

**ORGANIZATIONAL RESOURCES AND PERFORMANCE OF
MOBILE PHONE COMPANIES IN KENYA**

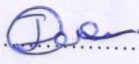
**BY
NJOROGE JANE GAKENIA: BED(KU), MBA(KU)
Reg No: D86/CTY/PT/25170/2011**

**Thesis submitted to the School of Business in partial fulfillment of
requirement for award of the Degree of Doctor of Philosophy in
Business (Strategic Management) of Kenyatta University**

November, 2015

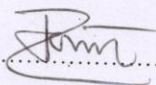
DECLARATION

This thesis is my original work and has not been presented for a degree in any other university. No part of this thesis should be reproduced without my authority or /and that of Kenyatta University.

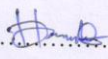
Signature:  Date: 1/12/2015

Jane Gakenia Njoroge
Department of Business Administration

We confirm that the work reported in this thesis was carried out by the candidate under our guidance as University Supervisors.

Signature:  Date: 1/12/15

Dr. Muathe SMA (PhD)
Department of Business Administration
School of Business
Kenyatta University

Signature:  Date: 1/12/15

Dr. Hannah Bula (PhD)
Department of Business Administration
School of Business
Kenyatta University

DEDICATION

This thesis is dedicated to my husband Gideon Ndambuki for his care, prayers and support; our son Gift; and my parents Muthoni and Njoroge for their parental love, prayers and support. I will always acknowledge their devotion to my education all the days of my life.

ACKNOWLEDGEMENT

I wish to most sincerely thank the Almighty God who has given me an opportunity to live and the strength to pursue my studies. My utmost gratitude goes to my supervisors, Dr Muathe SMA (PhD) and Dr Hannah Bula (PhD) who have professionally guided me in the formulation and execution of this thesis.

Special thanks Dr Muli and Dr Maina for their positive critique of the study. I extend my gratitude to my fellow PhD candidates at Kenyatta University, Kiiru and kinyua for the persistent encouragement and valuable criticisms about the content, flow and meaning of this thesis.

I am also indebted to; Compassion International, Catholic Relief Service, Vision Housing Co-operative Society, Capital Market Authority and St Paul's University for allowing me to use their resources during my studies and by making my work schedule flexible to fit my career progress.

I cannot forget to thank Dr Korir, Dr Kivunge and Dr Kosmbei for preparing and guiding me adequately at the PhD course work stage. I will for ever be grateful to my husband, mother, father, sisters and brothers for their moral and material support throughout my life.

TABLE OF CONTENTS

Declaration	Error! Bookmark not defined.
Dedication.....	iii
Acknowledgement.....	iv
Table of Contents.....	v
List Of Table.....	viii
List of Figures.....	ix
Operational Definition of Terms	x
Abbreviation and Acronyms.....	xii
Abstract.....	xiii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the study	1
1.1.1 Organization Performance	2
1.1.2 Organizational Resources	3
1.1.3 Mobile Phone Companies in Kenya	5
1.2 Statement of the Problem.....	8
1.3 Objectives of the Study.....	9
1.3.1 General Objective	9
1.3.2 The Specific Objectives	10
1.4 Research Hypotheses	10
1.5 Significance of the Study	11
1.6 The Scope of the Study.....	12
1.7 Limitations of the Study.....	13
1.8 Organization of the Thesis	14
CHAPTER TWO: LITERATURE REVIEW.....	15
2.1 Introduction.....	15
2.2 Theoretical Literature.....	15
2.2.1 Resource Based View	15
2.2.2 Organizational learning Theory	18
2.3 Empirical Literature Review.....	20
2.3.1 Firm’s Performance	20

2.3.2 Human Capital and Performance	25
2.3.3 Technology Competencies and Performance.....	29
2.3.4 Competitive Advantage and performance	32
2.3.4.1 Organizational Culture and performance.....	36
2.3.4.2 Corporate Reputation and Performance.....	38
2.3.4.3 Environmental Factors and Firm’s Performance	41
2.4 Summary of Empirical Literature and Research Gaps	43
2.5 Conceptual Framework.....	46
CHAPTER THREE: RESEARCH METHODOLOGY.....	49
3.1 Introduction.....	49
3.2 Research Philosophy	49
3.3 Research Design.....	50
3.4 Empirical Model	50
3.5 Target Population.....	57
3.6 Sampling Design and Procedure.....	58
3.7 Data Collection Instruments	59
3.7.1 Validity Test of Research Instruments.....	60
3.7.2 Reliability of Research Instrument	61
3.7.3 Data Collection Procedure	62
3.8 Data Analysis Methods.....	62
3.9 Ethical Issues	67
CHAPTER FOUR: EMPERICAL RESEARCH FINDINGS AND DISCUSSION	68
4.1 Introduction.....	68
4.2 Descriptive Statistics.....	68
4.2.1 Response Rate.....	68
4.2.2 Demographic Profile of the Respondents	69
4.4.3 Performance of Mobile Phone Companies in Kenya.....	72
4.4.4 Human Capital	73
4.4.5 Technology	75
4.4.6 Enviromental Factors	77
4.4.7 Competitive Advantage	79
4.5 Regression Analysis.....	81
4.5.1 Diagnostic Tests.....	81
4.6 Testing of Hypotheses.....	85
CHAPTER FIVE: SUMMARY, CONCLUSION AND POLICY RECOMMENDATIONS.98	

5.1 Introduction.....	98
5.2 Summary.....	98
5.3 Conclusion	101
5.4 Contributions of the Study to Knowledge	102
5.5 Recommendations for Policy Implication	103
5.6 Recommendation for Further Research	104
REFERENCES.....	106
APPENDIX 1: QUESTIONNAIRE (MOBILE TELEPHONE INDUSTRY).....	119
APPENDIX 2: QUESTIONNAIRE LETTER OF TRANSMITTAL	126
APPENDIX 3: MOBILE PHONE NETWORK PROVIDERS' PROFIT SUMMARY.....	127

LIST OF TABLE

Table 2.1: Summary of the Literature Review and Research Gaps.....	45
Table 3.1: Mediation Decision Making Criteria.....	54
Table 3.1: Operationalization and Measurement of Variables.....	56
Table 3.2: Distribution of target population.....	57
Table 3.3: Sample Distribution of size.....	59
Table 3.4: Reliability Test.....	61
Table 3.5: Test of hypothesis table.....	66
Table 4.1: Response Rate	68
Table 4.2: Demographic profiles of respondents.....	70
Table 4.3: Firm's profitability and market share.....	72
Table 4.4: Human capital factors that affect performance.....	74
Table 4.5: Technology competence factors that affect performance.....	76
Table 4.6: Enviromental factors that affect performance.....	79
Table 4.7: Competitive advantage factors that affect performance.....	81
Table 4.8: Results of Normality diagnostic test.....	83
Table 4.9: Results of Partial Correlation linearity test.....	84
Table 4.10: Influence of human capital and technology on performance.....	86
Table 4.11:Regression Results for organizational resources and performance.....	90
Table 4.12:Regression results for organizational resources and competitive advantage.....	91
Table 4.13 : Regression results for organizational resources, CA and performance.....	93
Table 4.14: Moderating effect of Environmental factors	95
Table 4.15: Moderation of Environmental factors on IV and DV.....	97

LIST OF FIGURES

Figure 2.1: Resource Based View Conceptual Model.....18

Figure 2.2: Conceptual Framework.....47

OPERATIONAL DEFINITION OF TERMS

Competitive Advantage	The ability of a firm to perform at a higher level than other competitors in the same industry by implementing value creating strategy that are not being implemented by other competitors
Corporate reputation	Perceived image of a firm by the stakeholders through relationships, ethical issues and reliability.
Environmental factors:	These are the surrounding factors that influence firm's performance taking forms of legal, economic and political aspects within the industry.
M-pesa	This is an electronic way of transferring money that is used be safaricom.
Organizational culture:	Is a complex set of value, beliefs and symbols that define the way in which a firm conducts its business.
Performance:	The extent to which the firm gain market leadership through profitability and market share within an industry.
Sustainable Competitive Advantage:	A long term competitive advantage that is not easily duplicated or copied by the competitors.

Performance:

Is performance that is above other competitors in the long run resulting from the competitive advantage.

Technology competencies:

This is the ability of the firm to innovate and come up with new and unique products through research and development.

ABBREVIATION AND ACRONYMS

- CA** : Competitive Advantage
- CCK** : Communication Commission of Kenya
- GOK** : Government of Kenya
- Kshs** : Kenya Shillings
- RBV** : Resource Based View
- SCA** : Sustainable Competitive Advantage
- SME** : Small and Medium Enterprises
- VRIN** : Valuable, Rare, Inimitable and Non-Substitutable

ABSTRACT

A firm's performance is a function of how well managers build the organizations around the resources and capabilities within their reach. Resource Based View regards a firm's specific resources as the fundamental source of superior performance. Resources must be valuable, rare, inimitable, and lack of substitutes to give competitive advantage and hence superior performance. Empirical studies indicate that the mobile phone companies have been dominated by one player for the last six years. Despite strategies and effort of other players such as lowering tariffs, coming up with cheaper money transfer, other attractive offers like free calls and messages, they have not managed to get a competitive edge leading to one company continuing to dominate the market. For this reason, homogeneity in performance for the companies operating in similar competitive conditions and industrial environment has not been explained. This study examined the effect of organizational resources on performance of mobile phone companies in Kenya. The specific objectives of the study included; determining how human capital affect performance in mobile phone companies, establishing how technology competencies affect performance in mobile phone companies, assessing the moderating effect of environmental factors on the relationship between organizational resources and performance of mobile phone companies in Kenya and to assess the mediating effect of competitive advantage on the relationship between organizational resources and performance of mobile phone companies in Kenya. To achieve the objectives, the study used a combination of explanatory design and descriptive survey research design, specifically cross sectional design. The target population consisted of 381 respondents and the sample size was 170 respondents from the four mobile phone companies in Kenya. The research adopted stratified random sampling technique. The study used mainly primary data which was collected using self-administered questionnaires. Reliability of the instrument was tested using cronbach's alpha reliability coefficient of 0.7 which was considered acceptable, hence the instrument was reliable. Data was analyzed using descriptive and inferential statistics. Descriptive statistics was used to summarize data while inferential statistics, specifically multiple linear regression was used to test hypotheses. The analysis used stata statistical package version 11.0 to aid data analysis. The results were presented using tables. The findings indicated that human capital had a positive significant effect on performance of mobile phone companies. Technology was found to be significant in explaining the variation of performance of mobile phone companies. Competitive advantage had a partial mediating effect on the influence of organizational resources on performance. Environmental factor had a moderating effect on the influence of organizational resources on performance. The study recommends that human capital is a key player in establishing performance therefore, managers should introduce more training to improve human capital skills. The study concluded that there is need for the companies to invest more in modern technology to cope with the changes that are necessary to enhance performance. Finally, the study recommended that further research be done by replicating the same study in other companies or industries like banks.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The conditions of performance constitute a major research theme in strategic management which has been going through a major shift from 1990s to date (Rossue & Daellenbach, 2009). Mckelvie and Davidsson (2009) argued that a firm is said to enjoy higher performance than competitors when it puts into practice a value creating strategy and hence, the process of creating superiority in performance is consistent with the Resource Based View theory of the organization. The Resource Based View perspective puts emphasis on firm specific resources and capabilities as elementary sources of competitive advantage (CA) which results to high performance (Barney & Hesterly, 2010).

According to the Resource Based View theory, performance results from competitive advantage (CA) which originates from the possession of distinctive resources and capability that must fulfill the conditions of valuability, rareness, inimitability and non-substitutability (VRIN). Valuable resources add to improving the firm's performance. Rareness creates perfect competition since resources are possessed by fewer firms. Inimitable resources are costly to copy and non-substitutable, meaning that there is no alternative to fulfill the same function immediately (Arend & Levesque, 2010, & Barney, 2011).

Barney and Hesterly (2010) came up with the argument that valuability, rareness, inimitability and organization (VRIO) gives competitive advantage. An organization puts in place policies and processes to facilitate use of VRIN resources. The study concluded that resources satisfying all the above criteria are known to be unique and they are the tools that enable a firm to gain above average profit and retain market leadership. Superior performance and market leadership exist when a firm's competitive advantage overcomes erosion by competitors' behavior over a period of time through inimitability and non-substitutability (Kenneth, Anderson & Eddey, 2011).

1.1.1 Organization Performance

Barney (2007) posits that competitive advantage will lead to superior performance, given the fact that firms focus their competitive strategy towards enhancing their resource pool. In addition, Barney (2007) has argued that a firm's resources which include all its assets, capabilities, organizational processes, the firm's attributes, is information and knowledge that is owned and controlled by the firm will eventually enable the firm to conceive and implement strategies that will improve its efficiency and effectiveness, giving it superior performance. Empirical evidence indicate that reputation gives the firm a higher performance than competitors if and only if it has an inimitability base and it is created when the firm's constituencies recognize it to be more attractive than other firms (Rose & Thomasen, 2009). Agawal, Barney, Foss and Klein (2009) identified a firm's organizational culture as contributing factor to advanced performance since they are heterogeneous and specific to the firm.

Rouse and Daellebach (2009) argued that for a firm to advance its performance, it must comprehend and ascertain its main resources that will improve its competitiveness and sustainability. The study established that a firm's skills, strategic positioning and intangible resources results to superior performance and that they aid the firm in formulating and implementing strategies that can improve effectiveness and efficiency of the firm. Barney and Hesterly (2010) advanced that intangible resources are more sustainable than tangible resources which can be acquired and duplicated by competitors. In addition, Kenneth, Anderson and Eddy (2010) pointed out that a firm has an advanced performance when it has the capability of maintaining VRIN resources for a number of years.

According to Wade (2010), a firm's performance superiority is not from one source but from a package of resources both tangible and intangible. Tangible resources such as physical building and land would only result to a temporal competitive advantage which is inadequate in the long run since the competitors are in a position to obtain crucial resources through substitutes, hence eliminating above average profitability of a firm. Intangible resources are the only resources that are able to produce superior performance since they are valuable, rare, inimitable and non-substitutable (Gamero, Patricinio, Enrique & Jose, 2011; Costa, Cool & Dierick, 2013).

1.1.2 Organizational Resources

Resource Based View of the firm states that not all firm's resources generate superior performance but only certain types that are controlled and owned by the firm (Barney,

2007). According to Wang and Mahoney (2009), learning through training and development practices in the firm makes human resource to be more specific and potentially not of much use to the competitor thus making it inimitable and hence leading to higher market shareholding than the rival's. Human resource is in form of knowledge, experience, ability and skills rooted among employees of the organization. Tactical knowledge acquired by a firm cannot be easily duplicated by rivals, since it is implanted in the human skills and experience of a firm which leads to profitability (Lazear, 2009).

Baker and Sinkula (2009) indicated that for a long time, technology has been identified as the key for commencing novel activities through risk-taking and firm proactivity which results in a firm's higher performance than competitors. Firms that focus on technological advancement through innovation research and development generate above average performance (Paladino, 2009; Merlo & Auh, 2009, & Tajeddini, 2010). Firms that employ technology are known for superior performance because they believe in acquisition of new technologies for product innovation, research and development which enables the firm to produce unique products which are hard to copy (Altindag, Zehir & Acar, 2010). The study recommended that firms should give attention to development of technologies and capabilities so as to succeed in sustainability and firm profitability.

Wernerfelt (2011) concluded that resources such as human capital and technology are a foundation for generating superior performance. In addition, the study noted that the relationship between an organization's resources and competitive advantage is strengthened by the VRIN factor.

The entire human resources have a constructive correlation with superior performance of a firm since they are directly involved in the production of products and services. Superior performance of a firm's employees is developed by social intricacy that makes it complicated for opponents to duplicate (Jiang, Lepak, Hu & Baer, 2012). Basile (2012) noted that technology deserves consideration since it pursues opportunities and renewal of new market from the areas of operation that are existing to match with the changing needs of the customers in the market. Human capital generates superior performance if it is definite to the original firm and changing cost to new environment avert immediate impound by rivals (Nyberg, Moliterno, Halo & Lepak, 2014).

According to Srivastava and Frankwikk (2011), environmental factors are unstoppable in relation to the influence of a firm's performance in an industry. In Kenya, mobile phone industry is under the policy governing the operations of such business activities. The policies that govern the business operations in the mobile phone industry take the form of industry definite regulations and by laws. Communication Commission of Kenya is mandated by the government to control the mobile phone service providers. The regulations can be formulated in such a way that a firm can be favored, hence remaining competitive in the industry. In the same way, the regulations can be formulated to disfavor a firm's operations, thus affecting its performance (GOK, 2013).

1.1.3 Mobile Phone Companies in Kenya

In the last six years (2008 to 2013), there was a noticeable sharp increase in mobile phones networks in developing countries, especially in Kenya where most people own

mobile phones. This was caused mainly by the drop in the price of mobile handsets making them within the reach of low incomes people. Another contributing factor was the drop in mobile phone tariffs as a result of stiff competition between the four mobile phone service providers as well as the low cost of prepaid calling cards (Muturi, 2010). The industry had four network providers: Safaricom, Airtel, Yu and Orange which were operational as at 2014 (CCK, 2014).

There is stiff competition in the mobile phone industry, which calls for each provider to look for a strategy that will contribute to the firm performing better than its competitors (Akar & Mbiti, 2010). In the last six years, Safaricom remained the market leader with other network providers trying to outperform it by formulating all sorts of strategies like offering free calls and messages across the networks, offering cheaper services in mobile money transfer and other forms of advertisement but without much success (Ofwona & Kibera, 2009, & Odhiambo & Ogutu, 2011).

Table 1.1: Mobile phone network providers' market shareholding

Network provider	2008 (Millions)	2009 (Millions)	2010 (Millions)	2011 (Millions)	2012 (Millions)	2013 (Millions)
Safaricom	16.3	18.3	20.1	18.4	20.2	19.1
Airtel	1.4	2.2	4.2	3.6	3.4	4.5
Orange	3.2	1.3	2.7	2.4	1.7	3.1
YU	1.1	1.3	1.5	1.7	2.2	2.6

Source CCK (2014)

Safaricom started as a department of Kenya Post and Communication Corporation. Then, on 3rd April, 1997, it was incorporated as Safaricom Limited under the Companies Act as a private limited company and licensed in 1999. Safaricom controls 65.3% (19.1 million subscribers) of the market, with its calling charges being kshs 4 within the network and kshs.5 off the network. Other major and common services rendered by Safaricom include internet provision, mobile phone banking and money transfer services (M-pesa).

Airtel was launched and licensed in Kenya in 1997 as Kencell and rebranded as Celtel in 2000, as Zain in 2008 and finally as Airtel in 2010. Airtel has 15.3% (4.5 million subscribers) market shareholding with the calling charges of kshs 2 across the network. Airtel's other common services include money transfer services, Airtel money and internet provision. Airtel has been lowering its charges with the objective of outperforming the market leader Safaricom who have retained the top position for a number of years (Muturi, 2010).

Telkom Kenya was established as a communication operator under the Companies Act in April 1996 and rebranded as Orange in 2008. Orange has 10.6% (3.1 million subscribers) market shareholding and calling charges of kshs 1 within the network and kshs 3 across the network. Orange gives other common services like internet provision and money transfer service under orange money.

EssarTelcom Kenya the fourth network in Kenya was rebranded as YU in November 2008. YU has 8.7% (2.6 million subscribers) market shareholding and calling is free from

six in the morning to six in the evening after the caller spends the first kshs 4 and kshs 2 off the network. The low charges of YU are aimed at attracting more customers and remaining competitive in the industry. Among the other major services offered by YU include internet provision and money transfer service under YU Cash. Safaricom has been the leading service provider in the mobile industry since 2008, followed by Airtel, Orange then YU (CCK, 2014).

