EFFECTS OF ORGANIZATIONAL DISTINCTIVE CAPABILITIES ON ORGANIZATIONAL PERFORMANCE IN TELECOMMUNICATION INDUSTRY IN KENYA

BY

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A Research Project Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA
SUMMER 2017
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ____________________      Date: ____________________

Pauline Waswa (ID.No: 645158)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ____________________      Date: ____________________

Dr. Joyce Ndegwa
Dean, Chandaria School of Business
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ACKNOWLEDGEMENT

I express my sincere gratitude to the Chandaria School of Business, the United States International University-Africa for availing to me an opportunity to pursue my Master of Business Administration Degree. Special thanks in particular goes to my Supervisor, Dr. Joyce Ndegwa, for her patience, efficiency, and timely review and guidance throughout the conceptualization of the research to the final preparation of this thesis. Her positive criticism ensured that I remained within the subject context. I also wish to thank my classmates for their valuable company and moral support throughout the course work to the development of this study. To you all thank you and may God’s blessings be upon your lives.
DEDICATION

I dedicate this study to my amazing mom Racheal Namikoye, Sister Sylvia Waswa and lovely son Kyle Amani.
ABSTRACT

The general objective of the study was to investigate the effects of organizational distinctive capabilities on organizational performance in telecommunication industry in Kenya with reference to Safaricom Limited. More specifically, the study sought to: establish the effect of firm resources on organizational performance in telecommunication industry in Kenya; determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya; and to assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya.

This study adopted the descriptive research design. The target population for the study is the staff at Safaricom Limited’s headquarters, with a population of 160 employees. The sample size was 115 respondents out of a target population of 160. The study used both primary data by use of structured questionnaire and secondary data from annual financial reports which were largely quantitative and descriptive in nature. Both descriptive and inferential statistics were conducted. Descriptive analysis involved the use of Mean and standard deviations as measures of central tendencies and dispersion respectively. Inferential statistics was on the other hand done to show the nature and magnitude of relationships established between the independent and dependent variables using regression analysis to make inferences from the data collected.

A significant and positive correlation was also established between firm resources and organizational performance. Most respondents particularly highly agreed that the company has adequate cash flow to finance its business activities (4.392); the company carries out staff trainings frequently (4.361); the company maintains a corporate image that earns the firm a competitive edge over the firm’s competition (4.351); the company has adequate technological resources to finance the firm’s business activities (4.342); the company has adequate equipment to enable the firm execute its organizational goals (4.332); and that the company has adequate financial resource to finance its organizational goals (4.329).

The study also established a significant and positive correlation between organizational culture and organizational performance. A majority of respondents high agrees that the
organizational focus is to be on the leading edge/ being an industry leader (4.354); innovation, risk-taking and challenge are embraced with a view to allow staff perform to their full potential (4.348); the long-term emphasis is on staff empowerment, growth and development to realize optimum staff performance (4.312); leaders are mentors/parental heads, encouraging and sociable to motivate staff towards meeting expected performance levels (4.261); staff are commitment to experimentation and thinking differently to enable the company earn a competitive edge in the industry (4.226); in the firm, success means gaining unique and new products/services hence a competitive edge in the industry (4.201); managers coordinate, organize and monitor people and processes towards realizing firm goals (4.191); and that stability, performance and efficient operations are long-term goals (4.014).

It was further established that a significant and positive correlation exists between top management commitment and organizational performance. A majority of respondents were found to highly agree that top management arranges adequate resources for employee education and training with a view to optimize staff and organizational performance (4.162); top management talks enthusiastically about what needs to be accomplished in order to realize superior organizational performance (4.111); top management strongly encourages employee involvement in quality management and improvement activities in order to realize superior employee performance (4.101); top management expresses confidence that the organization will achieve its goals hence motivation among staff to perform to expectations (4.098); top management actively participates in quality management and improvement process with a view to an a competitive edge in the industry (4.063); and that top management pursues long-term business success (4.003).

The study concludes that Firm resources significantly and positively affects organizational performance. The observed improvement in organizational performance over the last 5 years can significantly be attributed to significant investments in firm resources including finances, equipment, technology, knowledge and manpower. The study also concludes that organizational culture has a significant and positive effect on organizational performance. The observed improvement in organizational performance
over the last 5 years can also be significantly attributed to a participatory, friendly and adaptable organizational culture among employees across different managerial levels in the firm. The study further concludes that top management commitment significantly and positively affects organizational performance. As such, top management commitment has also played a significant part in the observed improvements in organizational performance over the last 5 years.

The study recommends that to further realize better organizational performance going forward, there is need for firms in the telecommunication sector to invest in key resources including a competent workforce, money, equipment, efficient and cost effective technologies, equipment and knowledge. To record improved firm performances, firms within the telecommunication industry also ought to create an organizational culture that is cohesive, adaptable and friendly between leaders and staff. There is need for employees to be allowed latitude to be creative and innovate within the confines of organizational goals. It is thus hereby recommended that executives in firms within the telecommunication industry ought to provide adequate support and commitment to various business activities and operations aimed at attaining organizational goals. These may include among others, availing pertinent resources in time, involving employees in their strategic meetings and giving moral support whenever required.
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CCK  Communications Commission of Kenya
GDP  Gross Domestic Product
KCA  Kenya Communications Act
KCB  Kenya Commercial Bank
CHAPTER ONE

1.0 INTRODUCTION

1.1 Background to the Study

Operating environment for businesses is very dynamic following increased effects of globalization and development in information communication technology among other variables. In order for organization to align their operations to the dynamic operational environment, they have to constantly formulate and implement strategies (Johnson & Scholes, 2015). A strategy is an important component of organization planning towards the attainment of organizational objectives. The strategy translates plans into actions and the intended results so as to deliver on organizational objectives (Kiptugen, 2011). The test of successful strategy Operationalization is whether actual operational results is as per the targeted results or superseded the outcome as set out in the strategic plan. Failure to achieve the set targets signifies weak strategy which has been poorly operationalized. Well implemented strategies promote overall organizational performance while poorly implemented strategies manifest themselves in poor performance results (Rudd, Greenley, Beatson & Lings, 2015).

A strategy is a game plan developed by an organization which integrates an organizational goals and objectives with the plans developed (John & Mathews, 2014). Its purpose is to provide direction on a day to day basis so as to achieve the said targets to fit with the changes in the operating environment (Al-Shammari & Hussein, 2015). It helps position a firm competitively in a given industry to attain competitiveness (Johnson & Scholes, 2015). In addition, strategy identify the key areas of focus for an organization if it is to remain on top of its competitors (Barthélemy & Geyer, 2016). With the increasing competition among firms, a strategy enables firms to gain competitive advantage by laying strategies that would move its operations from one point to a future desired position.

According to Thompson and Strickland (2014) a strategy creates fitness between organizational competencies and opportunities in the operating environment. A strategy matches internal resources to challenges posted by the external environment for
competitiveness. Organizational distinctive capabilities have been characterized as ‘the most intangible of the company’s resources’ (Marshall, McIvor & Lamming, 2014). From a strategic management viewpoint, the way in which the efforts of the enterprise are organized, may be a source of (adaptive) strength and competitive advantage. Organizational distinctive capabilities can be viewed as the organizational context in which organization members work in order to contribute to growth, service or other organizational goals (Olson & Slater & Hult, 2016). Johnson and Scholes (2015) and Aladwani (2011) looked upon organization distinctive capabilities as ‘the collective abilities of the organization, as distinct from the individual abilities that make up human capital’. In this sense, organizational distinctive capabilities are considered a form of human capital because its productive capacity is embodied in humans (Olson & Slater & Hult, 2016). As such, in the present study, organizational distinctive capabilities will be operationalized by the concepts of top management commitment, resource allocation and organizational culture.

Firm performance shows how well an organization has utilized the resources at its disposal in generating wealth for the shareholders. According to Wheelen and Hunger (2013), firm performance is the final result of a firm operating within the specified period (Delaney and Huselid, 2014). Organizational performance is measured using several variables including: quality of service delivered, quantity of output productivity, corporate image, market share, annual turnover (Hamon, 2011). The study adopts Pettigrew’s (2011) definition of organizational performance as comprising the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

Organization performance checks the efficiency of management in the utilization of resources entrusted to them by the shareholders in generating wealth within a given time period (Blahová & Knápková, 2016). It is measured by ratios at different points in time to establish how well the resources of the firm have been applied in generating wealth. Different ratios have been applied depending on the purpose of the measurement including profitability and liquidity ratios (Wheelen & Hunger, 2013).
According to Cater and Pucko (2016), ratios indicate if the firm is utilizing the resources at its disposal in achieving the objective set by the owners of a business of making them wealthier. The ratios are used to standardize measurement so as to enable comparison across the industry, same firm over a period of years or other firms in other industries. The main objective of checking financial performance of an organization is to establish how well the resources of the organization have been utilized in generating profits and wealth for the owners (Blahová & Knápková, 2016). From the foregoing, in the present study, firm performance will be measured by annual turnover and employee productivity.

The Kenya Communications Act (KCA) of 2012, established the National Communication Secretariat (NCS), headed by a Communication Secretary, whose main objective is to advise the government on the adoption of a communication policy, which, among other things is meant to encourage competition in the provision of communication services. According to (CCK, 2014), the Communications Commission of Kenya (CCK) is independent regulators, whose objectives are to license and regulate telecommunications, radio communication and postal services. Its vision is to “enable access to reliable communications services by all Kenyans”, while its mission is to “ensure that the communications sector contributes to the country’s overall development through efficient and enabling regulation and public participation”. Current challenges facing the Telecommunications sector in Kenya include: Licensing of the Secondary National Operator process has been rather slow and lethargic and may have been overtaken by events such as the issuing of unified licenses, increasing competition and regulatory requirements, scope for m-commerce application largely unexplored, regulation and enactment of an enabling framework for provision of financial intermediary services such as mobile banking and managing growth and the impending challenges on quality of service, average revenue per user, operator capacity.

Communication Companies in Kenya are: Access Kenya, Bharti Airtel (formerly Zain, Celtel), Essar Telecom Kenya (Yu, formerly Econet), Jamii Telecom, Liquid Telecom, Nokia Siemens Networks (NSN), Safaricom (Vodafone), Telkom Kenya (Orange, France Telecom), Wananchi Online and ZTE. It has not been previously clear which arm of government deals with matters relating to IT or who is responsible for the regulation of the IT sub-sector. However, the national ICT policy approved in January 2016 recognizes CCK as the regulator of the whole of the ICT sector, including IT and broadcasting. Once
this is implemented through requisite changes in the Kenya Communications Act of 2014, there will be clarity on these matters and hopefully there will be increased growth in the ICT sector (Waema, 2014).

Safaricom Limited, partly owned by the British mobile firm Vodafone is currently the country’s leading telecom company with more than 60% of Kenya’s 33 million mobile user subscriptions (Safaricom, 2016). The company provides a comprehensive range of services under one roof: mobile and fixed voice and data services on a variety of platforms. Safaricom has made heavy investments in broadband capacity achieving a foothold in undersea cable, satellite, metro and trunk cable connectivity. Safaricom has the widest 3G network and the most expansive WIMAX presence in Kenya (Safaricom, 2016).

