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STRATEGIC MANAGEMENT

STRATEGIC MANAGEMENT PRACTICES AND ORGANISATION PERFORMANCE OF KENYA DAIRY BOARD

[1*]Said Suleiman, [2]John Muhoho & [3]George Gachuru

[1]School of Business and Leadership Studies, St. Paul's University,
PO BOX Private Bag - 00217, Limuru, Kenya.
abdulsuleimanh@gmail.com
ORCID ID: 0009-0009-3761-1896

[2, 3]School of Business and Leadership Studies, St. Paul's University,
PO BOX Private Bag - 00217, Limuru, Kenya
office@spu.ac.ke

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ABSTRACT

Purpose of Study: The purpose of this study was to investigate the relationship between strategic management practices and organisational performance at the Kenya Dairy Board.

Problem Statement: The study was motivated by the fact that only 12% of Kenyan dairy products meet international quality standards, reflecting weak innovation capacity and low competitiveness in global markets. Further, post-harvest losses account for 30% of annual milk output due to underinvestment in cold chain logistics and inefficient resource allocation. These challenges threaten the sector's competitiveness and financial sustainability.

Methodology: A descriptive design was adopted, targeting 149 employees, with a stratified sample of 109 respondents. Data were collected using structured questionnaires and analysed through descriptive, correlation, and regression techniques. Reliability and validity were confirmed through pilot testing and diagnostic checks, while ethical approvals were obtained from St Paul's University and NACOSTI.

Result: The Board's performance remained stable even without the studied practices. Strategic innovation practices had a negative but statistically significant effect on performance ($B = -0.252$, $p = 0.017$), indicating possible misalignment with sector priorities. Resource allocation ($B = 0.119$, $p = 0.376$) and operating environment practices ($B = 0.195$, $p = 0.153$) showed positive but insignificant effects. This suggests that current strategies have limited impact on organisational performance.

Recommendation: The researcher recommends investing in new technologies, promoting a culture of creativity, adopting data-driven resource allocation, and strengthening responses to external market and regulatory dynamics.

Keywords: *Strategic Innovation Practices, Resource Allocation Practices. Operating Environment Practices. Organisational Performance, Kenya Dairy Board.*

INTRODUCTION

Globally, regulatory bodies have increasingly adopted strategic management practices particularly strategic innovation, firm resource allocation, and operating environment practices to strengthen efficiency, compliance, and adaptability in dynamic business environments. By applying structured frameworks and methods, these practices enable organizations to align long-term goals with actionable strategies, thereby ensuring sustainability and enhancing performance (Munyua Nduati Candidate & Kenyatta, 2020)

The U.S. dairy sector illustrates how resource allocation and innovation can be effectively integrated. Companies such as Land O'Lakes and Dairy Farmers of America have consistently invested in research and development, applying advanced production technologies to meet global demand. Supported by steady resource allocation and adherence to rigorous quality standards, the U.S. dairy industry has achieved sustainable growth and maintained competitiveness, while operational environment practices have reinforced compliance with regulatory and consumer welfare requirements (Kathuria et al., 2016)

Regionally, regulatory agencies in both developed and developing economies have adopted different emphases in their use of strategic management practices. From 2021 onwards, industrialized economies have increasingly relied on data analytics, digital technologies, and advanced risk management tools to improve decision-making and organizational performance. In contrast, developing countries have focused on addressing socioeconomic challenges through flexible policies, institutional strengthening, and stakeholder engagement. Strategic innovation, environmental analysis, and participatory approaches have been identified as vital in enabling regulatory bodies in emerging economies to achieve sustainability despite external shocks and constraints (Mutua & Karanja, 2025)

The Kenya Dairy Board in Kenya plays a central role in regulating and overseeing the dairy sector, yet it faces persistent challenges in quality compliance, innovation, and competitiveness. In the Kenyan context, the application of strategic management practices has been highlighted as essential to strengthening regulatory effectiveness and organisational performance. Strategic management involves deliberate efforts to align institutional objectives with operational strategies, ensuring that organisations remain focused on their core mandates. Furthermore, efficient resource allocation and planning are critical for regulatory agencies to adapt to dynamic and competitive market conditions. Strengthening performance monitoring and environmental analysis also enhances decision-making and regulatory oversight (Karanja M., 2024)

STATEMENT OF THE PROBLEM

The dairy industry is a key pillar of Kenya's economy, contributing over 4% of GDP and supporting millions of livelihoods. Despite this critical role, the Kenya Dairy Board (KDB) faces persistent challenges in applying effective strategic management practices. Only 12% of Kenyan dairy products met international quality standards in 2022, signaling weak innovation capacity and limited global competitiveness. Post-harvest losses remain high at 30% of annual milk output, largely due to underinvestment in cold chain logistics. Furthermore, the Board has

struggled to adapt to volatile operating environments, including fluctuating global milk prices and climate change impacts, which threaten long-term sector sustainability (Mutua & Karanja, 2025)

Globally, evidence shows that strategic management practices significantly enhance performance in private firms and SMEs, with studies highlighting the benefits of innovation, resource allocation, and adaptive strategies ((Nielsen, 2022). However, most of these studies are situated in profit-driven contexts and fail to address the realities of regulatory institutions in developing economies.(Mkhize & Sibanda, 2024)

This study fills this gap by examining how strategic innovation, resource allocation, and operating environment adaptability influence performance at KDB, providing context-specific insights to strengthen regulatory effectiveness and sustainability in Kenya's dairy sector.