1.2 Statement of the Problem

Performance of mobile phone companies has been suppressed due to dominance of the industry by one player from 2008 to 2013 (Muturi, 2010 & GOK, 2014). According to CCK (2014) statistics, the market leader has dominated the market by controlling the market with 65.3% shareholding, which is followed by 15.3%, 10.6% and 8.7% shareholding. In a perfect competitive market, consumers have freedom to choose from among the available alternative service providers. In such a case, the market leadership is expected to shift from one service provider to another, however that has not been the case of Kenyan mobile phone companies where the market leadership has been dominated by one player for the last six years (Akar & Mbiti, 2010).

Despite intensive efforts by other mobile phone companies such as lower tariff, lower money transfer charges, attractive rates on calls and messages services, dominance by the same company still negatively affect their performance (Ofwana & Kibera, 2009, & Odhiambo & Ogutu, 2011). The mark timed performance for those companies operating in the similar competitive condition is not known. In the view of this, mechanisms and

the extent to which resources that may lead to superior performance in a highly competitive environment has not been explained in the context of mobile phone companies in Kenya. Therefore, this begs for the question of what strategy and resources does the market leader apply to dominate performance that other companies are not able to apply?

Grahov and Miller (2009) noted that firms that imitate do not attain superior performance but the research did not pay attention at organization's resources as an independent variable on performance. Anderson (2011) observed that well selected resources lead to improved performance; however, the research study analysed a direct relationship between strategic resources and performance while the current study introduced competitive advantage as a mediator and environmental factors as a moderators.

Rhee, Park and Loe (2010) however advanced that firms that are innovative perform better than non innovative ones but the study did not take a Kenyan perspective and was not done in mobile phone companies. In order to help fill the gap in the literature, this study identified and empirically analyzed organizational resources and performance of mobile telephone companies in Kenya by considering competitive advantage as a mediator and environmental factors as a moderator.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study was to investigate the effect of organizational resources on firm's performance of mobile phone companies in Kenya.

1.3.2 The Specific Objectives

- i. To establish whether human capital affect performance of mobile telephone companies in Kenya.
- ii. To establish whether technology competencies affect performance of mobile telephone companies in Kenya.
- iii. To examine the mediating effect of competitive advantage on relationship between organizational resources and performance of mobile telephone companies in Kenya.
- iv. To determine the moderating effect of environmental factors on the relationship between organizational resources and performance of mobile telephone companies in Kenya.

1.4 Research Hypotheses

Based on the specific objectives, the following null-hypothesis were tested.

H₀₁ There is no relationship between firm's human capital and performance of mobile telephone companies in Kenya.

H₀₂ There is no relationship between firm's technology competencies and performance of mobile telephone companies in Kenya.

H₀₃ The firm's competitive advantage has no mediating effect on the relationship between organizational resources and performance of mobile telephone companies in Kenya.

H₀₄ The firm's environmental factors have no moderating effect on the relationship between organizational resources and performance of mobile telephone companies in Kenya.

1.5 Significance of the Study

This study has academic, policy and practical implications. To the scholars, the study not only explored the direct relationship between organizational resources and performance but also the mediating role of competitive advantage. The results are of great help to researchers and scholars, for it is anticipated to help them increase general knowledge on the subject in terms of how the variables should be related and may provide useful reference to future studies as part of their literature. The research findings suggested recommendations for further studies, such as drivers of organisations in mobile phone companies that would be of importance to scholars and researchers. The research methods and approaches applied in this study is anticipated to aid future researchers who would wish to carry out a study related to a phenomenon in this area.

The findings are of help to the organizations' management by providing them with information, like how training makes the human capital improve the company's performance. In addition, the findings may make the managers aware of the importance of innovation, research and development in helping develop new and unique products that are highly competitive in the market and will therefore improve the company's performance. The managers may use this knowledge to address the concerns of the consumers who want to use their services by making their services unique and available, hence improving performance.

The findings of the study are of also help to policy makers to craft policies that are appropriate to the industry, policies that will lead to fair pricing, fair rules and regulations

to control the mobile phone companies. Governments of other countries whose mobile companies operate in similar environment could also gain from the findings of this study by drafting policies that can improve the performance of the mobile phone companies. The study findings are also of benefit to potential entrants into the industry, since the results provide them with the knowledge of what is likely to affect the performance of a firm.

1.6 The Scope of the Study

This study concentrated on only registered mobile phone companies in Nairobi County Kenya that are four in number and have been existing from 2008 to 2013. According to CCK (2013), they were Safaricom, Airtel, Orange and YU with a total of 381 managers. The managers were categorized into three levels: top, middle and lower level managers. The three categories were the respondents since they were involved in policy making and implementation.

The resources at the disposal of the researcher limited the scope of the study location to Nairobi County where managers of the four network providers are based at their head offices. The study used four variables: Independent variable organizational resources (Human capital and technology), mediating variable: competitive advantage (corporate reputation and organizational culture), moderating variable: environmental factors (political, economical and legal) and dependent variable performance (profitability and market share).

1.7 Limitations of the Study

The study limitations included shortage of relevant literature in Kenyan relating to organizational resources and more so on organizational performance in the mobile phone companies. However, the researcher used studies done in the developed countries and other African countries.

Due to scarce secondary data, this study used self-report data based on the perception of managers specifically on performance measures. Respondents were hesitant to disclose some information particularly on profitability due to the confidentiality associated with the information. The researcher however, assured the respondents that the information would only be used for academic research only. To allay their fears, the researcher also produced an introductory letter from the University to confirm that the data requested would only be used for academic reasons thus providing an assurance for confidentiality.

The mobile phone industry was faced by a variety of dynamics like the introduction of other network providers like Equitel belonging to Equity Bank. To curb the effect of this, the researcher only focused on the mobile phone companies which were operational for the six years under study. A company like YU was in the process of being acquired by Safaricom and Airtel and the deal would be completed by the end of 2014. To mitigate this, the researcher ensured she ends the collection of data before the end of the year. Some respondents, specifically the executives, did not have adequate time to answer the questions due to their busy schedule. The researcher added them a week to complete filling the questionnaires.

1.8 Organization of the Thesis

This thesis was structured as follows; Chapter one presented the background of the study, problem statement, research objectives and research hypotheses significant to the study, scope and limitation of the study. Chapter two discussed theoretical review, empirical review, summary literature review and research gap and conceptual framework. Chapter three comprised of research design, research philosophy, target population, sampling design and procedure, data collection instruments, validity of research instruments, reliability of instruments, data collection procedure, data analysis, empirical model, data presentation and ethical issues. Chapter four comprised of the findings of the study and discussion. Chapter five, which is the final one comprised of summary, conclusions, contribution of the study and policy recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the theoretical and empirical studies on the firm's performance, human capital, technology competencies, CA, corporate reputation, organizational culture and environmental factors. The conceptual framework of the study will be developed after reviewing the relevant literature.

2.2 Theoretical Literature

2.2.1 Resource Based View

Resource Based View was first advanced by Penrose (1959) who argued that a firm's superior performance is achieved when the resources are controlled by the firm. How a firm controls its key resources will determine its performance (Wernerfelt, 1984). The focus of the RBV is on attributes of resources and capability from the source they are gained to clarify a firm's heterogeneity, performance and sustainability (Morheney and Pandian, 1992). According to Collini and Montgomery (1998), resources are substances of approach in that gaining dominance in an aggressive marketplace is dependent on firm capability to recognize, build up, position and safe guard meticulously resources that differentiate it from its competitors.

Barney, Wright and Ketchen (2001) noted that every firm owns a diverse outline of tangible and intangible resources. Barney is one of the late contributors of RBV who

studied and established the existence of key firm resources for superior performance. The theory of RBV assumes that individuals are inspired to make maximum use of economic resources available and rational choices that a firm makes which are shaped by economic framework (Barney, 2007). Resource Based View theory in this study played a role of evaluating and explaining resources and capability of a firm that have the capability to create and maintain a firm's advantage and thus higher performance among the mobile phone industries in Kenya (Sheehan & Toss, 2007).

Barney and Hesterly (2010) advanced that resources in general include the following key constructs: resources, capabilities and competences. In strategic management literature, resources are defined as stocks of accessible things that are possessed by the firm. Competencies are the firm's strengths that enable it to better differentiate its products or service quality by building technological system to respond to customers' needs, hence allowing the firm to compete more efficiently and successfully than other firms (Defillippi, 1990; Arend & Levesque, 2010, & Anderson, 2011). Resource Based View has contributed in strategic management through its emphasis on firm-specific resources as bona fide source of CA and high performance (Mckelvie & Davidsson, 2009).

Complex packages of skills, obtained knowledge, ability and experience that facilitate the company to manage activities of the firm and make use of resources to create performance through coordinating and putting resources into proper production use is what defines capability (Amit & Shoemaker 1993; Barney, 2007, & Mckelvie & Davidsson, 2009). According to Lockett, Thompsons and Morgensrern (2009) on

strategic management, RBV scrutinizes the resources and abilities that facilitate how the firm will produce above the ordinary rates of return and higher performance benefits.

The theory of RBV contributes in enabling the firm managers to check whether factors relevant to superior performance exist or not. This enables them to be in a position of exploiting market imperfection to advance their performance. That way, managers are put in a place where they can combine resources to sustain their performance advantage. Resource Based View theory provides the benefit to the firm specifically highlighting factors that create superior performance for a firm (Locket, Thompson & Morgenstern, 2009). Resource Based View allows executives of the organization to choose the most important strategic factors to invest in from a given range of probable strategic factors in the mobile telephone industry.

For a firm to have CA and superior performance, resources and capabilities have to qualify as exceedingly valuable, rare, inimitable, and non-substitutable. Resources that are valuable add to advancing the firm's performance. Rareness creates ideal competition in view of the fact that resources in that category are possessed by fewer firms. Inimitable resources are costly to duplicate and non-substitutable, meaning that there is no alternative to accomplishing an equal function instantly available to competitors. (Barney 2007, Barney & Hesterly, 2010). One of the criticism of RBV is that it oversimplify organizational reality and it tends to assume a linear non-problematic relationship. Further he theory does not take into account the aspect of enviromental factors which affect firm's performance.

Tangible resources are physical substances that an organization possesses such as facilities, raw materials and equipment. Intangible resources include corporate brand name, organizational values, networks and processes that are not included in normal managerial-accounting information. Intangible resources are more likely to generate competitive advantage and superior performance as compared to tangible resources. (Rouse & Daellenbach, 2009, & Kenneth *at el.*, 2011).

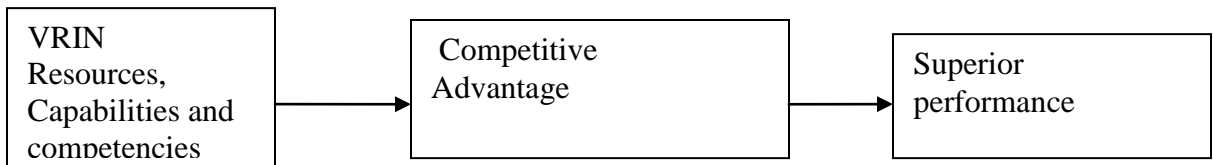


Figure 2.1: Resources, Capabilities and Competences, CA and performance

Source: (Rouse & Daellenbach, 2009; Barney 20011 & Lockett *at el.*, 2009 page 106)

2.2.2 Organizational learning Theory

Garvin (1993) argues that a firm through organizational learning can achieve above average profit over a long period of time. Organizations that value continuous organizational learning as important capability are in a position to generate superior performance through use of training and development. For a firm to be competitive, external environmental scanning should be constant and engaging expertise should be considered to be of importance (Day, 1994, & Spender and Grant, 1996). The function of organizational learning in accomplishing competitive advantage and superior performance is stating the velocity at which an organization learns (Stewart, 1996).

Continuous learning in an organization ensures that employees are up to date in terms of knowledge and information, hence strengthening human capital at large (Spender & Grant, 1996; Armstrong, 2001). In changing environments, all firms should have the ability to learn faster than the competitors so as to attain CA for superior performance (winter, 2000). According to winter (2000), for any organization to attain high performance, learning in a better and faster way than competitors from failures and success is inevitable. The most well known and effective process of enhancing knowledge flow is technology, which ultimately changes the individual and the organization at large.

In the high performing firms, employees learn from each other in the course of job rotation, gaining original ideas that are hard to copy through training. Through organizational learning, human resource is hard to duplicate, given that it keeps on taking a diverse character (Armstrong, 2001). Customer satisfaction is as a result of organizations that learn in the long run, which in due course amplify profitability and sales. Normally, organizational learning focuses on how competitive advantage can be generated from human capital as a resource and how it can improve the performance of a firm. Human capital is one the most unique resources in an organization that is hard to copy (Coplin, 2002).

Organizational Learning theory proposes that an organization should change its activities to match the changing environment for it to remain competitive in a dynamic and unpredictable environment (Crossan, Zane & White, 1999; Hoffman, 2000; Murray &

Donegan, 2003). In organizational learning, sharing and transferring of knowledge and information takes place at the individual or employees level specifically when it is being done by more to less experienced employees. According to Goh (2003) and Lopez (2005), Organizational theory is said to be the summation of individuals and combined learning through training programmes, experience all the way to working interactions in the organization, knowledge and skills acquisition. One limitation of organizational learning is that it concentrates on the process of coordinated system alteration through individuals or employees as the only resources.

Stewart (1996) and Lopez (2005) noted that for high performance to be attained, the tactic of uninterrupted learning should be emphasized by cheering the employees to learn fresh skills, get fresh knowledge and learn more from those with experience. Unique human capital in terms of skills and knowledge that is complex to duplicate can be developed through organizational learning. An organization that applies organizational learning ends up with complex capabilities which are complicated to copy, replicate and transfer, thus being specific to the firm to enable it generate above average performance.

2.3 Empirical Literature Review

2.3.1 Firm's Performance

A quantitative survey of Chinese firms by Liqin, Xie and Koos (2009) noted that superior performance in companies is attained when products are consistently in line with the main condition of the customers' intended needs. Drucker (2009) stated that as competition increases, the attractiveness of industry is threatened, hence firms should

remain proactive and design strategies that will enable them to counter, predict and present changes in the vibrant and competitive environment so as to advance performance.

In the view of Liqin, Xie and Koos (2009) a firm can increase the number of customers it is serving or market share and profitability by cost leadership and differentiation by making their cost and products special to the firm and by applying the concept of casual ambiguity to them. The study used secondary data which has a major weakness, but the current study used both primary data and secondary data to have it sufficient current. Furthermore, the study used profitability and market share as financial measurement for performance, which was also applied for the current study. Liqin *et al.* (2009) used descriptive survey and analyzed the data using factor analysis, whereas the current study adopted descriptive survey but the analysis was done using multiple regression.

Previous studies on performance in most cases have conceptualized performance using non financial and financial approach, such as customer satisfaction, market-share and profitability which were used in the current study (Baker & Sinkul, 2009; Choi & Wang 2009, & Best, 2009). A study by Grahovac and Miller (2009) noted that competitive advantage will not always result to superior performance because it is a relational perception and it is also context-specific. The argument was further supported by Rose and Thomasen (2009) who stated that reputation as a competitive advantage does not lead to superior firm's performance, and that superior firm's performance can be realized without achieving competitive advantage position first. The study through the correlation

method of analysis concluded that there is a direct relationship between reputation and performance.

Taun and Yoshi (2010) in a multiple regression analysis study found that there was a positive and significant relationship between organizational capabilities and performance. Further, the study recommended that performance should be founded on a wider perception rather than just on financial performance dimensions such as overall performance, customer-focused performance, shareholder-based performance and employee-based performance. The study measures performance in terms of profitability and market share, the approach that was adopted for the current study. However, the study used organizational capabilities as an independent variable, whereas the current study used organizational resource in addition, multiple regression analysis was adopted for the current study.

Anderson (2011) in a correlation research noted that the performance of a firm keeps on changing due to factors like competitive environment, firm's resources, technology and strategies used in the industry; therefore, the firm ought to persistently meet changes that affect it and change the structure of the industry to meet the forthcoming market demand and thus retain its superior performance. According to Andersen (2011), competitive advantage and performance are constructs that are argued to have a complex relationship since most studies use them interchangeably as a dependent variable. The study found out a positive relationship between resources and performance and recommended further research on mediated relationship between strategic resources and performance;

therefore, the study intergrated organizational resources, competitive advantage and performance to analyze the relationship.

Cabrial (2010) indicated that a firm with corporate reputation for quality that result to higher performance could experience erosion if it fails to monitor and reinvest in the process that gives rise to business reputation for quality. The study in a correlation analysis concluded that reputation is temporal and can be easily duplicated by competitors, especially in service industries. Gamero, Patrocinio, Enrique and Jose (2011) noted that for a firm to maintain above average profitability, that firm should continuously monitor and reinvest in their present and future resources, skills and strategies that result to high performance. Gamero *et al.* (2011) further indicated that the firm's resources, skills and strategic positioning are prone to decay in the absence of adequate maintenance. The study used descriptive statistics to analyze data, which was not sufficient enough since it summarized the data without testing the hypothesis, hence the current study's adopted both regression and descriptive analysis because the two methods allowed summarising of data and testing of hypotheses where the depedent variable is continous.

Wu, Qile, Yanging and Regan (2011) concluded that how well a firm expands and manages its capabilities determines whether the firm will counter to stakeholders' needs or proactively search for novel opportunities from a vibrant environment. The study pointed out that this could be the reason why companies have diverse speeds and levels

performance. However, Wu *et al.* (2011) had used qualitative data which this research did not consider adequate, hence its choice of quantitative data instead.

While the majority of the studies explored the impact of firm-specific resources on firm's performance, the study by Kumar, Jones, Venkatesan and Leone (2011) adopted CA as an important dependent variable in place of firm's performance. Hoq and Chauhan (2011) conceptualized performance measurement system in terms of market share and financial profitability, manager performance and development, worker performance. Market share and financial profitability were adopted as performance measures for the current study. In addition, the study found out that there is a significant relationship between organizational resources and performance of organizations. Further, the study made use of multiple regression, which was adopted for the current study.

A research by Costa, Cool and Dierickx (2013) clarified that resources that are possessed by other firms who are either present or future competitors cannot achieve above average profitability unless they are made hard to obtain, implying that they are rare. The study concluded that resources, skills and techniques applied by a firm can only result to sustainable profitability if, and only if, competitors cannot duplicate them. Costa *et al.* (2013) recommended further research on the relationship between resources and performance; therefore, this study related the organizational resources and performance.

2.3.2 Human Capital and Performance

For human capital to be unique and provide higher performance than competitors, the firm must invest in its employees in terms of time and money through training and development and education (Lazear, 2009). Human resources obtained from opponents suit some of its competitors, although it must go through a phase of vibrant alterations in terms of cost while fitting it to the needs of the changing environment (Wang & Mahoney, 2009). Firm's knowledge, skills and experience can create superior performance in a firm if they are fruitfully used to add value in enabling learning and they are applied to making decisions which are superior to those of competitors (Lazear, 2009). Though the studies were analyzed using multiple regression which was adopted for the current study, the studies used RBV theory only, which was used in the current study together with organizational learning theory.

Guthrie, Flood, Liu and McCurtain (2009) in a survey which was done in Ireland in work systems found out that for a firm to retain its high performance, demand for labour must be heterogeneous, implying that the firm will have different jobs that will require different skills, and so the supply of labour must also be heterogeneous in that individuals will always differ in both the type and level of their skills, knowledge and experiences. The study concluded that high quality human resource with high ability are defined to be rare and it is measured through cognitive ability which has been constantly illustrated to have a strong positive correlation with individual job performance. This is in agreement with Unger, Rauch, Frese and Rosenbusch (2011) who argue that cognitive ability has been frequently used to test the value selection in the organizational usefulness in the

research on the relationship between human capital and entrepreneurial success. However, this studies tested for a direct relationship between the independent and the dependent variables, whereas the current study tested for indirect relationship by introducing mediating and moderating variables.