Currently, Safaricom has nationwide dealerships to ensure customers across the country have access to its products and services. Its headquarters are located in Safaricom House, Waiyaki Way in Westlands, Nairobi. Safaricom also has charitable functions where it helps the less fortunate in the society mostly through the Safaricom Foundation. It has also pioneered commercial mobile money transfer globally through M-PESA; the most successful such service anywhere in the world (Safaricom, 2016).

1.2 Statement of the Problem
The telecom industry is growing all over the world. More and more people are gaining access to the telecom services such as cellular phones, broadband and fixed telephones (Cater & Pucko, 2016). Many developing countries are starting to invest more into this sector and it is becoming an important factor for their economy. The prosperity within the sector attracts newcomers and the competition increases (Blahová & Knápková, 2016). Therefore the companies within the telecom industry, as well as other industries, have to work hard to stay competitive in order to prosper in the market. Globally, two groups of economies dominate in terms of strategic response to the ever competitive telecommunication industry: Northern European economies including Finland, Sweden, Norway, and Denmark and the so-called Asian Tigers which include Singapore, Taiwan (China), the Republic of Korea, and Hong Kong SAR. All boast outstanding business and
innovation environments that are consistently ranked among the most conducive in the world (Cater & Pucko, 2016).

In Africa, in a recently completed in-depth analysis of the market, its trends, and the drivers of it Deloitte reports that African mobile telecoms have witnessed massive growth over the last decade; compound annual growth rate for subscriptions reached 21% 2009-11 and 63% in 2013-2016. This rapid uptake has been mainly driven by: mobile services being a core life enabler to all user segments; favorable macroeconomic factors flowing to higher consumption; and licensing opportunities and improved regulatory environment (GSMA, 2017). Telecommunications growth Africa has positively impacted incomes across the continent: in Sub-Saharan Africa, mobile revenues reached $35bn in 2016 representing GDP contribution of approximately 3%. Recent Deloitte and GSMA research states that a 10% increase in mobile penetration in developing economies is likely to increase productivity by 4.2% (Deloitte, 2017).

Within East Africa, Kenya boasts of the most competitive telecommunication industry, with Safaricom limited being at a consistent lead. In Kenya, there has been intensive competition, technological and policy challenges requiring changes and the strategic, operational and tactical responses to these changes in the telecom industry in Kenya (Deloitte, 2017; GSMA, 2017). Despite the growing competition in the telephony industry mainly from Airtel Kenya, Safaricom has managed to stay on the lead in the Kenyan telecom industry (Deloitte, 2017).

A review of empirical literature in the Kenyan context reveals pertinent gaps in the body of knowledge that the present study endeavors to address. The published Kenyan literature related to the present study has largely focused on other dimensions of organizational distinctive capabilities, including strategic planning and strategic implementation and the influence thereof on either firm performance or competitive advantage, and in other sectors other than the telecommunication industry. For instance, Kiptugen (2011) studied strategic responses to a changing competitive environment, the case study of Kenya Commercial Bank while Kasingiu (2010) explored strategic responses adopted by Kenya Post Office Savings Bank to the changing competitive environment in the banking industry and Kiarie (2012) studied strategy implementation at
Cooperative Insurance Company Limited, Kenya. Organizational distinctive capabilities in relation to organizational performance in the telecommunication industry is however unexplored, hence the present study.

1.3 General Objective
To investigate the effects of organizational distinctive capabilities on organizational performance in telecommunication industry in Kenya with reference to Safaricom Limited.

1.4 Specific Objectives
Specifically, this study sought to:

1.4.1 To establish the effect of firm resources on organizational performance in telecommunication industry in Kenya
1.4.2 To determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya
1.4.3 To assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya

1.5 Importance of the Study
1.5.1 Safaricom Limited
The findings of this study give the management of Safaricom Limited an insight into the effect of strategy implementation on organizational performance. The results inform areas of improvement needed to make strategy implementation within the organization more effective.

1.5.2 Policy Makers
The study is also important to the policy makers in the Government and other Government bodies responsible in regulating the telecommunication industry in the country and formulation of policies pertinent to the telecommunication industry. Through the findings of this study, the government through CCK will develop appropriate policies to regulate competition within the telecommunication industry in the country.
1.5.3 Future Researchers and Scholars

The study is of importance to future researchers and scholars since it is a source of material for their research and will also help them in identifying the research gaps they need to fill. This will help deepen the empirical research in strategy implementation and organizational performance in the telecommunication industry in the country.

The study set out to investigate the effects of strategy implementation on organizational performance in telecommunication industry in Kenya with reference to Safaricom Limited. Whereas a myriad of strategies are presented in literature, the present study narrowed down the scope to only four, namely resource allocation, organizational culture and top management commitment. The study was interested in both primary and secondary data in identifying both measures of both organizational capabilities and organizational performance respectively. The population scope included the staff at Safaricom Limited’s headquarters, with a population of 160 employees. The geographical scope of the study was Nairobi County, particularly the Safaricom headquarters in Westlands. The time scope of the study was a one-month period, running from 1st of July to 31st July 2017.

1.7 Definition of Terms

1.7.1 Organizational Culture

A system of shared assumptions, values, and beliefs, which governs how people behave in organizations (O’Reilly & Chatman, 2011).

1.7.2 Resource Allocation

Resource allocation is a plan for using available resources, for example human resources, especially in the near term, to achieve goals for the future (Grant, 2016).

1.7.3 Top Management Commitment

The effort by top management to demonstrate support to company operations by providing resources and training, overseeing implementation at all levels of the organization, and evaluating and revising the strategies in light of results (De Menezes, 2012).
1.7.4 Firm Resources

Human, financial, physical, and knowledge factors that provide a firm the means to perform its business processes (Bertolini & Bevilacqua, 2015).

The actual output or results of an organization as measured against its intended outputs (or goals and objectives) (Day & Lord, 2012).

1.8 Chapter Summary

This chapter has explored to the introduction to the study. The chapter has built the case for the study by introducing the problem warranting an investigation into the effects of organizational distinctive capabilities on organizational performance in telecommunication industry in Kenya with reference to Safaricom Limited. The chapter is structured into the background of the problem, the statement of the problem; the study objectives; the importance of the study, scope of the study as well as the definition of terms. The next chapter explores the literature review.

The third chapter on the other hand elaborated on research design, data collection methods and analysis. The fourth chapter thereafter presented results and findings of the study. Lastly, chapter five discussed conclusions, findings and recommendations based on the case study.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction
This chapter reviews previous studies conducted in relation to the variables underpinning the study. The chapter is structured into four sections in accordance with the study objectives which include: to establish the effect of resources on organizational performance in telecommunication industry in Kenya; determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya; and assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya. The chapter will then be concluded with a chapter summary.

2.2 Effect of Firm Resources and Organizational Performance

2.2.1 Tangible Firm Resources
Hill and Jones (2014) classified a firm’s resources into two broad categories: tangible resources and intangible resources. Tangible resources are those which are regularly shown in the balance sheet of the firm (Collis and Montgomery, 2014), and include: physical resources (Hill and Jones, 2014; Srivastava, 2013) such as land, buildings, plant, equipment, inventory (Collis and Montgomery, 2014; Hill and Jones, 2014; Mcadam and Henderson, 2012; Chandler, 2015); natural resources, raw materials, semi-finished goods, waste products, by-products, and stored finished goods (Srivastava, 2013; services and distribution facilities (Mcadam and Henderson, 2012); and money (Hill and Jones, 2014). Financial resources include debt, equity (Baidoun, 2014; Mcadam and Henderson, 2014, cash flow (Mcadam and Henderson, 2012), and earning (Baidoun, 2014). In relation to technological capabilities, Schendel and Hofer (2012) reported that “the term technology is used in the broad sense; that is, as a description of the way that each of a business’s various functional area activities are carried out such as high-quality products, low-cost plants, and high brand loyalty”.

To illustrate, Hill and Jones (2014) defined resources as the “capital or financial, physical, social or human, technological, and organizational factor endowments that allow a company to create value for its customers”. Moreover, they classified money (financial
resources) under tangible resources. Additionally, although Bertolini and Bevilacqua reported that resources can be classified into physical, human, organizational (Bertolini and Bevilacqua, 2016) and financial resources (Baidoun, 2014), technological resources are also mentioned indirectly in his description of physical resources. Specifically, he stated that “physical resources include the machines, manufacturing facilities, and buildings firms use in their operations” (Baidoun, 2014).

Bertolini and Bevilacqua have combined physical and technological resources under one category. To be specific, according to the meaning of technology, as defined by Mcadam and Henderson, it is clear that technological resources can be represented by the “machines” and the “manufacturing facilities” in Birney’s description of physical resources. Indeed, Amit and Schoemaker (2013) also highlight the significance of the technological factor, noting that technological resources are one of the main resources for the company to produce products or services.

Bakar and Ahmad (2010) propose that tangible resources include capital, location of buildings, warehouse and other facilities. Conner (2012) argues that tangible resources are a weak source of competitive advantage compared to intangible resources as competitors can easily duplicate them. Chatterjee and Wernerfelt (1984) contend that tangible assets are firm as well as usage specific and are used in a limited number of activities. Jugdev and Mathur (2012) propose that while tangible resources such as hardware, software, systems, methodologies and bodies of knowledge are valuable, they are imitable and unlikely to create a SCA for a firm.

Dierickx and Cool (2014) and Peteraf (2013) posit that the reason why tangible resources fail to meet the necessary conditions to be a critical factor of competitive advantage is the lack of value, heterogeneity, rareness, durability, imperfect mobility, unsubstitutability and imperfect imitability. Barney (2011) observed that tangible resources could be a source of advantage if they were obtained to a sufficient extent and if they had economies of scale (Clarke, 2014).

According to Barney (2011), tangible assets include company’s land, geographical location, infrastructure, assets such as buildings, ICT, physical networks and other equipment, as well as access to raw materials and energy. Availability of capital has been
found to be positively related to firm formation (Gartner, 2012) and to firm growth (Castrogiovanni, 2011). However, Farjoun (2012) contends that tangible resources are limited in the range of industries in which they can be applied. Chatterjee & Wernerfelt (2011) support this notion and argue that there are limitations in reusing tangible resources. In order for firms to prosper, they should have a combination of both tangible and intangible assets.

2.2.2 Intangible Resources

Intangible resources are those that usually form critical functions for competitive advantage or disadvantage (Collis and Montgomery, 2014). They are not physical and instead relate to things that are created by a firm’s employees (Hill and Jones, 2014), such as brand names, reputation, and human knowledge (Collis and Montgomery, 2014; Hill and Jones, 2014); experiences, patents, copyright, and trademarks (Hill and Jones, 2014); and technological knowledge (Collis & Montgomery, 2014). In addition to tangible and intangible resources, Collis and Montgomery (2014) added a third category known as organizational capabilities, which they defined as a mixed grouping of “assets, people and procedures” by which firms convert their inputs to outputs. Thus, lean manufacturing and product development, as applied in Japanese automobile firms, can be considered amazing organizational capabilities.