OBJECTIVES OF THE STUDY

i. To examine the influence of strategic innovation practices on the organisational performance of the Kenya Dairy Board.
ii. To evaluate the influence of firm resource allocation practices on the organisational performance of the Kenya Dairy Board.
iii. To assess the influence of operating environment practices on the organisational performance of the Kenya Dairy Board.

LITERATURE REVIEW

Theoretical Review

This study was grounded in several complementary theoretical perspectives that explain how strategic management practices influence organizational performance. The first is the Resource-Based View of the Firm (RBV), originally advanced by Penrose in 1959 and later formalized by Barney (Ologbo et al., 2012)). RBV posits that sustainable competitive advantage stems from internal resources that are valuable, rare, inimitable, and well-organized (VRIO). For the Kenya Dairy Board (KDB), this framework explains why strategic innovation practices—such as cold-chain investments or fortified dairy product development—can only enhance performance when supported by adequate financial, technological, and human resources.

Complementing this, the study applied Contingency Theory, first proposed by Fiedler in 1964, which asserts that there is no one best way to manage; instead, effectiveness depends on aligning practices with situational conditions. In the context of KDB, this perspective clarifies the effect of resource allocation practices on performance, highlighting that allocation must remain flexible and responsive to contingencies such as fluctuating milk production, climate-induced shortages, and shifting consumer demands. Strategic fit between resource deployment and environmental realities therefore becomes essential for regulatory effectiveness(Addae-Korankye & Aryee, 2021).

The study drew on the Diffusion of Innovation (DOI) Theory by Rogers in1962, 2003), which explains how innovations spread within social systems. Anchored on KDB's operating environment practices, DOI underscores that organizational performance improves when enabling conditions such as coherent policies, effective stakeholder engagement, and supportive infrastructure facilitate innovation adoption across the dairy value chain(Florence 2023). Together, these theories provide a robust foundation for analyzing how innovation, resource allocation, and environmental practices shape KDB's regulatory performance and sustainability.

EMPIRICAL REVIEW

Strategic Innovation Practices

Empirical evidence consistently indicates a positive association between innovation and organizational performance. Mutua and Karanja, (2025) (2025) reported that strategic innovation explained 41.2% of performance variance among firms in the United Kingdom, although their study was limited to developed economies. Similarly, technology adoption has been shown to enhance sustainability in Kenyan dairy farms ($R^2 = .387$), though the emphasis was at the household rather than institutional level. Ndambi and Ulatacz (2021) found that technological advancements accounted for 41.2% of performance variance among farmers in East Africa, but they also observed risks such as reproductive complications. In Kenya, Omore and Gitau (2022) established that continuous innovation improved processor performance ($R^2 = .367$); however, weak institutional support limited scalability. Rutashobya and Bangens (2023) further demonstrated that innovative support services in Tanzania explained 52.3% of cooperative performance, DeKszmovszky, (2019) emphasized the contribution of feeding innovations to productivity in Kenyan dairy farms. Collectively, these studies affirm the role of innovation in enhancing performance but largely concentrate on farms, SMEs, or cooperatives. Consequently, limited empirical attention has been given to regulatory institutions such as the Kenya Dairy Board (KDB), which the present study seeks to address.

Resource Allocation Practices

The literature further shows that effective resource allocation is a critical determinant of organizational performance. Seixas et al. (2021) found that capacity development and technology adoption explained 48.5% of SME performance in Kenya and linked strategic financial planning to improved outcomes among agricultural firms in the United States. Likewise, Dominic and Theuvsen (2020) demonstrated that Tanzanian firms require managerial expertise to convert available resources into performance gains.

Arrfelt et al. (2015) reported that capital allocation capability significantly improved business-unit efficiency in U.S. firms. More recently, Kihara et al. (2024) confirmed that technology-driven resource allocation enhanced SME performance in Thika, Kenya. Despite these findings, prior studies predominantly focus on SMEs and private enterprises, thereby overlooking public regulatory bodies. Accordingly, the current study responds to this contextual gap by examining the influence of resource allocation practices on organizational performance at KDB.

Operating Environment Practices

Prior research highlights the moderating role of the operating environment in the relationship between strategy and performance. Oladele et al. (2019) found that market volatility constrained the performance of Nigerian SMEs. Similarly, Gachugu et al. (2019) identified environmental complexity and dynamism as key determinants of firm performance in Kenya. Extending this work, Gachugu et al. (2024) showed that strategic leadership and environmental conditions significantly influenced the performance of public benefit organizations, revealing that macro-environmental factors strengthened the strategy–performance link in Kenya's energy and sugar sectors. Mudany et al. (2020) also confirmed that the operating environment moderated the performance of manufacturing firms in Nairobi. Although these studies underscore the importance of environmental conditions, they largely emphasize private or sector-specific firms. Therefore, limited evidence exists on how operating environment practices affect regulatory institutions such as the Kenya Dairy Board, which this study seeks to investigate.