Social complexity of human capital occurs when the social phenomena is so complex for it to be influenced, that is, it is inimitable by competitors (Guthrie *et al.*, 2009). This is in agreement with Kenneth, Anderson and Eddy (2011) in the suggestion that social complexity arises from human interaction and transaction specific relationships, which are normally complex. The research explained that the relationship between key personnel, like sales representative and buying agents or buyers, over time develop and become a group of network that includes marketing staff, production, distribution staff, management and final consumers. This ends up being very complex in nature and difficult to influence, hence resulting in high performance. The study of Keneth *et al.* (2011) however used interviews as a data collection instrument and was done on a basket ball programme, not mobile phone companies.

According to Zarutskie (2010), if a company desires to sustain its competitive advantage, then it must understand the components of the human capital resource that can contribute to above-average profitability. The research claimed that human capital can only be measured through knowledge, experience, skills, competencies and cognitive ability. This is in contrast with Hotice (2010) who indicates that human capital is measured through results.

Barney and Hesterly (2010) asserted that casual ambiguity exists when the link between the firm's human resource and competitive advantage is hard to understand, making it complicated for competitors to duplicate the responsible resource for profitability and market leadership. Although the study showed a positive direct relationship between human resource and competitive advantage, it did not establish an indirect relationship between human capital and performance by either mediating or moderating the relationship, which was done by the current research.

Wernerfelt (2011) found out that the features of an organization's team may gratify the state by accomplishing and sustaining competitive advantage. Also, it was noted that singly, superior skills with distinctive resources can mutually create the firm's superior performance. Coff and Kryseynski (2011) quantitative research noted that better education of employees leads to more productive human resources and proved that the correlation between education and cognitive ability is strong. However, the current study adopted the use of quantitative data as it was adequate for the research.

Jiang *et al.* (2012) noted the existence of a positive association between employees' unique skills and firms' superior performance. Mackey, Molly and Murriss (2014) advanced that knowledge and skills are unpredictable, but once they are gained they stay moderately established. The studies used survey design and correlation method to test the relationship, which the current study considered insufficient, and hence this study employed both explanatory and descriptive survey.

Human resource can shift from one firm to another because some time it is not easy to guard against headhunting by rivals. Nevertheless, human capital is considered to be the most important and unique resource if, and only if, it is specific and exists in an environment where it was initially developed (Nyberg *et al.*, 2014). Further, the study indicated that human resource as stock originates from employees' selection, training and development, which increase firm specificity and decrease inimitability, resulting in a better firm's performance. For a firm to gain superior performance, management requires to possess technical, human and conceptual skills. The three skills when combined are important to producing superior management for superior performance. The above study employed RBV which was adopted for the study together with organization learning theory.

A collection of managerial skills facilitate a firm to set up the exact skills needed to cope with the precise situations Mackey *et al.* (2014). In addition, the study noted that human resource is increasingly becoming a source of competitive advantage, so it is important for a firm to assemble up a workforce that has the capacity to attain superiority without being duplicated by competitors. The study of Mackey *et al.* (2014) looked at human capital as an independent variable and competitive advantage as a dependent variable, whereas the present study treated competitive advantage as a mediating variable but maintained human capital as one of the dependent variables. Further, the study recommended that competitive advantage can be used as mediator or an independent variable and hence the current study adopted competitive advantage as a mediator variable.

2.3.3 Technology Competencies and Performance

The disparity between technological progression and consumer demand means that technology does not have an impact on superior performance of a firm (Paladino, 2009). An investigation of performance in technology-based firms in Kenya by Kinot (2009) indicated that investment in research and development directly contributed to higher performance of a firm. However, Kinot (2009) only analysed a direct relationship between technology and performance without taking into account any mediation, which is a gap that the current study attempted to fill by mediating the relationship with competitive advantage while maintaining technology as an independent variable.

Mu, Peny and Maclachian (2009) emphasized the spirit of creating novel business out of continuing practices for valuability of a product and reinvigorating sluggish companies which often accomplish their objectives through the introduction of breakthrough innovation to make it hard for competitors to copy, making a firm's performance greater than than the contenders'. The study used both descriptive statistics and regression analysis, which were adopted by the current study. An entrepreneur's ability to take risk has a stronger effect on decision-making in the firm and on performance. The pointer to risk-taking is the willingness to advance in hesitant returns and levels of research and development which give a firm an opportunity to discover complex product production processes, resulting to firm performance enhancement (Merlo & Auh, 2009). The findings of the study indicated that the environment is part of the orientation. Nonetheless, the study of Merlo and Auh (2009) adopted orientations as the dependent variable, which was moderated by environment factors, whereas the current study

adopted the environment to moderate organizational resources in influencing performance.

According to Rhee *et al.* (2010), to invest in research and development calls for evaluation of advantage and cost before making the decision whether to adopt or invest in technology. In a survey study by Rhee *et al.* (2010), technology is linked to greater firm innovativeness. This has to do with focusing the company's effort on developing and utilizing resource to produce unique products for sustainability of competitiveness and performance. The conclusion of the study was that there is a strong positive relationship between technology and performance in SMEs in Korea. However, the study used correlation analysis, which was considered weak for the current research.

From the WEB (2010) report, a firm will have a better competitive edge when it is in a position to convert the knowledge created into innovative production over the others who are not able to do the same. Lum (2011) upholds that values, such as being exceedingly proactive towards market opportunities, being tolerant of risk and open to innovation, will result to a firm's advantage in performance. A quantitative survey by Benedetto and Mu (2011) pointed out that innovation brings out new products, services and processes which are as a result of new ideas, experimentation and creativity. Anal *et al.* (2011), concluded that innovativeness and performance have a positive relationship, due to the existence of uniqueness and inimitability of the products. The study of Anal *et al.* (2011) analysed a direct relationship between innovation and performance without either a

mediator or a moderator; therefore, the current study mediates and moderates the relationship.

An interactive research by Hakala (2011) maintained that for a firm to have a better performance than its opponents, then it must make use of complicated technologies which cannot be duplicated by competitors for product development, use swiftness of combination of original technologies, and proactively expand new technologies in creating novel, valuable and distinctive product ideas. In addition, the firm's technical skills, research and development resources and technological stand appear to be critical in passing originality and better deliberated products into the market, hence the firm's superior performance (Hakala, 2011). Although the findings of the studies showed a strong and positive relationship between performance and technology, the studies used survey design only, which is not adequate for the current study, hence the current study used of descriptive and explanatory design as well. The study concluded that technology-oriented firms emerge to have the capability and will to obtain advanced technological setting, and such firms hold the idea that innovation is a strategy for superior performance. Nevertheless, the study employed structural equation method for data analysis, which was not appropriate for the current study.

Spanjol *et al.* (2011) argues that for technology oriented firms to achieve superior performance, then they should apply technical ability to produce new products in the market to cope with competition, flexible products so as to change with changing needs of customers and be able to maintain them, and originality in developing original products, services and processes which are unique and difficult to imitate. Anal, Dionysis

and Carmen (2011) found out that customers choose technologically superior products and services and that customers stick to a firm that has the capability to react to their choices in a successful way.

Technological competence is viewed as the principal means of a firm to create product differentiation which will end up being unique to a specific firm and promote product designs that are not beyond those of competitors. Firms which use technological -oriented strategy are in support of a strong research and development department, acquisition of new technologies and application of the most recent technologies which enhance superior turnovers and be difficult to be copied by competitors (Slater *et al.*, 2012). Cristima (2012) noted that for a firm that invest in technology to maintain its superior performance, it should focus on engaging in the search for new market opportunities and rebuilding of existing areas of operations to keep on producing unique products. The two studies used organization learning theory and knowledge management theory which were considered useful in the current study, hence the decision to adopt organization learning and RBV theories.

2.3.4 Competitive Advantage and performance

Hill and Jones (2004) pointed out that a firm is viewed to attain a CA when it is in a position of sustaining above-average profit for a number of years, which is in line with Porter's (2008) definition. Nkatha (2004) specified that in Kenya, there is customer switch from inimitable products to more unique ones. Network providers should therefore

try as much as possible through research to develop unique elements in their services to maintain their competitive advantage.

For a firm to maintain its competitive advantage, it ought to understand and determine to keep its organizational perceived reputation and culture that will enable it to attain above-average profit so, they should be difficult to copy (Johnson, Scholes & Whittington, 2006). However, Barney (2007) had a different view, arguing that the term 'sustainable' does not only stand for time but also for the firm's capability to have a tactic in place that is easy to be duplicated by present or future potential opponents. Firms that center on differentiation of products and services, coming up with what is entirely unique but which customers are ready to pay for, are capable of sustaining CA.

Porter (2008) pointed out that industrial attractiveness is the basic determinant of a firm's profitability and it can be clarified by the following five competitive forces: Threat to new entrants, bargaining power of the buyer, bargaining power of the suppliers, threat of substitute product, and rivalry among the existing firms. Buyers' power to bargain determines the firm's profitability, thereby affecting the cost of investment. With more players in the telephony industry, various options are available for the customers (CCK, 2013). This affects the firm's profitability by the customer reducing the purchasing price or asking for high quality product at a relatively low price. The bargaining power of the customer is more influential when products or services are not differentiated, as a result of which buyers can seek for options. However, Porter (2008) cautions that the strategy can be destabilized by competitors' imitation and customer price sensitivity. In this case,

mobile phone companies firms should be innovative to develop distinctive products and services that will draw more precious customers and retain the existing ones.

Grahovac and Miller (2009) noted that if a company needs to gain a competitive advantage over their competitors, then the company must provide customers with unique and value-adding products by carrying out business activities more effectively and efficiently. Nonetheless, Grahovac and Miller's (2009) study looked at competitive advantage as an independent variable and therefore recommended the expansion of the model by interplaying competitive advantage as a mediator; hence, the current study filled the gap.

Maria, Jose and Enrique (2009) indicated that for a competitive advantage to act as a mediator variable, then it must be combined with resources to influence performance. Further, the study recommended areas of further research by testing mediation role of competitive advantage and resources separately; therefore, the current study attempts to fill the gap by taking organizational resource as an independent variable and competitive advantage as a mediating variable. Nonetheless, Xiaobu, Shuai and Wei (2010) in a survey of 65 firms stressed that competitive advantage has been proven to work as a mediator if, and only if, it is linked to resource, but if it is related directly to performance, it should work as an independent variable.

Nham *et al.* (2010) indicates that the organizational capabilities are related to the competitive advantage, that the competitive advantage is related to performance, and that

the competitive advantage partially mediates the relationship between organizational capabilities and performance.

Li & Zhou, (2010) recommended that a firm should differentiate itself to gain competitive advantage by offering products that have innovative features, creating good corporate reputation, having superior culture and developing strong brand names and networks. In addition, other previous studies appear to be in agreement that competitive advantage influences performance (Nham *et al.*, 2010), Xiaobu *et al.* (2010) and Raduan *et al.* (2011). Dess, Lumpkin and Eisner (2010) clarified that competitive advantage is temporal, since competitors can copy or develop similar physical resources, but SCA can be maintained indefinitely.

Jones and George (2010) pointed out that differentiation can be achieved in the course of production through attractive features, building brand image, value chain activities and marketing. The study noted that due to price strategy, reputation offers a temporary competitive advantage which should be tested further to see whether it contributes to competitive advantage. A company's competitive advantage is generated when a company comprehends well its internal and external environment and if, and only if, it is unique for each company such that it is costly to copy. Furthermore, it has been concluded that competitive advantage does not play a mediating role between resources and performance in companies that have different resources which are managed differently (Raduan, Haslinda & Alimin, 2011). A study done in banks by Chowdhury (2011) concluded that competitive advantage heavily depends on core competencies and

capabilities and thus mediate the relationship between core competencies and capabilities and performance.

Competitive advantage is an benefit over rivals, acquired by offering consumers superior value, either by reducing prices or by offering reputable services with distinctive value that justifies higher prices. If a firm is highly regarded, with products of lower cost than those of the competitors, then it will constantly enjoy a better competitive edge. Customers can contribute to a firm having a competitive advantage when they see specific attractive elements in the products the company offers (Chowdhury 2011).

2.3.4.1 Organizational Culture and performance

William and Thomas (2009) argued that although some cultures may appear to be specific to a given firm, sometimes there are traces of similarity in the cultures of different firms, hence they might not be rare. The study used culture as a competitive advantage, and it was also adopted by the current study. Agawal, Barney, Foss and Klein (2009) claim that in spite of the findings, culture can be duplicated in some situations, and it must be admitted that some organizational cultures should exist in a relatively few numbers of firms for a it to generate superior performance.

Grahovac and Miller (2009) in a research that used multiple regression indicated that if one firm copies a valuable culture of a competing firm, then the success in modifying that valuable culture will only enable the copying firm to do things that the imitated firm has already done, hence it will only get normal returns rather than superior returns. The

findings of the study indicated that young and small firms have more flexible organizational culture than older and large firms. Nonetheless, this study used descriptive survey method which was not adequate for the current study.

Hotstede, Fritz, Canavan, Oosterkamp and Van (2010) identified norms, values, beliefs, procedures and regulations as components of organizational culture. The findings of the study indicated that there is no significant relationship between culture and performance. Barney and Hesterly (2010) maintained that the firm should attempt to understand its cultural characteristics that will generate higher performance than its rivals. In a research employing Resource Based View of a firm by Kraaijenbrink, Spender and Green (2010) advanced that for a culture to generate superior performance, then it ought to be valuable, rare and hard to copy. Valuable culture should enable the firm to do things and behave in a way that leads to high sales, low costs and high profit margin. However, the study used RBV, which was not enough for the current study, hence the decision to also apply organizational learning.

Organizational culture should possess attributes which are not common to other firms' cultures. This will give rise to a culture that cannot be easily duplicated by competitors, and any time they try to copy the culture, they suffer disadvantages (Barney & Hesterly, 2010). Hoq and Chauhan (2011) in an SMEs study found out that firms with superior performances are typically characterized by a strong set of core managerial values resulting from the specific culture of the organization and that define the way the firm conducts its business activities. In addition, firms are historically bound, reflecting a

unique culture due to a unique history. However, Hoq and Chauhan (2011) tested a direct relationship, whereas the current study tested a mediated relationship.

Aljar (2012) maintained that not all firms that have organizational culture enjoy the attribute of sustainability, so organizational culture does not influence performance to all firms. Agawal *et al.* (2012) generally analyzed heterogeneous resources, but the current research looked at the intangible resources. Significant evidence from research indicates that valuable and rare organizational culture may be very hard to imitate since values, beliefs and symbols are difficult to describe, and firms have historical differences, making some organizational cultures resist planned change. The study concluded that there is a strong relationship between organizational culture resource and a firm's superior performance, which is in consistence with Yazdani and Marva's (2013) findings. The studies related organizational culture as a resource with performance and recommended further research for organizational culture as a mediating variable, and the present study used culture as a mediating indicator variable. Further, the two studies adopted explanatory method, which was employed by the current study, in addition to descriptive survey.

2.3.4.2 Corporate Reputation and Performance

Rhee and Valdez (2009) observed that a firm that enjoys reputation is difficult to control, since that reputation can only serve as a strengthen to the areas that are believed to be essential; therefore, the study concluded that there was no relationship between reputation and performance. A good reputation of a company among its key stakeholders such as

customers, suppliers, and financiers as well as present and prospective employees enables it to attain its goals easily (Best, 2009). Rose and Thomasen (2009) in a study that used multiple regression in Europe claimed that a strong corporate reputation gives a company a position to attract highly qualified and skilled job candidates. Further-more, it generates customer loyalty and access to needed capital for its use, which eventually translates to the firm's superior performance. In another study of the electronic market, Ghose, Ipeiretis and Sundarajan (2009) found out that it is not enough to say positive reputation helps build corporate profitability but also negative reputation destroys more than the positive reputation builds.

Virvilaite, Saladiene and Skindarus (2009) indicated that reputable firms enjoy price premium, low risks and profitability in the dimensions such as return-on-assets, hence superior performance. Nevertheless, correlation analysis was not strong enough for the current study; therefore, descriptive and multiple regression were considered adequate for the present study. Choi and Wang (2009) maintained that strategic alliances are valuable to a firm since they integrate the complementary resources of a business partner which are complex and hence cannot be easily imitated by the rivals, thus giving a firm superior performance.

According to Lei (2010) network relationship gives a firm high performance when it helps recognize how other firms' resources can be used to progressively enhance the value of their products and services. In addition, a correlation analysis pointed out that reputation positively affects both the sales and price of the product or services. The study

concluded that there is a higher likelihood that highly reputable organizations will not only sell their product fast but can also sell the products at higher prices than the less reputable ones, so reputation is profitable. The most important value of reputation is that competitors cannot easily duplicate it from the firm that has acquired it; rather, reputation can only be worked for, making it unique for advanced performance (Virvilaite *et al.*, 2009, & Lei, 2010). However, the study made use of secondary data alone, which the present study considered insufficient, hence the use of both primary and secondary data in the current study.

Barney (2011) observed that relationships provide firms with the ability to recognize more productive combinations of internal and external resources, contributing positively to the firm's performance. Agandona (2011) maintained that a firm can evaluate its current or potential partners by considering firm-level collaboration as a portfolio of complementary strategic resource to increase firm's profitability. Rahman, Haque and Ahmad (2010) in an exploratory study of mobile phone service providers in Malaysian indicated that customers use corporate reputation to ascertain quality and value of intangible services the firm provides. But Rahman *et al.* (2010) used structural equation methods which the current study judged unsuitable.

Walker (2010) identified financial performance, quality of products, market leadership, social responsibility, ethical behavior and reliability as components of corporate reputation. The study concluded that if the components are keenly exploited, they would enable the firm to have superior performance. Taun and Yoshi (2010) established that

network relationship connects a firm with other firms in a better way, which in turn creates more opportunities for removing the ignorance, contributing to high knowledge as far as performance is concerned. Taun and Yoshi's (2010) study was done in Vietnam in a supporting industry but not Kenya mobile phone companies. An exploratory research by Yazdani and Marva (2013) concluded that good reputation has a strong positive relationship with the firm's performance.

2.3.4.3 Environmental Factors and Firm's Performance

Environmental factors are unstoppable as far as influence of a firm's performance is concerned. Political influence takes the dimension of government regulatory bodies and policies, whereas legal influences comes from constitutions and laws by the authorities at local, national and international levels. Economic influence, on the other hand, is caused by inflation and taxation, which can therefore favor creation of superior performance or not (Srivastava & Frankwick, 2011).

Government intervention in the development of industry is very vital (Bremmer, 2009). Cimoli *et al.* (2009) in an industrial policy study noted that industry policies are forms of government involvement that endeavor to improve productive investment. Gichunge (2010) found out that political factors considerably influence the level of organizational performance. Solomon *et al.* (2010) noted that though consumers are faced with diverse options, they use simple decision rule to choose from many alternative.

According to Xavier (2011), a company's pricing judgments are affected by both internal company factors and external environmental factors which turn out to be complicated factors to handle due to uncontrollable nature of external environmental factors like taxation and inflation. Further, the study noted that a company's performance is directly affected by the existing pricing and taxation policy. Nkatha (2012) found out that for the firm to sustain its competitive advantage over its competitor, it must be in a position to implement changes in the society and changes in the trends of communication for better performance.

In the mobile phone companies in Kenya, the government has given communication commission of Kenya authority to regulate the operations in the telecommunication sector. Lazzarin (2012) in the research on strategizing by government industry policy and SCA found out that industry policies can lead to higher performance or lower performance.