Resource types have also been classified into physical (or tangible) resources and human resources, such as secretarial, executive, marketing, technical, and financial staff (Srivastava, 2013; Chandler, 2015; Mcadam and Henderson, 2012), and inexpert and expert workers (Srivastava, 2013). Soltani et al. (2015) and Chandler (2015) added financial resources to the physical and human resources, while Bertolini and Bevilacqua (2016) categorized resources into physical, human and organizational. Later, he added financial resources to his categorization (Baidoun, 2014). However, a more comprehensive classification of a firm’s resources is presented by Schendel and Hofer (2012), who stated that there are five kinds of resources that enable any organization to attain their goals. These resources are: financial resources, physical resources, human resources, organizational resources and technological capabilities.

Other examples of intangible resources include organizational resources including the history, relationships, trust, and organizational culture that are attributes of groups of
individuals associated with a firm, along with a firm's formal reporting structure, explicit management control systems, and compensation policies (Baidoun, 2014).

Bertolini and Bevilacqua (2016) view intangible assets as knowledge, information, experience and intellectual property while Hill and Jones (2014) opine that intangible resources are patents, brand names, Research and Development (R&D) and advertising. The RBV focuses on intangible resources as a source of a firm's SCA. Recent research has shifted focus from tangible to intangible resources because they are thought to be valuable, rare and difficult to imitate leading to a SCA (Barney, 2011). Empirical and theoretical literature propose that intangible resources as the drivers of a firm's superior performance (Amit and Schoemaker, 2013). In his empirical study of an Iranian company, Grant (2016) argues that intangible resources are a source of a firm's exceptional performance because they are a source of heterogeneity and have high barriers to duplication.

Corporate reputation is an important intangible asset firms use to create a competitive advantage and enhance performance (Cannelli & Tishler 2014; Flatt & Kowalczyk 2013). Reputation is borne out by the energy and effort that often goes into creating, developing and sustaining a reputation (Hall 2012; Barney 2011). Reputation affects performance and is, at the same time, a result of that performance. A firm may possess an excellent reputation and the publicity surrounding its reputation may feed the initial value of the strategic resource since the firm is perceived by its stakeholders to have an excellent reputation. In the management literature, it is possible to find empirical studies that assume reputation to be either a dependent or an independent variable (Schendel & Hofer, 2012).

McAdam and Henderson (2012) found a positive relationship between past performance and reputation, and between past accounting profit and reputation. Mathews (2006) also found positive relationships between past return and reputation and between reputation and future return. Brown and Perry (2014) used Fortune’s database and obtained a direct relationship between past return and reputation. Fergusson, Bertolini and Bevilacqua (2015) showed that strategic groups with higher reputations have superior performance. Hill and Jones (2014) found a positive relationship between reputation and sustainable performance. In their research, Bertolini and Bevilacqua (2016) concluded that it is the
ability to develop and exploit reputation that dictates a company’s dominance in an industry.
2.2.3 Firm Resources on Organizational Performance

Many researchers have highlighted the importance of focusing on internal strengths and weaknesses as a source of competitive advantage, resulting in a better and more favorable situation. For instance, Bertolini and Bevilacqua (2015) reported that strategic alternatives must be driven from an analysis of the exclusive skills and capabilities of the firm rather than the firm’s external environment; further “analyzing a firm’s skills and capabilities can be a source of more accurate expectations”. Grant (2016) identified how changes in the external environment can justify the resources and capabilities required as the steady base from which the firm can determine its identity. Grant also emphasized that a business should be described based on its capabilities to provide stronger strategy, rather being described according to the requirements it aims to satisfy. Therefore, it is important for strategists and executives to understand that investigating a firm’s internal assets provides a more reasonable analysis for formulating strategies than concentrating on what the firm should do to meet demand (Lo´pez, 2015).

The relationship between profitability and competitive advantage can provide a good understanding of the role of resources in strategy. To illustrate, although a positive relationship exists between profitability and the market share, the main objective of “competitive position analysis” is to provide a measurement method for continuing growth and profit instead of analyzing the market share (Mcadam and Henderson, 2012). Consequently, a firm’s profitability may be affected negatively if its competitive advantage is lost. This is the reason that a failing firm can be defined as a one whose profitability is considerably lower than its rivals’ average profitability when an ability to produce and manage the resources is absent (Hill and Jones, 2014).

Strategic executives and academic authors have always explored sources of competitive advantage (Bertolini and Bevilacqua, 2016, Baidoun, 2014). A company is considered to have a competitive advantage if it employs a “value creating strategy” which is not available to its rivals; it is considered to have a sustained competitive advantage if it has a competitive advantage and its competitors are unable to duplicate the value creating strategy (Bertolini and Bevilacqua, 2016). Hill and Jones (2014) reported that, within the same industry, if the firm’s profitability exceeds the average profitability of its competitors, it is considered to have competitive advantage. They added that the ability
to protect “above-average profitability” for years is equivalent to sustained competitive advantage.

However, strategy cannot attain competitive advantage unless the firm forms its distinctive competencies (Hill and Jones, 2014). Indeed, Schendel and Hofer (2012) reported that a significant amount of research has proposed that distinctive competency is the main base of strategy. To be specific, they identified the importance of resources through their definition of the firm’s distinctive competency as “its unique resources and resources deployment pattern”. In addition, Hill and Jones (2014) defined distinctive competencies as particular powers of the organization to differentiate its outputs and/or produce with a cost considerably lower than its competitors. Similarly, Collis and Montgomery (2014) declared that resources differentiate between firms and represent a durable supply by which competitive advantage is revealed. These definitions imply that resources represent organizational powers, by which strategy can be successful.

Further, Reed and Defillippi (2010) have declared that competency consists of a collection of resources and the methods by which these resources cooperate to provide outputs. Amit and Schoemaker (2013) believe that the real challenge for executives is to make profits through a sustainable competitive advantage by defining, improving, defending, and implementing the required resources. Thus, according to Hill and Jones (2014), the main goal of strategy (collection of resources) is to develop a competitive advantage that obtains better profitability. From this point of view, strategy can be seen as “the driver of competitive advantage and profitability”.

2.3.1 Involvement Trait

Organizational culture has been variously defined (Kroeber and Kluckhohn, 2013; O’Reilly and Chatman, 2011; Sudarsanam, 2010). This may be because of the ambiguous nature of the concept of the organization (Schein, 2010) and the different understandings of what culture is (Brown, 2015). The culture of an organization can be defined as the embodiment of its collective systems, beliefs, norms, ideologies, myths and rituals. They can motivate people and can become valuable source of efficiency and effectiveness (Sudarsanam, 2010). A clear distinction can however, be made between those who think of culture as a metaphor which allows for the understanding of organisations in terms of
other complex entities such as the machine and the organism (Davidson, 2013) and those who think of culture as an objective entity with personality (Van de Post et al, 2014).

While there is no consensus on the components of organisational culture, most authors agree that it is: holistic, inter-subjective and emotional, rather than strictly rational (Christensen, and Gordon, 2010); historically determined and needs to be taught to new members as the “correct way” to perceive things (Schein, 2010); related to anthropological concepts (McNamara, 2015); a collective phenomenon, socially constructed and shared by members of groups (Davis, 2014; Sergiovanni and Corbally, 2014); primarily ideational in character, having to do with meanings, understandings, beliefs, knowledge and other intangibles which govern peoples’ lives and behaviour patterns (Kennedy, 2012, Kotter and Heskett, 2012; Pettigrew, 2011). It is difficult to change culture since it forms the foundation for the organization’s management system (Ouchi (2014, Denison, 2010), provides meaning to the members of the organization (Denison, 2010; Hofstede et al, 2010; Trice and Beyer, 2013) and outlasts organizational products, services, founders and leadership and all other physical attributes of the organization (Schein, 2012).

Involvement is the degree to which individuals at all levels of the organization are engaged in pursuit of the mission and work in a collaborative manner to fulfil organizational objectives. This trait consists of building human capability, ownership and responsibility. Organisations empower their people, build their organizations around teams, and develop human capability at all levels (Becker, 2014; Lawler, 2015). Executives, managers, and employees are committed to their work and feel that they own a piece of the organization. People at all levels feel that they have at least some input into decisions that will affect their work and that their work is directly connected to the goals of the organization (Spreitzer, 2015). When capability development is higher than empowerment, this can be an indication that the organisation does not entrust capable employees with important decision making that impact their work. Capable employees may feel frustrated that their skills are not being fully utilised and may leave the organisation for better opportunities elsewhere if this is not dealt with.
2.3.2 Consistency Trait

Consistency is the organization’s core values and the internal systems that support problem solving, efficiency, and effectiveness at every level and across organizational boundaries. Organizations also tend to be effective because they have “strong” cultures that are highly consistent, well-coordinated, and well integrated (Saffold, 2014). The fundamental concept is that implicit control systems, based upon internalized values, are a more effective means of achieving coordination than external control systems which rely on explicit rules and regulations (Pascale, 2012; Weick, 2013).

Behaviour is rooted in a set of core values, and leaders and followers are skilled at reaching agreement even when there are diverse points of view (Block, 2011). This type of consistency is a powerful source of stability and internal integration that results from a common mindset and a high degree of conformity (Senge, 2010). When agreement is lower than core values and coordination, this tends to indicate that the organisation may have good intentions, but may become unglued when conflict or differing opinions arise. During discussions, different people might be seen talking at once or ignoring the input of others, and withdrawal behaviours might be observed. The result is that nothing tends to get resolved and the same issues tend to arise time and time again.

2.3.3 Adaptability Trait

Adaptability is the ability of the company to scan the external environment and respond to the ever-changing needs of its customers and other stakeholders. Organisations hold a system of norms and beliefs that support the organisation’s capacity to receive, interpret and translate signals from its environment into internal behaviour changes that increase its chances for survival and growth (Denison, 2010). Ironically, organizations that are well integrated are often the most difficult ones to change (Kanter, 2013). Adaptable organizations are driven by their customers, take risks and learn from their mistakes, and have capability and experience at creating change (Nadler 2012, Senge 2010, Stalk 2014). When customer focus is higher than creating change and organisational learning, this signifies that the organisation may be good at meeting customer demands currently, but is unlikely to be planning for future customer requirements or leading customers to what they may want in the future. However, when organisational learning and creating change are higher than customer focus, there is an indication that the organisation is good at
recognising best practices and creating new standards in the industry, but has difficulty in applying their learning to their own customers.

2.3.4 Organizational Culture and Organizational Performance

Denison’s research of 34 large American firms found that companies with a participative culture reap a Return on Investment (ROI) that averages nearly twice as high as those in firms with less efficient cultures (Denison, 2010). Denison’s study provides empirical evidence that the cultural and behavioral aspects of organizations are intimately linked to both short-term and long-term survival. Again Denison (2010) examined the relationship between corporate culture and performance. In that study, corporate culture was based on the perceptions of organizational practices and conditions, to characterize the organizational culture. He found that the organization with participative culture performed better than other cultural types. Interestingly, the study and the findings are emanating from a developed economic environment and very little is known about its relevance and applicability in a developing one such as Ghana.

