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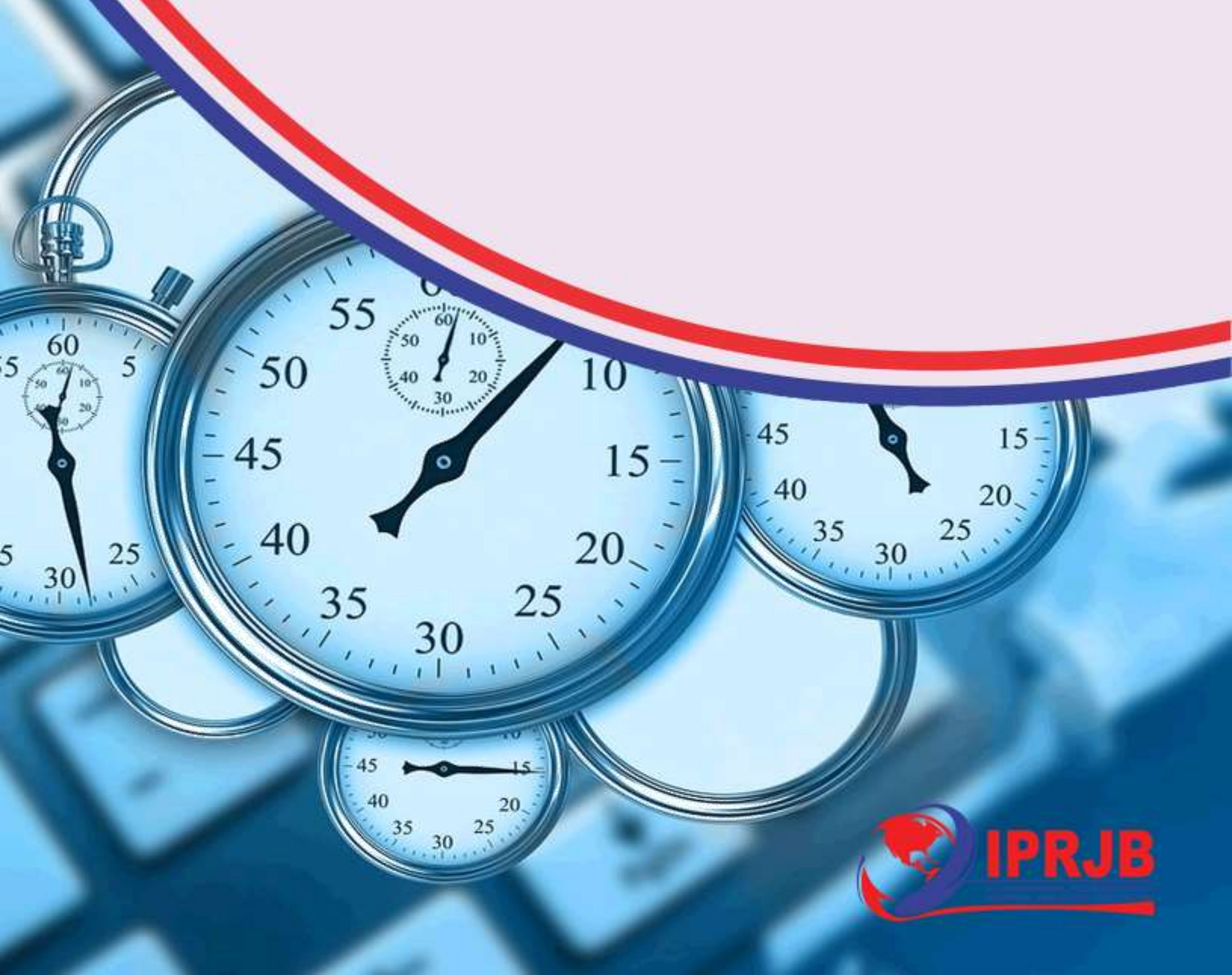

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INFLUENCE OF HUMAN CAPITAL ON COMPETITIVENESS OF FOOD AND BEVERAGE MANUFACTURING FIRMS IN KENYA

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Abstract

Purpose: Manufacturing companies are important to economic growth and development because they provide goods and jobs. As a result, their ability to compete is crucial. As a result of increasing globalization, the businesses have come up against stiff competition from overseas corporations. Strategic drivers have been identified as important facilitators of business success and competitiveness. It is on this basis that the study sought to establish the influence human capital on the competitiveness of food and beverage processing companies in Kenya.