Koumparoulis (2013) observed that studying and examining of environmental factors will assist the managers to achieve superior performance by inventing competitive strategies that can take advantage of opportunities arising from changes in the environment. The Communication Commission of Kenya (CCK) is charged with the responsibility of ensuring that new players in the sector follow the standards that are kept in place and act according to laid down policies. These regulations concern interconnection rates, consumer protection, tariff regulation, universal service obligation and funding as well as competition. As the industry develops, offering diverse services, so do implications of the

regulations change the direction of the whole mobile industry, the operators and the users at large. For example, to increase competition in the industry, CCK reduced the cost of operating licences to allow more players in a market that was initially a monopoly to now 4 players. At the same time, the telecoms industry was liberalized. Also, interconnection rates were reduced, which was very beneficial to consumers, as it allowed them to access service reasonably, though some felt it was too low to enable them recoup their expenses. Low tariff charges translated to growth in mobile phone penetration in the country.

Consumer protection is very important in that CCK and the whole mobile phone companies are also required to educate the users on several risks that are associated with usage of the service and make them aware of the consequences if the rules are violated. Innovations of course come with risks here and there and consumers have to be made aware, and to educate the customers, CCK has developed the consumer education program. Technological advances will still grow and with them new implications will follow and thus the regulatory body, operators and the users should brace themselves for the changes that will come along. As for CCK, it should be able to predict the modifications and, accordingly, amend the policies (CCK, 2013).

2.4 Summary of Empirical Literature and Research Gaps

Table 2.1 presents a summary of the empirical literature review pertaining to the main variables of the current study on organizational resources, CA, environmental factors and organization performance.

Table 2.1: Research gaps

Authors & Year	Study Tittles Variables	Finding	Variables	Methodology	Research theory	Identified gaps
Anderson (2011)	Strategic resources and firm performance	There is a positive relationship between resources and the performance of a firm	Resources as independent variable and performance for dependent variable	Correlation analysis.	RBV	The current study adopted Intangible resources as IV performance as a DV, and RBV and organizational learning theory and Descriptive survey together with explanatory design were used.
Hoq&Chauhan (2011)	Effects of organizational resources on organization performance	Unique resources of a firm leads superior performance	Cultural resources as independent and performance as dependent variable	Descriptive and correlation design	RBV	The current study looks at culture as an indicator of mediating variable rather than independent variable.
Rauch <i>et al.</i> , (2009)	Entrepreneurial orientation and business performance	There is a positive relationship between innovation , research and	Entrepreneurial orientation as independent and	Casual design,	Knowledge-Based theory	The research tested a direct relationship whereas the current study test on

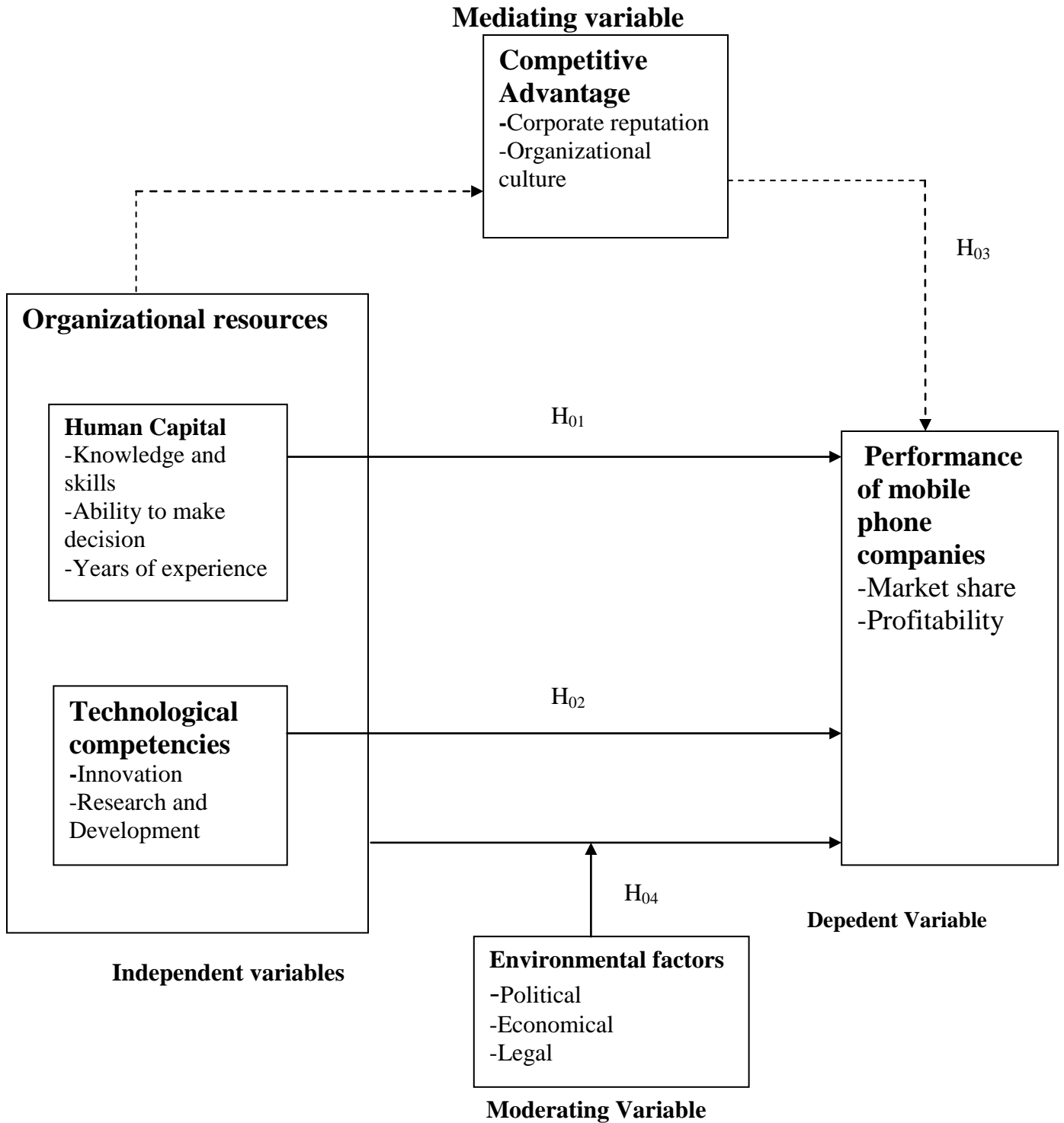
		development and firm's performance	business performance as dependent variable			mediating and moderating effects using regression models.
Grahovac & Miller (2009)	Competitive Advantage and performance	Imitation does not lead to superior performance but normal performance .	Competitive advantage as independent and performance as dependent variable	Descriptive and regression analysis design	Michael porter's	Competitive advantage was used as a mediating variable. The study used an explanatory variable.
Rhee et al (2010)	Drivers of innovation and performance for innovative SMEs in South Korea	Innovation leads to superior performance	Innovation as independent and performance as dependent variable	Survey, Regression analysis.	Organizational learning	CA and environmental factors were adopted as mediating and moderating variables.
Costal <i>et al.</i> , (2013)	Competitive implication of deployment of unique resources	Unique resources lead to SCA	Resources as independent and SCA as dependent variable	Descriptive survey, structural equation modelling	RBV and Organizational theory	Intangible resources as an IV, CA as a mediator and regression analysis was used.
Gamero <i>et al.</i> , (2011)	Sustainable development and intangibles: organizational culture and corporate	Intangible resources are better sources of Sustainability development than tangible	Cultural resources and corporate reputation as independent and	Descriptive, Logit regression.	RBV	Intangible resource as I.V and performance as DV. Regression analysis was employed

	reputation	resources	performance as dependent variable			
Kumar <i>et al.</i> ,(2011)	Market orientation as a source of CA	Focusing on customer and identifying competitors results to superior performance	Market orientation as independent variable and CA as a dependent variable	Descriptive		CA was used as a mediating variable while performance was used as a DV.
Yazdani& Marva (2013)	Sustainable Competitive Advantage: Organization culture and Human resource	Organizational culture and human capital have a strong relationship with firm's performance	Organizational culture and Human capital as independent performance as dependent variable	Exploratory, SEM	Knowledge based view, human capital and Organizational theory	RBV was used, Regression analysis was used and descriptive survey was employed.

Source: Researcher (2014)

2.5 Conceptual Framework

From the theoretical and empirical review, the conceptual framework in Figure 2.2 demonstrated the relationship between the research variables. In this study, CA was hypothesized to be independent variables which included corporate reputation, organizational culture, human capital and technology capability whereas the moderating variables was environmental factors' and the dependent variable was the firm's performance of mobile telephone industry in Kenya.



Environmental factors

- Political
- Economical
- Legal

Moderating Variable

Figure 2.2: Conceptual Framework.

Source: Researcher (2014)

The independent variables corresponding to organizational resources were measured using two constants, namely human capital variable, which was determined through knowledge and skills, ability and experience, and technology competencies, which were to be measured through innovation, research and development, whereas mediating variables were established through CA, which was measured using corporate reputation that was measured through reliability, ethical issues and relationship. Organizational culture was ascertained through valued employees' involvement and beliefs. Environmental factors were supposed to moderate the relationship between CA and the firm's performance, which included political, economical and legal factors. The dependent variable was the firm's performance, measured by market share and profitability.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter includes research philosophy, research design, target population, sampling and sample size determination, data collection instruments and procedure, validity and reliability of the research instruments, operationalization and measurement of variables data analysis, empirical model, ethical issues and data presentation.

3.2 Research Philosophy

The research adopted positivism research philosophies since the literature upon which the study was formed was characterized by testing of hypothesis from existing theories through measurement of observable social realities, using data originally collected (Saunders *et al.*, 2007 & Eriksson & Kovalainen, 2008). The philosophy is based upon values of reasons, truth and validity and there is a focus purely on facts measured empirically using quantitative methods survey, and the data is statistically analyzed (Thorpe & Jackson, 2008). According to Saunders *et al.* (2009), Positivism philosophy is commonly used in natural sciences because it is an objective-based method and it is used in the testing of hypothesis from existing theories. The study was based on testing hypotheses, the theories of the study were already existing, primary quantitative data was collected which was statistically analysed, hence the reason the study adopted positivism philosophy.

3.3 Research Design

According to Saunders *et al.* (2003), there is no single perfect design; therefore, the study employed descriptive survey design which was cross-sectional in nature and explanatory design to achieve the best results. According to Mugenda and Mugenda (2003), descriptive survey enables researchers to summarize and organize data in an effective and meaningful way. Descriptive survey method focuses on finding out who, what, where, when and how much. It was found suitable because it sought to produce accurate profile of factors, events and situations (Cooper & Schindler, 2003). According to Eriksson and Kovalainen (2008), descriptive research involves producing data that is holistic, contextual and with rich details to test hypotheses or answer questions concerning the current status of the subject of the study.

Explanatory research attempts to clarify why and how there is a relationship between two or more aspects of a situation or phenomenon. The explanatory research design was the best to explain the characteristics of the variables and, at the same time, examine the cause-effect relationship between variables. Cross-sectional design allowed collection of quantitative data from a population in an economical way (Saunders, Lewis & Thornhill, 2009).

3.4 Empirical Model

According to Field (2009), several models can be used in analyzing quantitative data, which include Probit, Logit and Regression models. Probit and Logit are used when the dependent variable is dichotomous. In the current study, the dependent variable is

continuous, so Regression model was the most suitable. Multiple linear regression was used to access the combined effects of all independent variables on the dependent variable and a step-by-step regression was used to analyze the mediating variable and moderating variable effect on the relationship between the independent and dependent variable.

The model was presented in a linear equation form. Using multiple linear regression analysis, it is possible to calculate the values of the constant coefficient (β_0) and the slope coefficients (β) from data already collected.

The overall equation of the effect of independent variables on performance:

$$Y_i = \beta_0 + \beta_1 HC + \beta_2 TC + \epsilon \dots\dots\dots 3.1$$

Where,

β_0 = Constant

β_1 to β_2 = The slope

HC = Human Capital

TC = Technology Competencies

a) Relationship between independent variables and moderating variable on performance

To establish the effect of environmental factors as a moderating variable on the relationship between the organizational resources and performance of mobile phone companies or determine whether it is simply an explanatory variable, the following step-wise regressions were to be estimated: First, model (3.1) was estimated as the base model to determine the relationship between the dependent variable and the independent

variables. Secondly, model (3.2) which included environmental factors as the moderating variable was estimated.

$$\text{Performance} = \beta_0 + \beta_1 \text{OR} + \beta_3 \text{E} + \epsilon \dots\dots\dots 3.2$$

Where;

OR= Organizational Resources

E= Environmental factors

Finally model (3.3) was estimated to give the direction and effect of the moderator on the independent variables and its total effect on the dependent variable.

$$\text{Performance} = \beta_0 + \beta_1 \text{OR} + \beta_2 \text{E} + \beta_3 \text{E} \cdot \text{OR} + e \dots\dots\dots 3.3$$

Where,

E.OR = Environmental factors \times Organizational Resources

If environmental factors are significant when introduced into a model (3.1) then, this explains the first condition of explanatory where all variables should be significant (Mackinnon *et al.*, 2007). Model (3.2) was estimated where products of environmental factors and organizational resources were used to estimate the moderating effects. If the coefficient in model (3.2) are not significant and the environmental factors in model (3.3) are not significant, there is no moderating effect (Mackinnon *et al.*, 2007). That way, environmental factor is just an explanatory variable.

To determine whether competitive advantage mediated the independent variables and the dependent variable, the three models were to be estimated as recommended by Baron and

Kenny (1986). Model 3.4 was estimated as the base model to determine the relationship between the independent variable organizational resource and dependent variable organizational performance. Model 3.5 estimated the relationship between the mediating variable (competitive advantage) and the independent variable organizational resources. Finally Model 3.6 was estimated to determine whether there was complete, partial or no mediation between the independent variables and dependent variable.

Regression equation of X predicting M.

$$Y_i = \beta_0 + \beta_1 OR + \epsilon \dots\dots\dots 3.4$$

Regression equation of X predicting M.

$$M = \beta_0 + \beta_1 OR + \epsilon \dots\dots\dots 3.5$$

Regression equation of X and M predicting Y.

$$Y_i = \beta_0 + \beta_1 OR + \beta_2 M + \epsilon \dots\dots\dots 3.6$$

M refers to mediating variable (competitive advantage)

Where;

M: Competitive Advantage

$\beta_1, \beta_2,$ and β_3 are the parameters to be estimated

ϵ : Error term

To make decision on the type of mediation, a table adopted from Baron and Kenny (1986) was used.

Table 3.1 Mediation Decision Making Criteria

	Outcomes	Conclusions
1	If β_1 is significant in model 3.4	Complete Mediation
	If β_1 is significant in model 3.5	
	If β_1 is not significant and β_2 is significant in model 3.6	
2	If β_1 is significant in model 3.4	Partial Mediation
	If β_1 is significant in model 3.5	
	If β_1 in model 3.5 is significant but β_1 not significant in model 3.6 and β_2 is significant in model 3.6	
3	If β_1 is not significant in model 3.4	No mediation
	If β_1 is not significant in model 3.5	
	If β_1 in model 3.4 are significant and equal to β_1 in model 3.6 and β_2 is not significant in model 3.6	

Source: Baron and Kenny (1986). Pg 1173-1182.

In a complete mediation, β_1 in model 3.4 and 3.5 must be significant but insignificant in model 3.6 and β_2 must be significant in model 3.6; For partial mediation, β_1 in model 3.4 and 3.5 must be significant but β_1 in model 3.5 should be significant but β_1 should not be significant in model 3.6 and β_2 should be significant in model 3.6. In case for no mediation, β_1 in model 3.4 and 3.5 must not be significant and β_2 should be insignificant in model 3.6.

Table 3.2: Operationalization and Measurement of Variables

Variable	Category	Operationalization	Measurement
Performance of mobile phone in Kenya	Dependent	Market share and profitability.	Scale of 1 to 5 1=Strongly disagree 2=Disagree 3= Neutral 4= Agree 5=strongly agree
	Independent Variable		
Human Capital			
Knowledge and skills		The education level, training and development activities within the firm	Scale of 1 to 5 1=Strongly disagree 2=Disagree 3= Neutral 4=Agree 5=strongly agree
Abilities		Ability to make decisions and ability to solve problems	Scale of 1 to 5 1=Strongly disagree 2=Disagree 3= Neutral 4=Agree 5=strongly agree
Experience		The years of working experience in the area of specialization	Scale of 1 to 5 1=Strongly disagree 2=Disagree 3= Neutral 4=Agree 5=strongly agree
Technology competence		The levels of innovativeness, research and development in the firm	Scale of 1 to 5 5= Strongly Agree 4= Agree 3= Indifferent 2= Disagree 1= Strongly Disagree
Environmental factors	Moderating variable		
Political		The level at which political instability in government changes, election and wars affect the industrial operations.	Scale of 1 to 5 5=To a very large extent 4 =To a large extent 3=Moderate extent 2= Low extent 1=To no extent

Legal		The level at which the Constitution, laws, government policies and regulatory body affects the industry operations	Scale of 1 to 5 5=To a very large extent 4 =To a large extent 3=Moderate extent 2= Low extent 1=To no extent
Economic		The levels of inflation and taxation	Scale of 1 to 5 5=To a very large extent 4 =To a large extent 3=Moderate extent 2= Low extent 1=To no extent
Competitive Advantage	Mediating Variable		
Organizational culture		The extent to which set of values affect the relationship, how employees are involved and set of beliefs	Scale of 1 to 5 1=Strongly disagree 2=Disagree 3= Neutral 4= Agree 5=strongly agree
Corporate reputation		The level of relationship, activities, ethical issues and reliability of the firm's products	Scale of 1 to 5 1=Strongly disagree 2=Disagree 3= Neutral 4= Agree 5=strongly agree

Source: Researcher (2014)

3.5 Target Population

The target population included all the four mobile phone companies listed and licensed by the Communication Commission of Kenya as at (2014). The accessible population was mobile phone companies in Nairobi County where the headquarters are located, with a total population of 381 managers which included top, middle and lower level managers.

Table 3.3: Distribution of Target Population

Network providers	Management level stratas	Stratum population Size
Safaricom	Top management	13
	Middle level	44
	Lower level	72
Sub Totals		129
Airtel	Top level	8
	Middle level	36
	Lower level	66
Sub Total		110
Orange	Top level	6
	Middle level	24
	Lower level	54
Sub Total		84
YU	Top level	4
	Middle level	16
	Lower level	38
Sub total		58
Total		381

Source; (CCK, 2013)

3.6 Sampling Design and Procedure

The study used proportionate stratified random sampling technique to select the required sample from the target population of 381 managers, drawn from the three strata of top-, middle and lower-level managers of the mobile phone companies in Kenya. Based on the total population of 381 managers, a sample of 170 was determined using Saunders *et al.* (2009) sample size determination table at 95% confidence level (Appendix 5). This was then distributed proportionally in the strata as per Pedhazur and Schmelkin's (1991) and Kyamanywa (2005), formular below and appendix 3:

$$r = \frac{c \times s}{p}$$

Where

r is respondent required from a stratum

c is stratum population (category)

s is the desired size (170)

p is the total population (381)

Through the above formula, the sample size is as per the table 3.3 below

Table 3.4: Sample Distribution of Size

Strata	Management level	Stratum population Size($r = \frac{c \times s}{p}$)	Sample size
Safaricom	Top management	13	6
	Middle level	44	19
	Lower level	72	32
Sub Totals		129	57
Airtel	Top level	8	4
	Middle level	36	16
	Lower level	66	29
Sub Total		110	49
Orange	Top level	6	3
	Middle level	24	11
	Lower level	54	24
Sub Total		84	38
YU	Top level	4	2
	Middle level	16	7
	Lower level	38	17
Sub total		58	26
Total		381	170

Source; Author(2013)

3.7 Data Collection Instruments

The study used mainly primary data, which were collected using a self-administered structured questionnaire which was administered to the the three levels of management since they were involved in the formulation of the policies and implementation. This study also made use of secondary data obtained through document review of companies

reports. Structured questionnaires were used in this study since they enabled the researcher to collect quantitative data (Gall & Borg, 2003). The questionnaire consisted of seven main parts which were: Part A for personal data covering item 1 to 3, Part B for organizational bio data item 4 to 6, Part C for organizational performance item 7 to 10, Part D for human capital item 11, Part E technology item 12, Part F for environmental factors item 13, and Part G for competitive advantage item 15.