Management writers have focused their attention on various cultural topics and organizational relationships. Several authors have presented ways to describe and categorize culture, and have gone ahead and identified significant cultural characteristics. Wallach (2013) for example, has categorized organizational culture into three types namely; bureaucratic, supportive and innovative. The extent to which a firm is bureaucratic refers to the hierarchical, procedural and structural aspects of its working environment. The focus of a bureaucratic work environment is on internal stability, integration and control of the firm. A supportive culture exhibits teamwork and people orientedness; friendly, encouraging and trusting work environment. Innovative culture promotes a creative, result-oriented, and challenging work environment. The focus is on being an industry leader and gaining unique new products or services (Lok, 2011; Uttal, 2013). Wallach (2013) argues for the importance of an appropriate fit between an organization and the needs and personalities of its employees. She hypothesizes that the more closely an employee needs and personality match the organization culture, the more
likely the employee will remain with the organization and perform well, and vice versa. Culture therefore determines behavior in the organization.

Corporate culture, through value and belief systems, can influence firm decisions and in turn determine firm’s HR policies and programmes that allow employees to acquire the relevant skills and competencies, which can enhance their commitment towards their employers (Merron, 2015; Dessler, 2013). Whereas, organizations may offer growth and development opportunities to their employees, as a way of demonstrating their willingness and commitment to invest in them, and to increase their value, an appropriate culture can enhance the firm’s ability to retain its well developed and motivated employees, and to utilize the acquired competencies. In this regard, culture can be said to enhance employee’s satisfaction. Tannenbaum, Mathieu, Salas and Canon-Bowers (2016) found that increased sense of self-worth could be the flexible and innovative mechanism through which training and development is predicted to increased satisfaction and commitment. Thus, without a supportive culture, HRM practices will not function to their fullest potential.

Although a considerable number of researchers have implied that culture can complement and support HR strategic orientation, there are limited empirical studies examining their interactive effects on employee outcomes. Most studies have focused on either the direct link between organization culture and employee/organizational outcomes, or the interactive link where culture is not involved. These studies have registered mixed findings. Rodriguez and Ventura’s (2013) study focused on direct and interactive effects of systems of HRM practices and strategy on firm performance in Spain. The study sought to explain the process through which systems of HRM practices lead to firm performance. Although the study found that the influence of strategy on HRM-firm performance link was limited, it recommended that future studies should analyze the effect of multiple organizational factors like culture and leadership on HRM-firm performance link. Chan et al. (2014) and Den et al. (2014) studies focused on the direct and interactive effects of high performance HR practices and organization culture on firm performance in Hong Kong and Netherlands respectively. The results were mixed. Organization culture moderated the HRM-firm performance link in Netherlands, but not in Hong Kong.
The results of studies focusing on the direct link between culture and organizational outcomes done during the last two decades indicate that corporate culture is an important component of organizational success (Corbett & Rastrick, 2015; Lim, 2015). The clearest example is where corporate culture is used to explain the economic success of Japanese firms over American firms, through the development of highly motivated workforce that is committed to a common set of core values, beliefs, and assumptions (Furnham & Gunter, 2013; Denison, 2014). According to Hampden-Turner (2010), the most significant function of organization culture includes conflict reduction, coordination and control of the organization. However, Sathe (2015) asserts that organization’s culture can also be a liability if shared beliefs, values and assumptions interfere with the needs of the business.

Organization culture and organization leadership are dynamic, potential cospecialized resource capabilities that can determine behaviour through rituals, routines, decision criteria, strategic planning, managerial values, and new systems and approaches (Chan et al. 2014; Den et al, 2014). The study argues that although human capital is important, the driver for sustainable superior outcomes at employee level is the combination of HR management capability (HRSO) and an appropriate culture and or leadership behaviour. Arguably, these multiple resources may serve the need for dynamic capabilities, by giving firms the needed self-renewal capabilities to invest, upgrade, reallocate and rejuvenate their resources and capabilities themselves (Merron, 2015; Sheridan, 2012; Deal & Kennedy, 2012). Therefore, the ability to renew, rejuvenate and redefine organizational resource capabilities, systems, mechanisms and processes to cope with the dynamic business environment can be achieved via appropriate organization culture and or organizational leadership behaviour.

2.4 Effect of Top Management Commitment and Organizational Performance

2.4.1 Organizational support

Top management is commonly a group of individuals which execute at a senior level in an organization who manage the daily responsibilities in a corporation. Leadership is known as one of the most significant factors of the total quality management. One can list different definitions of leadership such as “leadership is the top management’s
commitment in order to employ continuous improvements to the organization” (De Menezes, 2012). Similarly, Arasli (2014) notifies that there is not any succeed in quality management unless top management is committed to organization mentally and physically. It is not possible to improve junior or low-level employees’ performance without senior management endeavor. Top management commitment, and consistency of purpose are essential in developing the desired behaviours and value systems using motivation and reward. Managers need to provide the necessary resources and create a work setting and a supportive climate to allow staff to experiment, explore and try out new work processes and practices.

Scott and Bruce (2014) expressed the meaning of organizational support as “the extent to which an employee perceives that the organization encourages, respects, and recognizes employees who exhibit creativity. Employees may attempt to be creative when they perceive that creativity is valued and supported by an organization”. While Eisenberger et al (2016) described organizational support as “an employees’ beliefs about the degree of the organization’s affective commitment toward that employee. Organizations that offer support respond to employees’ needs, and that, in turn, will increase the job satisfaction and prosocial behaviors (Randall, Cropanzano, Bormann, & Birjulin, 2009).

The employee comes to trust the organization when the organization treats him/her fairly. Employees with high levels of organizational support believed the organization values them when problem arise and appreciate their contribution. This trust leads to a high level of affective commitment on the part of the employee in terms of extra-role behaviors (Eisenberger et al., 2016, & Polly, 2012). The organization support is related to employees’ job satisfaction and employee service behaviors, and customer satisfaction (Bell & Mengue, 2012; DeGrendel, 2012; and Schneider & Bowen, 2012).

The study of Kim, Leong, and Lee (2013) showed that organizational support has a positive relationship to job satisfaction (reliability coefficient of 0.73, p < 0.01). Employees will be able to share the ideas about how to improve customer service only if the organization supports their team-building (Cacioppe, 2012). Susskind, Borchgrevink, Kacmae, and Brymer (2010) found that organizational support was significantly related to job satisfaction (p < 0.001). Randall, Cropanzano, Bormann, and Birjulin (2009) also found that organizational support was positively related to job satisfaction (p < 0.01).
According to Kotter (2015), committed managers use an appealing vision for the future, to create dissatisfaction with conservatism. Vision helps to internalize organizational values and goals, and to inspire individuals to adopt new behaviours, because of the strategic and motivational focus, and the attractiveness of the behaviour itself. The articulation of the vision expands employee’s awareness of the possibilities inherent in the environment. Vision can thus, be associated with an increase in continuance commitment. It empowers people and positively influences their perceptions of the opportunities available to them. A committed leadership creates a conducive climate for change, by providing value systems that underpin the change process. Such a leader institutionalizes the new approaches, through relevant policies, programmes, processes and practices. The promise of growth and career can influence employees to engage in relevant capacity building programmes.

2.4.2 Reward

Reitz (2011) identified two types of rewards: the positive rewards such as merit pay increases, recognition, and advancement in the organization; on the other hand, the negative rewards are reprimanding, dismissal, or withholding of pay. The positive rewards have a positive relationship with the job performance while the negative rewards have a negative relationship with job performance (Sims & Szilagyi, 1975 and Reitz, 2011). Employees who deal well with angry customers should be rewarded: otherwise, they will not perform effectively and customer satisfaction and retention will suffer as a result (Boshoff & Allen, 2010).

Rewards are important when considering behavior and performance. The higher the reward, the higher the level of satisfaction and performance (Keller & Szilagyi, 2015). An organization’s reward system influenced job satisfaction (Brown & Peterson, 2013; Farrell & Rusbult, 2011; and Bowen, Gilliland, & Folger, 2009). Moreover, the perception of appropriate levels of pay and other types of rewards have significant impact on frontline employees’ job satisfaction and loyalty to their organization (Heskett et al., 2014). Poor training and poor reward systems affect the customer service performance (Schlesinger & Heskett, 2011).
Managers, who recognize the value of rewarding employee’s efforts subsequently develop fair policies and practices that reward those efforts, which in turn promote the employees’ sense of investment in the organization. High equitable compensation serves to indicate how much a firm values its employees, thereby enhancing their self-worth and feelings of satisfaction (Kidombo, 2007). The extent to which personal recognition provides information about individuals’ worth, employees might find no reason to move to new opportunities. But when the only reward that is available for use by leaders is verbal encouragement, or rewards of personal nature, this may result in employee frustration, as people do not feel that they are being fairly and adequately rewarded for performance (Kidombo, 2007; Rodriguez & Ventura, 2013).

2.4.3 Empowerment

Lashley (2015) described empowerment in these terms: “empowerment is the employment strategy that represents a move in managerial perception from control to commitment”. Bowen and Lawler (2012) described empowerment as that in which the manager gives the employees the discretion to make day-to-day decisions about job-related activities. The benefits of making empowerment available to the hotel industry are: getting more respectful service, dealing with complaints quickly, getting an enhanced customer satisfaction, well-motivated staff, and increasing in profits, quality, and productivity (Lashley, 2015). Empowerment will generate employee and organization performance and help employees reach personal goals. Hence, empowerment can lead to the high performance (Savery & Luks, 2011).

Empowerment is necessary for a service business because contact employees require the flexibility to make their own decisions in order to satisfy customers (Hartline & Ferrell, 2015). Empowerment is a topic that appears frequently in human resource, business, and management literature but infrequently in the hospitality and tourism literature (Erstad, 2011). The success of empowerment depends on management commitment and continuous communication of information (Randolph, 2015). The commitment from top management, and the strategy and policy making of the organization are essential for a comprehensive culture of empowerment to exist. Empowering employees does not mean
disempowering managers but, rather, permits time and energy to be used more efficiently and productively by all players (Erstad, 2011).

In the past, many management members did not give the employees any empowerment because they were afraid that they would become isolated, unwanted and less necessary to the organization. The survey of Johnson and Thurston (2011) found that only ten percent of employees in the Fortune 1000 companies are empowered. However, recently, organizations have been concerned to employee empowerment to improve service quality and ensure that the organization is more responsible to customers. Management in the hospitality industry has been concerned to take benefit of empowerment in order to improve the service quality (Lashley, 2015).

Empowerment can be positive for employees if the organization can create the appropriate environment to the organization because it can change to management behavior, organizational systems, and employees’ point of view (Cacioppe, 2012). The more flexibility on the job or employees’ empowerment, the higher employees’ satisfaction (Rafiq & Ahmed, 2012). Bowen and Lawler (2012) also suggested that employees who have empowerment feel good about their jobs and that feeling may include customer satisfaction. Empowerment requires changes to management behavior, organizational systems, and staffs’ view of themselves and their work (Cacioppe, 2012).