Methodology: The study was informed by dynamic capabilities theory. Empirical studies were reviewed to provide the basis for research gaps to be filled by the current study. Descriptive research design was employed while the target population was the 187 food and beverage processing firms in Kenya. A census was used where all the 187 companies were contacted. Structured questionnaire was used to obtain the primary data which was analyzed through mixed method analysis. Descriptive statistics were used to analyze quantitative data while qualitative data was analyzed through content analysis. Inferential statistics were used to analyze the relationship between variables through the regression model.

Findings: The findings were presented in form of tables, pie-charts and bar-graphs. The results revealed that there was a positive and significant association between human capital and firm competitiveness ($r = 0.723$, $p = 0.000$). Regression of coefficients results revealed that human capital and firm competitiveness are positively and significantly related ($\beta = 0.7$, $p=0.000$). There was a significant correlation between human capital and firm competitiveness in food and beverage processing companies. This implies that human capital factors have contributed to the resulted to the firm competitiveness. Employees are the central drivers of every strategy that an organization adopts since they directly implement the strategies. Their skills are therefore, integral in steering the success of the organizations. The study concluded that the management of the food and beverage processing companies partly upheld the human capital by ensuring recruitment of properly trained staff but left out continued training to enhance the employee skills which could affect negatively the overall impact of human capital.

Unique Contribution to Theory, Practice and Policy: It is therefore recommended that the food and beverage processing companies through their management embrace human capital through training, hiring trained and experienced staff through which their competitiveness is enhanced.

Keywords: *Strategic Drivers, Human Capital, Intellectual Resources, Manufacturing Firms*

INTRODUCTION

Strategic drivers have been portrayed as the pillar of organizational competitiveness and performance through which an organization plans and strives towards achieving its goals regardless of the dynamism in the modern market (Mapetere, Mavhiki, Nyamwanza, Sikomwe & Mhonde, 2012). In Egypt, Oltra and Flor (2010) analysed the moderating effect of business strategy on firm performance and found that business strategy such as availing human resources had a direct influence on firm performance. According to Oltra and Flor (2010), business strategy can best be viewed as a strategic driver of business growth and performance and can be viewed in terms of the firm's ability to analyse the ability and strengths of the competitors and make decisions that exceed the thinking of the competitors.

Waiganjo (2013) addressed the influence of competitive strategies on firm performance. The study found that a firm strategy could be expressed in terms of the availability of resources such as human resources and managerial capabilities. These resources define the ability of the firm management to come up with decisions that outshine those of the competitors thus enhancing their performance.

In the academic literature, the term firm competitiveness has been defined in several ways. Karabag, Lau and Suvankulov (2014) define competitiveness as the ability of a given firm to successfully compete in a given business environment. Lazzarini and Cronin (2007) define firm competitiveness as the ability of a firm to do better than benchmark companies in terms of profitability, sales, or market share. Similarly, Webb (2013) consider competitiveness to be synonymous with a firm's long-run profit performance, its ability to compensate employees and generate superior returns for shareholders One of the main goals of every modern organization is to achieve competitiveness. Firm competitiveness according to Zoubi (2012) is the ability of an organization to offer products and/or services that exceed those of their competitors or offer products with the same quality as their competitors but at a lower cost. This means that for an organization to gain competitiveness, it must either invest on systems and processes to enhance quality or focus on saving costs to minimize the cost of production while matching the quality with that of the competitors (Dávila, North, & Varvakis, 2016).

To achieve competitiveness, there are factors that firm uphold which include mergers, acquisition, diversification, market efficiency, cost differentiation and strategic alliances (Baark, Lau, Lo & Sharif, 2018). These aspects place the organization at the state of penetrating new markets and producing quality products at lower costs thus getting higher rank as far as competitiveness is concerned. Use of technology and innovation as well as enhancing human resources and organization structure are other approaches that modern organizations pursue so as to gain competitiveness (Ortiz & Pacheco, 2013).