3.7.1 Validity Test of Research Instruments

To ensure content validity, a pilot test was carried out with 15 respondents where the results were used to make adjustment where necessary to ensure the instrument measures what it was supposed to measure (Saunders *et al.*, 2007). The pilot study tested whether the respondent experienced difficulties in understanding items, whether they omitted items, time estimate the respondents took to complete the instrument and it gave the indication on how the data collecting instrument would perform in the field. The result disclosed that the questionnaire was easy to answer, but it was long, so the researcher shortened some of the questions that were too long to enable the respondents to complete the questionnaire within the given period of time.

Construct validity was ensured by reviewing empirical and theoretical literature such as RBV and organization learning in order to understand the relevant concept and by constructing the instrument items based on previous studies. The research instrument for this study was viewed by the supervisors and other experts in research methodology. They examined the questionnaire individually and provided the feedback to the

researcher. The main feedback was that the questionnaire was too long, as a result of which the researcher shortened it accordingly.

3.7.2 Reliability of Research Instrument

Internal consistency estimated reliability by grouping questions in a questionnaire that measured the same concept (Ranjit, 2005). The reliability of instrument in the study was tested using Cronbach's alpha reliability coefficient. According to Field (2009) and Cooper and Schindler, (2010), a Cronbach's alpha value equal or great than 0.5 is regarded to be an indication of reliability. Therefore, the researcher considered coefficient alpha greater than 0.5 to indicate reliability of the research instrument. The results for all the items are summarized in Table 3.4.

Table 3.5: Reliability Test

Variables	No of Items	Cronbach's Alpha	Comment
Organization performance	26	0.754	Reliable
Human Capital	21	0.750	Reliable
Technological competence	9	0.625	Reliable
Environmental factors	12	0.790	Reliable
Competitive advantage	22	0.706	Reliable
Over all	90	0.725	Reliable

Source: Pilot data (2014)

Table 3.4 above shows that organizational performance had a reliability of (0.754), human capital (0.750), technological competencies (0.625), environmental factors (0.790) and (0.706) competitive advantage. In conclusion, all the variables attained the acceptable and recommended level of alpha 0.5 (Field, 2009; Cooper & Schindler, 2010). The overall research instrument was highly reliable, with Cronbach alpha value of 0.725.

3.7.3 Data Collection Procedure

An introductory letter granting the researcher the authority to collect data from the target companies was obtained from the University. Permission to conduct the research was obtained from the NACOSTI office before contacting the sampled respondents. The researcher then sent the request letters to the sampled companies for permission to carry out the research there. Since the unit of analysis was the mobile phone service providers, the respondents were the managers of the companies of mobile service providers (Safaricom, Airtel, Orange and YU). The questionnaire were administered using a drop-and-pick method and collected after two weeks.

3.8 Data Analysis Methods

After the questionnaires were collected from the field, data cleaning was done to correct any error that might have occurred during data collection and eventually the data was coded, ready for analysis. Quantitative data was analyzed using descriptive and inferential statistics. Descriptive statistics was used to describe and summarize the data. Descriptive statistics of mean and standard deviation was necessary to access data

characteristics and thus make it possible to interpret the information. Inferential statistic was carried out using multiple and step by step regression models. Multiple linear regressions was conducted to determine which variables influenced the dependent variable most and determine the nature of influence. The adjusted coefficient of determination (R-squared) was used to indicate the percentage of variability of the variables that was accounted for by the factors under study. This was followed by determination of standardization beta (β) coefficient which indicated the direction (+ or -) and the magnitude of the influence as well as compare the relative contribution of each independent variable in the firm's performance (Hair *et al.*, 2006). A dummy representing the four mobile companies was introduced as a control variable to the influence of company-specific practices on performance. Safaricom was used as the base company

To derive the composite index for the variables of the study of the study, the harmonic mean formular was used (Gupta, 2008).

$$C_i = \frac{\sum f_i w_i}{\sum f_i} \dots\dots\dots 3.7$$

Where,

C_i= Composite Index for Variable.

f= Total Number of Respondents

W_i= The Relative Weight given to each Component in a particular Variable.

i= Total Number of Components.

Field (2009) recommended that when checking for relationship between independent and dependent variable, normality, Linearity, Multicollinearity and Heteroscedasticity should be tested.

a) Normality Test

The researcher used the rule of thumb that a variable is reasonably close to normal if its skewness and kurtosis have values between -0.1 and + 0.1 as recommended by Dancey (2004). Normality test is important because regression model estimation methods are based on an assumption of normality, since normally distributed data ensures that the data is fit for further statistical analysis and does not result in inflated statistics and underestimated standard errors Field (2009).

b) Linearity Test

The Pearson's correlation coefficient was used to test the linearity of the relationship between the variables as recommended by (Dancey, 2004 & Wooldridge, 2000). Further correlation coefficient shows the strength as well as the direction of the linear relationship; a negative correlation indicates an inverse relationship where an increase in one variable caused a decrease in the other, whereas a positive correlation indicates a direct influence, where an increase in one variable causes an increase in the other variable (Field, 2009).

c) Multicollinearity Test

To check for correlated variables, multi-collinearity was tested using variance inflation factor (VIF). A mean VIF above 2 indicates the presence of multicollinearity, hence it

should be of concern (Hair *et al.*, 2010). In addition, multi-collinearity was done to enable identification of variables with a high correlation among themselves. Multi-collinearity creates a problem for multiple regression models, given that as collinearity rises, the standard error of coefficients also rises, making them less reliable.

d) Heteroscedasticity Test

To test for the constant of the error term, heteroscedasticity was tested using Breusch-Pagan test as recommended by Warner (2008), where the Breusch-Pagan null hypothesis states that there is a constant of error term. Further, Warner (2008) recommends that the probability value should be greater than .05 to meet the homoscedasticity assumption to allow the regression model to be used for further analysis.

Hypotheses were tested to determine whether influence by independent variable would be significant or not. If $P \leq 0.05$, then null hypotheses was rejected and vice-versa. Stata version 11.0 was used to aid in data analysis. Tables were used to summarize, organize and present the data collected and analyzed. The results and discussions were provided in chapter four.

Table 3.6. Test of hypothesis table

Objectives	Hypothesis	Statistical approach	Research Question	Interpretation
To examine whether human capital affects firm's performance of the mobile telephone industry in Kenya	There is no significant difference in human capital and firm's performance of the mobile industry in Kenya.	$Y_i = \beta_0 + \beta_1 HC + \varepsilon$	Part D Question 12	Adjusted r^2 F-value Level of significant 0.05 $P \leq 0.05$ reject null hypotheses
To establish whether technology competencies affects firm's performance of the mobile telephone industry in Kenya	There is no significant difference in technology competencies and firm's performance of the mobile industry in Kenya.	$Y_i = \beta_0 + \beta_2 TC + \varepsilon$	Part E Question 13	Adjusted r^2 F-value Level of significant 0.05 $P \leq 0.05$ reject null hypotheses
To determine the moderating effects of environmental factors on the relationship between CA and firm's performance of mobile telephone industry in Kenya.	The firm's environmental factors have no moderating effects on the relationship between CA and firm's performance of mobile industry in Kenya.	$Y = \beta_0 + \beta_1 OR + \beta_2 OR * E + \varepsilon$	Part F Question 14	Adjusted r^2 F-value Level of significant 0.05 $P \leq 0.05$ reject null hypotheses
To establish the mediating effects of CA on the relationship between organizational resources and firm's performance of mobile telephone industry in Kenya.	The firm's CA have no mediating effect on the relationship between organizational resources and firm's performance of mobile industry in Kenya.	$Y_i = \beta_0 + \beta_1 OR + \beta_2 M + \varepsilon$	Part G Question 15 & 16	Adjusted r^2 F-value Level of significant 0.05 $P \leq 0.05$ reject null hypotheses

Source: Researcher (2014)

The adjusted coefficient of determination (R-squared) was used to indicate the percentage of variability of the variables that was accounted for by the factors under study. This was followed by F-value for overall model fitness. Hypotheses were tested to determine whether influence by independent variable would be significant or not. If $P \leq 0.05$, then null hypotheses was rejected and vice-versa (Hair *et al.*, 2006).

3.9 Ethical Issues

Consent to undertake the study was obtained from the relevant authority and respondents. The issue of confidentiality was addressed by assuring respondents that the information they provided was specifically for research only. The respondents were not forced to fill the questionnaire if they were not willing. The respondents were assured that there was no gain or loss for failing to participate in the research.

CHAPTER FOUR

EMPIRICAL RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the study findings and is organized as follows: First, descriptive statistics showing the respondents profiles and characteristics are presented to show the degree to which data represents the population of interest. Secondly, pre-estimation diagnostic tests are presented and, finally, testing of hypotheses is presented thematically, based on the objective.

4.2 Descriptive Statistics

4.2.1 Response Rate

A total of 170 questionnaires were administered to 57, 49, 38 and 26 managers in Safaricom, Airtel Orange and Yu respectively, Out of 170 questionnaires that were distributed, 143 were correctly filled and returned. This represented 84 percent. According to Mugenda and Mugenda (2003) and Saunders, *et al.*, (2007), a response rate of 50 percent is adequate, 60 percent is good, and 70 percent is very good. Therefore, the response rate of 84 percent is very good and hence acceptable for drawing conclusions on the current study. The results are shown in Table 4.1.

Table 4.1: Response Rate

Institution	Target Respondents	Successful Respondents	Response Rate (%)
Safaricom	57	52	91
Airtel	49	39	80
Orange	38	30	79
Yu	26	22	85
Entire Sample	170	143	84

Source: (Survey data, 22014)

Table 4.1 shows that there was a total of 143 respondents. Of the questionnaires given to YU, 85% responded; Orange had a response rate of 79 percent, Airtel had 80 percent and Safaricom 91 percent. Safaricom commands more than a third of the employees in the population under study. Therefore, the data collected is consistent with the population and can be relied on for unbiased results.

4.2.2 Demographic Profile of the Respondents

This section presented the demographic characteristics of respondents, based on job category, length of service and level of education.

Table 4.2: The results of demographic profiles of respondents

Job Category	Frequency	Percentage
Executive	14	10
Manager	35	24
Supervisor	48	34
Other	46	32
Total	143	100
Level Education		
High school	0	0
College Diploma	50	35
Bachelor's Degree	71	50
Post graduate	22	15
Total	143	100
Years of service		
Less than 5 years	28	20
5-10 years	85	59
More than 10 years	30	21
Total	143	100

Source: (Survey data, 2014)

The findings in Table 4.2 indicate that (34%) of the respondents were supervisors while executives were the least, comprising (10%) of the sample. However, out of the 143 respondents, (46) were not part of the management team but were from other job categories. This is consistent with the population under study as it has fewer top level

managers (executives). There are more middle-level managers, but the majority are lower level managers (supervisors).

Table 4.2, shows that none of the managers had high school as the highest level of education. This is consistent with the demands of the industry under study as one requires post-secondary school qualifications to understand its operations. Half of the respondents (50%) had degree level of education. Table 4.2 further shows that (15) percent of the respondents had a postgraduate level of education and (35 %) were diploma holders. This shows that the mobile phone service providers industry in Kenya is managed by highly skilled individuals. This guarantees reliable responses and therefore reliable findings by the study.

The data shows that 85 out of the 143 sampled respondents (59%) had served the company for a length of 5-10 years. Further, 21 % of the respondents had served for over (10) years and (20%) of the respondents had served for less than five years. Therefore, the respondents' responses can be relied upon for analysis of the effect of organizational resources, and competitive positioning on firm's performance.

4.4.3 Performance of Mobile Phone Companies in Kenya

The responses were on the level of 1 to 5. The results are given in Table 4.3.

Table 4.3 Firm's Profitability and Market Share

Description	response rate in scale of 1-5					Mean	Std. Deviation
	None	Less than a million	1million-10million	11million-20 million	Above 20 million		
Profitability							
1st year	14.5	8.6	1.3	13.2	62.5	4.007	1.516
2nd year	14.5	4.6	1.3	1.3	78.3	4.243	1.496
3rd year	0	0	19.1	9.9	71.1	4.520	.797
4th year	0	1.3	5.3	15.1	78.3	4.704	.629
5th year	0	.7	3.3	.7	95.4	4.908	.436
Aggregate score						4.476	.975
Market Share							
Year	0%	1-25%	26-50%	51-75%	Above 75%	Mean	Standard Deviation
2009	9.9	78.9	3.3	7.9	0	2.092	.665
2010	6.6	58.6	25.7	9.2	0	2.375	.744
2011	3.3	63.8	9.2	23.7	0	2.533	.891
2012	68.4	68.4	29.2	1.3	0.7	2.342	.541
2013	0.7	7.7	3.3	24.3	0	2.513	.869
Aggregate score						2.371	.742

Source: (Survey data, 2014)

The aggregate score for profitability after tax was $M= 4.476$; $SD =0.975$, this implies that on average the respondents affirmed that their service providers made profits of between 10 to 20 million shillings over the last five years. Different managers of different companies had divergent views on the profitability of their firms with a standard

deviation of 1.516 since some companies were new and others were well established. A mean of 4.908 indicated that the profit after tax of above 20 million was achieved at the fifth year. The respondents across the five years stated that the market share increased by 1-25%. In the first year 78.9% of the respondents stated that market share increase was between 1-25% compared the fifth year which increased by 7.7%. There was no increase in market share of 75% and above apart from the fourth year which increased by 0.7%. The employees indicated that 68.4% of the market share increased by 0%.

4.4.4 Human Capital

The responses were on the level of 1 to 5 which are based on agreement or disagreement on statements on human capital. The results are given in Table 4.3.

Table 4.4: Human capital factors that affect performance of mobile phone Companies in Kenya

Description	response rate scale of 1-5					Mean	Std. Deviation
	Strongly disagreed	Disagree	Neutral	Agree	strongly agree		
Knowledge							
Our employees have the suitable education to fulfill their jobs	0	0	25.7	49.3	25.0	3.993	.714
Our company encourages us to learn continuously	0	0	38.8	36.2	25.0	3.862	.789
Our company carries out training frequently	0	0	22.4	51.3	26.3	4.039	.699
Highly skilled employees turnover does affect our production	0	3.3	52.0	23.7	21.1	3.625	.852
Acquiring skills in our company is through job rotation	0	0	35.5	43.4	21.1	3.855	.741
We freely share the knowledge within the organization	0	0	32.2	61.2	6.6	3.743	.570
We have mentorship programmes to facilitate knowledge exchange	0		48.0	30.9	21.1	3.730	.789
As employees we are knowledgeable in all areas of our organization	0	10.5	15.1	69.1	5.3	3.691	.730
No one knows the company's job better than company's employees	0	0	34.9	43.4	21.7	3.868	.743
Our company creates time for our employees to advance their education	0	3.9	42.1	36.8	17.1	3.671	.804
Ability							
When the company is faced with challenges every employee is in a position to make the right decision	0	0	17.8	64.5	17.8	4.000	.598
Our employees are able to learn and improve from previous mistake	0	0	27.6	53.3	19.1	3.914	.680
Our employees are able to solve our company's problems without exposing them	0	15.8		79.6	4.6	3.730	.780
Our management is able to identify the gap for future success	0	0	2.0	82.9	15.1	4.132	.393
Our employees do not quit job because short lived problems instead they address them	0	.7	13.8	80.3	5.3	3.901	.457
Our employees in different departments have always addressed departmental problems accordingly without difficulties	0	0	17.8	69.7	12.5	3.947	.549
Experience							
I have learnt more from interacting with my colleagues than theory on how to operate our process effectively	0	0	23.7	61.2	15.1	3.914	.619
I feel that there is inefficient learning opportunities from experienced employees	3.3	27.6	35.5	18.4	15.1	3.145	1.088
Number of years an employee has worked for are very important	0		13.2	83.6	3.3	3.901	.395
We employ people with who have experience in their areas of specialization	0	10.5	13.8	75.7		3.651	.664
We prefer fresh graduates without experience	0	0	32.2	65.8	2.0	3.697	.502
The experience gained in our company by employees help them in other organizations	0	0	20.4	66.4	13.2	3.928	.577
Aggregate						3.815	.670

Source: (Survey data, 2014)

Table 4.3 indicates that the aggregate mean is $M = 3.815$; $SD = .670$, implying that the respondents agree that human capital results to higher levels of performance. This is supported by the standard deviation which indicates higher levels of agreement on the effect of human capital on performance. The respondents were neutral that there was insufficient learning opportunities from experienced employees, with a mean of 3.145.

A mean of 3.651 were neutral in that their organization employs people who have experience in their area of specialization. A mean of 4.132 agreed that the organization's management is able to identify the gap for future success. The respondents agree, with a mean of 4.000, that every employee is in a position to make the right decision when the company is faced with challenges. The respondents had different views as far as learning opportunities were concerned some employees felt that the opportunities were efficient others felt that the opportunities were not efficient depending with organization they worked for this was supported by a standard deviation of 1.088.

4.4.5 Technology

The responses were on the level of agreement or disagreement on statements based on technology. The results are given in Table 4.4.

Table 4.5: Technology competence factors that affect performance of the mobile Phone companies in Kenya

Description	Response rate in scale of 1-5					Mean	Std. Deviation
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree		
Technology							
We always ask our customers IT for feedback or evaluation of our services	0	15.8	3.3	45.4	35.5	4.007	1.013
Most of our new and innovated products are as a result of customer analysis	0	0	15.1	61.2	23.7	4.086	.619
Our customers innovation opinion matter	0	0	19.1	73.7	7.2	3.882	.501
We innovate a product when we are very sure that it will not fail	0	0	44.1	34.2	21.7	3.776	.782
Our methods of offering services do change easily due to technology changes	0	0	16.4	62.5	21.1	4.046	.613
We continuously generate new ideas			15.8	64.5	19.7	4.039	.597
Our company always copy what is being done by our competitors without developing it.	41.4	33.6	19.1		5.9	1.954	1.069
We are always sensitive to our competitors research and development action	0	0	34.9	49.3	15.8	3.809	.688
Most of design of our services require high technological machine which we make use of	0	0	36.2	41.4	22.4	3.862	.755
We are able to change with our customer lifestyle after	.7		13.8	80.9	4.6	3.888	.482
We always involve our research and development department in most of our activities	0	0	15.1	82.9	2.0	3.868	.393
Our organization supports and invest in innovation	2.0	10.5	21.1	50.0	16.4	3.684	.938
We always keep our ICT department up to date	7.9	4.6	2.6	74.3	10.5	3.750	.985
We use most recent technology	0	0	28.3	48.0	23.7	3.954	.722
Aggregate						3.758	.726

Source: (Survey data, 2014)

The aggregate score in Table 4.4 shows that the $M = 3.758$; $SD = 0.726$. This is an indication that the respondents agree that technology influenced performance. The result is supported by the low standard deviation, showing that only a few employees vary in their opinions. However, a mean of 3.776 agree that a product is innovated when the company is very sure that it will not fail. In addition, the extent to which respondents were neutral that organizational support and investing in innovation, is with a mean of 3.684, while there was a mean of 4.086 when it came to those who agree that new and innovated products are as a result of customer analysis. A mean of 4.046 agree that methods of offering services do change easily in response to changes in technology. Respondents strongly disagreed with a mean of 1.954 and with a standard deviation of 1.069 the respondents had divergent views on the way they copy the products from competitors without developing it this could be as a result of other companies being innovative than others.

