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Product and Service Quality Capabilities and Market Performance of the Postal Corporation of Kenya in Western Region

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Abstract:
Postal Corporation of Kenya is experiencing challenges in achieving superior performance relative to its rivals. This is as a result of globalization, the ever-changing customer demands and preferences coupled with technological advancements that have dramatically changed the macroeconomic surroundings during the past few decades.This has been aggravated by liberalization which has allowed the entry of dynamic exclusively owned courier services into the business arena, where initially PCK had monopoly over. These dynamics of change have exerted a lot of pressure on many firms to develop strategies for survival and sustainability in the market place. Today, if a business has to be successful, it must have capacity to oversee and adapt to fast forward change by utilizing their internal resources also known as organizational capabilities to fight for survival of the firm. The purpose of this study was to investigate the influence of product & service quality capabilities on market performance of PCK in Western region. The study was guided by Resource Based View and Dynamic Capability Theories. A descriptive survey design was utilized on target population of 198 employees of PCK in the Western Region. Proportionate sampling was employed to select sixty respondents. Questionnaires were used to collect data. Cronbach's Alpha coefficient of 0.70 was used to test content validity and reliability. Content validity index obtained was 0.7508 while reliability coefficient was 0.738 implying that the research instruments were valid and reliable as the value was way above the recommended 0.7 in social sciences. Statistical Package for Social Sciences (SPSS version 20) was used in coding and analysing quantitative data. Descriptive and inferential statistical tools especially the frequency percentage, mean, standard deviation, correlation and regression analysis were used in the study. Findings of the study showed statistically positive and significant influence of product and service quality capability) on market performance of PCK in Western region. It was therefore concluded that product and service quality capability accounted for 73.4% ($R^2 = 0.734$; $\beta_0=0.637$; $F_{(9, 42)} = 12.846$; $p=0.000$) variations in the market performance of PCK. The study recommends that PCK should frequently undertake market surveys so as to offer products & services based on customers' preferences'.

Keywords:*Product quality capabilities, service quality capabilities, Market Performance, Postal Corporation of Kenya*

1. Introduction

Today, firms operate in highly dynamic environments characterized by constant technological changes and shifts in customer tastes and demands (Ng'ang'a, Namusonge, &Sakwa, 2016). These dynamics necessitate that managers to utilize their internal resources also known as organizational capabilities to fight for survival of the firm (Kamasak, 2017). Rehman, Mohamed &Ayoup (2019) define organizational capabilities as the firm's ability to manage its internal resources effectively, making strategic decisions and effectively implementing the strategic decision process to achieve the desired results. Organizational capabilities are a concept based on Resource-Based Theory that emerged to manage business sustainability and competitiveness (Nayeemunnisa & Gomathi, 2020).Kamasak (2017) advances those organizational capabilities capable of affecting performance include innovation capability, competence of employees' capability, managerial capability, strategic intent & technical capabilities, marketing capability, business processes capability, quality of service and social networks capability.Almutawa, Muenjohn& Zhang (2018) define service quality as an assessment or attitude towards the superiority of a service. As time progresses, service quality can be assessed by looking at the correspondence between expectations and perceptions towards the service performance received by customers, or the service performance provided by the company, judging by the direct assessment given by the customers. Service quality is an emerging competitive dimension in today's business world and identified as one of the strategies of success (Kotler and Keller, 2016). Service organizations, without regards for size, are increasingly seeking the unique ways of differentiating their offering and service quality is one such option in this regard. Many organizations, today, have responded to the strategic and financial impact of quality, treating it as a strategic weapon (Abuzaid, 2015). Product quality is the ability of a product to carry out certain functions, which can comprise durability, reliability, resulting accuracy, ease of use and repair, and other valuable attributes of the product holistically. Product quality is a vital area because it decides the market share of the firm. It is also used as one of the product differentiation strategy by few leading firms (Kotler and Keller, 2016).