Developing a sustainable competitiveness in the competitive market setting is the main challenge that most firms face. Pernierl (2015) defines competitiveness as the leverage that a business has over its competitors. Porter contends that an association can accomplish aggressiveness over its rivals in two different ways: cost bit of leeway and separation advantage. Cost favorable position is the point at which a business gives indistinguishable items and administrations from its rivals, yet at a lesser expense (Dhungana, 2013). Separation favorable position is the point at which a business gives better items and administrations as its rivals. In Porter's view, vital administration ought to be worried about structure and supporting aggressiveness.

Developing a sustainable competitiveness in the competitive market setting is the main challenge that most firms face. Pernierl (2015) defines competitiveness as the leverage that a business has over its competitors. Porter contends that an association can accomplish aggressiveness over its rivals in two different ways: cost bit of leeway and separation advantage. Cost favorable position is the point at which a business gives indistinguishable items and administrations from its rivals, yet at a lesser expense (Dhungana, 2013). Separation favorable position is the point at which a business gives better items and administrations as its rivals. In Porter's view, vital administration ought to be worried about structure and supporting aggressiveness.

The food & beverage industry is the largest sector and constitutes 22 percent of total KAM membership, the sub-sectors under this includes; dairy products, alcoholic beverages, spirits, juices, bakers & millers, water, cocoa, carbonated soft drinks, chocolate & sugar (K.A.M 2016). Food processing entails the transformation of raw ingredients into food or transformation of food into other forms that can be consumed by humans or animals. Traditionally food processing was meant to make food more digestible and preserve food during times of scarcity. Food processing typically takes clean, harvested crops or butchered animal products and uses these to produce attractive, marketable and often long shelf life food products.

The food industry is vast and diversified, categorized by different segments such as fresh food industry, organic food industry, processed food industry and livestock food industry. Kenya's economy has remained to a great extent agribusiness based and industrialization stays a key factor in Kenya's improvement plans (ROK, 2007). Nourishment creation has consistently been a precondition for the advancement of human progress (Kenya Institute for Public Policy Research and Analysis, 2013). Kenyan manufacturing firms are facing greater performance challenges and competitive pressures from both local and multinational organizations. The Kenyan food and beverage industry is experiencing an increase in competition with new entrants in the market, changes in environmental conditions thus affecting inputs as well as increased tastes and preferences taking the lead.

Statement of the Problem

The Kenyan food and beverage manufacturing sector has recorded dismal performance compared to other sectors. Statistics from the Kenya National Bureau of Statistics showed that the sector performed dismally compared to other sectors with a growth rate of 3.5% between the year 2014 and 2017 as compared to Agriculture which posted 4.4 percent, energy 6.5 percent, transport and storage 7.2 percent and building and construction at 9.2 percent (KPMG, 2017; ROK, 2018; KAM, 2018). The main argument goes that strategic drivers enable a firm to create innovations, take advantage of new opportunities as well as improve its business model for better performance (Ribau, Moreira & Raposo, 2016). Chijioke, Vu and Olatunji (2018) influence of strategic drivers on performance of government organizations in Malawi found that as a result of focusing on human capital and customers as strategic drivers, firm strategies were achieved thus enhancing competitiveness. It is on this background that the study sought to answer the question; can the human capital be the solution to the competitiveness of food and beverage manufacturing firms in Kenya?

Objective of the study

To assess the influence of Human capital on competitiveness of Food and Beverage Processing Companies in Kenya

LITERATURE REVIEW

Theoretical Review

Dynamic Capabilities Theory

The dynamic capabilities theory was first introduced by Teece, Pisano and Shuen (1997). However, the term Dynamic Capabilities was first introduced in a working paper in 1989 and was influenced by Gary Hamel's multinational strategy research leading to Core Competences of the Corporation (Prahalad & Hamel, 1990) and was cited in Nonaka and Toyama's (2015) innovation strategy work on the knowledge-creating company. Dynamic capabilities by contrast to core competencies, refer to the capacity of an organization to purposefully create, extend, or modify its resource base (Helfat *et al*, 2009). The basic assumption of the dynamic capabilities framework is that core competencies should be used to modify short-term competitive positions that can be used to build longer-term competitiveness.

