

**STRATEGIC CAPABILITIES FOR COMPETITIVE ADVANTAGE  
IN BRITISH BROADCASTING CORPORATION-GLOBAL NEWS,  
AFRICA**



**BY:**


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## DECLARATION

This Research project is my original work and has not been presented for a degree in any other University.

Signed.......... Date..... 7<sup>th</sup> November 2011 .....

Paul Kariuki. Ngugi - D61/7246/2004

This research project has been submitted for examination with my approval as university supervisor.

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God bless you all.

## DEDICATION

To my family members;

“Education is an ornament in prosperity and a refuge in adversity”.

## ABSTRACT

The study aimed at establishing strategic capabilities as a source of competitive advantage at BBC Global News, Africa. Strategic capabilities of a company form an important strategic role to create value and improve business performance. The competitive advantage of companies in today's economy stems not from market position, but from difficulty to replicate strategic capabilities and the manner in which they are deployed.

In attempting to get the objectives, a case study research design was adopted. An interview guide was used to collect data on strategic capabilities used by the organization in gaining competitive advantage. The data obtained from the interview guide was analyzed qualitatively. The qualitative analysis was done using content analysis.

The study established that BBC Global News, Africa had several internal strategic capabilities that gave it a competitive advantage over the other international media players. These strategic capabilities range from a strong human resource pool that is well trained, strong brand, credibility, technologically advanced equipment, wide audience coverage due to the presence of BBC Global News broadcasting in regional language. The study also established that strategic capabilities have kept on changing depending on various factors. Respondents identified these factors to include technology, changes in the media sector in Africa, changing demands of the audience, declining finances and also changing stakeholder requirements.

It was also concluded that for the organization to achieve desired performance results, the firm's capabilities and the resources available to it; must interact positively with the requirements of the firm's markets and their requirements must be defined clearly and explicitly. As a result of the constant change in the world, it was also found out that the organizations strategic capabilities must continuously adapt to the changing operating environment and the human resources plays an important role to achieve this objective.

## LIST OF ABBREVIATIONS

ABV	-	Activity Based View
BBC	-	British Broadcasting Corporation
CLC	-	Capability Life Cycle
CNN	-	Cable News Network
DCA	-	Dynamic Capability Approach
NGO	-	Non-Governmental Organization
RBV	-	Resource Based View
SCA	-	Sustainable Competitive Advantage
SCP	-	Strategic Capability Perspective
SRBV	-	Strategic Resource Based View
UN	-	United Nations
VOA	-	Voice of America

## TABLE OF CONTENTS

<b>CHAPTER ONE: INTRODUCTION .....</b>	<b>1</b>
1.1 Background to the Study.....	1
1.1.1 Strategic Capabilities .....	4
1.1.2 Competitive Advantage .....	6
1.1.3 British Broadcasting Corporation Global News– Africa .....	7
1.2 Statement of the Problem.....	8
1.3 Research Objectives .....	11
1.4 Value of the Study .....	11
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>13</b>
2.1 Introduction.....	13
2.2 The Concept of Strategy .....	13
2.3 Resource-Based View and Strategic Capabilities.....	16
2.4 Strategic Capabilities .....	19
2.5 Competitive Advantage .....	23
2.6 Role of Strategic Capability on a Firms Competitive Advantage.....	25
2.7 Factors that Influence Development of Strategic Capabilities .....	29
<b>CHAPTER THREE: RESEARCH METHODOLOGY .....</b>	<b>35</b>
3.1 Research Design.....	35
3.2 Data Collection .....	35
3.3 Data Analysis .....	36
<b>CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .....</b>	<b>38</b>
4.1 Introduction.....	38
4.2 Respondents Profile .....	38
4.3 The Extent of Strategic Capabilities Resource at Bbc Global News - Africa .....	39