Yuen, Thai, Wong&Wang, (2018) suggest that quality has a direct bearing on customer satisfaction and customer loyalty. If a company produces a quality product, satisfied customers will rank that company higher in surveys than companies that fail to provide quality products or services. Customer loyalty motivates positive customer behavioural intention to repurchase, and in turn, promotes customer retention which in turn affects company's profitability. Firms also promote close relationships with customers that will in turn generate high sales and returns relative to competitors. In addition, dissatisfied customers are more vocal in their criticisms of a company with quality problems. Yuen, Thai, Wong &Wang, (2018) continue to advance that there is usually an assumed causal connection between customer perceived quality and how much customers are willing to spend on the product or service.

Furthermore, it has also been shown that there is a significant relationship between product-based advantage and performance of organisations (Morgan *et al*., 2014). Firms that experience product-based competitive advantage over their rivals, for example in terms of better and/or higher product quality, packaging, design and style, have been shown to achieve relatively better performance (Morgan *et al*., 2014). Similarly, Sim,Song&Killough (2015) illustrate that there is a significant relationship between service-based advantage and performance of organisations. Firms that benefit from service-based competitive advantage compared with their rivals, for example in terms of better and/or higher product flexibility, accessibility, delivery speed, reliability, product line breadth and technical support, have achieved comparatively better performance. Recent studies have reported that quality has a positive impact on business performance (Wang,Ou, & Chen, 2019, Sumardi and Fernandes,2018, Elrahman, El-Borsaly& Hassan,2020). There are several quality managements practices and these practices have diverse impacts on market performance at different levels (Sumardi and Fernandes, 2018). The indicators for quality measurement used in this study (pricing, diversification and differentiation) were adopted from Roethlein& Wicks (2009) model who categorize quality into five (transcendent definition where quality is described subjectively or personally, product-based definition which views quality as a quantifiable characteristic and may involve attributes such as durability, the user-based definition where quality is viewed as customer satisfaction which usually is as perceived by the client, the fourth definition is based on compliance to requirements while the fifth and last is value-based definition where quality is seen from the costs perspective).Hinterhuber&Liozu, (2014) suggest that price decisions are one of the most important decisions of management because it affects profitability and the companies' return along with their market competitiveness. Before setting a price, the company must decide what is going to be the strategy for the product in addition to what will be the proposed objectives, since the clearer these decisions, the easier it will be to establish prices. In general, Woo, Magnusen, &Kyoum, (2014) argue that the typical pricing strategy has a long-term orientation and requires periodic choices between maximizing profit margins and increasing/protecting market share. The overall cost leadership strategy attempts to increase market share by emphasizing low-cost relative to competitors (Carlucci *et al*., 2015). The costing strategy that a firm settles on has long term effects and therefore, decision makers must strike a balance between obtaining maximum profits and securing a large market share.Cost strategy is a positioning strategy to create a competitive advantage based on production of goods and services with much less costs compared to rivals (Albari&Kartikasari, 2018).According to Rao (2015), price is something that has to be sacrificed to match certain types of product or service with consumer cognitive conception. Price perception majorly influences the consumer rationality in paying for a product or service. Carlucci *et al*., (2015) further suggest that in general, one would perceive lower prices as lower product and service quality, and the other way around. In other words, price serves as an indicator of quality level, and it is considered equal when on par with quality that comes with it. Thus, some researchers associate reasonable pricing, product quality and service quality with customer satisfaction and loyalty