4.4.6 Environmental Factors

The responses were on the scale of 1 to 5, the extent of agreement on statements based on the environmental factors. The results are given in Table 4.5.

Table 4.6: Enviromental factors that affect performance of the mobile Phone companies in Kenya

Description	response rate in scale of 1-5					Mean	Std. Deviation
	To no extent	Low extent	Moderate extent	To a large extent	To a very large extent		
Political factors							
Our performance is always affected by the elections in our country	0	3.3	18.4	63.8	14.5	3.895	.673
Devolution has reduced our company's performance	0	15.8	21.1	63.2		3.474	.754
During the political rallies we always record better performance	0	3.9	48.7	47.4		3.434	.572
Civil wars has always lead our company to losses	0	0	54.6	40.1	5.3	3.507	.598
Political stability improves our performance	2.0	0	34.9	53.9	9.2	3.684	.723
Legal factors	0	0					
The industry is given a special considerations by the constitution	3.9		30.3	63.8	2.0	3.599	.721
Our policies are in line with the government requirements	0	15.8	28.3	34.2	21.7	3.618	.996
The government competition regulations are favorable to firm performance	2.0	15.8	3.9	62.5	15.8	3.743	.973
We are involved when regulatory body (CCK) is formulating policies	0	0	40.8	43.4	15.8	3.750	.712
The government support the industry to a access information needed	0	0	23.0	59.2	17.8	3.947	.639
The government control prices to favor our performance	3.9	0	17.1	77.0	2.0	3.730	.690
The industry is well protected by the law	2.6	0	20.4	59.2	17.8	3.921	.696
Local and international authorities laws favors our business	0	0	19.1	63.8	17.1	3.980	.603
There is an easier and a fair way of getting licence for the business	0	0	15.8	82.2	2.0	3.862	.399
Economical factors							
The existing taxation polices favors our profitability	0	0	18.4	63.8	17.8	3.993	.603
We are in a position to determine how much we pay for tax	3.9	2.0	13.2	48.0	32.9	4.039	.948
Inflation has a lot of effect on our business operation			58.6	23.0	18.4	3.599	.783
Existing inflation rate determine the price we offer our product and services	0	3.3	28.9	50.0	17.8	3.822	.756
The government control prices to favor our performance	7.2	14.5	11.2	67.1		3.382	.983
Aggregate						3.736	.727

Source: (Survey data, 2014)

Table 4.5 shows that the aggregate score for environmental factors is a $M= 3.736$; $SD = 0.727$. The finding shows that the respondents to a moderate extent agree that environmental factors affect the performance of a firm. The respondents agree with a mean of 4.039 that the organization is in a position to determine how much they pay for tax. Respondents who were neutral that inflation has a lot of effect on business operation had a mean of 3.599, while there was a respondents' mean of 3.434 for those who were neutral that political rallies increased performance. A mean of 3.993 represented people who agreed that taxation policies favoured profitability.

4.4.7 Competitive Advantage

The responses were on agreement or disagreement of statements related to competitive advantage. The results are given in Table 4.6

Table 4.7: Competitive advantage factors that affect performance

Description	Response rate in scale of 1-5					Mean	Std. Deviation
	Strongly disagree	Disagree	Neutral	Agree	strongly agree		
Organizational culture							
Our values can only be applicable to our company only	6.6	5.3	5.9	74.3	7.9	3.717	.931
Our organization values and symbols are clear and understandable to every in the society member	0	0	15.8	69.7	14.5	3.987	.552
We keep on reviewing our values to suit the market changes	0	.7	15.8	50.0	33.6	4.164	.704
There is high involvement of employees when making company's policies and decisions	0	0	17.8	77.0	5.3	3.875	.465
Our organization top management make decision while the middle and lower level management implement	0	0	10.5	75.0	14.5	4.039	.500
When we are introducing new policies and programmes every employees idea counts			34.2	62.5	3.3	3.691	.530
When policies are made no room for negotiations	48.7	2.0	33.6		15.8	2.678	1.682
We belief in working within the set goals and objectives	0	0	41.4	34.2	24.3	3.829	.795
Corporate Reputation							
We offer quality products to our customers	0	0	13.8	65.1	21.1	4.072	.588
We respond to customers complain immediately	0	0	15.8	77.6	6.6	3.908	.465
Our customers relies and believes in the information we give more than our competitors	0	0	2.0	82.9	15.1	4.132	.393
Even when we are ineffective our customers bear with us	1.3	0	19.7	73.0	5.9	3.822	.588
Environmental conservation we do makes the society to trust us	11.8	0	48.7	17.8	21.7	3.375	1.178
By giving bursaries and education programmes we attract more customers	11.2	3.3	19.1	38.2	28.3	3.691	1.235
Having some funds set aside for health programme to the community is a loss to the company	23.0	3.3	18.4	37.5	17.8	3.237	1.413
When we are faced by loss we raise the products charges to recover	27.6	3.9	33.6	20.4	14.5	2.901	1.389
We value profit than our customers and employees	18.4	13.8	17.1	34.9	15.8	3.158	1.357
We are careful the way we carry out our business for sake of our image rather than our profit	0	2.0	23.0	59.9	15.1	3.882	.670
aggregate						3.675	.858

Source: (Survey data, 2014)

Table 4.6 shows that the aggregate mean is $M = 3.675$; $SD = 0.858$, the standard deviation is closer to zero and there is a high mean. This means that respondents were neutral that competitive advantage plays a role on influencing performance. The respondents also agree that customers relies and believe in the information we give more than our competitors with the a mean of 4.132. The companies' respondents mean of 4.164 agreed that their companies keep on reviewing their values to suit the market changes. However mean of 3.158 of the respondents were neutral that their companies valued profit than their customers and employees, whereas a mean of 2.901 disagreed that when the company is faced by loss, they raised the cost of their products accordingly.

4.5 Regression Analysis

Regression analysis was used to test all the hypothesis: However, before the test was carried out it was important to carry out several diagnostic tests to confirm whether the data fitted the model. This in line with Hair *et al.* (2006) recommendations.

4.5.1 Diagnostic Tests

This section investigated characteristics of the dependent and independent variables that influence the application of traditional ordinary least squares estimator. These pre-estimation diagnostics include normality, linearity, multicollinearity and heteroscedasticity tests.

a) Normality Test

To test for normality, statistics estimating measures of shape, including skewness and kurtosis, were obtained and presented in Table 4.7. The rule of thumb is that a variable is reasonably close to normal if its skewness and kurtosis have values between -1.0 and +1.0 as recommended by (Dancey, 2004). Normality of the variables is shown in Table 4.7 below.

Table 4.8: Results of Normality diagnostic test

		Statistic
Performance	Skewness	-0.30
	Kurtosis	0.90
Human capital	Skewness	0.56
	Kurtosis	0.4
Technology	Skewness	0.82
	Kurtosis	0.25

Source:(Survey data, 2014)

The above results show skewness statistics for all the independent and dependent variables were between +/- 1 bounds as recommended by (Dancey, 2004). This implies that on average the distribution for performance, human capital and technology mimics the normal distribution. Therefore, traditional ordinary least squares and post estimation diagnostic tests requiring normality of the data can be used. It's worthy noting that the

central limit theorem states that traditional least square is consistent whenever the number of observations is sufficiently large (greater than 30) (Field 2009). Given that the study has 143 observations, the data set is considered large enough to allow for ordinary least squares regression.

b) Linearity Test

Pearson's correlation coefficient was used to test for linearity between the performance, human capital and technology. The results are shown in Table 4.8.

Table 4.9: Results of Partial Correlation Linearity Test

		Performance
Human Capital	Pearson Correlation	0.1202
	Sig. (2-tailed)	.000
	N	143
Technology	Pearson Correlation	0.195
	Sig. (2-tailed)	0.02
	N	143

Source: (Survey data, 2014)

Table 4.8 shows that there is a significant positive linear relationship between performance and human capital and performance and technology at 5%. Human capital

($R= 0.1202$, $p<=0.001$) and technology ($R=0.195$, $P=0.02$). The results imply that there is co-movement in the variables and in the same direction. However, it's critical to note that correlation does not necessarily mean that there is a causal relationship (Wooldridge, 2000). Causal relationships between the independent variables and the dependent variable are analyzed in the succeeding section.

c) Multicollinearity and Heteroskedasticity Tests

Variation inflation factor was used to test for multicollinearity and Breush Pagan was used to test for heteroskedasticity, and the results presented in Table 4.9.

Table 4.10: Results of Multicollinearity and Heteroskedasticity Tests

Models	Multicollinearity Mean VIF	Heteroskedasticity Breush Pagan test
Organizational resources	1.41	Test statistics 0.01 P-value 0.9997
Competitive advantage	1.39	Test statistics 3.87 P-value 0.107
Environmental factors	1.64	Test statistics 0.07 P-value 0.8258

Source: (Survey data, 2014)

Table 4.9 shows that organizational resources Breusch Pagan statistic is 0.01, with a P-value of 0.9997; competitive advantage Breusch Pagan test statistic is 3.87, with a p-value of 0.107; and environmental factors Breusch Pagan statistic is 0.07, with a p-value of

0.8258. This implies that the null hypothesis of constant variance is not rejected at 1% level of significance since probability value is above 0.05. Therefore, the error term is homoskedastic, allowing t-statistics and p-values to reliably be used to test the significance of coefficients in the models as recommended by Warner (2008) . The organizational resource mean VIF for the regression is 1.41, competitive advantage mean VIF is 1.39, while the mean VIF for enviromental factors is 1.64, which is less than 2, meaning that the level of multicollinearity can be tolerated and does not influence the validity of the results (Hair *et al.*, 2010).

4.6 Testing of Hypotheses

This section presented the findings based on the research hypotheses. Results are presented in table 4.11.

Table 4.11: Influence of human capital and technology on performance

Goodness of fit	Test Statistic		P-value
Adjusted R-squared	0.694		
F-statistic (3, 139)	65.35		0.000***
Dependent Variable= Performance	Linear Regression Results		
	Coefficients	t-statistic	P-value
Human Capital	2.142	8.20	0.000***
Technology	1.502	7.34	0.000***
Dummy: Airtel	-4.287	-6.73	0.000***
Orange	-1.1704	-1.70	0.091
Yu	-11.948	-15.64	0.000***
Constant	-19.934	-1.82	0.071
Key	*** significant at 1 percent		

Source: (Survey data, 2014)

Table 4.11 shows that the adjusted R-squared is 69.4%, meaning that the independent variables jointly explain approximately 69 percent of variations in the dependent variable, while the rest are explained by other variables not included in the model. Therefore, the model can reliably be used to test the influence of technology and human capital on performance. The F statistic is 65.35, with a P-value of 0.000, which implies that the independent variables are jointly significant in explaining variations in mobile firms' performance. Hence, human capital and technology competencies are significant in explaining variations in performance. Human capital coefficient is positive and significant at 2.142 and P value = 0.000 < 0.05 and technology competencies coefficient is positive and significant at 1.502 and P value = 0.000 < 0.05. The regression results indicated that increase of human capital by one unit would have a corresponding increase in performance by 2.142, whereas an increase of technological competencies by one unit would increase performance by 1.502 units

The results show that individual company differences and practices is a significant explanatory variable of performance, meaning Safaricom cannot ignore the presence of Airtel, YU and other companies in the market. In terms of performance, Airtel coefficient is negative and significant at -4.287 and P value = 0.000 < 0.05. Yu coefficient is negative and significant at -11.948 and P value = 0.000 < 0.05 in other words Airtel and YU affect Safaricom performance negatively. However, the coefficient comparison between Safaricom and Orange mobile company was inconclusive, as the coefficient was insignificant at 1 percent level. Other results are discussed thematically, based on the hypotheses.

H₀₁ There is no relationship between the firm's human capital and performance in mobile phone companies in Kenya

The first hypothesis sought to determine whether human capital affects the performance of mobile telephone industry in Kenya. A null hypothesis H₀₁ was formulated, with the assumption that there is no relationship between human capital and performance of mobile telephone industry in Kenya. Table 4.11 shows that the coefficient of human capital was 2.142, the t-statistic and corresponding p-value were 8.20 and 0.000 respectively. Therefore, at one percent level of significance, the null hypothesis is rejected, implying that human capital has a significant effect on the performance of mobile telephone companies in Kenya.

Since the coefficient for human capital is positive and significant, it can be inferred that human capital has a positive effect on performance of mobile phone companies in Kenya. This is in agreement with Lazear's (2009) findings that human capital creates performance in a firm if it is fruitfully used. The findings were also in line with Guthrie, Flood, Liu and Mccurtain (2009) that human capital leads to better performance. The findings are in line also with the findings of Nyberg *et al.* (2014) that human capital results in superior performance. The RBV theory by (Barney, 2007) heavily supports the findings in that human capital is unique and costly to copy, hence it directly relates to superior performance.

H₀₂ There is no relationship between the firm's technology competencies and performance of mobile phone companies in Kenya.

The second hypothesis sought to establish whether a firm's technological competencies affect its performance so far as the mobile telephone companies in Kenya are concerned. A null hypothesis, H₀₂, was formulated with an assumption that there is no relationship between technological competencies and the firm's performance of mobile companies in Kenya. Table 4.11 shows that the coefficient of technological competencies was 1.502, with the t-statistic and corresponding p-value of 7.34 and 0.000 respectively. Thus, the study rejected the null hypothesis at 1% level of significance. Therefore, for the Kenyan mobile phone companies, technology competencies have a significant effect on performance. This is in line with Kinot's (2009) findings which indicated that investment in technology, specifically research and innovation and development, directly contributed to higher performance of a firm as also cited by Slater *et al.* (2012). Benedetto and Mu's (2011) findings agree with the current findings that technology through innovation brings out new products which contribute to high performance. Furthermore, the findings of Anal *et al.*, (2011) support the current study's findings in concluding that technology and performance have a positive and significant relationship.

H₀₃ The firm's competitive advantage has no mediating effect on the relationship between organizational resources and performance of mobile telephone companies in Kenya.

The third hypothesis sought to investigate whether competitive advantage has a mediating effect on the influence of technology and human capital resource on performance. Three models (3.4) through (3.6) were to be estimated and decision made as recommended by Baron and Kenny (1986) in Chapter Three. Step one shows the results from the estimates of model (3.4)

Table 4.12:Regression Results for organizational resources and performance

Goodness of fit	Test Statistic	P-value	
Adjusted R-squared	0.5470		
F-statistic (4, 138)	43.86	0.000***	
Dependent Variable= Performance	Linear Regression Results		
	Coefficients	t-statistic	P-value
Organizational resources	0.458	2.35	0.020**
Dummy: Airtel	-4.511	-5.83	0.000***
Orange	-0.994	-01.19	0.236
Yu	-11.53	-12.44	0.000***
Constant	30.61	2.79	0.000***
*** Significant at 1 percent **Significant at 5 per cent			

Source: (Survey data, 2014)

$$Y = 30.61 + 0.458OR + \epsilon \dots\dots\dots 3.4$$

Table 4.12 shows that adjusted R squared is 54.70%. This shows that the model explains 54.70% variation in influencing performance. The rest are explained by the variables not fitted in the model. The F statistic is 43.86 and $P = 0.000$ where $P < 0.05$. Hence, organizational resources are jointly significant in explaining variations in performance. The organizational resources coefficient is positive and significant at 0.458, and P value = $0.020 < 0.05$. This implies that there is a positive relationship between organizational resource and performance. The findings are in line with Gamero *et al.*, (2011) findings that organizational resources result to high performance. In terms of performance, Airtel coefficient is negative and significant at -4.511 and P value = $0.000 < 0.05$. Yu coefficient is negative and significant at -11.53 and P value = $0.000 < 0.05$ meaning Airtel and YU affect Safaricom performance negatively. However, the coefficient comparison between Safaricom and Orange mobile company was inconclusive, as the coefficient was insignificant at 1 percent level.

Step 2: Test of the relationship between the mediating variable (competitive advantage) and independent variable (organizational resources).

Table 4.13:Regression results for organizational resources and competitive advantage

Goodness of fit	Test Statistic	P-value	
Adjusted R-squared	0.4727		
F-statistic (4, 138)	32.82	0.000***	
Dependent Variable= Competitive Advantage	Linear Regression Results		
	Coefficients	t- statistic	P-value
Organizational Resources	4.474	11.37	0.000***
Dummy: Airtel	0.465	0.30	0.767
Orange	0.272	0.16	0.837
Yu	-0.849	-0.45	0.651
Constant	6.998	1.24	0.218
*** Significant at 1 percent			

Source: (Survey data, 2014)

$$M = 6.998 + 4.474OR + \epsilon \dots\dots\dots 3.5$$

Table 4.13 shows that the adjusted R squared is 47.27%. This shows that the model explains 47.27% variation in the mediating variable. The rest are explained by the variables not fitted in the model. The F statistic is 32.82 and P = 0.000 where P < 0.05. Hence, organizational resources are significant in explaining variations in competitive advantage variable. The organizational resources coefficient is positive and significant at 4.474 and P value = 0.000 < 0.05. This implies that there is a positive relationship between organizational resources and the mediating variable. The findings are in line

with Zarutskie (2010) findings that organizational resources such as human capital directly influence competitive advantage. The findings are also supported by Barney and Hesterly (2010) that there is a positive relationship between human capital as an organizational resource and competitive advantage. Further, the findings are corroborated by WEP (2010) that technology as an organizational resource is directly related to competitive advantage.

Step 3: Test of the relationship between the mediating variable (competitive advantage), independent variable (organizational resources) and performance.

Table 4.14 : Regression results for organizational resources, CA and performance

Goodness of fit	Test Statistic	P-value	
Adjusted R-squared	0.6618		
F-statistic (5, 137)	56.57	0.000***	
Dependent Variable= Performance	Linear Regression Results		
	Coefficients	t-statistic	P-value
Organizational Resources	1.583	6.77	0.000***
Competitive advantage	-0.252	-6.92	0.000***
Dummy: Airtel	-4.394	-6.57	0.000***
Orange	-0.926	-1.28	0.202
Yu	-11.746	-14.65	0.000***
Constant	32.368	13.32	0.000***
*** Significant at 1 percent			

Source: (Survey data, 2014)

$$Y = 32.368 + 1.583OR - 0.252 M + \epsilon \dots\dots\dots 3.6$$

Table 4.14 shows that the adjusted R squared is 66.18%. This shows that the model explains 66.18% variation in the dependent variable. The rest are explained by the variables not fitted in the model. The F statistic is 56.57 and $P = 0.000$ where $P < 0.05$. Hence, organizational resources and competitive advantage are significant in explaining variations in performance as a dependent variable. The organizational resources coefficient is positive and significant at 1.583 and P value = $0.000 < 0.05$. This implies that there is a positive relationship between organizational resources and performance. The competitive advantage coefficient is negative and significant at -0.252 and p -value = -0.000 where $P < 0.05$. Airtel coefficient is negative and significant at -4.394 and P value = $0.000 < 0.05$. Yu coefficient is negative and significant at -11.746 and P value = $0.000 < 0.05$ in other words Airtel and YU affect Safaricom performance negatively. However, the coefficient comparison between Safaricom and Orange mobile company was inconclusive, as the coefficient was insignificant at 1 percent level.

According to Baron and Kenny (1986) decision Table 3.1, the model satisfies the three conditions of partial mediation where, according to Model 3.4, the coefficients are significant. Model 3.5 coefficients are also significant and in Model 3.6, the coefficients are greater than coefficients in Model 3.4. But whether significant or not, the mediating coefficient must be significant. This implies that competitive advantage have a partial mediating effect on the relationship between the independent variables and the dependent variable. Therefore, we reject the null hypothesis and state that there is a statistical effect of competitive advantage on the relationship between organizational resources and performance.