Organizational Performance

The relationship between strategic practices and organizational performance has been widely examined, although several conceptual and contextual gaps remain. Miller and Green (2023) found that strategic management improved efficiency by 25% in U.S. manufacturing firms but excluded service and public sectors. Khan and Ahmed (2023) reported strong relationships between resource allocation and performance in Pakistani consulting firms while overlooking environmental influences. Mkhize and Sibanda (2024) examined leadership innovation in South African SMEs, whereas Okonkwo et al. (2021) linked effective resource management to a 30% efficiency increase in Nigerian manufacturing firms. Mbowe and Lema (2023) emphasized environment-driven success in Tanzanian agribusiness firms but did not examine the interaction between innovation and resource allocation. Similarly, Wanjiku et al. (2024) found that innovation enhanced performance in Kenyan public institutions but failed to consider the combined effects of resource allocation and operating environment. Thus, the present study integrates strategic innovation, resource allocation, and operating environment practices to provide a comprehensive assessment of organizational performance at the Kenya Dairy Board.

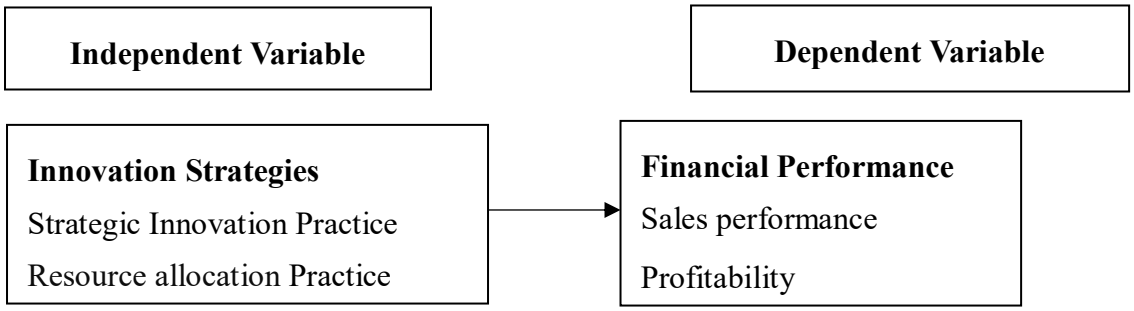


Figure 1: Conceptual Framework Linking Strategic Management Practices and Organisational Performance of the Kenya Dairy Board
Source: Author's own conceptualisation (2025).

METHODOLOGY

Research Design

The inquiry used a descriptive research approach. This design was appropriate for addressing the study's objective of determining the impact of strategies and procedures on the organizational performance of the Kenya Dairy Board. The descriptive design enabled the researcher to collect accurate and reliable data regarding the study variables, thereby facilitating a clear understanding of how strategic management practices influenced organizational performance.

Study Context and Population

The target population consisted of 149 employees drawn from two key strata: 19 senior executives (13%) and 130 operations-level staff (87%). These groups were specifically chosen because of their direct involvement in the implementation and management of strategic innovation practices, firm resource allocation practices, and operating environment practices, which are the key variables examined in the study. The study employed stratified random sampling to ensure that different employee categories within the Kenya Dairy Board were proportionately represented (19 senior executives and 130 operations-level staff), a sample size of 109 respondents was determined by applying a sample ratio of 0.729. Consequently, 14 senior executives (19 × 0.729) and 95 operations-level staff (130 × 0.729) were selected.

Table 1: Target Population Distribution of Employees at the Kenya Dairy Board

Strata	Frequency	Percentages (%)
Senior Executive	19	13
Operations Level	130	87
Total	**149**	100

Source: Kenya Dairy Board Rapport (2025).

Research Data and Analysis

The study employed a drop-and-pick method to administer questionnaires, ensuring respondents had sufficient time to provide accurate and thoughtful feedback. Follow-ups were made to improve the response rate and minimize bias associated with rushed responses. To comply with research regulations, the researcher obtained a license from the National Commission for Science, Technology, and Innovation (NACOSTI) and formal approval from St. Paul's University.

A pilot test was conducted to evaluate the validity and reliability of the research instruments. In line with Osborne & Waters, (2023)recommendation of using 10% of the sample for pre-testing, ten units were selected from the Kenya Dairy Board's Administrative Department. This enabled refinement of the questionnaire, enhancing its clarity, accuracy, and applicability before the main data collection.

Table 2: Cronbach's Alpha Reliability Coefficients for Study Variable

Variable	Cronbach's alpha
Strategic Innovation	0.7046
Resource Allocation	0.7007
Operating Environment	0.7365
Organisation Performance	0.7121

Source: Kenya Dairy Board Rapport (2025)

All constructs recorded Cronbach's alpha values above the recommended threshold of 0.70, indicating acceptable internal consistency and reliability of the measurement scales for subsequent analysis.

Data analysis involved both descriptive and inferential techniques. Raw data was first organized, cleaned, and transformed for accuracy. Descriptive statistics, including mean, standard deviation, percentages, and frequencies, summarized key characteristics of the responses. Correlation analysis using Pearson's coefficient tested the strength and direction of associations between variables. To evaluate the influence of independent variables—strategic innovation practices, resource allocation, and operating environment—on strategic management practices, multiple linear regression was applied. Statistical significance was determined at $p < 0.05$.