According to Su & Tsang, (2015), product diversity arises, for instance, when there is a difference in mix or volume of products that causes an uneven assignment of costs. Different types of diversity include: batch size, customer, market, product mix, distribution channels, and volume. Some of the reasons that would make firms choose to diversify include; expansion (Su & Tsang, 2015); to survive the dynamics of business environment (Nyangiri&Ogollah, 2015); increase profitability and foster efficiency in the use of resources and create investment opportunities (Emel&Yildirim, 2016; Hasby et al., 2017); to achieve economies of scale to explore market options and opportunities (Sindhu et al., 2014). Krivikapic et al. (2017) conclude that organizations diversify in order to have a better position in the market, while Akewushola (2015) opined that a diversification strategy enables an organization to expend its excess resources for economic use. Other studies have however revealed contradictory results, some negative and others finding no relationship among variables. Diversification does not necessarily lead to improved performance and not all diversified organizations are profitable (Manyuru et al., 2017; Jasper, 2016). According to Alli et al., (2016) an increased diversity within a business portfolio may result in a loss of control by top officials, which can deteriorate business performance. It may also result in the weakening of corporate governance structure and family relationships (Sahu, 2017; Santarelli& Tran, 2016).Schommer et al. (2019) found that the performance of diversified organizations declines with time, and decision makers who form diversification strategies find it increasingly difficult over time to avoid retrogressive performance. It is generally agreed nevertheless that diversification is a strategic option used by more and more managers to improve performance (Castaldi&Giarratana, 2018; Makau&Ambose, 2018). The last indicator used in this study for measurement of product & service is differentiation. Hilman & Narentheren, (2015) view differentiation as one of the strategies that a firm could use to boost performance. They argue that a firm would use various differentiation strategies such as providing quality goods, variety/assortment of products, space to park, an atmosphere which is conducive, branding, after-sales service, convenient area of business, sales incentives, convenient operating time, a one-stop-shop among others aimed at boosting performance. Pearce and

Robinson (2016) further state that differentiation formula tries to offer clients with something that is unique that identifies the company and gives it a standing from that of its competitors. Differentiation strategy seeks competitive advantage by distinguishing oneself from the competition through product offerings or marketing programs (Najib and Kiminami,2011).Differentiation as part of business level strategy is resourcefully executed when the businesses gives exclusive or better significance to the buyer with the direction of product quality, features, or follow up support (Hilman & Narentheren, 2015). Differentiation often involves new technologies, and unforeseen customer or competitor reactions. In this case, the management control system must emphasize flexibility and focus on long-term operations. The corresponding human resource strategy should enhance employees' adaptability and innovation to match the differentiation strategy (Hsieh and Chen, 2011).Hence, business adopting differentiation strategy can allege higher cost for goods or services based on features, allocation system, quality of service, or delivery channels. The value possibly will be valid or apparent in line with fashion, brand name, or imaged (Teeratansirikool, et al., 2013).The differentiation strategy appeals to complex or well familiar customer that are concerned with uniqueness or quality of product and willing to give benefit cost (Hilman& Kaliappe,2015).

1.1. Statement of the Problem

Companies engage in business with the sole purpose of creating supernormal profits. However, with the dynamics of change in the micro and macro environments, ranging from constant shifts in customer preferences to technological innovations, Hazen, (2018) suggests that many firms are struggling to achieve sustainability and survival in the market place. The Postal statistics data of (2015) reveals that Postal Corporation of Kenya has been experiencing many challenges since 2003 when the licensed number of courier operators doubled. Its viability in the current dynamic environment seems to be deteriorating, unlike in the past when it had monopoly in offering postal services in the country. Continuous technological advancements such as video-conferencing and e-commerce which have made communication and the way to do business faster, cheaper, and more flexible exacerbating the performance of the firm. Both domestic and international mail services have both been affected leading to a decline in mail revenues as indicated by postal statistics (2015).In today's fierce business environment, Nayeemunnisa&Gomathi, (2020) argue that a company that will be successful is one that will build the capacity to innovate new processes and products that will help them realize economic value from their internal resources otherwise known as capabilities. Although several researches have been undertaken on the corporation concerning capabilities (Milewa, 2010; Kambara, 2011; Kioko, 2014), the focus has been majorly on capabilities the firm has embraced in respect to scanning the external environment. The role of product & service quality capability, an important internal capability capable of enhancing performance has not been given enough attention despite recent literature confirming a significant relation between the same (Wijetunge, 2016;Reichertet.al, 2015). This is a knowledge gap which this research attempted to address.