4.4 Strategic Capabilities as a Source of Competitive Advantage in the Organization ....47

4.5 Maintenance of Organizational Strategic Capabilities .....50

4.6 Factors that Influence Strategic Capabilities for Competitive Advantage .....53

**CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS...55**

5.1 Summary.....55

5.2 Conclusion.....57

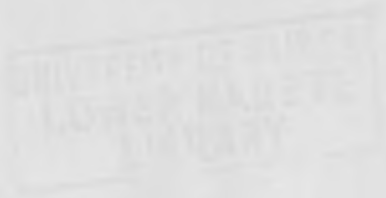
5.3 Recommendation .....43

5.4 Suggestion for Further Research .....60

**REFERENCES .....61**

**APPENDIX 1.....1**

Interview Guide .....1



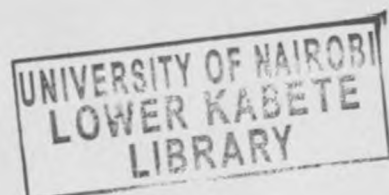


## CHAPTER ONE: INTRODUCTION

### 1.1 Background to the Study

A key concern in the present day emerging business environment is the need for organizations to implement systems and frameworks that not only deliver performance, but also the ability to control them against top level targets (Chau and Witcher, 2008). Managers in these organizations face an increasingly dynamic, complex and unpredictable environment, where technology, globalisation, knowledge and changing competitive approaches impact on overall performance of the firm. As a result, the degree and complexity of the current changing environment is driving firms, both large and small, to seek new ways of conducting business to create wealth and increase the shareholder value (Stopford, 2001). More and more firms are turning to a strategic approaches, but as was noted by (Neely and Adams, 2001), these auditing frameworks seem to fall short in their ability to thoroughly and realistically give executives a view of competences at the operational level.

This study will heavily borrow from resource-based view (RBV). The resource based view has been a common interest for management researchers and numerous writings has been be found for same. A resource-based view of a firm explains its ability to deliver sustainable competitive advantage when resources are managed such that their outcomes can not be imitated by competitors, which ultimately creates a competitive barrier (Mahoney and Pandian 1992 cited by Hooley and Greenley 2005, p. 96 ; Smith and Rupp



2002, p. 48). RBV explains that a firm's sustainable competitive advantage is reached by virtue of unique resources being rare, valuable, inimitable, non-tradable, and non-substitutable, as well as firm-specific (Barney 1999 cited by Finney et al.2004, p. 1722, Makadok 2001, p.94). These authors write about the fact that a firm may reach a sustainable competitive advantage through unique resources which it holds, and these resources cannot be easily bought, transferred, or copied, and simultaneously, they add value to a firm while being rare. It also highlights the fact that not all resources of a firm may contribute to a firm's sustainable competitive advantage. Varying performance between firms is a result of heterogeneity of assets (Lopez 2005, p. 662, Helfat and Peteraf 2003, p. 1004) and RBV is focused on the factors that cause these differences to prevail (Grant 1991, Mahoney and Pandian 1992, and Lopez 2005, p. 662). . Major concern in RBV is focused on the ability of the firm to maintain a combination of resources that cannot be possessed or built up in a similar manner by competitors. Further such writings provide us with the base to understand that the sustainability strength of competitive advantage depends on the ability of competitors to use identical or similar resources that make the same implications on a firm's performance. This ability of a firm to avoid imitation of their resources should be analyzed in depth to understand the sustainability strength of a competitive advantage.

The resource-based view of strategy regards strategic (rather than economic) resources as firm specific and difficult for rivals to buy or copy (Barney, 1986), and which have value to managers in influencing the direction and growth of a firm (Ghoshal and Bartlett,

1997). This view understands strategic resources as tangible and intangible assets that when combined will help to constitute a firm's competitive advantage. According to Teece (2007), the softer components of organizational resources, such as staff and skills, and how these are managed in operational teamwork against top-level targets and longer-term strategy, are central to the management of strategic resources. According to Prahalad and Hamel (1990), risk is manageable if core competencies are used to develop core products (in the form of firm-specific expertise and resources) that can serve unrelated markets. These core areas are managed through core competencies, which they define as the abilities of employees to learn how to develop and manage the integration of technologies through cross-functional management and collaborative working.