SPSS version 26.0 facilitated the computation of both descriptive and inferential statistics. Regression coefficients (β_0, β_1, β_2, β_3) were estimated to indicate the strength, direction, and magnitude of each predictor's effect on organizational performance.

The overall analysis was structured around the multiple linear regression formula:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$$

Where:

Y = Dependent variable (organisation performance).

X1= strategic innovation practice

X2= resource allocation practice

X3 = operating environment practice

β_0 = Intercept, representing the constant term**.**

β1, β2, and β3,= Coefficients that measure the impact of each independent variable on the dependent variable.

e = The error term, representing the random variability or unexplained factors.

Diagnostic Tests and Ethical Considerations

Diagnostic tests confirmed the suitability of regression analysis. Multicollinearity was checked using the Variance Inflation Factor (VIF), with all values below 5, indicating no multicollinearity (Ahmad & Jha, 2019). The Durbin-Watson statistic was 2.196, confirming no autocorrelation in residuals (Wiedermann, 2017). The Breusch-Pagan test showed a p-value of 0.178 (>0.05), indicating homoscedasticity. Normality was verified through histograms and the Shapiro-Wilk test, both confirming normally distributed residuals (Pek & Wong, 2017).

Ethical standards were strictly observed. Approval was obtained from St. Paul's University Ethics Committee, NACOSTI, and the Kenya Dairy Board. Respondents were informed of the study's purpose, and written consent was obtained. Participation was voluntary, with the right to withdraw at any stage. Confidentiality was maintained by avoiding personal identifiers and securing both digital and physical data. Findings were reported in aggregate form, ensuring anonymity. The study was guided by principles of respect, beneficence, and justice.

RESULTS AND DISCUSSIONS

This section presents the empirical findings of the study and interprets them in light of the research objectives and hypotheses. The results are organized into response rate and reliability, diagnostic tests, descriptive statistics, regression analysis, and a discussion of findings, culminating in a summary of the study outcomes.

Response Rate and Reliability

The study achieved a 75% response rate (82 out of 109 questionnaires returned), which is considered very good for academic research and sufficient for data analysis (Mugenda & Mugenda, 2003).

Reliability of the research instrument was tested using Cronbach's Alpha, with all variables exceeding the 0.7 threshold, confirming internal consistency. Specifically, Strategic Innovation scored 0.7046, Resource Allocation 0.7007, Operating Environment 0.7365, and Organisation Performance 0.7121. These results demonstrate that the questionnaire was reliable and suitable for the main study (George & Mallery, 2003).

Response Rate

Figure 2 presents the response rate obtained from the administered research questionnaires.

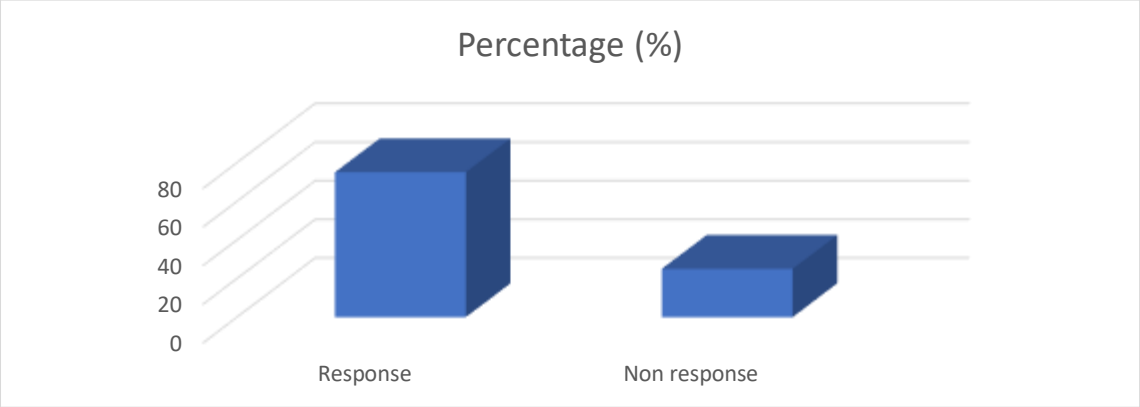


Figure 2: Response Rate of the Study Respondents

Source: Research Survey Data (2025)

Table 3: Reliability Test Results for Study Variables

Variable	Number of items	Cronbach's Alpha Score	Result
Strategic Innovation	4	0.7046	Reliable
Resource Allocation	4	0.7007	Reliable
Operating Environment	4	0.7365	Reliable
Organisation Performance	4	0.7121	Reliable

Source: Research Survey Data (2025)

Table 3 shows that all the study constructs recorded Cronbach's alpha coefficients above the recommended threshold of 0.70, confirming acceptable internal consistency and suitability of the instruments for subsequent statistical analysis.