1.2. Theoretical Review

This study is anchored on dynamic capabilities theory of a firm.

1.3. Dynamic Capabilities Theory

This study was guided by the Dynamic Capability Theory (DC).*The Dynamic Capability* (DC) was pioneered by Teece et al. (1997) and it is an extension of RBV.Its focused on readjustment of obtainable resources into new proficiency in response to demands from sustained environmental change (Wang and Ahmed, 2007). Dynamic Capability is more precise to certain context such as culturally diverse situation and stress timely responsiveness and reconfiguration of internal and external competence that are congruent with changing business environment (Singh etal., 2013). Similar to Teece et al. (1997), we define dynamic capabilities as the firm's processes that use resources-specifically to integrate, reconfigure, gain and release resources-to match and even create market change. Dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die.DC attempts to give reasons as to why some specific firms achieve business survival while others collapse in times of changes in the external environment. These changes could result from technological orientation or/and shift in client preferences or taste (Teece, 2014). The proponents of this theory argue that the factual source of supportable competitive benefits is how fast a firm responds to the dynamic changes in the market by nurturing new capabilities and reconfiguring its resource base, a perspective which other models like RBV by (Wernerfelt, 1984) or competitive forces approach (Porter, 1980), cannot explain sufficiently.

Teece (2012) describes capability as the capacity to use locally available assets to undertake an activity to counter the opposing situation. It is also inclusive of factors that help the firm to identify its strategic opportunities or threats and its capacity to put to use strategies that will improve performance (Helfat and Peteraf, 2015). Eisenhardt and Martin (2000) used the term 'combinative capabilities' to describe organizational processes by which firms synthesize and acquire knowledge resources, and generate new applications from those resources.(Fainshmidt*et al.,* 2016). The main assumption of DC is that managers need to identify important factors and associations that can be used by the firm to obtain benefits of high performance (Teece, 2012). Furthermore, the firms which are successful in the market are those which exhibit a timely response to the dynamic changes by reconfiguring internal and external assets by the help of the managers (Singh et. al., 2013). There are several kinds of dynamic capabilities as revealed by different researchers. Chari and David, (2012) highlight client relationship capability, Barney, (2012), identifies supply chain management capability,

Weigelt, (2013) suggests client-specific capabilities, and Helfat and Peteraf (2015) cite managerial ability and Ozer& Zhang, (2015) highlight geographical /network ties capabilities.Among the mentioned dynamic capabilities types, Ambrosini and Altintas, (2019) postulate that firm processes and managerial capability as the most important in assessing and reconfiguring the organization asset base. According to Teece (2014) dynamic capabilities perspective should help executives to, identify and utilize the skills available in their organization to outmatch their rivals. It therefore implies that competitive benefit does not originate from the collection of assets but on their utilization and how they are configured. Firms defer in configuration of resources following diverse corporate philosophies (Ambrosini–Altintas, 2019). Helfat&Peteraf (2015) classifies dynamic capability into three namely; (sensing), which occurs when a firm locates an opportunity; (seizing) which is gathering assets in order to handle an opportunity in a bid to get value out of it and thirdly, (transforming) which is constant replenishment (Teece, 2012). He further argues that the major difference between the two theories is that DC addresses the notion of attaining competitive survival in the market place while RBV focuses on achievement of sustainability.

Sánchez *et al*. (2015) suggest that a firm can perform better when managers become strategic in coordinating their human resource. Helfat& Martin (2015) confirm that organizations which have a greater ability to control asset redeployment were more effective in creating capabilities. Ozer and Zhang, (2015) reveal that the ability to initiate and sustain relationships is key in bringing forth better performance. Several social relationships like cordial association with suppliers, capability to modify existing products were found to influence performance positively (Ozer and Zhang's (2015). Additionally, Acquaah (2012) concurs that organizations which can utilize social relationships properly and have managers or executives with varied skills could produce better results in comparison with those without. Furthermore, social relationships are advantageous to firms as through them the firm can get transfers of technical knowhow, it can penetrate restrictive markets and enjoy favors like ease of accessing licenses thereby boosting its performance (Weigelt, 2013; Ozer and Zhang, 2015). Teece (2016) also argues that good networks with clients, manufacturers and distributors yields more benefits which eventual boost a firm's performance. Whether PCK is dynamic in mobilizing and utilizing its resources is important because it reflects their competencies to trade. Helfat&Martin, (2015) are of the opinion that these competencies are vital in the search for opportunities for growth and competitiveness.