A study of Maxwell (2011) found that employees at Glasgow Marriott hotel had higher levels of job satisfaction after they had a positive approach to empowerment. As well as the study of Ackfeldt and Coote (2013), they found out that there is a positive relationship between empowerment and job satisfaction (p < 0.01). Meanwhile, Koberg et al. (2011) found out the significantly positive correlation (p < 0.01) between empowerment and job satisfaction. On the other hand, the research of Hartline and Ferrell (2015) found that empowerment has a negative relationship on hotel employees’ job satisfaction (B= -0.358, p < 0.001). They concluded that even though empowered employees are more confident in their job skills, they experience increased conflict and ambiguity in their attempts to balance role demands.
The essence of top management commitment is causing employees and the firm to do more than they originally expected. Given that committed leaders value employees, whom they believe in, empower and elevate, they create humane working conditions including work itself and careers that involve high levels of social responsibility, variety and challenge (Rodriguez & Ventura, 2013). These conditions make employees to feel valued, comfortable and secure to work and relate well with peers and seniors. The pleasurable perception of how well the leadership is committed to, and provides ample resources, inspires positive work attitudes (Dyer & Reeves, 2015; Arthur, 2010).

2.4.4 Top Management Commitment and Organizational Performance

Rafferty and Griffin (2014) found that leaders who articulate an idealized picture of the future increase employees’ investment in the future of the firm. Tannenbaum, Mathieu, Salas, & Canon-Bowers (2016) found that training and development are the best predictors of satisfaction and commitment, because they are critical in preparing employees’ future in the organization. Committed managers use inspiration to stimulate enthusiasm among followers. They say things that build followers’ confidence in their ability to perform the assignments successfully, and in attaining group or individual goals. They also envision a desirable future and articulate how it can be reached. They set high standards of performance, and show determination and confidence —thus enhancing followers’ positive work attitudes and behaviours.

Rafferty and Griffin (2014) found that expressing positive and encouraging messages about the organization, heightens individuals’ confidence and capacity to carry out a range of proactive and integrative tasks, which affects the extent to which people voluntarily help others. This prevents the occurrence of work–related problems, including absenteeism and turnovers. Burns (2012) found that when leaders show disinterest in their subordinates, and shirk supervisory duties, or when they leave too much responsibility with followers and set no clear goals or even help them to make decisions, things drift apart.

Committed managers use intellectual stimulation to enhance employees’ interest in and awareness of problems, hence increasing their ability and propensity to think about problems in new ways. Eisenberger, Huntington, Hutchinson, and Shamir (2015) found that, to the extent that perceived organizational support meets needs for approval and
praise, employees incorporate organizational membership into their self-identity and thus, develop a positive emotional bond to the firm. It is also one way in which leaders indicate to the employees that the firm values their contribution, thus, increasing their satisfaction and affective commitment to the firm. When leaders encourage employees to consider old problems in new ways, and to actively engage in the workplace, they experience an increased sense of investment in the organization, based on the increased effort they are exerting. The increased sense of investment enhances continuance commitment. But when employees are left to manage their own careers, it results in boundaryless careers, which may take them outside the job and the organization, thus impacting on their loyalty, citizenship behaviour, satisfaction and commitment. Perhaps, this is what Burns (2012) refers to as ‘letting things drift apart’.

Podsakoff, MacKenzie, Paine and Bacharach (2015) found that supportive leadership behaviour was significantly negatively associated with intentions to leave the job and profession. Walton (2015) noted that when employees are placed in narrowly defined jobs, are tightly controlled and treated like unwelcome necessity, they feel dissatisfied. Walton (2015) reinforced the importance of committed leadership, when he observed that satisfaction and commitment is realized when organizations shift from the traditional control-oriented approaches to dynamic-approaches, which enhance workplace empowerment and participatory management systems.

Mayer and Salovey (2011) argue that leaders, who are employee-centered, enact value-adding programmes and processes that allow employees to participate in decisions that affect their own jobs, which enhance followers’ satisfaction and commitment. They use their communication skills to articulate the vision with precision and power, in a compelling and persuasive way. Kirkpatrick and Locke (2011) found that leaders who express positive and encouraging messages will increase the attractiveness of the organization to the employees, which impacts positively on satisfaction and commitment.

Day and Lord (2012) found that executive leadership explains 45 percent of an organization’s performance. Hart and Quinn (2013) found that CEO’s with high behavioural complexity—specifically the ability to play multiple competing roles—produce the best firm performance with respect to business growth and innovation, and organizational effectiveness. Fiedler (2011) asserted that the leader’s performance is
contingent on the leader’s style, abilities and background, and on the control and the influence of the situation. Kirkpatrick and Locke (2011) confirmed empirically Fiedler’s assertion that leadership characteristics are correlated with firm success. In a study carried out in Australia and Hong Kong, Lok and Crawford (2014) found that committed leadership, innovative and supportive cultures correlated with job satisfaction and organizational commitment.

2.5 Chapter Summary
This chapter has reviewed previous studies conducted in relation to the variables underpinning the study. The chapter was structured into four sections in accordance with the study objectives which include: to establish the effect of resources on organizational performance in telecommunication industry in Kenya; determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya; and assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya. The following chapter explores the methodology and specific methods that was used in the course of the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the plan and methods that was used to carry out the study. It contains the research design, the target population, the sampling design, the data collection instruments, the data analysis and presentation, the expected output, and the study limitations.

This study adopted the descriptive research design. Descriptive research portrays an accurate profile of persons, events, or situations (Kothari, 2015). Therefore, the descriptive survey was deemed the best strategy to fulfil the objectives of this study. According to Creswell (2013) the basic purpose for descriptive research usually is to describe characteristics of the population of interest, make specific predictions and test associational relationships. The descriptive design was used since the study set out to describe the various organizational distinctive capabilities including firm resources, organizational culture and top management commitment and how the same influence organizational performance in telecommunication industry in Kenya.

3.3.1 Population

Mugenda and Mugenda (2013) describes population as the set of all groups of individuals, objects, items, cases, articles or things with common attributes or characteristics. According to Kothari (2014) a population consists of all items in any field of inquiry. The target population for the study is the staff at Safaricom Limited’s headquarters, with a population of 160 employees.

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<tbody>
<tr>
<td>Senior management</td>
<td>13</td>
<td>8%</td>
</tr>
<tr>
<td>Middle management</td>
<td>24</td>
<td>15%</td>
</tr>
<tr>
<td>Operational staff</td>
<td>123</td>
<td>77%</td>
</tr>
<tr>
<td>Total</td>
<td>160</td>
<td>100%</td>
</tr>
</tbody>
</table>
3.3.2 Sampling Design and Sample Size

3.3.2.1 Sample Frame

According to Baffour et al. (2013), a sampling frame as a list of the items or people forming a population from which a sample is taken. The sampling frame for the present study consists of the 160 employees of Safaricom Limited from which the sample was drawn as illustrated in table 3.2.

3.3.2.2 Sampling Technique

Sampling involves any procedure that draws conclusions based on measurements of a portion of the entire population (Ethridge, 2014). According to Connaway and Powell (2010) a sample is usually drawn because it is less costly and less time consuming to survey than the population, or it may be impossible to survey the entire population. The researcher used stratified random sampling to select the respondents. This design allows the population to have an equal chance of being selected in the different strata. The strata in this case were the different categories within the ministry.

3.3.2.3 Sample Size

The determined sample size was 115 respondents out of a target population of 160. These were selected to ensure that the sampling size had characteristic representation of the population using the formulae developed by Mugenda and Mugenda (2013). The formula to find the sample size is:

\[ n = \frac{N}{1 + (N \times e^2)} \]

Where:
N= population size
\( e \)= Tolerance at desired level of confidence, take 0.05 at 95% confidence level
n= sample size.

How the formula is used is shown below
n=160/(1+(160*0.05*0.05))
n=114.286
Thus the sample size,
n=115

The determined sample size will be distributed as shown in table 3.2.
Table 3.2: Sampling Frame

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Sample</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>13</td>
<td>9</td>
<td>8%</td>
</tr>
<tr>
<td>Middle management</td>
<td>24</td>
<td>17</td>
<td>15%</td>
</tr>
<tr>
<td>Operational staff</td>
<td>123</td>
<td>88</td>
<td>77%</td>
</tr>
<tr>
<td>Total</td>
<td>160</td>
<td>115</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

The study used both primary and secondary data. Gall et al., (2011) points out that, questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals.

Gall et al. (2011) observe that questionnaires have the added advantage of being less costly and using less time as instruments of data collection. The questionnaire was structured in nature, with close-ended questions. The close-ended questions guided the respondents’ answers within the choices given. Secondary data was further sourced for financial report on organizational performance.

The questionnaire was structured into 5 parts. Part A focuses on the respondents' demographic data while part B covers firm resources. Part C focuses on organizational culture while Part D explores top management commitment. The final part, E delves into organizational performance.

3.5 Research Procedures

The researcher administered the questions to the relevant respondents in an effort to achieve the necessary information. The questionnaires were administered through a drop and pick later method because of the busy schedule of the target respondents. This reduced the level of interference with the daily duties and operations of the organization.

According to Berg and Gall (2014) validity is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which was employed by this study as a measure of the degree to which data collected using a
particular instrument represents a specific domain or content of a particular concept. Mugenda and Mugenda (2010) contend that the usual procedure in assessing the content validity of a measure is to use a professional or expert in a particular field.

The content validity of the research instrument was evaluated through the actual administration of the pilot group. The study used both face and content validity to ascertain the validity of the questionnaires. Face validity is actually validity at face value. As a check on face validity, test/survey items are sent to the pilot group to obtain suggestions for modification (Lacity and Jansen, 2010). Content validity draws an inference from test scores to a large domain of items similar to those on the test (Polkinghorne, 2012). Content validity is concerned with sample-population representativeness i.e. the knowledge and skills covered by the test items should be representative to the larger domain of knowledge and skills (Cronbach, 2011).

According to Shanghverzy (2013) reliability refers to the consistency of measurement and is frequently assessed using the test–retest reliability method. Reliability is increased by including many similar items on a measure, by testing a diverse sample of individuals and by using uniform testing procedures. The survey instruments were subjected to overall reliability analysis. To this end, a 0.7 Cronbach alpha level of reliability was deemed reliable (Nunnally, 1978).

3.6 Data Analysis Methods

After data collection, the filled-in and returned questionnaires were edited for completeness, coded and entries made into Statistical package for social sciences (SPSS version 24). This ensured that the data are accurate, consistent with other information, uniformly entered, complete and arranged to simplify coding and tabulation. With data entry, the data collected was captured and stored. Both descriptive and inferential statistics were further conducted. Descriptive analysis involved the use of Mean and standard deviations were also be used as measures of central tendencies and dispersion respectively. Inferential statistics was on the other hand done to show the nature and magnitude of relationships established between the independent and dependent variables using regression analysis to make inferences from the data collected to more generalized conditions. The regression analysis took the following model:

\[ Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \epsilon \]
The foregoing chapter has presented the methodologies employed in the present study. The chapter has explored in depth the various techniques employed in sampling, the collection of data and analysis. Presented in the foregoing chapter include the research design, target population and sampling design, data collection methods, research instruments, methods for testing instruments reliability and validity and data analysis methods. The next chapter presents the findings.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter delves into a presentation of the results aimed at addressing the study objectives. The general objective of the study was to investigate the effects of organizational distinctive capabilities on organizational performance in telecommunication industry in Kenya with reference to Safaricom Limited. More specifically, the study sought to: establish the effect of firm resources on organizational performance in telecommunication industry in Kenya; determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya; and to assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya. The reliability and viability of the data collected for the study was determined through pre-testing by a pilot study.