Diagnostic Tests

The study conducted several diagnostic tests to validate regression assumptions as shown on Table 4. Multi-collinearity was ruled out as all VIF values (2.015–3.289) were below the threshold of 10 (Gujarati, 2004), confirming that the independent variables contributed uniquely to the model. The Breusch-Pagan test showed no heteroscedasticity ($\chi^2 = 1.814$, $p = 0.178$), indicating constant variance in the residuals (Greene, 2008). The Durbin-Watson statistic of 2.196 confirmed absence of autocorrelation, satisfying the independence of errors assumption. Finally, normality tests revealed that residuals approximated a normal distribution, with skewness and kurtosis values within ±2. Overall, the regression model met all key assumptions, ensuring reliability and validity of the results.

Table 4: Variance Inflation Factor (VIF) Test for Multicollinearity

Variable (Constant)	**VIF**
Strategic Innovation	2.28
Resource Allocation	3.289
Operating Environment	2.015

a Dependent Variable: Organisation Performance

Source: Research Survey Data (2025).

All variance inflation factor values are below the commonly accepted threshold of 10, indicating the absence of serious multicollinearity among the independent variables and confirming the suitability of the data for regression analysis.

Analysis of Response

The majority of respondents (90%) were from the operational level, while 10% were senior executives, ensuring perspectives from both strategic and operational roles. Regarding core business focus, 35% dealt in dairy agro-inputs, 33% in dairy farming products, 13% in extension services, 11% in value addition, and 7% in marketing. Additionally, 54% of respondents confirmed that their firms had a documented strategic plan, while 46% did not. Figure 3 shows that results.

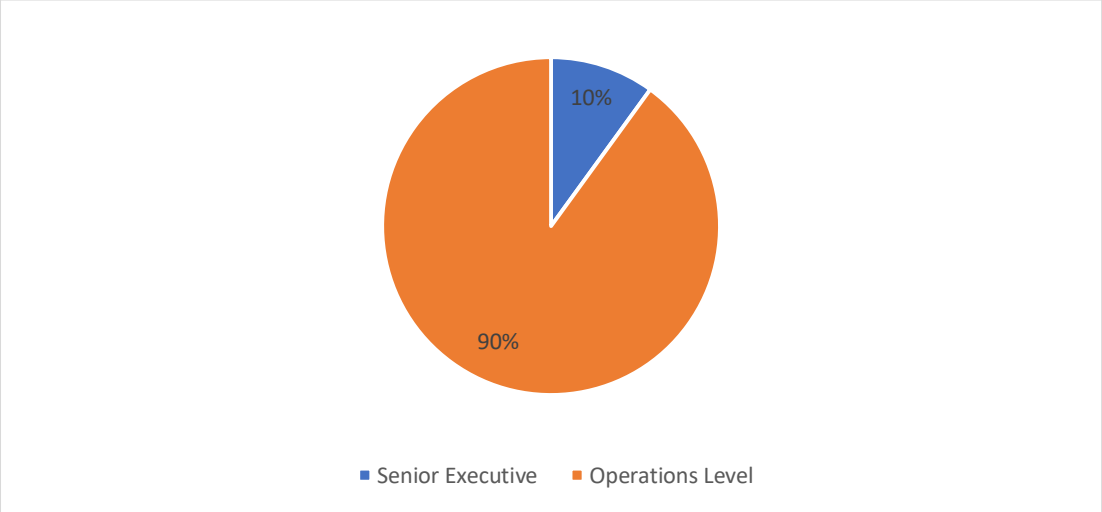


Figure 3: Responses obtained from the study participants

Source: Research Survey Data (2025).

Figure 3 illustrates the pattern and distribution of responses across the study variables, providing an overview of respondents' perceptions relevant to strategic management practices and organisational performance**.**

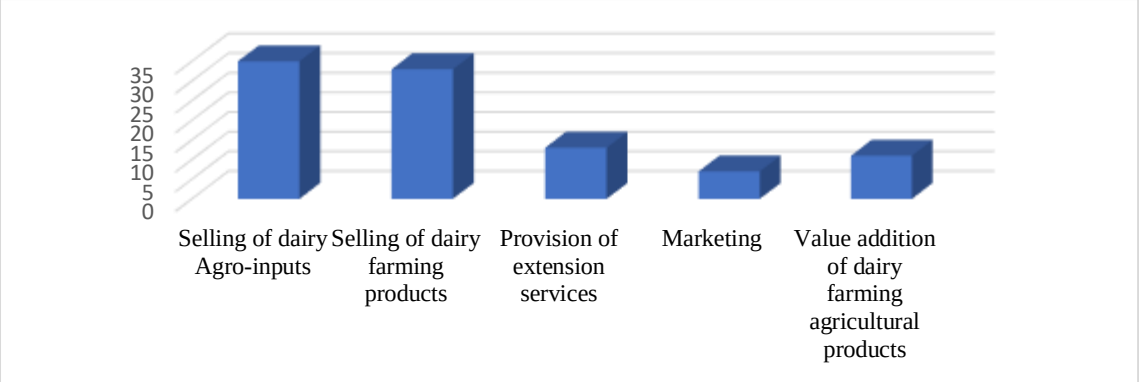


Figure 4: Distribution of Respondents by Functional Area in the Dairy Value Chain

Source: Research Survey Data (2025).

