance (performance) and Competitive Dynamics in similar or different settings.

From the findings of this study, it is apparent that the different Managerial Cognition variables and sub variables contributed to the odds for performance differently. Salience and orientation (internal and external) positively increased the odds of performance in the textile and leather firms. It would be of interest to future scholars to enquire into the reasons why the other variables namely, regulatory focus and identity domain did not significantly predict the odds for performance.

With regard to regulatory focus, managers were more prevention oriented than promotion oriented. This meant that they treated any new information including that for clients and customers cautiously. This cognitive disposition implies that they had high propensity to safeguard free knowledge sharing and only shared what in their view was safe. This is an impediment to innovation and creativity which is necessary in the business environment characterized by globalization and intense competition. This cognitive practice can be manifested in artificial departmental sectional silos all in efforts to self-preserve. Pursuant to the foregoing, scholars would find it important to inquire in to the motivations for this obtaining scenario - prevention as opposed to promotion. Empirical evidence arising from such a study is important for theory and practice because by practicing prevention, organizations may miss opportunities in the market arena which may include inability to capture new markets, launching new products and cooperation with other actors in the market for securing advantages. Inability of managers to engage in “promotion” may significantly compromise performance of firms with an attendant risk of firm decline and eventual collapse. This therefore makes a future study inquiry important.

The other area recommended for future enquiry is why certain domain aspects namely community identity and social identity had weak relationship with performance and Competitive Dynamics. The two identity domain aspects are important as organizational members first and foremost, belong to the community yet they ranked low on these identity dispositions. The employees also tap into social capital benefits to benefit themselves and in the process the interest of the organization in terms of efficiency and effectiveness thereby enhancing performance. The enquiry should be focused on the aspects that strengthen this aspect of identity. By studying the reasons for this weak relationship, the researchers are likely to find answers that would enhance performance of organizations. In addition, the findings may be used to enhance the managers' and other employee's cognitive dispositions that have been found to be weak.

Lastly, the moderating effect of competitive dynamics requires further enquiry because though managers of textile and leather firms acted and reacted on the changes in the market place, the effect of Competitive Dynamics on the relationship between Managerial Cognition and performance was not significant. A key question to be answered by future inquiry is why managers operating in a similar environment act or react differently - either through strategic moves (actions) or countermoves (reactions) and how this affects the relationship between Managerial Cognition and performance. In particular, the difference in their actions and reactions, and how these relate with organizational performance needs inquiry. This inquiry can provide more theoretical insights on the cognitive disposition of managers based on these actions/ reactions since this would be informed by their decision-making mental maps which have implications for performance of firms.

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APPENDICES

Appendix I: Introduction Letter

Re: Academic Research on Managerial Cognition, Competitive Dynamics and Firm Performance of Textile Industry in Kenya

I am a Doctor of Philosophy student from Kenya Methodist University (KeMU) conducting a doctoral research on the relationship between cognitions of managers, competitive dynamic and effectiveness of textile firms in order to generate knowledge that may assist in development of the sector. The study is solely for academic purposes. I kindly request you to spare some time to complete the questionnaire that is attached based on your knowledge of the industry and your own insights have attached a questionnaire.

There are no right or wrong answers the answer that is important is the one you honestly provide. Upon analysis of the data, I will be able to share the summary results with you if you provide your email at the end of the questionnaire.

I take this opportunity to thank you most sincerely for your cooperation.

Yours faithfully -

James Kamau Kairu Reg. No. BUS-4-9499-3/2018 **Researcher/ PhD Candidate**	**Prof. Thomas A. Senaji** **Supervisors/ Advisors**	**& Dr. Eunice Kirimi**

Appendix II: Questionnaire

DOCTORAL RESEARCH ON MANAGERIAL COGNITION, COMPETITIVE DYNAMICS AND FIRM PERFORMANCE

Thank you for accepting to participate in this study on managers' cognition, Competitive Dynamics and performance of organizations. Your responses will be treated with confidence and only used for academic purposes. There are no right or wrong answers and only your honest response is what is needed.

PART I - RESPONDENT DATA

Name of organization

Main Type of business

Position in organization

Gender of respondent

Number of years in the organization

When the business was started/ founded

PART II – COGNITION

A. Salience

Read the following statements about/regarding your view of your business and indicate your assessment oneach indicated factor Indicate your assessment of the IMPACT of the following factors on your business

Statement	**No impact**	**Little impact**	**Moderate impact**	**Great impact**	**Verygreat impact**
Competition has_____on our business					
Customer service has ______ on ourbusiness					
Product quality has ______our business					

How, in your assessment, are the following factors SENSITIVE for your business?