Whereas the dynamic view of capabilities is particularly important in international markets (Teece, 2014), PCK's managers could utilize this knowledge in identifying, capturing, reconfiguring and transforming its asset base to profit in a volatile business arena (Helfat&Peteraf, 2015). Some of the scholars who have utilized the dynamic capabilities theory in their studies in testing its relationship with performance and found it very significant include; Nwankwere (2017) sought to determine how dynamic capabilities affect production in food and beverages factories in Lagos, Nigeria; Aarakit, Abaho&Ntayi (2016), a study which assessed Performance of SMEs in Uganda, focusing on their capabilities and entrepreneurial competence and Kamasak (2017), a project that investigated the role of dynamic capabilities in enhancing performance in organizations in Japan. This study used dynamic capability considering the variables in this study that business can identify their ability to integrate, build, and reconfigure internal and external competences to address rapidly changing situation.

1.4. Product and Service Quality Capabilities and Market Performance

The relationship between product and service quality capability and market performance in this study is a positive one, increased product and service quality capability leads to increased market performance. The researcher embraced a descriptive survey research design. The main population for this investigation was every one of the employees of Postal Corporation of Kenya in Western Region. A sample was drawn from this population utilizing proportionate sampling techniques. The investigation uncovered that product and service quality capabilities affect market performance. The findings agree with those of several researchers who investigated the subject. Fernandez, (2017) sought to find out the role of quality in generating profitability of Port Wine Cellars in Portugal. The study utilized a written questionnaire which was self-administered. Respondents were asked about their background information. Their experience and future plans concerning the company was also assessed. The questionnaire also had 30 other questions concerning experience quality indicators like satisfaction, word-of-mouth and loyalty intentions. SEM was developed to calculate experience quality and its influence on sales of firms. Results indicated that 83% of business performance originated from quality service experience. Even though the study enhances knowledge and also gives insight to managers on the role of service quality experience on performance, it is limited as it was carried out on a developed country and this makes generalization of results difficult. This project explored whether service quality affects profitability of firms from a developing country perspective.

In Nigeria, Odunlami (2015) investigated the aptness of service quality in the success of a credible bank in Oyo State. Structured questionnaires and journals were used to gather data. 200 customers were targeted while the sample was 150. The study obtained 71% response rate. It generated descriptive and inferential statistics specifically ANOVA and t-statistics tested the hypothesis while regression tested relations between the variables. The outcome established a positive relation between the two variables. Odunlami (2015) involved a bank; a private sector while this research involved a postal and courier industry which is owned by the government. The findings will therefore be significant in establishing whether or not service quality affects profitability of public institutions.A study by Sedeyoka (2015) analyzed the effect of service quality on profitability using a fast growing internet service located in Dar es Salaam – Tanzania. Customers who had stopped using the company's internet service were interviewed on phone. A questionnaire was designed and created focusing on technical issues such as speed and link stability as well as non-technical issues such as helpdesk. Type of questions varied, some direct while some used Likert scales (very bad, bad, normal, good, and very good) and some questions asked customers to give comments or opinions. The research team sampled a total of 200 customers from 7 main categories each based on number of months the customer was using the services (1 – 7). The study found many customers had left the internet service because they could not get help when they had a technical difficulty. The study was limited in the sense that the use of phone interviews could generate biased/subjective results because of time constraints and also sometimes respondents my fail to pick up the calls. In an attempt to reduce this limitation, this study was facilitated by the researcher/research assistant who administered the questionnaires hence there was more objectivity from data collected.