Figure 4 shows that the majority of respondents were engaged in the selling of dairy agro-inputs and dairy farming products, while fewer respondents were involved in extension services, marketing, and value addition of dairy farming agricultural products.

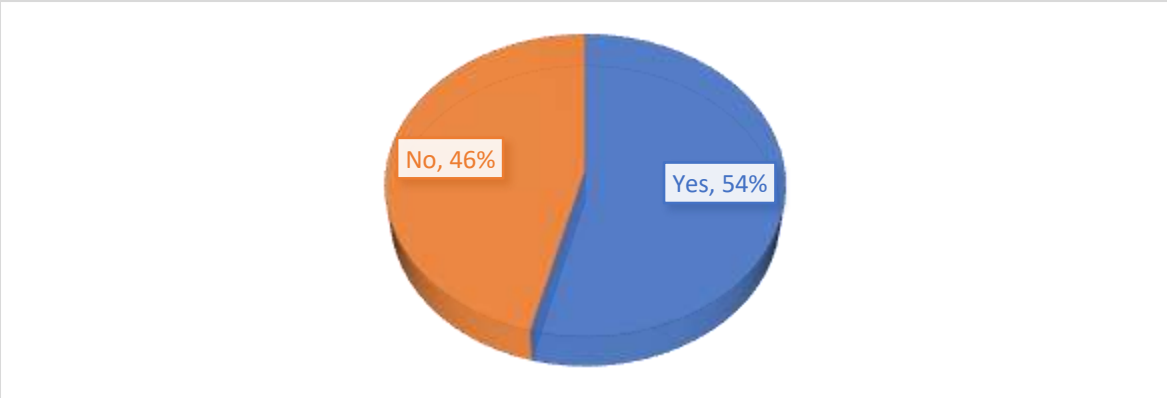


Figure 5. Firm Resource Allocation Practices

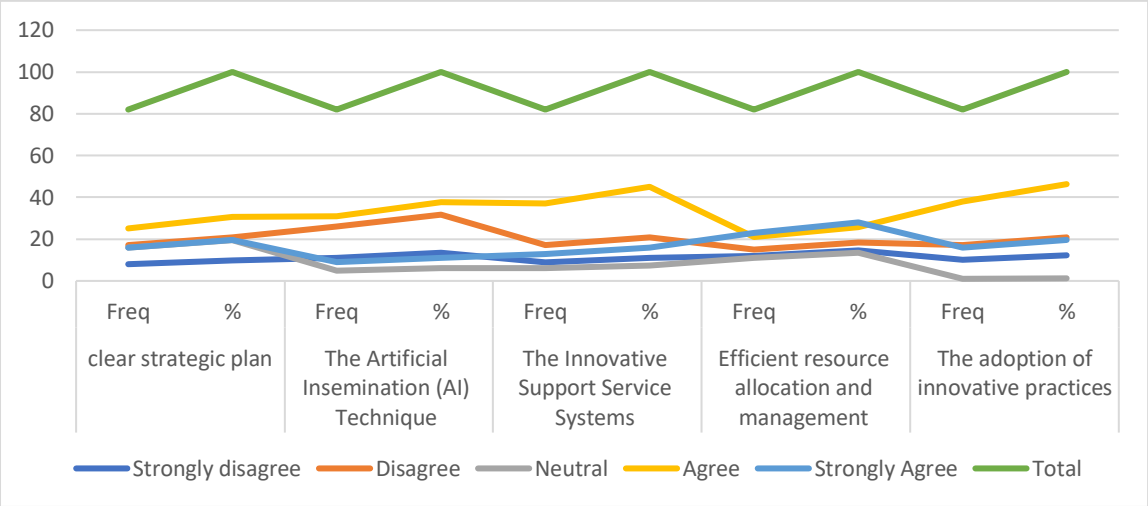
Source: Research Survey Data (2025).

Descriptive statistics were employed to summarize and interpret the responses provided by participants regarding the level of agreement for each study objective. The mean scores were used to determine the central tendency of responses, providing a clear indication of the overall perception or consensus among respondents. The standard deviation was calculated to measure the dispersion or variability of responses around the mean, helping to assess the degree of agreement or divergence in opinions.

Strategic Innovation Practices

The first objective of the study was to examine the effect of strategic innovation practices on the organizational performance of the Kenya Dairy Board.

Table 5: Strategic Innovation Practices



Source: Research Survey Data (2025).

The findings on Table 5 showed that the highest agreement was on the adoption of innovative practices and technology (46.3% agreed, 19.5% strongly agreed), followed by Innovative Support Service Systems (45.1% agreed, 15.9% strongly agreed), while moderate agreement was recorded on efficient resource allocation and management (25.6% agreed, 28.0% strongly agreed), and the lowest agreement was on the Artificial Insemination (AI) technique (37.8% agreed, 11.0% strongly agreed). These results justify that technology adoption and support service innovations are the most significant drivers of organizational performance at the Kenya Dairy Board. As shown on Table 5.

Regression analysis

Table 6 presents the model summary for the multiple regression analysis examining the influence of operating environment, strategic innovation, and resource allocation on organizational performance.