Strategic capabilities are the building block for core competencies and are usually embedded in the firm and require both time and significant resources to change (Coulter, 2002). Amit and Schoemaker (2003) defined organizational capabilities as a firm's capacity to deploy its assets, tangible or intangible, to perform a task or activity to improve performance and included the capacity of the firm to offer excellent customer service or to develop new products and innovate. Teece *et al.* (1997, p.19) suggest that dynamic capabilities are the "firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments". Strategic capabilities are embedded in "routine organizational processes that guide the evolution of a firms' resource configuration and operational routines". On his part, Fiol (2001) agrees and further observes that both the skills/resources and the way organizations use them

must constantly change and this move will lead to the creation of continuously changing temporary advantages. This therefore suggests that it is the way resources are configured and not the capabilities as such that is the source of competitive advantage. Configuration is specific to each organization and will relate to their corporate strategic thinking. Accordingly, firms can achieve temporary advantage, which can achieve a longer time frame by constant resource reconfiguration to meet the changing markets demands.

### **1.1.1 Strategic Capabilities**

A firm's competitive advantage is founded on a complex of competences, capabilities, skills and strategic assets possessed by an organization, or in other words from the astute management of physical and intellectual resources which form the core capability of the business. Teece *et al.* (1991, p.34) define core capabilities as “a set of differentiated skills, complementary assets, and routines that provide the basis for a firm’s competitive capacities and sustainable advantage in a particular business”. Such capabilities or core competences are not built on discrete independent skills but are “the synthesis of a variety of skills, technologies and knowledge streams” (Hamel and Prahalad, 1994). In comparison to Porter’s competitive forces framework the resource-based approach can be seen to challenge the structural approach to strategy as articulated by the former yet what is missing from the resource-based approach is “a comprehensive framework that shows how various parts within the organization interact with each other over time to create something new and unique” (Nonaka and Takeuchi, 1995).

According to Teece et al (1997) strategic capabilities are conceptualized as a firm's ability to build and/or extend basic capabilities to deal with changing environments. A shift in focus to strategic capabilities therefore reduces if not eliminates the applicability of the valuable, rare, inimitable and non-substitutable framework because the emphasis of the strategist shifts from trying to protect sources of current competitive advantages to continuously creating resources and/or capabilities to yield future competitive advantages (Winter, 2003).

Helfat and Peteraf (2003) introduced a different angle to the concept strategic capability by introducing capability life cycle (CLC), which articulates general patterns and paths in the evolution of organizational capabilities over time. This framework provides a structure for a more comprehensive approach to dynamic resource-based theory. On his part, Mathews (2006) developed the RARE framework which is posed in a general setting of disequilibrium in contrast to the equilibrium-based assumptions of neoclassical economics. The RARE model captures the three major insights of the current views and perspectives, namely, RBV (resource-based view), ABV (activity-based view) and SCP (strategic capability perspective), in both a comparative static setting as well as a dynamic setting. Therefore as was pointed out by Prahalad and Hamel (1990) risk is manageable if core competencies are used to develop core products (in the form of firm-specific expertise and resources) that can serve unrelated markets. These core areas are managed through core competencies, which they define as the abilities of employees to learn how to develop and manage the integration of technologies through cross-functional



management and collaborative working.

### **1.1.2 Competitive advantage**

The types of firms in a market economy are diverse in terms of their choice of business strategy. However, all firms aim to implement high-value strategies that produce profits as a normal aspiration of business owners. When a particular high-value strategy of a firm cannot be implemented, imitated or replicated successfully by a potential competitor, the strategy provides the firm with a source of sustainable competitive advantage (SCA). According to Porter (1991), the competition strategy of a firm is to seek an advantageous competitive position in a particular industrial environment or to build up a profitable, consistent market position by drawing on various factors that are decisive to being competitive in an industrial sector. In other words, both industry type and competitive strategies are two central points to be considered by managers in a market economy. This therefore means that Porter's competition strategy explicitly relies on the pursuit of advantages, which are determined by a firm's exogenous variables that require analysis of the competitors and opportunities in the market.

According to Porter (1985), competitive advantage is the ability to earn returns on investment consistently above the average for the industry. On his part, Barney (1991) specifically noted that competitive advantage can be achieved if the firm implements a value-creating strategy that is not simultaneously being implemented by any current or potential competitors. This can therefore be interpreted to mean that sustained

competitive advantage results from strategic assets; which Barney (1991) regards as those that are internally controlled and permit the firm to formulate and implement strategies that expand its efficiency and effectiveness. Competitive advantage is thus dependant not, as traditionally assumed, on such bases as natural resources, technology or economies of scale, since these are increasingly easy to imitate. Rather, competitive advantage is, according to the resource base view, dependant on the valuable, rare, and hard-to-imitate resources that reside within an organization (Stiles and Kulvisaechna, 2004). This group of assets can be said to be what Stewart (1997) to be “invisible assets” which in real sense is intellectual capital.