This implies that competitive advantage has a partial mediating effect on the influence of organizational resources on performance of mobile phone companies. This agrees with the findings of Nham *et al.* (2010) that competitive advantage partially mediates the relationship between organizational capabilities and performance. The findings also gain support from Chowdhury's (2011) findings that competitive advantage heavily depends on core competencies and capabilities and thus mediate the relationship between core competencies and capabilities and performance.

H0₄ The firm's environmental factors have no moderating effect on the relationship between organizational resources and performance of mobile telephone companies in Kenya.

The fourth hypothesis sought to investigate whether environmental factors have a moderating effect on the influence of organizational resources and performance. To test the moderating effect of the environmental factors on the relationship between organization resources and performance, Stepwise regression analysis was used, where the moderating variable was introduced. The results were presented in table 4.13.

Table 4.14: Moderating effect of Environmental factors on independent and dependent variables.

	Test		
Goodness of fit	Statistic	P-value	
Adjusted R-squared	0.6664		
F-statistic (5, 137)	57.74	0.000***	
Dependent Variable= Performance	Linear Regression Results		
	Coefficients	t-statistic	P-value
Organizational resources	1.1503	7.04	0.000***
Environmental factors	-0.229	-5.79	0.000***
Dummy: Airtel	-3.806	-5.71	0.000***
Orange	-1.002	-1.40	0.165
Yu	-11.14	-13.97	0.000***
Constant	34.736	-11.89	0.002***
*** Significant at 1 percent			

Source: (Survey data, 2014)

$$\text{Performance} = \beta_0 + 1.1503 \text{ OR} - 0.229E + \epsilon \dots\dots\dots 3.2$$

The regression results show that the adjusted R- squared is 66.64%, indicating that the model explains the 66.64% of variation in organizational performance and the rest is explained by the variables that are not fitted in the model. F-statistic is 57.74 and p-value is 0.000, implying that human capital and technology are jointly significant in explaining variation in firm performance. Table 4.14 above shows that environmental factors are negative and significant at (-0.229, t=-5.79 p=0.000). This implies that environmental factors are significant when introduced into Model (3.1). Xavier's (2011) findings agree

with the current study findings that a company’s performance is affected by the environment. The findings are also supported by Winter (2000) who postulated that in a changing environment, the ability to learn faster than competitors strongly influences the performance of an organization. The findings are also in line with Koumparouis’ (2013) findings which indicate that the examination of environmental factors leads to superior performance.

Table 4.15 : Moderating effect of product of Environmental factors on independent and dependent variables.

Goodness of fit	Test		
	Statistic	P-value	
Adjusted R-squared	0.6655		
F-statistic (6, 137)	48.09	0.000***	
Dependent Variable= Performance	Linear Regression Results		
	Coefficients	t- statistic	P-value
Organizational resources	2.98	1.29	0.201
Environmental factors	0.246	0.41	0.683
Organizational resource^Environmental factors	-0.0272	-0.79	0.430
Dummy: Airtel	-3.887	-5.75	0.000***
Orange	-0.978	-1.36	0.176
Yu	-11.14	-13.96	0.000***
Constant	2.508	-0.06	0.965
*** Significant at 1 percent			

Survey data (2014)

$$\text{Performance} = \beta_0 + 2.98\text{OR} + 0.246\text{E} - 0.0272\text{E} \cdot \text{OR} + e \dots \dots \dots 3.3$$

Model (ii) was estimated where products of environmental factors and organizational resources were used to estimate the moderating effects. Table 4.15 above shows that the coefficient for interactive terms were all not significant where organizational resource was not significant at (2.98, $t=1.2$). Where the coefficient in model (ii) are not significant and the environmental factors in model (iii) are not significant, there is no moderating effect based on Mackinnon (2007) argument ($p=0.201$) and environmental factors were not significant at (0.246, $t=0.41$ $p=0.683$). Therefore we fail to reject the null hypothesis and state that there is no significant effect on the relationship between organizational resources and performance and thus environmental factor is just an explanatory variable.

The findings are supported by CCK (2014) that the environmental factors do not strengthen the firm's performance instead they should be amended according to the legal requirement for proper operations of the firm. The findings also get support from Wasike (2011) in the argument those environmental factors do not weaken or strengthen the performance but they safeguard the industries for appropriate operations within the country. The findings agree with Srivastava and Frankwick (2011) findings that environmental factors favor or strengthen performance. In addition the findings get support from Anderson (2011) that performance dependent on environment. Finally organization learning theory supports the findings in that monitoring of environment indirectly produce high performance (Winter, 2000).

CHAPTER FIVE

SUMMARY, CONCLUSION AND POLICY RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion and contributions of the study to knowledge, policy recommendations and areas for further research.

5.2 Summary

The performance of the mobile phone companies in Kenya seems to have been stagnated for a period of time despite the availability of better and modern organizational resources. Previous studies done on performance globally and in Kenya did not focus on the mobile phone companies. The current study sought to determine the extent to which organizational resources affect performance of the mobile phone industry in Kenya and analyze the strengths of the factors of organizational resources on performance. The specific objectives were to establish whether human capital affects performance of mobile telephone companies in Kenya, to establish whether technology competencies affect performance of mobile telephone companies in Kenya, to analyse the mediating effect of competitive advantage on the relationship between organizational resources and performance of mobile telephone companies in Kenya, and to determine the moderating effect of environmental factors on the relationship between organizational resources and performance of mobile telephone companies in Kenya.

This was achieved by the use of explanatory and descriptive survey design which was cross-sectional by design. Primary and secondary data was collected using structured

questionnaire. The data collected was analyzed using descriptive and inferential statistics. The descriptive analysis was used to describe and summarize the data. Multiple regression was used to assess the combined effect of all the variables on organisations' performance and step-wise regression was used to analyse the moderating effects of the environmental factors on the relationship between organizational resources and the organisations' performance and the mediating effect of competitive advantage on the relationship between organizational resources and the organisations' performance. The findings indicated that most of the respondents had served the industry for a period of more five years, and all the respondents had post-secondary school education, implying that they were well skilled to serve the organizations. Lower-level managers (supervisors) formed the highest respondent rate followed by the category of others (sales representatives) then middle-level managers and top-level managers (executive), comprising the smallest number of respondents.

The first objective was establishing whether human capital affected performance of mobile companies in Kenya. The null hypothesis was rejected with an implication that human capital had a significant effect on performance of mobile phone companies in Kenya. This could be as a result of human resource being unique and generally non imitable. The four mobile phone companies indicated that the working experience of the employees was not important so far as performance was concerned, since experience is specific to the firm and it cannot be applied directly to another company. Frequent training and development of human resource was found to be important since it would reduce organization inimitability. Continuous learning in the organization enabled human

capital to have current knowledge which influences performance. The results indicated that employees' ability to solve problems enabled better decision-making.

The second objective aimed at establishing how technological competencies affected the performance of the mobile phone companies in Kenya. The null hypothesis was rejected, based on the fact that technological competencies had significant effect on performance of the mobile phone companies in Kenya. This would have resulted from technical ability to produce new products. As far as technology was concerned, research and development were found to be the main elements of new technology. Innovation was also found to be a key requirement as it led to new ideas, products and services, and it enabled complex production processes. The findings showed that if a company kept on changing the method they used in giving services, performance would improve, hence the reason why the recent technology had strongly influenced performance of mobile phone companies in Kenya.

The third objective sought to investigate whether competitive advantage had a mediating effect on influencing technological competencies and human capital on performance of mobile phone companies in Kenya. The findings proved that competitive advantage had a partial mediating effect on the influence of organizational resources on performance of mobile phone companies in Kenya.

Objective four investigated whether environmental factor had a moderating effect on the relationship between organizational resources and performance of mobile phone

companies in Kenya. The findings showed that environmental factors did not moderate the influence of organizational resources on performance of the mobile phone companies in Kenya. This implied that the environmental factors was an explanatory variable.

5.3 Conclusion

Organizational performance is held to be the key consideration in all institutions. In this study, the researcher examined how organizational resources affected performance of mobile phone companies in Kenya, and the following conclusions were made, based on the findings of the study. Human capital was found to be statistically significant in influencing the performance of mobile phone companies in Kenya; therefore, managers should look for ways of motivating human resource in the organization for better performance. Companies should encourage more training and development of employees to enhance knowledge and skills if they want to sustain performance.

The study found out that technology was significant in affecting the performance of mobile phone companies in Kenya; therefore, the research concludes that technology is an important resource in influencing performance of mobile phone companies in Kenya. Mobile phone companies should therefore keep updating their technological systems so as to cope with the changing customer needs for better performance.

The findings also revealed that competitive advantage partially mediated the relationship between organizational resources and performance of mobile phone companies in Kenya. That is to say that competitive advantage plays a role by enhancing organizational resourcesa to influence performance of mobile phone companies in Kenya. Therefore,

the study concludes that corporate reputation and organizational culture results to competitive advantage.

The research concludes that environmental factors had no moderating effect on influencing the relationship between organizational resources and performance of mobile phone companies in Kenya, that is they indirectly contribute to the relationship between organizational resources and performance of mobile phone companies in Kenya. The mobile phone companies should therefore not ignore the aspect of the changing environment as it affects performance, either negatively or positively.

5.4 Contributions of the Study to Knowledge

The study focused on the area of organizational resources and performance, particularly in mobile phone companies in Kenya. This would be beneficial to the management in understanding key resources that influence performance of mobile phone companies in Kenya. The thesis variables may be of help to researchers and practitioners in evaluating the most influential variable to performance of mobile phone companies in Kenya. It is important to note that previous studies on performance and organizational resources have been done in other countries, but this study is done on Kenya mobile phone companies.

While previous studies explored the direct relationship between the organizational resources and performance, this study tested the mediation effect of competitive advantage and the moderating effect of environmental factors. This will help other researchers to use CA when dealing with different companies since competitive

advantage is unique for each company and different competing companies have unique CA.

This study further revealed that it is not only organizational resources that directly influence performance; environmental factors and competitive advantage also influence performance of the mobile phone companies in Kenya. The thesis enhances theoretical understanding of organizational resources influence on performance in Kenya mobile phone companies. Other studies look at performance in terms of market share or profit separately, whereas this study combines market share and profitability as indicators of performance.

5.5 Recommendations for Policy Implication

These findings confirm our conceptual model and recommend a number of managerial implications. First, human capital, among other organizational resources, should be considered to be unique as one of the major contributors towards performance, since it was found to be positive and significant. Therefore, the human resource managers need to put more effort by investing in people through training and development to enhance knowledge and skills that will enable them identify factors that improve performance in the mobile phone companies in Kenya.

Management ought to pay a lot of attention to technological changes. In addition, the management should put more emphasis and pay additional attention to innovations since they are essential instruments in giving competitive advantage, which leads to high

organizational performance. Furthermore, research and development appears to be critical drivers for organizational performance. They act as a link of positive impact on organizational performance. For these reasons, information technology managers ought to focus and invest more on cutting edge systems to achieve best results.

Competitive advantage was significant, implying that competitive advantage mediated the relationship between organizational resources and performance in mobile phone companies in Kenya. Therefore, the organization's management should be committed in creating strong and positive organizational cultural values which results to competitive advantage. The organization ought to ensure that positive corporate reputation is maintained to enhance competitive advantage.

The organization management needs to lobby the government through CCK, to address the issues pertaining industry policy and regulations which will assist them to efficiently serve the market hence improve the organizational performance. The organizations through the CCK need to vestibule the government to enhance a conducive economic operating environment through fair price control and better taxations that will guard the customers' purchasing power, availability of affordable credit facilities and interest rates.

5.6 Recommendation for Further Research

The researcher recommends that a similar research should be conducted in other companies in Kenya. The current research can be duplicated but should use a longitudinal approach since performance is a process that occurs over time, implying that a longitudinal approach would have been appropriate. In mobile phone companies,

rebranding has been done by different companies, which is a major concern. This is an area that requires further research to establish factors behind the need for multiple rebranding. In addition, an integrated study could be carried out on consumer behavior, pricing strategies and performance in the same industry.

REFERENCES

- Agarwal, R., Barney, J.B., Foss, N.J., & Klein, P. G. (2009). Heterogeneous resources and the financial crisis: implications of strategic management theory. *Strategic Organization journal* 7(4): 467- 484.
- Agarwal, R., Ganco, M, & Ziedonis, R.H. (2009). Reputations for toughness in patent enforcement: implications for knowledge spillovers via inventor mobility. *Strategic Management Journal* 30(13): 1348–1374.
- Akar, K.C. & Mbiti, I.M. (2010). Mobile phone and economic development in Africa. *Journal of economic perspective vol* 24 (3), pp 207-232.
- Aljaz, S. (2012). The Impact Of Project Organizational Culture and Team Rewarding on Project Performance, *Journal For East European Management Studies*, Vol. 1. p. 40-67.
- Altindag, E., Zehir, C. & Acar, A.Z. (2010). Strategic Orientations and Their Effects on Firm Performance Turkish Family Owned Firms, *Journal Eurasian Business Review*, Vol. 1. p. 18-36.
- Amit, R. & Schoemaker, P.J.H. (1993).“Strategic assets and organisational rent”, and Planning Process in SME’s. *The Irish Journal of Management*, 24(1): 154–171.
- Ana, L., Dionysis, S. & Carmen, L. (2011). Innovative Capabilities: Their Drivers and Effects on Current and Future Performance, *Journal of Business Research*. Vol.64, p. 34-48.
- Andersen, J. (2011), “Strategic resources and firm performance”, *Management Decision*, Vol. 49 No. 1, pp. 87-98.
- Arend, R.J. & Levesque, M. (2010), “Is the resource-based view a practical organizational theory?”, *Organization Science*, Vol. 21 No. 4, pp. 913-30.
- Argandoña, A. (2011). Beyond contracts: Love in firms. *Journal of Business Ethics*,99:

- Armstrong, M. (2001). *A Handbook of Human Resource Management and Practices*. London: Kogan Page.
- Baker, W.E. & Sinkula, J.M. (2009). The complementary effects of market orientation and entrepreneurial orientation on profitability in small businesses. *Journal of Small Business Management*, 47, pp. 443–464.
- Barney, J., Wright, M. & Ketchen, D. J. (2001). The RBV of a firm; Ten years after 1991, *Journal of management* 27 (6).625-641.
- Barney, J. B, & Hesterly, W.S (2010). Strategic management and competitive advantage concept. Upper saddle River, N.J: Pearson Prentice Hall.
- Barney, J. B. (2007) *Gaining and Sustaining Competitive Advantage*. (3rd Edition). Upper Saddle River, NJ: PearsonPrentice Hall
- Barney, J. B. (2011). *Gaining and sustaining competitive advantage* (4th ed.). Upper Saddle
- Baron, R. M. & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology*, 51, 1173–1182.
- Basile, A. (2012). Entrepreneurial Orientation in Smes: Risk-Taking To Entering International Markets, *Journal Far East Journal of Psychology and Business*, Vol. 7. p. 87-103
- Benedetto, A.C. & Mu, J. (2011). Strategic Orientation and New product commercialization; Mediator, Moderating and Interplay, *Resaerch and Development management journal* 44 (4).
- Best, R. (2009). Market- Based management; Strategies for growing customer value and profitability 5th Ed Pearson, Prentice Hall.

- Bremmer, A. (2009). Government intervention industry development. *Academy of Management Perspectives* 23(2): 65-81.
- Cabrial, P. (2010). Quality reputation and performance. *Journal of economic perspective* vol 24 (5), pp 200-232.
- Choi, J., & Wang, H. (2009). Stakeholder relations and the persistence of corporate financial performance. *Strategic Management Journal*, 30: 895-907.
- Chowdhury, M. M. H. (2011). Ethical issues as competitive advantage for bank management. *Humanomics*, 27(2), 109-120.
- Cimoli, M., Dosi G., Nelson, R., & Stiglitz J.E. (2009). Institutions and policies shaping industrial development: an introductory note. In *Industrial policy and development: the political economy of capabilities accumulation*.
- Coff, R., & Kryscynski, D. (2011). Drilling for micro-foundations of human capital-based competitive advantages. Cognitive perspective on the joint effects of relationship quality and differentiation on creativity. *Academy of Management Journal*, 53, 1090–1109.
- Communication Commission of Kenya, (2013). Quarterly sector Statistics Report 2014. Retrieved on 13th December 2013. Available at www.cck.go.ke.
- Cooper, D.R., & Schindler, P.S. (2010). *Business Research Methods* .11th edition. New Delhi: McGraw Hill.
- Coplin, L. H. (2002). Competitive Advantages and the SMEs: *The role of Distinctive Competences as Determinants of Success*, PhD Thesis, Universitat Autònoma De Barcelona.
- Costa, A. L., Cool, K. & Dierickx, I. (2013). Competitive implication of deployment of unique resources, *Strategic management journal* 34 pp 445-463.

- Cristima, S. (2012). The marketing Entrepreneurship and the SMEs competitiveness, *Journal of knowledge management* 1(1) pp 8-25.
- Crossan, M., Lane, W., & White, R (1999). An organizational learning Framework: From Institution to Institution, *Academy of Management Review*, 24, 3: 522-537.
- Dancey. P. & Reidy. J (2004). *Statistic without Maths for Psychology*. Prentice hall. England.
- Day, G. (1994). Continuous learning about markets, *California Management Review*, 36, Summer: 9-31.
- Dess, G. G., Lumpkin, G. T., & Eisner, A .B. (2010). *Strategic Management: Text and Cases*. New York, NY: McGraw-Hill Irwin. Franchillaedition. Pearson Prentice Hall. edition. Pearson Prentice Hall. *Development Policy Review* 27(5): 483-502.
- Drucker, P. (2009), *The Practice of Management*, Harper & Row Publishers, New York, NY.
- Eriksson, P. & Kovalainen, A. (2008). *Qualitative Methods in Business Research*, 1st ed, SAGE Publications Ltd., London.
- Field, A. P. (2009). *.Discovering statistics using SPSS*, 2nd edition. London: Sage.
- Gamero, D.M., Patrocinio, Z.Z., Enrique, C.C. & Jose F. M. (2011). Sustainable development and intangibles; Building sustainable intellectual capital, *Journal of business strategy* 20 pp 18-32.
- Garvin, D. (1993). Building a learning Organization, *Harvard Business Review*, 71, 4: 78-91.

- Gichuge, M. (2010). Ways of Politics in Kenya . *Business journal Africa* pp 40-55.
- Ghose, A., Ipeiritis P. G., & Sundrajan, A. (2009). The D imension of Reputation in Electronic Markets (Electronic version). *Social Science Research Network* (SSRN).
- Goh, S.C. (2003). Improving Organizational Learning Capability: Lessons Form Two Case Studies. *The learning Organization*, 10, 4: 216-227.
- Grahovac, J. & Miller, D.J. (2009). Competitive advantage and performance: the impact of value creation and costliness of imitation. *Strategic Management Journal* 30(11): 1192–1212.
- Gupta, S.P. (2005). Statistical methods. New Delphi; Sultan Chad & Suns Educational publishers.
- Gurhan, G., Gunduz, U., Kemal, K. & Lutfihak, A, (2011). Effects of Innovation Types on Firm Performance, *Journal of Production Economics*, Vol. 133 p. 662-676.
- Guthrie, J.P., Flood, P.C., Liu, W. & MacCurtain, S. (2009), “High performance work systems in Ireland: human resource and organizational outcomes”, *The International Journal of Human Resource Management*, Vol. 20 No. 1, pp. 112-125.
- Hair, J.F., Jr., R.E., Anderson, R.L.T. & Black, W.C. (2004). *Multivariate data Analysis*. 7th Ed. New Jersey. Prentice-Hall International. Inc.
- Hakala, H. (2011). Strategic Orientation in Management Literature; Three approaches to Understanding the interaction between Market, Technological, Entrepreneurial and Learning Orientation., *International Journal of Management* (13) pp 199-211 .