Table 6: Model Summary for Multiple Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Sig. F Change
1	.732a	0.536	0.517	1.482	0.536	0.01

a Predictors: (Constant), Operating Environment, Strategic Innovation, Resource Allocation

Source: Research Survey Data (2025).

Model Summary Results

The results indicate a strong positive correlation between the independent variables and organizational performance, as reflected by a multiple correlation coefficient (R) of 0.732. The coefficient of determination (R^2) is 0.536, implying that approximately 53.6% of the variation in organizational performance is jointly explained by operating environment, strategic innovation, and resource allocation. After adjusting for the number of predictors in the model, the adjusted R^2 slightly decreases to 0.517, suggesting that the model retains substantial explanatory power even after controlling for model complexity. The standard error of the estimate is 1.482, indicating a relatively moderate level of dispersion of observed values around the regression line. Furthermore, the R^2 change of 0.536 with a corresponding significant F-

change value of p = 0.01 demonstrates that the inclusion of the predictors significantly improves the model's ability to explain variations in organizational performance.

ANOVA

Table 7 presents the results of the Analysis of Variance (ANOVA) for the multiple regression model examining the effect of operating environment, strategic innovation, and resource allocation on organizational performance.

Table: 7 ANOVA

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	91.454	3	30.485	2.706	.051b
Residual	878.79	78	11.267		
Total	970.244	81			

a Dependent Variable: Organisation Performance

b Predictors: (Constant), Operating Environment, Strategic Innovation, Resource Allocation

Source: Research Survey Data (2025).

ANOVA Results

The overall regression model recorded a regression sum of squares of 91.454 with 3 degrees of freedom and a mean square of 30.485. The residual sum of squares was 878.790 with 78 degrees of freedom, yielding a mean square of 11.267. The total sum of squares for organizational performance was 970.244 across 81 degrees of freedom. The model produced an F-statistic of 2.706 with a corresponding significance value (p = 0.051). This indicates that, taken together, operating environment, strategic innovation, and resource allocation explain some variation in organizational performance; however, the relationship is not statistically significant at the conventional 5% level. Nonetheless, the model is marginally significant at the 10% level, suggesting a weak overall explanatory power of the predictors on organizational performance.

Resource Allocation Practices

The second objective of the study was to assess the effect of resource allocation practices on organizational performance of the Kenya Dairy Board.

Table 8: Descriptive statistics for Resource Allocation Practices

	N	Mean	Std. Deviation
The Kenya Dairy Board effectively manages its finances to enhance organizational performance.	82	3.48	1.249
The human resource policies and practices at the Kenya Dairy Board contribute positively to organizational performance	82	3.22	1.197
The managerial and employee competencies at the Kenya Dairy Board are adequate to achieve high organizational performance.	82	3.32	1.323
The Kenya Dairy Board effectively utilizes information technology to improve organizational performance	82	3.21	1.303
The Kenya Dairy Board invests adequately in employee training to enhance competency and organizational performance	82	3.21	1.255
Total Aggregate		3.288	1.2654

Source: Author (2025)

Results in Table 8 show that the statement "The Kenya Dairy Board effectively manages its finances to enhance organizational performance" recorded the highest mean score (M = 3.48, SD = 1.25), indicating that financial management was perceived as the most influential resource allocation practice. On the other hand, the statements "The Kenya Dairy Board effectively utilizes information technology to improve organizational performance" (M = 3.21, SD = 1.303) and "The Kenya Dairy Board invests adequately in employee training to enhance competency and organizational performance" (M = 3.21, SD = 1.255) recorded the lowest mean scores, suggesting moderate agreement and relatively lower emphasis in these areas. The aggregate mean score for all the items under resource allocation was (M = 3.29, SD = 1.27), reflecting moderate to positive perceptions of the role of resource allocation in organizational performance. These results align with prior studies. Wanjiru and Ombui (2020) observed that financial and human resource allocation significantly enhances institutional efficiency in Kenyan public agencies.

Table 9 presents the ANOVA results for the simple regression model assessing the effect of resource allocation on organizational performance.

Table 9: Model Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1	.217a	0.047	0.035	3.399
	Residual	969.175	80	12.115		
	Total	970.244	81			

a Dependent Variable: Organisation Performance
b Predictors: (Constant), Resource Allocation

Source: Research Survey Data (2025).

ANOVA Results for Resource Allocation

The regression model yielded a regression sum of squares of 1.217 with 1 degree of freedom, producing a mean square of 1.217. The residual sum of squares was 969.175 with 80 degrees of freedom, corresponding to a mean square of 12.115. The total variation in organizational performance was 970.244 across 81 degrees of freedom. The model produced an F-statistic of 3.399. The associated significance value ($p = 0.047$) indicates that the regression model is statistically significant at the 5% level. This implies that resource allocation, when considered independently, has a statistically significant effect on organizational performance.

Operating Environment

The third objective of the study was to assess the effect of the operating environment on the organizational performance of the Kenya Dairy Board. As shown in Table 10.

Table 10: Operating Environment

Statements	N	Mean	Std. Deviation
Sales performance aligns with the targets set by the company	82	3.66	1.07
The business generates sufficient profit to remain operational	82	3.5	1.10
We consistently meet customer service by supplying enough products	82	3.67	1.08
The earnings from each customer are sufficient to meet the company's financial objectives	82	4.02	0.98
Total Aggregate		3.7125	1.06

Source: Research Survey Data (2025).