Statement	Not sensitive	Verylittle sensitive	Moderately sensitive	Highly sensitive	Very highly sensitive
Competition					
Customer service					
Product quality					

Of what INTEREST are the following factors to your stakeholders

Statement	Verylow	Low	Moderate	Great	Verygreat interest
Competition is of______interest to ourstakeholders					
Customer service is of____interest tostakeholders					
Product quality is of ______interesttostakeholders					

Indicate/Describe any other factor consider to be having impact to your

business?___ ……………………………………………………………………………………

………………………………………………………………………………………………..

Indicate/Describe any other factor that your business is sensitive to

………………………………………………………………………………………………..

……………………………………………………………………………………………….

Regulatory Focus

Think of a situation in your recent or distant past and indicate the frequency with which you have FELT or ACCOMPLISHED the following:

PROMOTION:

Statement	**Never**	**Rarely**	**Sometimes**	**Often**	**Always**
You felt that you made progress toward being successful in life					
Compared to most people you were able to get what you wanted out of life					
While trying to achieve something important to you, you performed as well as you ideally would have liked to					

b. Describe a situation where you feel that you accomplished___________________

Think of a situation in your recent or distant past where the following situations have applied to you:

………………………………………………………………………………………………..

………………………………………………………………………………………………..

Prevention:

Statement	Never	Rarely	Sometimes	Often	Always
Being careful enough avoided getting you intotrouble					
...you stopped yourself from acting in a way that your superiors would have considered objectionable					
...you were careful not to get on your superiors'nerves					

Adapted from: Freitas, A.L., & Higgins, E. T. (2002). Enjoying goal-directed action: The role of regulatory fit. Psychological Science, 13, 1-6.

2.2 b, describe a situation where you have been very cautious in order to avoid negative consequences from your superior

…………………………………………………………………………………………

…………………………………………………………………………………………

………………………………………………………………………………………..

Identity

<u>Instructions:</u> These items describe different aspects of identity. Please read each item carefully and consider how it applies to you. Fill in the blank next to each item by choosing a number fromthe scale below:

1 =Not important to my sense of who I am

2 =Slightly important to my sense of who I am

3 =Somewhat important to

my sense of who I am4

=Very important to my

sense of who I am

5 =Extremely important to my sense of who I am

2. My personal values and moral standards (PI)

3. My popularity with other people (SI)

4. Being a part of the many generations of my family (CI)

5. My dreams and imagination (PI)

6. The ways in which other people react to what I say and do (SI)

7. My race or ethnic background (CI)

<u>Instructions:</u> These items describe different aspects of identity. Please read each item carefully and consider how it applies to you. Fill in the blank next to each item by choosing a number fromthe scale below:

1 =Not important to my sense of who I am

2 =Slightly important to my sense of who I am

3 =Somewhat important to

my sense of who I am4

=Very important to my

sense of who I am

5 =Extremely important to my sense of who I am

8. My personal goals and hopes for the future (PI)

9. My physical appearance: My height, my weight, and the shape of my body (SI

10. My religion (CI)

11. My emotions and feelings (PI)

12. My reputation, what others think of me (SI)

13. Places where I live or where I was raised (CI)

22. My relationships with the people I feel closet o (RI)

26. Being a good friend to those I really care about (RI)

28. My commitment to being a concerned relationship partner (RI)

31. Sharing significant experiences with my close friends (RI)

14. My thoughts and ideas (PI)

15. My attractiveness to other people (SI)

24. My feeling of belonging to my community (CI)

34. Having mutually satisfying personal relationships (RI)

Adapted from: Higgins, E. T., Friedman, R. S., Harlow, R. E., Idson, L. C., Ayduk, O. N., & Taylor, (2001). Achievement orientations from subjective histories of success: Promotion pride versus prevention pride. *European Journal of Social Psychology*, 31, 3-23.

Higgins, E.T., Roney, C.J., Crowe, E., & Hymes, C. (1994). Ideal versus ought predilections for approach and avoidance distinct self-regulatory systems. *Journal of Personality and SocialPsychology, 66*, 276-286.

Internal/External Orientation

Thinking of the last one to three years of your business, indicate the frequency

with which you payattention and act on the following aspects of your business

... ***(place an "X" in the appropriate place against a statement)***

CODE	Statement	Never	Rarely	Sometimes	Often	Always
IPP	Improvement of the efficiency of production					
ISD	Training of staff					
ICO	Improving communication within the business					
IRS	Internally generating for finances from sales to expand the business					

4aI. What internal organizational factors do you consider as being important in making decisionsabout your business

By considering the last one to three years of your business operations, indicate the frequency withwhich you pay/have paid attention to and act/ed on the following factors when making business decisions (***place an "X" in the appropriate place against a statement)***

CODE	Statement	Never	Rarely	Sometimes	Often	Always
ECON	Purchasing power of consumers					
ESOC	Consumer tastes					
ECOP	Competitor actions					
EPOL	Government policy					

Source: Specifically developed for this study

4bE. What other external factors do you consider while making decisions about your business?