4.1.1 Response Rate

The study achieved a response rate of 86.1% with 99 respondents reached, out of the 115 targeted. According to Mugenda and Mugenda (2013), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. The study therefore attained an excellent response rate as presented in Table 4.1.

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>99</td>
<td>86.1</td>
</tr>
<tr>
<td>Unreturned</td>
<td>16</td>
<td>13.9</td>
</tr>
<tr>
<td>Distributed</td>
<td>115</td>
<td>100.0</td>
</tr>
</tbody>
</table>
4.1.2 Reliability

A pilot study was carried out in order to determine reliability of the questionnaires. Reliability of the questionnaires was then evaluated through Cronbach’s Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if certain item measures the same construct. Nunnally (1978) established the Alpha value threshold at 0.7 which the study benchmarked against. Cronbach Alpha was established for every objective in order to determine if each scale (objective) would produce consistent results should the research be done later on. Findings are as presented in Table 4.2.

Table 4.2 Reliability Coefficients

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach’s Alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Resources</td>
<td>0.812</td>
<td>10</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>0.778</td>
<td>10</td>
</tr>
<tr>
<td>Top management commitment</td>
<td>0.809</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 4.2 shows that all the scales were significant, having an alpha above the prescribed threshold of 0.7. Firm resources had the highest reliability ($\alpha=0.812$) followed by Organizational culture ($\alpha=0.778$), while top management commitment had the lowest ($\alpha=0.778$). The study thus found that the analysis was reliable and could be used for further investigation.

4.2 Demographic information

This section captures the respondents’ respective departments, length of service in the firm and management level described and presented in figures and tables below.
4.2.1 Response by Department

The study sought to find out the different departments respondents worked in, in order to ascertain diversity in perspectives as informed by the different lines of activity across departments. Figure 4.1 presents the findings.

![Figure 4.1 Respondents' Departments](image)

Results as shown in Figure 4.1 reveal that a majority of the respondents (32.8%) represents the customer value management department, followed by 25.5% in the corporate and public department then 18.7% from Information technology department. The consumer business unit and finance departments were also represented as indicated by 13.7% and 9.3% of respondents respectively. It can be deduced therefore, that the study reached respondents across various areas of specialization in the study area, hence diverse perspectives in responses as informed by activities in the respective departments.

4.2.2 Response by Length of Service
With some level of working experience necessary in establishing the study objectives, the study found it necessary to establish respondents’ length of service in years. Figure 4.2 presents the findings.

![Figure 4.2 Length of Service](image)

**Figure 4.2 Length of Service**

It was established that a majority of respondents (51.4%) have worked in the company for between 6 and 10 years. This was followed by 33.9% having worked for less than 5 years while only 14.7% of respondents were found to have worked at the company for between 11 and 15 years. The results present a rather fair distribution across the years representing the length of experience. With a majority having worked for over 5 years, responses can be deemed to be informed by adequate experience.

**4.2.3 Response by Management Level**

The study further sought to establish the different management level respondents fell under, in order to further ascertain diversity in perspectives as informed by the different levels of activity and responsibility in respective positions. Figure 4.3 presents the findings.
Figure 4.3 Management level

A majority of respondents (39.6%) were found to belong to the lower management cadre, followed by 23.2% representing the operational staff then 21.5% from middle management cadre while senior management was represented by 15.7% of the respondents. The foregoing finding ascertains the diverse perspectives in the responses, as informed by the different levels of activities and responsibility in the respective management levels. This means that the study representative of staff’s experiences with regard to organizational distinctive capabilities across the various cadres.

4.3 Firm Resources and Organizational Performance

The study sought to establish the effect of firm resources on organizational performance in telecommunication industry in Kenya. Respondents were thus asked to indicate their respective levels of agreement with pertinent statements posed in this regard. Responses
were given on a 5-point Likert scale: 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree. Table 4.3 presents the findings.
Table 4.3 Firm Resources and Organizational Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our company has adequate equipment to enable us execute our organizational goals</td>
<td>4.33</td>
<td>.7786</td>
</tr>
<tr>
<td>Our company has adequate financial resource to finance our organizational goals</td>
<td>4.32</td>
<td>.7698</td>
</tr>
<tr>
<td>Our company has adequate inventory to finance our business activities</td>
<td>4.22</td>
<td>.8923</td>
</tr>
<tr>
<td>Our company has adequate cash flow to finance our business activities</td>
<td>4.39</td>
<td>.7225</td>
</tr>
<tr>
<td>Our company has adequate technological resources to finance our business activities</td>
<td>4.34</td>
<td>.7602</td>
</tr>
<tr>
<td>Our employees have the suitable education to fulfill their jobs</td>
<td>4.24</td>
<td>.8457</td>
</tr>
<tr>
<td>Our company carries out staff trainings frequently</td>
<td>4.36</td>
<td>.7430</td>
</tr>
<tr>
<td>Our company maintains a corporate image that earns us a competitive edge over our competition</td>
<td>4.35</td>
<td>.7579</td>
</tr>
<tr>
<td>Our company has trademarks that earn us a competitive edge over our competition</td>
<td>4.21</td>
<td>.8878</td>
</tr>
<tr>
<td>Our company has the best marketing strategies that earns us a competitive edge over our competition</td>
<td>4.22</td>
<td>.8888</td>
</tr>
</tbody>
</table>

As presented in table 4.3, a majority of respondents highly agreed with the pertinent statements posed. A majority particularly highly agreed that the company has adequate cash flow to finance its business activities (4.392); the company carries out staff trainings frequently (4.361); the company maintains a corporate image that earns the firm a competitive edge over our competition (4.351); the company has adequate technological resources to finance its business activities (4.342); the company has adequate equipment to enable the firm execute its organizational goals (4.332); and that the company has adequate financial resource to finance its organizational goals (4.329).

4.4 Organizational Culture and Organizational Performance

The study sought to determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya. To this end, respondents were asked to indicate their levels of agreement with pertinent statements posed. Responses
were given on a 5-point Likert scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree. Findings are as presented in table 4.4.

### Table 4.4 Organizational Culture and Organizational Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers coordinate, organize and monitor people and processes towards realizing firm goals</td>
<td>4.191</td>
<td>.5645</td>
</tr>
<tr>
<td>Jobs are highly standardized and formalized, with clearly defined rules, procedures and work processes that are strictly followed with a view to realizing performance expectations</td>
<td>3.872</td>
<td>.4762</td>
</tr>
<tr>
<td>Stability, performance and efficient operations are long-term goals</td>
<td>4.014</td>
<td>.5765</td>
</tr>
<tr>
<td>Power and decision making is decentralized to enable staff perform their best</td>
<td>3.923</td>
<td>.4812</td>
</tr>
<tr>
<td>Leaders are mentors/parental heads, encouraging and sociable to motivate staff towards meeting expected performance levels</td>
<td>4.261</td>
<td>.5408</td>
</tr>
<tr>
<td>Innovation, risk-taking and challenge are embraced with a view to allow staff perform to their full potential</td>
<td>4.348</td>
<td>.7614</td>
</tr>
<tr>
<td>Staff are commitment to experimentation and thinking differently to enable the company earn a competitive edge in the industry</td>
<td>4.226</td>
<td>.8898</td>
</tr>
<tr>
<td>The organizational focus is to be on the leading edge/ being an industry leader</td>
<td>4.354</td>
<td>.7460</td>
</tr>
<tr>
<td>The long-term emphasis is on staff empowerment, growth and development to realize optimum staff performance</td>
<td>4.312</td>
<td>.7244</td>
</tr>
<tr>
<td>Success means gaining unique and new products/services hence a competitive edge in the industry</td>
<td>4.201</td>
<td>.9062</td>
</tr>
</tbody>
</table>

As shown in table 4.4, a majority of respondents highly agrees that the organizational focus is to be on the leading edge/ being an industry leader (4.354); innovation, risk-taking and challenge are embraced with a view to allow staff perform to their full potential (4.348); the long-term emphasis is on staff empowerment, growth and development to realize optimum staff performance (4.312); leaders are mentors/parental heads, encouraging and sociable to motivate staff towards meeting expected performance levels (4.261); staff are commitment to experimentation and thinking differently to enable
the company earn a competitive edge in the industry (4.226); in the firm, success means gaining unique and new products/services hence a competitive edge in the industry (4.201); managers coordinate, organize and monitor people and processes towards realizing firm goals (4.191); and that stability, performance and efficient operations are long-term goals (4.014).

The study sought to assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya. To this end, respondents were asked to indicate their respective levels of agreement with pertinent statements posed. Responses were given on a 5-point Likert scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree; indicate the extent to which the statements relate to your organization. Findings are as presented in table 4.5.

### Table 4.5 Top Management Commitment and Organizational Performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top management arranges adequate resources for employee education and training with a view to optimize staff and organizational performance</td>
<td>4.162</td>
<td>.7834</td>
</tr>
<tr>
<td>Top management expresses confidence that the organization will achieve its goals hence motivation among staff to perform to expectations</td>
<td>4.098</td>
<td>.2317</td>
</tr>
<tr>
<td>Top management talks to staff about their most important values and beliefs with a view to motivate staff to perform their best</td>
<td>3.976</td>
<td>.8612</td>
</tr>
<tr>
<td>Top management is willing to put in a great deal of effort beyond that normally expected in order to help the firm to be successful</td>
<td>3.913</td>
<td>.0617</td>
</tr>
<tr>
<td>Top management actively participates in quality management and improvement process with a view to an a competitive edge in the industry</td>
<td>4.063</td>
<td>.2610</td>
</tr>
<tr>
<td>Top management strongly encourages employee involvement in quality management and improvement activities in order to realize superior employee performance</td>
<td>4.101</td>
<td>.9431</td>
</tr>
<tr>
<td>Top management discusses many quality-related issues in top management meetings with a view to maintain its customer base in the industry</td>
<td>3.913</td>
<td>.5423</td>
</tr>
<tr>
<td>Top management pursues long-term business success</td>
<td>4.003</td>
<td>.3056</td>
</tr>
<tr>
<td>Top management talks enthusiastically about what needs to be accomplished in order to realize superior organizational performance</td>
<td>4.111</td>
<td>.3078</td>
</tr>
<tr>
<td>Top management articulates a compelling vision for the future with a view to maintain a significantly higher market share</td>
<td>3.942</td>
<td>.9745</td>
</tr>
</tbody>
</table>
A majority of respondents were found to highly agree that top management arranges adequate resources for employee education and training with a view to optimize staff and organizational performance (4.162); top management talks enthusiastically about what needs to be accomplished in order to realize superior organizational performance (4.111); top management strongly encourages employee involvement in quality management and improvement activities in order to realize superior employee performance (4.101); top management expresses confidence that the organization will achieve its goals hence motivation among staff to perform to expectations (4.098); top management actively participates in quality management and improvement process with a view to an a competitive edge in the industry (4.063); and that top management pursues long-term business success (4.003).

The study sought to establish organizational performance of the firm over the last 5 financial years. This would enable the study perform a correlation between the various capabilities and organizational performance. Findings are presented in figure 4.6 below.