Dynamic capabilities theory endeavors to manage two key inquiries: (1) by what means can ranking directors of effective organizations change their current mental models and ideal models to adjust to radical irregular change? Also, (2) by what means can organizations keep up limit ability benchmarks and subsequently guarantee aggressive endurance? At the point when ranking directors are gone up against with the undertaking of structure dynamic capacities, they have to think about extraordinary variances in the limit ability and measures, making it increasingly more perplexing for organizations to comprehend the base necessities expected to stay in the game as an industry player.

Observing outside and progressively eccentric parameters enable directors to handle interior procedures of adjusting their asset base. Regularly, this is basically unrealistic in light of solid way conditions or useful attainability limitations that apply to specific enterprises. For instance, a few ventures depend on a specific assembling process. When another innovation shows up, changing the assembling procedure without prior warning ridiculous. All things considered, adjustments are fixated on administrative schedules and ability level, instead of apply to the asset base level. As such, administrators need to benefit as much as possible from their current asset material yet at the same time comprehend the continuous devaluation of this asset base (Ludwig & Pemberton, 2011). Dynamic capabilities theory explains the need for enhancing the competencies of the employees as the main implementers of organizational policies and decisions hence the theory is used in the study to help understand the role played by human capital as a strategic driver to enhance firm competitiveness.

Empirical Review

According to economic point of view, human capital is a measure of the skills, education, capacity and attributes of labor which influence their productive capacity and earning potential in a firm. According to Hanushek (2013), for any firm to attain it market competitiveness, it must be under the management of human resource with full ideas, skills and experience on the field of the organization competitiveness. Clear understanding of the organization need and goals facilitates to formulation of right strategies that enables the organization to meet its objectives. For this to be archived, a wise and skilled human personnel must be in place.

Organizations must adopt to various criteria of increasing human capital in their organization Pelinescu (2015). For instance, duty specialization and division of labor allows workers to concentrate on specific tasks a situation that leads to accumulation of experience in dealing with specific task in the organization. In addition, the organization should provide education to its employees, through education new skills are learnt an addition that may be of great impact to the organization production hence increasing its market competitiveness. Moreover, despite the quality of human capital of an organization, there should be enough persons to serve the customers. Generally, no customer would like to spend unrealistic time in a shopping center basically due to inadequate customer cares. Thus, the faster the process of service, the higher the number of customer contention hence the organization should consider boosting the number of human capital in order to increase customer services.

Level of education is one of the aspects used to measure the strength of human capital in an organization. According to Aryee, Walumbwa, Seidu and Otaye (2016), the level of education tells how articulate an employee is as far as the modern skills and techniques of job requirements taught in class are concerned. Highly educated employees may be more concerned with achieving the best for the company and tend to make more critical decisions thus pushing the company to gaining competitive advantage (Chew & Chan, 2017).

Glen (2016) on the other hand contemplates that the experience level of the employees tells how adequate and reliable the human capital of an organization is streamlined towards gaining competitiveness. Well experienced employees are often up to task and well aware of the requirements of various situations thus they may make more critical decisions as far as the firm competitiveness and its strategic management are concerned. The adequacy of the personnel is another important factor in determining the competitiveness of an organization. According to Lochhead and Stephens (2014), the requirements of an organization as far as human resources are concerned may differ but an organization needs to have enough employees to take care of their internal needs.

Hitt, Hoskisson, Harrison and Summers (1994) analysed human capital and strategic competitiveness in the 1990s. The study revealed that short-term, risk-averse managerial behaviour often produces lower investments in the development of human capital. Short-term risk-averse managerial behaviour is often the result of managerial energy absorption in mergers and acquisitions, higher debt levels, increasing diversification and size, inappropriate downsizing and lack of managerial vision. Such problems can be reversed through downscoping, retaining valuable employees during restructuring, emphasizing the importance of human capital, cultivating an effective learning-oriented corporate culture, developing an entrepreneurial spirit, promoting a long-term focus, and promoting high-quality products and services. The development of human capital is critical for firms to gain competitive advantage.