The highest agreement was on the statement "The Kenya Dairy Board successfully manages macro environment to maintain and improve organizational performance" which recorded a mean score of 3.62 (SD = 0.95), indicating strong confidence in the Board's ability to manage external macro-level influences. This was followed closely by "The Kenya Dairy Board effectively adapts to technological changes to enhance its organizational performance" with a mean of 3.61 (SD = 1.02), reflecting positive perceptions of the organization's adaptability to technological shifts. The lowest agreement was observed on the statement "The current economic state positively influences the organizational performance of the Kenya Dairy Board", which had a mean of 3.18 (SD = 1.24), suggesting that economic conditions were perceived less favorably in relation to performance. The aggregate mean score for all items under the operating environment was 3.45 (SD = 1.14), showing a moderately strong overall perception that external environmental factors positively affect the Board's performance.

Organisation Performance

The dependent variable was Organizational Performance.As shown in Table 1

Table 11: Operating Environment and Organisation Performance

Statement	N	Mean	Std. Deviation
The current economic state positively influences the organizational performance of the Kenya Dairy Board	82	3.18	1.24
The Kenya Dairy Board effectively adapts to technological changes to enhance its organizational performance	82	3.61	1.02
The Kenya Dairy Board successfully manages the macro environment to maintain and improve organizational performance.	82	3.62	0.95
The operating legal frameworks are favorable for the Kenya Dairy Board to achieve high organizational performance	82	3.48	1.27
The Kenya Dairy Board ensures compliance with legal requirements to sustain its organizational performance	82	3.35	1.24
Total Aggregate		**3.448**	**1.14**

Source: Athor (2025)

Organizational performance was treated as the dependent variable in this study. Table 11 presents the descriptive statistics on respondents' perceptions of the relationship between the operating environment and organizational performance at the Kenya Dairy Board. The findings indicate that respondents generally agreed that the operating environment influences organizational performance, as reflected by an overall aggregate mean score of 3.448 with a standard deviation of 1.14. This suggests a moderate to high level of agreement, with some variability in respondents' views. Specifically, respondents agreed that the Kenya Dairy Board effectively adapts to technological changes to enhance organizational performance, as shown by a mean score of 3.61 (SD = 1.02). Similarly, the ability of the organization to successfully manage the macro environment to maintain and improve performance recorded the highest mean score of 3.62 (SD = 0.95), indicating strong agreement and relatively low dispersion of responses. The favorability of the operating legal frameworks in supporting high organizational performance registered a mean score of 3.48 (SD = 1.27), while compliance with legal requirements to sustain performance recorded a mean of 3.35 (SD = 1.24). These results imply that legal and regulatory factors are perceived as moderately supportive of organizational performance, though respondents' opinions varied. Conversely, the influence of the current economic state on organizational performance recorded the lowest mean score of 3.18 (SD = 1.24), suggesting relatively weaker agreement compared to other operating environment factors.

DISCUSSION

The study set out to determine the influence of strategic innovation, resource allocation, and the operating environment on the organizational performance of the Kenya Dairy Board. Organizational performance was assessed in terms of profitability, customer satisfaction, and the alignment of sales with financial objectives. The findings revealed that the Kenya Dairy Board has generally demonstrated favorable performance outcomes. Respondents expressed strong agreement that the organization effectively meets its financial targets through revenues

earned per customer and maintains consistent product availability. However, profitability was rated comparatively lower, indicating concerns regarding long-term financial sustainability.

The regression analysis confirmed that strategic innovation, resource allocation, and operating environment all have a significant effect on organizational performance. Strategic innovation emerged as the strongest contributor, underlining the importance of adopting innovative practices such as product diversification, quality enhancement, and digital marketing to boost competitiveness. Resource allocation also proved essential, as optimal use of financial, human, and technological resources enhances operational efficiency. Additionally, the operating environment including policies, regulations, and market dynamics was shown to play a critical role in shaping performance outcomes.

These findings align with prior research which emphasizes financial sustainability, efficient resource utilization, and regulatory alignment as central to organizational success. Overall, the study concludes that while the Kenya Dairy Board has achieved satisfactory performance, greater emphasis is needed on strategies that will ensure sustainable profitability.

RECOMMENDATIONS

Future studies should include other state corporations and private enterprises in the dairy sector to enable comparative analysis and generalization of findings across different organizational contexts. Researchers should consider conducting longitudinal studies to evaluate how organizational strategies and external conditions affect performance over an extended period of time.

Further research could explore moderating factors such as organizational culture, leadership style, and technological adoption, as well as mediating factors like employee motivation and customer loyalty, to capture more complex relationships. Since profitability was rated lowest, future studies should focus specifically on financial management practices, cost-control mechanisms, and pricing strategies that directly influence revenue sustainability.

Comparative research between Kenya's dairy sector and those of other developing countries would provide broader insights into how different market and regulatory conditions influence performance. To complement quantitative findings, future research should incorporate qualitative methods such as interviews and focus groups, offering deeper insights into stakeholder perspectives on performance challenges and opportunities.

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