**Figure 4.4 Organizational Performance**

*Source: Safaricom Financial Reports, 2012-2016*

As illustrated in figure 4.4, the organization recorded improvements in key performance areas including customer base, voice revenue, non-voice revenue and MPESA revenue.
across the 5 years under study. The absence of a negative change implies that performing has been improving across the years albeit with varied percentages.

4.7 Pearson Correlation Analysis

To assess the relationship between organizational distinctive capabilities and organizational performance in telecommunication industry in Kenya, the study performed a Pearson Correlation analysis. Findings are as presented in table 4.6.

Table 4.6 Pearson Correlation Matrix

<table>
<thead>
<tr>
<th></th>
<th>Organizational performance</th>
<th>Firm resources</th>
<th>Organizational culture</th>
<th>Top management commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.759**</td>
<td>.394**</td>
<td>.612</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 4.6 presents the Pearson correlations for the relationships between organizational distinctive capabilities and organizational performance in telecommunication industry in Kenya. From the findings, a positive correlation is seen between the each organizational distinctive capability and organizational performance. The strongest correlation was obtained between Firm resources and organizational performance \((r = .759; p \text{ value} = .000)\), followed by organizational culture and organizational performance \((r = .667; p \text{ value} = .000)\) then top management commitment and organizational performance \((r = .612; p \text{ value} = .000)\). All the independent variables were found to have a statistically significant association with the dependent variable at 0.05 level of confidence.
4.8 Regression Analysis

To establish the degree of influence of the various organizational distinctive capabilities on organizational performance, a regression analysis was conducted, with the assumption that variables are normally distributed to avoid distortion of associations and significance tests, which was achieved as outliers were not identified; a linear relationship between the independent and dependent variables for accuracy of estimation, which was achieved as the standardized coefficients were used in interpretation. Regression analysis produced the coefficient of determination and analysis of variance (ANOVA). Analysis of variance was done to show whether there is a significant mean difference between dependent and independent variables. The ANOVA was conducted at 95% confidence level. Table 4.7 below presents the findings.

Table 4.7 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.554a</td>
<td>.307</td>
<td>.260</td>
<td>1.39566</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Firm resources, Organizational culture, Top management commitment

As Table 4.7 presents, the model goodness of fit showed a correlation value (R) of 0.554 which depicts that there is a good linear dependence between the independent and dependent variables. With an R-squared of 0.307, the model shows that Firm resources, organizational culture and top management commitment explain 30.7 percent of the variations in organizational performance while 69.3 percent is explained by other factors not included in the study.

Table 4.8 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>37.960</td>
<td>3</td>
<td>12.653</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>85.707</td>
<td>99</td>
<td>1.948</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>123.667</td>
<td>102</td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Firm resources, Organizational culture, Top management commitment

b. Dependent Variable: Organizational performance
Table 4.9 Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>9.594</td>
</tr>
<tr>
<td></td>
<td>Firm resources</td>
<td>.277</td>
</tr>
<tr>
<td></td>
<td>Organizational culture</td>
<td>.189</td>
</tr>
<tr>
<td></td>
<td>Top management commitment</td>
<td>.179</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Organizational performance

The Regression coefficient results further revealed a positive relationship between organizational performance and all the independent variables.

Taking the regression model: \( Y = \alpha + \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon \), the established regression equation was:

Organizational performance = 9.594 + .277 (Firm resources) + .189 (organizational culture) + .179 (top management commitment) + 1.071

A unit change in Firm resources would thus lead to a .277 change in organizational performance ceteris paribus; a unit change in organizational culture would lead to a .189 change in organizational performance ceteris paribus while a unit change in top management commitment would lead to a .179 change in organizational performance.

4.9 Chapter Summary

The present chapter has presented the study findings as per the set objectives. The chapter is structured into an introduction which details the response rate and reliability analysis; the demographic information then descriptive findings of the study objectives presented in means and standard deviations as well as inferential statistics including Pearson correlation and regression analysis and interpretation of the findings. The next chapter delves into the summary of findings, discussions, conclusions and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents summary of the research findings. The implications from the findings and areas for further research are also presented. The findings from the study are presented in comparison to what other scholars have said as noted under literature review.

5.2 Summary
The general objective of the study was to investigate the effects of organizational distinctive capabilities on organizational performance in telecommunication industry in Kenya with reference to Safaricom Limited. More specifically, the study sought to:
establish the effect of firm resources on organizational performance in telecommunication industry in Kenya; determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya; and to assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya.

The study sought to establish the effect of firm resources on organizational performance in telecommunication industry in Kenya. Most respondents particularly highly agreed that the company has adequate cash flow to finance its business activities (4.392); the company carries out staff trainings frequently (4.361); the company maintains a corporate image that earns the firm a competitive edge over the firm’s competition (4.351); the company has adequate technological resources to finance the firm’s business activities (4.342); the company has adequate equipment to enable the firm execute its organizational goals (4.332); and that the company has adequate financial resource to finance its organizational goals (4.329).

The study also sought to determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya. A majority of respondents high agrees that the organizational focus is to be on the leading edge/ being an industry leader (4.354); innovation, risk-taking and challenge are embraced with a view to allow staff perform to their full potential (4.348); the long-term emphasis is on staff empowerment,
growth and development to realize optimum staff performance (4.312); leaders are mentors/parental heads, encouraging and sociable to motivate staff towards meeting expected performance levels (4.261); staff are commitment to experimentation and thinking differently to enable the company earn a competitive edge in the industry (4.226); in the firm, success means gaining unique and new products/services hence a competitive edge in the industry (4.201); managers coordinate, organize and monitor people and processes towards realizing firm goals (4.191); and that stability, performance and efficient operations are long-term goals (4.014).

The study further sought to assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya. A majority of respondents were found to highly agree that top management arranges adequate resources for employee education and training with a view to optimize staff and organizational performance (4.162); top management talks enthusiastically about what needs to be accomplished in order to realize superior organizational performance (4.111); top management strongly encourages employee involvement in quality management and improvement activities in order to realize superior employee performance (4.101); top management expresses confidence that the organization will achieve its goals hence motivation among staff to perform to expectations (4.098); top management actively participates in quality management and improvement process with a view to an a competitive edge in the industry (4.063); and that top management pursues long-term business success (4.003).

5.3 Discussion

5.3.1 Firm Resources and Organizational Performance

A significant and positive correlation was also established between firm resources and organizational performance. It can be deduced from the foregoing findings that the company has invested considerably on both its tangible and intangible resources with a view to attain superior organizational performance and earn a competitive edge over its competition. On tangible resources, it is particularly notable that that the company has adequate cash flow to finance our business activities; the company has adequate technological resources to finance our business activities; the company has adequate
equipment to enable us execute our organizational goals; and that the company has adequate financial resource to finance our organizational goals. On intangible resources, it can be deduced that the company carries out staff trainings frequently and that it maintains a corporate image that earns us a competitive edge over our competition.

The finding is in agreement with Mcadam and Henderson (2012) who found a positive relationship between past performance and reputation, and between past accounting profit and reputation. Mathews (2006) also found positive relationships between past return and reputation and between reputation and future return. Bertolini and Bevilacqua (2015) showed that strategic groups with higher reputations have superior performance. Hill and Jones (2014) found a positive relationship between reputation and sustainable performance. In their research, Bertolini and Bevilacqua (2016) concluded that it is the ability to develop and exploit reputation that dictates a company’s dominance in an industry.

The finding is also in line with Reed and Defillippi (2010) who found that competency consists of a collection of resources and the methods by which these resources cooperate to provide outputs. Amit and Schoemaker (2013) believe that the real challenge for executives is to make profits through a sustainable competitive advantage by defining, improving, defending, and implementing the required resources. Thus, according to Hill and Jones (2014), the main goal of strategy (collection of resources) is to develop a competitive advantage that obtains better profitability. From this point of view, strategy can be seen as “the driver of competitive advantage and profitability”.

Accordingly, Grant (2016) identified how changes in the external environment can justify the resources and capabilities required as the steady base from which the firm can determine its identity. Grant also emphasized that a business should be described based on its capabilities to provide stronger strategy, rather being described according to the requirements it aims to satisfy. Therefore, it is important for strategists and executives to understand that investigating a firm’s internal assets provides a more reasonable analysis for formulating strategies than concentrating on what the firm should do to meet demand (Lo´pez, 2015).
The finding is further in tandem with Hill and Jones (2014) argue that strategy cannot attain competitive advantage unless the firm forms its distinctive competencies. Indeed, Schendel and Hofer (2012) reported that a significant amount of research has proposed that distinctive competency is the main base of strategy. To be specific, they identified the importance of resources through their definition of the firm’s distinctive competency as “its unique resources and resources deployment pattern”. In addition, Hill and Jones (2014) defined distinctive competencies as particular powers of the organization to differentiate its outputs and/or produce with a cost considerably lower than its competitors.

The study also established a significant and positive correlation between organizational culture and organizational performance. It can be deduced from the foregoing finding that organizational culture in the firm is highly geared towards attaining superior organizational performance and positioning the firm as an industry leader. It is particularly observed that to allow staff perform to their full potential, innovation, risk-taking and challenge are embraced in the firm. It is also observable that to realize optimum staff performance, the company’s long-term emphasis is on staff empowerment, growth and development. Also in the firm, there exists an organizational culture where leaders are mentors/parental heads, encouraging and sociable to motivate staff towards meeting expected performance levels and staff are commitment to experimentation and thinking differently to enable the company earn a competitive edge in the industry.

Denison (2010) examined the relationship between corporate culture and performance. In that study, corporate culture was based on the perceptions of organizational practices and conditions, to characterize the organizational culture. He found that the organization with participative culture performed better than other cultural types. Wallach (2013) argues for the importance of an appropriate fit between an organization and the needs and personalities of its employees. She hypothesizes that the more closely an employee needs and personality match the organization culture, the more likely the employee will remain with the organization and perform well, and vice versa. Culture therefore determines behavior in the organization.
Corporate culture, through value and belief systems, can influence firm decisions and in turn determine firm’s HR policies and programmes that allow employees to acquire the relevant skills and competencies, which can enhance their commitment towards their employers (Merron, 2015; Dessler, 2013). Tannenbaum, Mathieu, Salas and Canon-Bowers (2016) found that increased sense of self-worth could be the flexible and innovative mechanism through which training and development is predicted to increased satisfaction and commitment. Thus, without a supportive culture, HRM practices will not function to their fullest potential.

The results of studies focusing on the direct link between culture and organizational outcomes done during the last two decades indicate that corporate culture is an important component of organizational success (Corbett & Rastrick, 2015; Lim, 2015). According to Hampden-Turner (2010), the most significant function of organization culture includes conflict reduction, coordination and control of the organization. However, Sathe (2015) asserts that organization’s culture can also be a liability if shared beliefs, values and assumptions interfere with the needs of the business.

Organization culture and organization leadership are dynamic, potential cospecialized resource capabilities that can determine behaviour through rituals, routines, decision criteria, strategic planning, managerial values, and new systems and approaches (Chan et al. 2014; Den et al, 2014). Deal & Kennedy, 2012). Therefore, the ability to renew, rejuvenate and redefine organizational resource capabilities, systems, mechanisms and processes to cope with the dynamic business environment can be achieved via appropriate organization culture and or organizational leadership behaviour.