Dubra (2010) assessed the influence of human capital on the enterprise competitiveness. The study collected data from enterprise managers. The resources which include the employee's individual and collective learning, knowledge, skills and expertise, creativity and innovation will lead to the firm's human capital accumulation and to the customer – valued outcomes as well. The basis of the firm's competitive effectiveness lies in its ability to develop, provide and integrate the collective and individual special knowledge with the aim of generating specific skills, capabilities and innovation.

Gao, Ren, Zhang and Zhang (2012) assessed the firms' strategic human capital as the object and connects firm strategic human capital with firm competitive strategy. The resource-based view of firms provides a good framework for analyzing the role of strategic human capital. Using factor analysis, cluster analysis, correlation analysis and regression analysis, it found that the inner developing human capital has more positive effects on firm performance than the outer achieving human capital.

Del Valle and Castillo (2009) analyzed the importance of training as a creator of human capital, which enables a company to obtain competitive advantages that are sustainable in the long-term that result in greater profitability. The study singled out human capital as a factor that can impact firm competitive strategy. A key finding of this study is that, training and skill are stronger predictors of human capital effectiveness over and above knowledge and education.

Ellis and Sorensen (2017) did a study on the impacts of human capital orientation on firm performance. The study focused on the activities practiced by organizational management to have a proper human capital through improvement of skills and capabilities. The study established that human capital orientation is a key contributor to firm performance through engagement of employee capabilities. According to Ellis and Sorensen (2017) human capital orientation enhances the updating of human skills which are key organizational resources.

Kwenin et al., (2013) did a study on human capital orientation and firm performance and focused on the work environment. The study adopted a descriptive research design and had a sample of 103 respondents. The study established that human capital orientation is a key aspect in firm performance. According to Kwenin et al., (2013) the skills possessed by the organizational employees are critical to firm performance since the ability of a firm to implement the set decisions rely on the ability of the employees to handle specific issues in the firm. This therefore means that enhancing the skills through human capital orientation is critical (Kwenin, 2013).

Rodrigues (2013) did a study on the influence of human capital on the firm innovativeness and performance of firms. The study analysed the relationship between human capital and organizational performance of software companies. They pointed out that on organizational performance human capital indicators had a positive association. The indicators like training attended and team work practices resulted in awesome performers where more productivity could be translated to organizational performance.

Jamal and Saif (2011) did a study on the relationship between Human Capital Management and Organizational Performance. Results of the study showed that the firms Human Capital Management have a significant positive impact on organizational performance. The study focused on how management of human capital can affect firm performance, while this study assessed the direct influence of human capital on firm performance.

Awan and Sarfraz (2013) carried out a study to establish the relationship between human capital and firm performance and the mediating effect of employee satisfaction on the human capital-firm performance link. The study found a strong positive relationship between human capital and firm performance and further found that employee satisfaction mediated this relationship. The study considered the moderating role of employee satisfaction on the relationship between human capital and firm performance. The sample comprised only three firms. This study considered the direct effect of human capital on firm performance.

Another study by Nishantha (2011) examined the effect of entrepreneur's human capital and social capital on the growth of Small Enterprises (SEs) in Sri Lanka. Specifically, the study sought to establish the moderating effect of social capital on the relationship between human capital and firm growth. Social capital was found to moderate the relationship between human capital and firm growth. The study introduced social capital as a moderator and focused on small organizations only, yet organizational size as a characteristic may yield different results.

METHODOLOGY

The study employed a positivist research philosophy since it deals with quantitative data which is precise and therefore can be easily compared thus generating reliable evidence from the responses collected through use of questionnaires. According to Ashley and Orenstein (2005), the positivism school of thought is grounded on the philosophy that only one reality exist though can only be known imperfectly due to human limitations and researchers can only discover this reality within the realm of probability.

This study employed a descriptive research design. A descriptive research design is used when the problem has been well designed and where the researcher can engage in a field survey by going to the population of interest in order for the respondents to explain certain features about the problem under study (Creswell, 2010). The design was therefore considered appropriate since it is more precise and accurate as it involves description of events in a carefully planned way (Babbie, 2012). Population is a group of individuals, objects or items from which samples are taken for measurement. The target population for this study was the food and beverage processing firms in Kenya. These are manufacturing firms that deal with production, packaging and distribution of food and related products and beverages (KAM, 2016).