Lastly, Odeny (2016) investigated the influence of service quality on performance of Barclays Bank of Kenya. The study adopted a case study design. The data were collected from all managers involved in service delivery. A total of 10 respondents were interviewed; 2 from each of the 5 departments (Customer Service, Branch Management, IT Operations, Performance and Analytics and the Operations departments). The study concluded that service quality has a significant influence on the performance of Barclays Bank and makes an important contribution to profitability of the Bank. Improvement in service quality has been the catalyst for a number of investment decisions which targets improved customer satisfaction, staff development and system and process improvement. The limitation of this study is small sample which cannot easily be generalized.

2. Methods

This study employed descriptive survey. The study involved sixteen branches of the total fifty branches of PCK in Western region, formally referred to as western province. The study targeted 148 respondents, drawn from the fifty branches of PCK in the Western region. A sample size of 60 employees was arrived at by use of proportionate sampling. Simple random sampling technique was used to obtain the final respondents. The sample size was determined using Yamane (1967) formulae: n= sample size; N= total population of members (148); e= sampling error (0.05). Primary data of both quantitative and qualitative type was collected by the researcher through the questionnaires. The study ensured both content and construct validity were achieved. This was also be aided by receiving technical advice from the experts and supervisors on the construction of the questionnaire. Reliability test was carried out and the results showed that a Cronbach alpha of coefficient of 0.738was attained implying that the research instruments were reliable. Analysis involved the use of both descriptive and inferential statistics. Descriptive statistics used mainly the means and standard deviations, while inferential statistics employed regression and correlation analyses. Inferential statistics were used to test research questions at p-value of 5% (0.05) at confidence interval of 95%.

3. Findings and Discussions

The objective of the study was to determine the effect of product & service quality capability on market performance of PCK in Western Region. Product & service quality capability is one of the crucial organizational capabilities capable of influencing organizational performance. To measure product & service quality capability, a set of nine statements were formulated relating to product & service quality capability and market performance of PCK in Western Region. The respondents were required to state their level of agreement with nine (9) statements relating to product & service quality capability and market performance of PCK, where, 1= strongly disagree, 2= disagree, 3= not sure, 4= agree, 5= strongly agree. The relevant results are as shown in Tables 4.1 and 4.2

Descriptive Statistics					
Variables	**N**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Brochures and written materials concerning the various products and services offered are easily accessible at the branches for the customers	52	1.00	5.00	2.7308	1.53540
Assessment of how PCK products and services are performing is carried out regularly.	52	1.00	5.00	4.1731	1.02366
The customer service representative manning the desk is knowledgeable on the various products and services offered by the firm	52	3.00	5.00	4.3654	0.68682
The competitors' matrix charges determine how PCK prices its products and services	52	3.00	5.00	4.3462	0.76401
Clients are notified before new charges are effected on products and services	52	2.00	5.00	4.2308	0.85441
PCK products and services are cheaper than those of competitors'	52	3.00	5.00	4.2308	0.67491
PCK carries out continuous surveys of the preferred products and services	52	3.00	5.00	4.1346	0.71480
PCK products are unique compared to competitors'	52	2.00	5.00	4.0000	0.81650
There is continuous modification of the product and services offered by the firm	52	3.00	5.00	4.3077	0.78061
Valid N (list wise)	52				

Table 1: Mean and Standard Deviation of Product and Service Quality Capability
Source: Field Data, 2018