5.3.3 Top Management Commitment and Organizational Performance

It was further established that a significant and positive correlation exists between top management commitment and organizational performance. It can be deduced from the finding that in the firm, the top management is considerably committed in empowering and motivating staff towards realizing firm goals as well as maintaining product and service quality. In this regard, it is observable that with a view to optimize staff and organizational performance, the top management arranges adequate resources for employee education and training and talks enthusiastically about what needs to be accomplished hence giving staff a sense of direction and expectation.
performance it is essential that the top management strongly encourages employee involvement in quality management and improvement activities. The firm’s top management further places confidence in the staff by allowing them to actively participate in quality management and improvement processes and expresses confidence that the organization will achieve its goals hence motivation among staff to perform to expectations. Ultimately it can be deduced that top management committed at the firm is a considerable factor in the firm’s pursuance of long-term business success and affording the company a competitive edge in the industry.

The study of Kim, Leong, and Lee (2013) showed that organizational support has a positive relationship to job satisfaction (reliability coefficient of 0.73, p < 0.01). Employees will be able to share the ideas about how to improve customer service only if the organization supports their team-building (Cacioppe, 2012). Susskind, Borchgrevink, Kacmae, and Brymer (2010) found that organizational support was significantly related to job satisfaction (p < 0.001). Randall, Cropanzano, Bormann, and Birjulin (2009) also found that organizational support was positively related to job satisfaction (p < 0.01).

Rafferty and Griffin (2014) found that leaders who articulate an idealized picture of the future increase employees’ investment in the future of the firm. Tannenbaum, Mathieu, Salas, & Canon-Bowers (2016) found that training and development are the best predictors of satisfaction and commitment, because they are critical in preparing employees’ future in the organization. Committed managers use inspiration to stimulate enthusiasm among followers. According to Kotter (2015), committed managers use an appealing vision for the future, to create dissatisfaction with conservatism. Vision helps to internalize organizational values and goals, and to inspire individuals to adopt new behaviours, because of the strategic and motivational focus, and the attractiveness of the behaviour itself. The articulation of the vision expands employee’s awareness of the possibilities inherent in the environment. Vision can thus, be associated with an increase in continuance commitment.

5.4 Conclusions
5.4.1 Firm Resources and Organizational Performance
Firm resources significantly and positively affects organizational performance. The observed improvement in organizational performance over the last 5 years can significantly be attributed to significant investments in firm resources including finances, equipment, technology, knowledge and manpower. The company has invested considerably on cash flow and technological resources to finance business activities; adequate equipment for effective execution of organizational goals; as well as staff trainings and a corporate image that earns the firm a competitive edge over our competition.

5.4.2 Organizational Culture and Organizational Performance
The study also concludes that organizational culture has a significant and positive effect on organizational performance. The observed improvement in organizational performance over the last 5 years can also be significantly attributed to a participatory, friendly and adaptable organizational culture among employees across different managerial levels in the firm. The organizational culture in the firm is highly geared towards attaining superior organizational performance and positioning the firm as an industry leader. Staff are allowed to perform to their full potential, through organizational support in embracing innovation, risk-taking and challenge are embraced in the firm. Also in the firm, there exists an organizational culture where leaders are mentors/parental heads, encouraging and sociable to motivate staff towards meeting expected performance levels and staff are commitment to experimentation and thinking differently to enable the company earn a competitive edge in the industry.

5.4.3 Top Management Commitment and Organizational Performance
The study further concludes that top management commitment significantly and positively affects organizational performance. As such, top management commitment has also played a significant part in the observed improvements in organizational performance over the last 5 years. It can be deduced from the finding that in the firm, the top management is considerably committed in empowering and motivating staff towards realizing firm goals as well as maintaining product and service quality. In this regard, it is observable that with a view to optimize staff and organizational performance, the top management arranges adequate resources for employee education and training and talks
enthusiastically about what needs to be accomplished hence giving staff a sense of direction and expectation.

5.5.1 Recommendations for Improvement

Based on the findings and conclusions drawn thereof, the following recommendations are hereby made for purposes of practice and policy improvements in the telecommunication industry.

5.5.1.1 Firm Resources and Organizational Performance

The study found a positive and significant relationship between firm resources and organizational performance. Therefore, to further realize better organizational performance going forward, there is need for firms in the telecommunication sector to invest in key resources including a competent workforce, money, equipment, efficient and cost effective technologies, equipment and knowledge. Harnessing these tangible and intangible resources concurrently will assure firms improvements in profits and efficiencies among other measures of organizational performance.

5.5.1.2 Organizational Culture and Organizational Performance

Organizational Culture has also been found to positively and significantly improve Organizational Performance in the telecommunication industry. As such, to record improved firm performances, firms within the telecommunication industry ought to create an organizational culture that is cohesive, adaptable and friendly between leaders and staff. There is need for employees to be allowed latitude to be creative and innovate within the confines of organizational goals. There is also need for leaders to communicate their aspirations and visions for the future in order to inspire hope and a sense of direction among staff.

5.5.1.3 Top Management Commitment and Organizational Performance

The study has also found that top management commitment has a positive and significant effect on organizational performance. It is thus hereby recommended that executives in firms within the telecommunication industry ought to provide adequate support and commitment to various business activities and operations aimed at attaining organizational goals. These may include among others, availing pertinent resources in
time, involving employees in their strategic meetings and giving moral support whenever required.

The present study has explored the effects of organizational distinctive capabilities on organizational performance in telecommunication industry in Kenya with reference to Safaricom limited. The study hereby suggests that future studies focus on a different industry in the country with a view to draw any possible parallels or contrasts with the telecommunication industry in Kenya.
REFERENCES


Kiptugen, E.J., (2011). Strategic responses to a changing competitive environment, the case study of Kenya Commercial Bank; *Unpublished MBA Project*, School of Business, University of Nairobi


Sudarsanam (2010): Creating Value from Mergers and Acquisition, Perason Education Ltd. UK.

Sudarsanam (2010): Creating Value from Mergers and Acquisition, Perason Education Ltd. UK.


APPENDICES

APPENDIX I: COVER LETTER

Pauline Waswa
United States International University
P.O Box, 14634 - 00800
Nairobi, Kenya.

June 2017

Dear Sir/Madam,

RE: DATA COLLECTION

I am a student at the United States International University, Kenya, undertaking a Degree of Masters in Business Administration (MBA) in strategic management. One of my academic outputs before graduating is a project and for this I have chosen the research topic “EFFECTS OF ORGANIZATIONAL DISTINCTIVE CAPABILITIES ON ORGANIZATIONAL PERFORMANCE IN TELECOMMUNICATION INDUSTRY IN KENYA”.

Your company has been selected to form part of the study. This is to kindly request you to assist me collect the data by responding to the questionnaire. The information you provide will be used strictly for academic purposes and will be treated with utmost confidence. A copy of the final report will be availed available to you upon request. Your assistance will be highly appreciated.

Yours Sincerely,

Pauline Waswa
APPENDIX II: QUESTIONNAIRE

Please tick against the choices provided as appropriate

PART A: BACKGROUND INFORMATION

1. Please indicate your department…………………………………………………………

2. Length of Service in the organization
   - Less than 5 Years [ ]
   - 6 – 10 Years [ ]
   - 11 – 15 Years [ ]
   - Above 15 Years [ ]

3. Management Level
   - Senior management [ ]
   - Middle management [ ]
   - Lower management [ ]
   - Operational Staff [ ]
PART B: FIRM RESOURCES

4. The following set of questions are meant to establish the effect of firm resources on organizational performance in telecommunication industry in Kenya. Using the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree; indicate the extent to which the statements relate to your organization:

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<th>Statement</th>
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<th>2</th>
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<tr>
<td>Our company has adequate equipment to enable us execute our organizational goals</td>
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<td>Our company has adequate financial resource to finance our organizational goals</td>
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<td>Our company has adequate inventory to finance our business activities</td>
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<td>Our company has adequate cash flow to finance our business activities</td>
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<td>Our company has adequate technological resources to finance our business activities</td>
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<td>Our employees have the suitable education to fulfill their jobs</td>
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<td>Our company carries out training frequently</td>
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<td>Our company maintains a corporate image that earns us a competitive edge over our competition</td>
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<td>Our company has trademarks that earn us a competitive edge over our competition</td>
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<td>Our company has the best marketing strategies that earns us a competitive edge over our competition</td>
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PART C: ORGANIZATIONAL CULTURE

5. The following set of questions are meant to determine the effect of organizational culture on organizational performance in telecommunication industry in Kenya. Using the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree; indicate the extent to which the statements relate to your organization:

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<td>Managers coordinate, organize and monitor people and processes towards realizing firm goals</td>
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<td>Jobs are highly standardized and formalized, with clearly defined rules, procedures and work processes that are strictly followed with a view to realizing performance expectations</td>
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<td>Stability, performance and efficient operations are long-term goals</td>
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<td>Power and decision making is decentralized to enable staff perform their best</td>
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<td>Leaders are mentors/parental heads, encouraging and sociable to motivate staff towards meeting expected performance levels</td>
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<td>Innovation, risk-taking and challenge are embraced with a view to allow staff perform to their full potential</td>
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<td>Staff are commitment to experimentation and thinking differently to enable the company earn a competitive edge in the industry</td>
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<td>The organizational focus is to be on the leading edge/being an industry leader</td>
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<td>The long-term emphasis is on staff empowerment, growth and development to realize optimum staff performance</td>
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<td>Success means gaining unique and new products/services hence a competitive edge in the industry</td>
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6. The following set of questions are meant to assess the effect of top management commitment on organizational performance in telecommunication industry in Kenya. Using the scale: 1= strongly disagree; 2= disagree; 3= neutral; 4 = agree; 5= strongly agree; indicate the extent to which the statements relate to your organization:

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<td>Top management arranges adequate resources for employee education and training with a view to optimize staff and organizational performance</td>
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<td>The top management expresses confidence that the organization will achieve its goals hence motivation among staff to perform to expectations</td>
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<td>The top management talks to staff about their most important values and beliefs with a view to motivate staff to perform their best</td>
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<td>The top management is willing to put in a great deal of effort beyond that normally expected in order to help the firm to be successful</td>
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<td>Top management actively participates in quality management and improvement process with a view to an a competitive edge in the industry</td>
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<td>Top management strongly encourages employee involvement in quality management and improvement activities in order to realize superior employee performance</td>
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<td>Top management discusses many quality-related issues in top management meetings with a view to maintain its customer base in the industry</td>
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<td>Top management pursues long-term business success</td>
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<td>Top management talks enthusiastically about what needs to be accomplished in order to realize superior organizational performance</td>
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<td>Top management articulates a compelling vision for the future with a view to maintain a significantly higher market share</td>
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PART E: ORGANIZATIONAL PERFORMANCE

Kindly provide the following data as per the financial report over the last 5 years.

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<tr>
<th>FY</th>
<th>Customer base increase</th>
<th>Voice revenue</th>
<th>Non-voice revenue</th>
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