As of December 2018, there were 187 food and beverage processing firms in Kenya registered under KAM (KAM, 2018). The unit of analysis therefore was 187 food and beverage processing firms. the study focused on one staff member at the management level in the one-hundred and eighty seven (187) food and beverage processing firms in Kenya, this being the unit of observation. A Census survey was conducted on all the 187 Food and Beverage processing firms registered with the Kenya Association of Manufacturers being the unit of analysis. The unit of observation comprised of one senior manager in the relevant field for the 187 Food and Beverage processing firms. This gave a total sample size of 187 respondents.

Primary data was used for this study and was collected using structured questionnaires. The questionnaires included both closed and open ended questions. A register of questionnaires was maintained showing the ones which are issued and the ones received. The questionnaire was administered using a drop and pick later method to the respondents. This study as well carried out a pilot test. This was done by use of 10% of the sample size which totaled to 19 firms. These were not included in the final study. Content analysis was used in processing of this data and results presented in prose form. The quantitative data in this research was analyzed by descriptive statistics using statistical package for social sciences (SPSS). Descriptive statistics captured included mean, frequency, standard deviation and percentages to profile sample characteristics and major patterns emerging from the data.

FINDINGS AND DISCUSSIONS

Response Rate

A total of 187 questionnaires were issued to the respondents and a total of 132 questionnaires were recollected for analysis. This makes a response rate of 71% which was considered adequate for analysis.

Descriptive statistics

The study sought to find out the resultant impact of human capital on the firm competitiveness. The specific elements that the study addressed were: level of education, qualifications of the employees, investment on training and education of employees, adequacy of the number of employees in organization, adequacy of the competencies to manage and handle organization operations, adequacy of experience among employees, utilization of full potential of the employees, set experience requirement levels and length of service for the employees. The rates of the measures were assessed on the practice of the measures.

Level of education

The study examined the emphasis of organizations on the employees' level of education. It was found that the majority of the respondents (85%) were for the opinion that the level of education of the employees is emphasized in their organization during recruitment, 4% had a neutral opinion whereas a total of 11% disagreed with the statement on education level emphasis. The mean of the responses received was 4.4 and the standard deviation was 1.14. The findings are as per Table 1. Highly educated employees may be more concerned with achieving the best for the company and tend to make more critical decisions thus pushing the company to gaining competitive advantage. (Chew & Chan, 2017).

Employees qualifications

The research assessed the consideration of employees' qualifications in the recruitment process. The findings in Table 1 indicated that the majority (75%) were for the opinion that the qualifications of the employees are well articulated right at the recruitment, 11% indicated a neutral opinion whereas 14% totally disagreed with the statement. The mean of the responses received was 3.8 and the standard deviation was 1.14.

Education and training of staff

The research assessed the practice of organizations to fund the training and education of employees. Illustrations are as per Table 1. Among the respondents, majority (73%) were of the opinion that the organization continues to invest in training and educating the organizational employees, 9% were uncertain of the opinion whereas 18% disagreed with the statement. The mean of the responses received was 3.9 and the standard deviation was 1.3. Glen (2016) indicated that the experience level of the employees tells how adequate and reliable the human capital of an organization is streamlined towards gaining competitiveness. The adequacy of the personnel is another important factor in determining the competitiveness of an organization. Pelinescu (2015) indicated that the organizations should provide education to its employees, through education new skills are learnt an addition that may be of great impact to the organization production hence increasing its market competitiveness.

Number of employees

The study assessed the adequacy of the employees serving the organizational operations. Illustrations in Table 1 revealed that the majority of the respondents (84%) were in agreement that the number of employees in the organizations are adequate to serve the needs of the firms, 5% had a neutral opinion whereas 11% disagreed with the adequacy of staff members. The mean of the responses received was 4.3 and the standard deviation was 1.1. Pelinescu (2015) noted that despite the quality of human capital of an organization, there should be enough persons to serve the customers.