- Hoq, M. Z., & Chauhan, A. A. (2011). Effects of organizational resources on organizational performance: An empirical study of SMEs. *Interdisciplinary Journal of Contemporary Research in Business*, 2, 373-385.
- Hotice, C. (2012). The Effluence of Intrinsic and Extrinsic Rewards on employee results: an empirical analysis in Turkish manufacturing industry, *faculty of economic and administrative sciences in its journal*, vol. 3. p. 54-67.
- Hotstede, A., Fritz, D., Canavan, F., Oosterkamp, G. & Van, L. (2010). Towards Organizational Culture. *A journal of social science research* Vol 3 Page 49- 55.
- Jones, G.R. & Hill, C. L. (2009). *Strategic management: An integrated approach*. Boston, NY: Houghton Mifflin.
- Kenneth, S., Anderson, & Eddy, G. (2011). Creating SCA: RBV analysis of Ganzaga University Basket ball programme. *Journal of sport administration and supervision* vol 3 (1) pp 58-78.
- Kinot, F.B. (2009), Determinant of performance in technology based firm in Kenya. published Kenyatta University PhD Thesis.
- Koumparoulis, M. (2013). Environment, Competitive strategies and performance. *Strategic Management Journal*, 25: 890-910.
- Kraaijenbrink, J., Spender, J.C. & Groen, A.J. (2010), "The resource-based view: a review and assessment of its critiques", *Journal of Management*, Vol. 36 No. 1, pp. 349-72.
- Kumar, V., Jones, G., Venkatesan, R & Leono, R.P. (2011). Market Orientation as a source of SCA or simply the cost of competing, *Journal of marketing* 75 pp 16-30.
- Lazear, E. (2009). Firm-specific human capital: A skill-weights approach. *Journal of Political Economy*, 117: 914-940.

- Lazzarin, W. (2012). Strategizing by the Government: Industrial Policy and Sustainable Competitive Advantage. Insuper Institute of Education and Research. Pp 20-40.
- Lei, Q. (2010). Financial Value of Reputation: Evidence from the eBay Auctions of Gmail Invitations (Electronic version). *Journal of Industrial Economics*
- Li, J. J., & Zhou, K. Z. (2010). How foreign firms achieve competitive advantage in the Chinese emerging economy: Managerial ties and market orientation. *Journal of Business Research*, 63(8), 856-862.
- Liqin Ren, Guangya Xie & KoosKrabbendam. (2009). Sustainable competitive advantage and marketing innovation within firms: A pragmatic approach for Chinese firms. *Management Research Review*, 33(1), 79-89.
- Lockett, A., Thompson, S. & Morgenstern, U. (2009), "The development of the resource-based view of the firm: a critical appraisal", *International Journal of Management Reviews*, Vol. 11 No. 1, pp. 9-28.
- Lopez, S. P., Peon, J. M., & Ordas, J. V., (2005). Organizational Learning as a Determining Factor in Business Performance. *The Learning Organization*, 12, 3: 227-245.
- Lum, A. (2011). Innovative organization; structure, learning and adaptation, paper presented at DIME final conference 6th April 2011.
- Mackey, M., Molley, D, & Morris (2014). Scarce Human Capital, *Journal of strategic management* vol 3 (5) pp 43-67.
- Mahoney, J. T. & J. R. Pandian (1992). 'The resource-based view within the conversation of strategic management', *Strategic Management Journal*, 13(5), pp. 363-380.

- Mari'a D., Jose, F., & Enrique, C. (2009). The whole relationship between environmental variables and firm performance: Competitive advantage and firm resources as mediator variables. *Journal of Environmental Management*, (2009) 1–12
- McKelvie, A. & Davidsson, P. (2009). From resource base to dynamic capabilities: an investigation of new firms. *British Journal of Management* 20(S1), S63-S80.
- MacKinnon, D.P., Fairchild, A.J., & Fritz, M.S. (2007). Mediation analysis. *Annual Review of Psychology*,58(1), 593–514
- Merlo,O. & Auh, S. (2009). The effects of entrepreneurial Orientation, Marketing Orientation and marketing sub-unit ; influence on firm performance, *Journal of marketing* (20) pp 295-311.
- Mu,J., Peny,G. & Maclachlan,D, Z. (2009). Effects of risk management on New Product Development Performance. *Management Journal* 29(3) pp 170-180.
- Mugenda, O. & Mugenda, A. (2003). *Research methods*, quantitative and qualitative approaches, Nairobi Acts press.
- Murray, P. & Donegan, K. (2003). Empirical linkages between firm competencies and organizational learning. *The Learning Organization*,10, 3: 51-62.
- Muturi, A. (2010). Nairobi charting the way to innovation. *Business journal Africa* pp 46-50.
- Nham.P, Pahog.T. & Takahashi.Y. (2010). Organization capabilities, competitive advantage and performance insupporting industry in Vietnam. *An Asian Academic journal*. Vol 15.Pg 21-49.
- Nkatha, G. (2012). Competitive advantage and performance. *Business journal Africa* pp 30-50.

- Nyberg, A. J., Moliterno, T. P., Hale, D. & Lepak, D. (2014). Resource-based perspectives on unit-level human capital: A review and integration. *Journal of Management*, 40: 316-346.
- Odhiambo B.E. & Ogutu, M . (2011), Determinant of customer satisfaction for mobile phone subscribers in Nairobi. published MBA research project University of Nairobi.
- Ofwona, C. & Kibera, F. (2009), Determinants of individual consumer choice of mobile telephone service providers in the city of Nairobi. published MBA research project University of Nairobi.
- Palandino, A. (2009). Financial champions and masters of innovation; Analysis effects of balancing Strategic orientation, *Journal of product innovation management* (26) pp 616-626.
- Pedhazur, E. & Schmelkin, L. (1991). *Measurement design & Analysis; An intergrated approach*, New York, Psychology press.
- Penrose, E.T. (1959). *The Growth of the Firm*. Wiley: NewYork.
- Raduan, R., Haslinda, A. & Alimin I. (2011). A review on relationship between organizational resources and performance. *A journal of social science research* Vol 3 Page 490- 550.
- Rahman's ,S., Haque, A. & Ahmad, M,I. (2010). Exploring Influencing factors for the selection of mobile phone service provider: A structural Equational Modelling (SEM). Approach on Malaysian. consumer-African.
- Rhee, M., & Valdez, M.E. (2009). Contextual factors surrounding reputation damage with potential implications for reputation repair. *Academy of Management Review* 34, no. 1: 146–178

- Rhee, J., Park, T. & Loe D. H. (2010). Drivers of innovation and performance for innovative SMEs in South Korea, *International Journal of Management* (30) pp 65-75.
- Rose .C. & Thomasen .S. (2009). The impact of corporate reputation on performance , *European Management Journal* vol 22 (2) pp 201-210
- Rousse, M. J. & Daellenbach, U.S. (2009). Rethinking research methods for RBV perspective ; Isolating the of SCA , *Strategic management journal* 20 (5) pp 487-494.
- Saunders, M., Lewis, P. & Thornhill, A. (2003). *Research methods for business 'students' Jrd, edition Grea: Britain*. Prentice Hall
- Saunders, M., Lewis, P. & Thornhill, A. (2007), *Research Methods for Business Students*, 4th ed, Prentice Hall Financial Times, Harlow.
- Saunders, M., Lewis, P. and Thornhill, A. (2009). *Research Methods for Business Students* 5th Edition. London: Prentice Hall.
- Sheehan, H. & Toss, P. (2007). The RBV in a learning organization. *Journal of management* 27 (6).610-641.
- Slater, F., Ims, L. & Kim, N. (2012). Impact of knowledge type and strategic orientation on new product creativity and advantage in high tech firms, *strategic management journal* 30 (1) pp 136-153.
- Slater, S F., & Naver, J. C. (1995). Market orientation and the learning organization. *Journal of Marketing*, 59, July: 63-74.
- Soh, P.H. (2010). Network patterns and competitive advantage before the emergence of a dominant design. *Strategic Management Journal* **31**(4): 438–461.

- Solomon, R.M., Bamossy G., Askegaard,S. & Hogg, M.K. (2010) *Consumer Behaviour: European perspective* 4th edition Prentice Hall, Harlow, England
- Spanjol, J., William, J. Q. & Rosa, A.J. (2011). The role of strategic orientation in new product development, *Journal of strategic management* 28 pp 236-250.
- Spender, J. C., & Grant, R. (1996). Knowledge and the firm: Overview. *Strategic Management Journal*, Special Issue: 5-11.
- Srivastava, P. & Frankwick, G.L. (2011), "Environment, management attitude, and strategy tripod *Academy of Management Perspectives* 23(3): 63-81.
- Stewart, J. (1996). *Managing Change through Training and Development*. London: Kogan Page.
- Tajeddini, K. (2010). Effects of customer orientation and Entrepreneurial orientation on innovativeness: Evidence from the hotel industry in Swezerland , *Journal of tourism management* (31) pp 221-231.
- Thorpe, S., & Jackson, B.(2008). *Qualitative Methods in Business Research*, SAGE Publications Ltd., London
- Tuan, N.P. & Yoshi, T. (2010), "Organisational capabilities, competitive advantage and performance in supporting industries in Vietnam", *Asian Academy of Management Journal*, Vol. 15 No. 1, pp. 1-21.
- Unger, J., Rauch, A., Frese, M., & Rosenbusch, N. (2011). Human capital and entrepreneurial success: A meta-analytical review. *Journal of Business Venturing*, 26(3), 341-358.
- Virvilatite, R., Saladiene,V, & Skindarus, D. (2009). The relationship between price and loyalty in service industry. *Journal of economics* vol 3 pp 1392-2785.

- Walker, K. (2010). A systematic review of the corporate reputation literature: definition, measurement, and theory. *Corporate Reputation Review*, 12, 357-387.
- Wang, H. C., He, J. & Mahoney, J. (2009). Firm-specific knowledge resources and competitive advantage: The roles of economic- and relationship-based employee governance mechanisms. *Strategic Management Journal*, 30: 1265-1285.
- Warner, R. M. (2008). *Applied Statistics: From Bivariate through Multivariate Techniques*. Thousand Oaks, CA: Sage.
- Wernerfelt, B. (1984) 'A Resource-based View of the Firm.' *Strategic Management Journal*, Vol. 5(2), pp. 171-180.
- Wernerfelt, B. (2011), The use of resources in resource acquisitions. *Journal of Management*, 37(5), 1369-1373.
- William, J. & Thomas, D. (2009). Organizational change capacity: the systematic development of a scale. *Journal of Organizational Change Management*, 22(6), 635-649.
- Winter, S. (2000). The Satisfying Principle in Capability Learning, *Strategic Management Journal*, 21: 981-96.
- Wooldridge, K. (2000). *data Analysis for linear regression. 7th Ed.* New Jersey. Prentice-Hall International. Inc.
- Wu, T., Qule, M., Yang, N. & Regan, (2011). Novel Opportunities and Performance. *Journal For East European Management Studies*, Vol. 1. p. 40-67.
- Xavier, K & Patrick. R. (2011). Behavioral Economics and Customer Complaints in Communications Markets. Melbourne: Australian Communications and Media Authority.

- Xiaobu, S., Shuai, D. & Wei, P. (2010). Mediating role of competitive advantage on performance. *Strategic Management Journal*, 23: 90-115.
- Xie, Y., Zhang, M. & Lei, X. (2010). A study of the influences of organizational factors on employee participation. *Theory and Practice of Finance and Economics*, 31, 99–103.
- Yazdani, M. & Marva, N. (2013). SCA; Organizational culture and Human Resource perspective, *Journal of Management* 1 pp 1-17.
- Zarutskie, R. (2010). The role of top management team human capital in venture capital markets: Evidence from first-time funds. *Journal of Business Venturing*, 25(1), 155-172.

APPENDIX 1: QUESTIONNAIRE (MOBILE TELEPHONE INDUSTRY)

Part A: Personal Data

- 1) Indicate your job category (tick where appropriate)
 Executive Manager Supervisor Others (Specify).....
- 2) Length of your service (tick where applicable)
 Less than 5 yrs Between 5-10yrs Over 10 yrs
- 3) Please indicate the highest level of education that you have completed
 High school College Diploma bachelor degree post graduate degree

Part B: Organizational Bio data

- 4) Please tick the name of your company
 Safaricom Airtel Orange YU
- 5) Year of incorporation (Tick where appropriate)
 Before 1980 Between 1981-1990 Between 1991-2000
 Between 2001-2010 After 2011
- 6) Ownership structure (tick as appropriate)
 Privately owned (local) .Government owned both government and privately owned
 Foreign owned both foreign and locally owned

Part C: Performance of the mobile phone companies in Kenya

- 7) How much profit after tax did you get from your company in the last five years? Use the key below as appropriate.
- a) None b) Less than a million c) 1million-10million d) 11million-20 million
 e) Above 20 million

Description	a	B	C	D	E
1 st year					
2 nd year					
3 rd year					
4 th year					
5 th year					

8) To what extent do you agree with the following statements concerning your company profitability? Please tick where appropriate.

1=Strongly disagree 2=Disagree 3= Neutral 4= Agree 5=strongly agree

Statements	1	2	3	4	5
Our company profitability is reduced by high cost of operation					
Our firm profitability is increased by our differentiated products					
Our company's profit is increased by new products introduction					
Our company profit is increased by high levels of our customers income					

9) Distribute the rate of market share increase per year for the last five years. Tick appropriately.

1= 0% 2= 1-25% 3= 26-50% 4=51-75% 5= above 75%

Year	1	2	3	4	5
2009					
2010					
2011					
2012					
2013					

10) Rank the reasons for your market share increase in order of performance

5= Most Important 4=Slightly Important 3=Important 2= less Important 1= not important

Description	1	2	3	3	5
Advertisement and promotion					
Low calling charges					
Frequent offers of our services					
Low short messages service cost					
Easy use of our services					
Variety of tariffs					
Low scratch card denomination					
Clear and strong line network services					

Part D: Human Capital

11) To what extent do you agree or disagree with the following statements regarding the human capital. Use the key below to tick as appropriate.

1=Strongly disagree 2=Disagree 3= Neutral 4=Agree 5=strongly agree

Description	1	2	3	4	5
Knowledge					
Our employees have the suitable education to fulfill their jobs					
Our company encourages us to learn continuously					
Our company carry out training frequently					
Highly skilled employees turnover does affect our production or customer services					
Acquiring skills in our company is through job rotation					
We freely share the knowledge within the organization					
We have mentorship programmes to facilitate knowledge exchange					
As employees we are knowledgeable in all areas of our organization					
No one knows the company's job better than company's employees					
Our company creates time for our employees to advance their education					
Ability					
When the company is faced by challenges every employee is in a position to make the right decision					
Our employees are able to learn and improve from previous mistake					
Our employees are able to solve our company's problems without exposing them					
Our management is able to identify the gap for future success					

Our employees do not quit job because short lived problems instead they address them					
Our employees in different departments have always addressed departmental problems accordingly without difficulties					
Experience					
I have learnt more from interacting with my colleagues than theory on how to operate our process effectively					
I feel that there is s inefficient learning opportunities from experienced employees					
Number of years an employee has worked for are very important					
We employ people with who have experience in their areas of specialization					
We prefer fresh graduates without experience so as to gain company's specific experience.					
The experience gained in our company by employees help them in other organizations					

Part E: Technology

12) Please indicate the level of agreement or disagreement with the following aspects relating to your company technology and Sustainability of competitive advantage.

5= Strongly Agree 4= Agree 3= Indifferent 2= Disagree 1= Strongly Disagree

Description					
Technology	1	2	3	4	5
We always ask our customers about our IT system for feedback or evaluation of our services					
Most of our new and innovated products are as a result of customer analysis					
Our customers innovation opinion matter					
We innovate a product when we are very sure that it will not fail					
Our methods of offering services do change easily due to technology changes					
We continuously generate new ideas					
Our company always copy what is being done by our competitors without developing it					
We are always sensitive to our competitors research and					

development actions					
Most of design of our services require high technological machine which we make use of					
Our technology is capable of changing with our customer lifestyle					
We always involve our research and development department in most of our activities					
Our organization supports and invest in innovation					
We always keep our ICT department up to date					
We use most recent technology					

PART F: Environmental Factors

13)The table contains the environmental factors Please state the extent to which you agree with the statement.

5=To a very large extent 4 =To a large extent 3=Moderate extent 2= Low extent 1=To no extent

Description	1	2	3	4	5
Political factors					
Our performance is always affected by the elections in our country					
Devolution has reduced our company's performance					
During the political rallies we always record better performance					
Civil wars has always lead our company to losses					
Political stability improves our performance					
Legal factors					
The industry is given a special considerations by the constitution					
Our policies are in line with the government requirements					
The government competition regulations are favorable to firm performance					
We are involved when regulatory body (CCK) is formulating policies					
The government support the industry to a access information needed					
The government control prices to favor our performance					
The industry is well protected by the law					

Local and international authorities laws favors our business					
There is an easier and a fair way of getting licence for the business					
Economical factors					
The existing taxation polices favors our profitability					
We are in a position to determine how much we pay for tax					
Inflation has a lot of effect on our business operation					
Existing inflation rate determine the price we offer our product and services					
The government control prices to favor our performance					

Part G: Competitive Advantage

14) To what extent do you agree or disagree with the following statements regarding the CA. Use the key below to tick as appropriate.

1=Strongly disagree 2=Disagree 3= Neutral 4=Agree 5=strongly agree

Description	1	2	3	4	5
Organizational culture					
Our values can only be applicable to our company only					
Our organization values and symbols are clear and understandable to every in the society member					
We keep on reviewing our values to suit the market changes					
There is high involvement of employees when making company's policies and decisions					
Our organization top management make decision while the middle and lower level management implement					
When we are introducing new policies and programmes every employees idea counts					
When policies are made no room for negotiations					
We belief in working within the set goals and objectives					
Corporate Reputation					
We offer quality products to our customers					
We respond to customers complain immediately					
Our customers relies and believes in the information we give more than our competitors					
Even when we are ineffective our customers bear with us					
Environmental conservation we do makes the society to trust us					

By giving bursaries and education programmes we attract more customers					
Having some funds set aside for health programme to the community is a loss to the company					
When we are faced by loss we raise the products charges to recover					
We value profit than our customers and employees					
We are careful the way we carry out our business for sake of our image rather than our profit					

THANK YOU FOR YOUR CO-OPERATION

APPENDIX 2: QUESTIONNAIRE LETTER OF TRANSMITTAL

JANE GAKENIA NJOROGE

PO BOX 660

LIMURU

Email-strategicgakenia@mail.com

Dear Respondent,

I am a PhD student at Kenyatta University. Currently am conducting a research to investigate effects of organizational resources, sustainable competitive advantage on firm's performance of the mobile phone industry in Kenya. The results of the study will form a basis for formulating ways of enhancing firm better performance through generated components of organizational resources and competitive advantage of mobile phone in Kenya.

In answering your questions please be assured that your responses will be treated with utmost confidentiality and answers will be used for this research purpose only. Kindly read each question and please tick or write as necessary.

If you have a query regarding this research please feel free to contact me through my mobile phone number 0721-711-435 or chairman department of business administration Kenyatta University P.O Box 43844 Nairobi.

Thank you for your cooperation.

Yours Faithfully

Jane G Njoroge (D86/CTY/PT/25170/2011).

APPENDIX 3: MOBILE PHONE NETWORK PROVIDERS' PROFIT SUMMARY

Network provider	2008 (Millions)	2009 (Millions)	2010 (Millions)	2011 (Millions)	2012 (Millions)	2013 (Millions)
Safaricom	16.3	18.3	20.1	18.4	20.2	19.1
Airtel	1.4	2.2	4.2	3.6	3.4	4.5
Orange	3.2	1.3	2.7	2.4	1.7	3.1
YU	1.1	1.3	1.5	1.7	2.2	2.6