This variable attracted nine (9) statements regarding product & service quality capability. The statement on brochures and written materials concerning the various products and services offered are easily accessible at the branches for the customers had a mean of 2.7308 and standard deviation of 1.53540, assessment of how PCK products and services are performing is carried out regularly had a mean of 4.1731 with standard deviation of 1.02366. The customer service representative manning the desk is knowledgeable on the various products and services offered by the firm had a mean of 4.3654 and standard deviation of 0.68682. The competitors' matrix charges determine how PCK prices its products and services had a mean of 4.3462 and standard deviation of 0.76401; Clients are notified before new charges are effected on products and services had a mean of a 4.2308 and standard deviation of 0.85441, PCK products and services are cheaper than those of competitors had a mean of 4.2308 and the standard deviation was 0.67491. PCK carries out continuous surveys of the preferred products and services the statement had a mean of 4.1346 and standard deviation of 0.71480. PCK products are unique compared to competitors managed a mean of 4.0000 with standard deviation of 0.81650 and with standard deviation of 1.53540. There is continuous modification of the product and services offered by the firm had the mean of 4.3077with standard deviation of 0.78061. Descriptive results illustrate that the majority of the respondents agreed with statements on product and service quality capability.

<table>
<tr><th colspan="2">R</th><th colspan="2">R Square</th><th>Adjusted R Square</th><th>Std. Error of the Estimate</th><th>Change Statistics</th><th>F Change</th><th>df1</th><th>df2</th></tr>
<tr><td colspan="2">0.856</td><td colspan="2">0.734</td><td>0.676</td><td>0.57269</td><td>0.734</td><td>12.846</td><td>9</td><td>42</td></tr>
<tr><td colspan="4"></td><td>ANOVA</td><td colspan="5"></td></tr>
<tr><td></td><td></td><td>Sum of Squares</td><td colspan="2">df</td><td>Mean Square</td><td colspan="2">F</td><td colspan="2">Sig.</td></tr>
<tr><td></td><td>Regression</td><td>37.918</td><td colspan="2">9</td><td>4.213</td><td colspan="2">12.846</td><td colspan="2">0.000</td></tr>
<tr><td></td><td>Residual</td><td>13.775</td><td colspan="2">42</td><td>0.328</td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td></td><td>Total</td><td>51.692</td><td colspan="2">51</td><td></td><td colspan="2"></td><td colspan="2"></td></tr>
<tr><td></td><td colspan="7">a. Dependent Variable: Market Performance of PCK</td><td colspan="2"></td></tr>
<tr><td colspan="10">b. Predictors: (Constant): Product and Service Quality Capability</td></tr>
<tr><td>Model</td><td></td><td>Unstandardized Coefficients</td><td colspan="2">Standardized Coefficients</td><td></td><td></td><td colspan="3"></td></tr>
<tr><td></td><td></td><td>B</td><td colspan="2">Std. Error</td><td>Beta</td><td>T</td><td colspan="3">Sig.</td></tr>
<tr><td></td><td>(Constant)</td><td>7.516</td><td colspan="2">0.526</td><td></td><td>14.288</td><td colspan="3">0.000</td></tr>
<tr><td></td><td>Product and Service Quality Capability</td><td>0.657</td><td colspan="2">0. 185</td><td>0.499</td><td>3.545</td><td colspan="3">0.000</td></tr>
<tr><td colspan="10">Dependent Variable: Market Performance of PCK
Independent Variable: Product and Service Quality Capability; Significance level <0.05</td></tr>
</table>

Table 2: Product and Service Quality Capability and Market Performance ofPCKModel Summary
Source: Field Data, (2018)

The results clearly indicated that product and service quality capability accounted for 73.4% (R^2 = 0.734) variations in the market performance of PCK. In the test criterion, the null hypothesis is accepted when the p-value is more than 5% (0.05) and the null hypothesis is rejected when the p-value is less than 0.05. From the results, the null hypothesis was rejected since a positive, linear and significant influence (p-value is less than 0.05) was established between product and service quality and market performance of PCK in Western Kenya region. This showed that there was a statistically significant positive relationship between product and service quality capability and market performance of PCK in Western Kenya region *($R^2 = 0.734$; β_0=0.637; $F_{(9,42)}$ = 12.846; p=0.000).*

5. Conclusion and Recommendation

The study concluded that market performance of PCK is a significant function of product and service quality capability. The study recommends that PCK should carry out continuous modification of its product and service offerings in mind with the customers' preferences by use of market surveys. This will enhance customer loyalty on the brand hence retention and profitability.

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