Operational competencies

The research examined the capacities of organizations to handle operations. The illustrations in Table 1 revealed that the majority of respondents (74%) were in agreement with the statement that the organization has adequate competencies to manage and handle organization operations, 9% had a neutral opinion while a few (17%) disagreed with the statement. The mean of the responses received was 3.9 and the standard deviation was 1.29. Lochhead and Stephens (2014) noted that the requirements of an organization as far as human resources are concerned may differ but an organization needs to have enough employees to take care of their internal needs.

Employees potential utilization

The research assessed the capacities of firms to exploit the full potential of employees. Illustrations are as per Table 1. Most of the respondents (81%) indicated that the organizations ensures utilization of full potential of the employees, 8% had a neutral opinion on this factor whereas 11% disagreed with the statement of employees capacity exploitation by firms. The mean of the responses received was 4.2 and the standard deviation was 1.01. According to Hanushek (2013), for any firm to attain it market competitiveness, it must be under the management of human resource with full ideas, skills and experience on the field of the organization competitiveness.

Operational experience

The research assessed the employees experience in the operations of the firms. The illustrations in Table 1 revealed that the majority of the respondents (81%) were in agreement that the employees in organizations have adequate experience in running the daily operations of the firm, 10% had a neutral opinion on the statement whereas 9% disagreed with the statement. The mean of the responses received was 4.1 and the standard deviation was 1.04. Kotler & Armstrong (2013) indicated that there should be consideration on incorporating several systems that keep the flow of information and operations keenly monitored and thus reduce management loopholes.

Experience requirement level setting

The study assessed the experience level setting that is a standard for the employees in the organizations. It was found as per the illustration in Table 1 that majority (83%) were in agreement that there are set experience requirement levels for every position in the firms, 7% were uncertain of their opinion whereas 10% disagreed with the statement. The mean of the responses received was 4.2 and the standard deviation was 1.14.

Yearly experience

The study assessed the experience level of employees considering the period they have served in the firms. Illustrations are as per Table 1. Majority (76%) indicated their agreement that the employees who have served longer time in their positions produce better results that those who haven't, 11% had a neutral opinion while 13% disagreed with the opinion statement. The mean of the responses received was 3.9 and the standard deviation was 1.12.

Education and experience level impact

The research assessed the impact of education and experience of employees on the competitiveness of the firm. Illustrations are as per Table 1. It was found that majority (84%) were in agreement that through adequate, experienced and properly educated employees, the competitiveness of the organizations have been enhanced, 9% had a neutral opinion whereas 7% disagreed with the statement. The mean of the responses received was 3.9 and the standard deviation was 1.29. Similar findings were revealed in a study by Pelinescu (2015) who noted that the organizations should provide education to its employees, through education new skills are learnt an addition that may be of great impact to the organization production hence increasing its market competitiveness.

Table 1: Human capital

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std. Dev
The level of education of the employees is emphasized in our organization during recruitment	5.3%	5.3%	4.5%	15.2%	69.7%	4.4	1.14
The qualifications of the employees are well articulated right at the recruitment	6.8%	6.8%	11.4%	44.7%	30.3%	3.8	1.14
The organization continues to invest in training and educating the organizational employees	9.8%	7.6%	9.1%	32.6%	40.9%	3.9	1.3
The number of employees in our organization is adequate to serve the needs of the firm	3.8%	7.6%	4.5%	26.5%	57.6%	4.3	1.1
The organization has adequate competencies to manage and handle organization operations	9.8%	7.6%	9.1%	33.3%	40.2%	3.9	1.29
The organization ensures utilization of full potential of the employees	0.8%	10.6%	7.6%	34.1%	47.0%	4.2	1.01
The employees in our organization have adequate experience in running the daily operations of the firm	4.5%	4.5%	9.8%	43.2%	37.9%	4.1	1.04
There are set experience requirement levels for every position in our firm	6.1%	4.5%	6.8%	31.1%	51.5%	4.2	1.14
The employees who have served longer time in their positions produce better results that those who haven't	6.8%	6.1%	11.4%	46.2%	29.5%	3.9	1.12
Through adequate, experienced and properly educated employees, the competitiveness of the organization has been enhanced	9.8%	7.6%	9.1%	33.3%	40.2%	3.9	1.29

Correlation between Human Capital and Firm Competitiveness

Table 2: Correlation Test of Human Capital

		Human Capital	Firm competitiveness
Human Capital	Pearson Correlation	1	.723**
	Sig. (2-tailed)		0.000
Firm competitiveness	Pearson Correlation	.723**	1
	Sig. (2-tailed)	0.000	

The results in Table 2 revealed that there was a positive and significant association between human capital and firm competitiveness ($r = 0.723$, $p = 0.000$). This implies that human capital factors have contributed to the resulted to the firm competitiveness. This correlation coefficient value was above 0.7 indicating a strong positive correlation as a factor of firm competitiveness.