… …

… .

PART III - COMPETITIVE DYNAMICS

Indicate the frequency with which the following activities have taken place in the last one to three years in your market (place an "X" in the appropriate place against a statement)

Competitive Dynamics (A)

Statement	**Never**	**Rarely**	**Sometimes**	**Often**	**Always**
Launching new products into the market					
Introducing new distributions channels					
Effecting price changes					
Using new promotion methods					
Signing new marketing agreement forproducts					
Implementing new customer serviceplatform					

3A. Describe an action that you have taken in the recent past to remain ahead of your competitors' past

Indicate the extent to which you have taken the following actions in response to competition in your market in the last one to three years **(place an "X" in the appropriate place against a statement)**

Competitive Dynamics (R)

Statement	Never	Rarely	Sometimes	Often	Always
Launched a new product into the market					
Introduced new distributions channel forproducts					
Effected price changes in response tocompetition					
Implemented new promotion methods					
Signed a new marketing agreement for products					
Implemented a new customer service platform					

3R. Indicate/Describe any other actions that you have taken in the recent past as a result ofcompetitors' actions.

………………………………………………………………………………………

………………………………………………………………………………………

………………………………………………………………………………………

PART IV - performance1

Thinking of the last one to three years, please indicate the extent to which the following statementsare true about your business.

Statement	Almost Never True	Usually Not True	Occasionally True	Usually True	Almost Always True
Increased our market share					
Increased profitability					
Increased the numberof branches/Sister firms in the samegeographical area					
We have maintained a price slightly lower than our competitors					
Expanded into new geographicalmarkets					
Significantly reduced the cost of our operations (cos)					

1. Customer relations (cr), cost (os), innovation (ino), knowledge (kno), quality (qual), social responsibility (sr), strategic alliances (sa), production techniques (prod), and information and communication technologies (ict).

Statement	Almost Never True	Usually Not True	Occasionally True	Usually True	Almost Always True
Improved our customer satisfactionlevels (cr)					
Made improvements on existingproducts (ino)					
Commercialized new products (ino)					
Our quality is better than that of ourcompetitors (qual)					
We have implemented system thathave increased our knowledge about the market requirements (kno)					
We have expanded our communityservices (sr)					

Statement	Almost Never True	Usually Not True	Occasionally True	Usually True	Almost Always True
We have forged beneficial strategic alliances (sa)					
Our production techniques have been enhanced (prod)					
Efficiency of our operations have been improved through implementation of information and communication technologies (ict)					

Describe/Indicate other ways in which your business is performing better than your closest competitors……………………………………………………………………………………
……………………………………………………………………………………………

Appendix III: Kemu Authorization Letter

KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171
Fax: 254-64-30162
Email: info@kemu.ac.ke

Our ref: NAC/PHD/1/2020/7

30th June 2020

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear Sir/ Madam,

RE: JAMES KAMAU KAIRU (BUS-4-9499-3/2018)

This is to confirm that the above named is a bona fide student of Kenya Methodist University undertaking a **PhD in BUSINESS ADMINISTRATION**. He is conducting a research titled **MANAGERIAL COGNITION, COMPETITIVE DYNAMICS AND FIRM COMPETITIVENESS.**

We confirm that his thesis proposal has been defended and approved by the university.

In this regard, we are requesting your office to issue a permit to enable him collect data for his Ph.D. dissertation.

Any assistance accorded to him will be appreciated.

Yours faithfully,

Prof. Evangeline Gichunge PhD.
ASS DIRECTOR RESEARCH DEVELOPMENT AND POSTGRADUATE STUDIES

KENYA METHODIST UNIVERSITY * P.O. Box 45240-00100, NAIROBI *
BOARD OF POSTGRADUATE STUDIES
30 JUN 2020
Dean

Encl.

Appendix IV: Nacosti Research permit

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **583928**

Date of Issue: **13/July/2020**

RESEARCH LICENSE

This is to Certify that Mr.. James Kairu of Kenya Methodist University, has been licensed to conduct research in Kisumu, Mombasa, Nairobi, Nakuru on the topic: Managerial Cognition, Competitive Dynamics and Firm Competitiveness for the period ending : 13/July/2021.

License No: **NACOSTI/P/20/5664**

583928

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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