Regression analysis

Regression analysis was done to determine the influence of human capital on firm competitiveness. Results were presented in Table 3

Table 3: Model Summary- Human Capital

R	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
.723a	0.523	0.52	0.3779

The results in table 3 presented the fitness of model of regression model used in explaining the study phenomena. Human capital was found to be satisfactory in explaining firm competitiveness. This was supported by coefficient of determination i.e. the R square of 52.3%. This shows that human capital explain 52.3% of firm competitiveness.

Table 4: ANOVA for Human Capital

	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Regression	20.385	1	20.385	142.765	.000b
Residual	18.562	130	0.143		
Total	38.946	131			

Table 4 provided the results on the analysis of the variance (ANOVA). The results indicated that the model was statistically significant. This was supported by an F statistic of 142.765 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. The results implied that Human capital is a good predictor of firm competitiveness. Kwenin (2013) did a study on human capital orientation and firm performance and established that human capital orientation is a key aspect in firm performance. Further, Rodrigues, Dorrego and Jardon (2013) did a study on the influence of human capital on the firm innovativeness and performance of firms and pointed out that on organizational performance human capital indicators had a positive association.

Table 5: Regression of Coefficients for Human Capital

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.246	0.239		5.222	0.000
Human Capital	0.7	0.059	0.723	11.948	0.000

Regression of coefficients results in Table 5 revealed that human capital and firm competitiveness are positively and significantly related (β =0.7, p=0.000). This implies that a unit change in human capital would lead to a significant change in firm competitiveness by 0.7.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary

The objective of the study aimed at determining the influence of Human Capital on competitiveness of Food and Beverage Processing Companies in Kenya. The results revealed that there was a positive and significant association between human capital and firm competitiveness (r = 0.723, p = 0.000). This implies that human capital factors have contributed to the resulted to the firm competitiveness. This correlation coefficient value was above 0.7 indicating a strong positive correlation as a factor of firm competitiveness. Further, there was a significant correlation between human capital and firm competitiveness in food and beverage processing companies. Regression of coefficients results revealed that human capital and firm competitiveness are positively and significantly related (β =0.7, p=0.000). This implies that a unit change in human capital would lead to a significant change in firm competitiveness by 0.7.

The analysis revealed that the level of education of the employees is emphasized in their organizations during recruitment. This is done through proper articulation of the qualifications of employees during the recruitment. Moreover, the firms continue to invest in training and educating the organizational employees to increase knowledge and competence in the work done. Majority agreed that the number of employees in the organizations are adequate to serve the needs of the firms. It was found that the organizations have recruited and embraced adequate competencies to manage and handle organization operations. Majority firms ensures utilization of full potential of the employees. Further, the employees in organizations have adequate experience in running the daily operations of the firm. It was found in the firms that there are set experience requirement levels for every position. Moreover, the employees who have served longer time in their positions produce better results that those who haven't. Finally, through adequate, experienced and properly educated employees, the competitiveness of the organizations have been enhanced.

Conclusion

The study concluded that human capital has a significant and positive influence on firm competitiveness. Employees are the central drivers of every strategy that an organization adopts since they directly implement the strategies. Their skills are therefore, integral in steering the success of the organizations. The study concluded that the management of the food and beverage processing companies partly upheld the human capital by ensuring recruitment of properly trained staff but left out continued training to enhance the employee skills which could affect negatively the overall impact of human capital.

Recommendations

Human capital is the main unique organizational resources that can play an integral role in steering the performance and competitiveness of modern business. It is therefore recommended that the food and beverage processing companies through their management embrace human capital through training, hiring trained and experienced staff through which their competitiveness is enhanced.

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