### **1.1.3 British Broadcasting Corporation Global News– Africa**

The British Broadcasting Corporation (BBC) is the principal public service broadcaster in the United Kingdom, in London. At present, The BBC is the largest broadcasting organization in the world with about 23,000 staff. Its mission is to enrich people's lives with programmes that inform, educate and entertain. It is a public service broadcaster, established by a Royal Charter and funded by the license fee that is paid by UK households and as well funded by the British Government.

The BBC uses the income from the license fee to provide services including 8 national TV channels plus regional programming, 10 national radio stations, 40 local radio stations and an extensive website. BBC World Service broadcasts to the world on radio, on TV and online, providing news and information in various languages. It is funded by a

government grant, not from the license fee. In Africa BBC Global News is comprised of three key divisions that include BBC world service, BBC monitoring and BBC world service trust.

The BBC World Service has the international radio and online services in 7 languages. These languages include Somali, Swahili, English, Hausa; French for Africa, Kirundi, and Kinyarwanda. The division is publicly funded by a Parliamentary Grant-in-Aid (not the Licence Fee). BBC Monitoring offers open source monitoring of TV, radio, online and print media around the world and is funded by stakeholders (not the Licence Fee) encompassing British government departments (via the Cabinet Office) and the BBC. BBC Monitoring is an important part of the BBC's newsgathering operation. BBC World Service Trust is the BBC's independent international charity within BBC Global News. Delivering media projects outside the UK, it is funded on a project-by-project basis from different sources (not the License Fee), such as British government departments, Non Governmental organizations, other charities and UN departments.

## **1.2 Statement of the Problem**

An organizational strategy is seen by many as the main driver of competitive advantage (Larsen *et al.*, 1998). It aims at the articulation of the means by which an organization endeavors to convert its intentions into organizational capability in order to take advantage of its external opportunities and to minimize the threats that it faces. This involves configuration of resources as well as the development of an environment



capable of supporting the intentions articulated in the strategic plan. Due to the different strategies, firms differ based on organizational capabilities it has and that such capabilities are used to “create and exploit external opportunities and develop sustained advantages” (Lengnick-Hall and Wolff, 1999). These strategic capabilities are firm-specific and developed within the firm rather than acquired externally. Therefore, the development of unique capabilities within an organization enables them to perform processes better and in a “different manner” compared with other firms (Mische, 2001).

The British Broadcasting Corporation can be said to have been a dominant player in the international news market for several decades now. With a workforce of over 23,000 staff spread all over the globe and making its broadcast in different languages, it has recently received threats by the British parliament which approves its expenditure to justify its huge budget annually that is funded wholesomely by the British taxpayer. In addition, the level of competition from other international channels like Cable News Network (CNN) and Al-jazeera has provided different choices to the audience and thus leading to the shrinkage of its market share. In addition with the liberalization of the airwaves in most countries, many other local radio and Television stations have been set up to compete over the same audience and as a result complicating matters for the already existing players. One way that BBC can use to maintain its relevance in the ever changing broadcasting market is to identify and harness its strategic capabilities that cannot be easily mimicked by competitors. It is upon the management to identify what their dynamic capabilities are and which will give them the competitive advantage necessary

to maintain their market share and at the same time expand to other regions. This strategy can only be achieved through identification of the organizational strategic capabilities and putting in place mechanism to protect and enhance their capacity.

A few studies have been conducted locally on the subject area of organizational strategic capabilities. Wanyanga (2007) undertook a research on the utilization of organization's capabilities as an operation strategy in the hotel industry in Kenya. Among his findings is that that most hotels in the country had not fully identified there strategic capabilities and always scanned the external environment to identify the opportunities without identify their internal non- imitable capabilities that will give them competitive advantage. He also noted that the skills and resources must constantly change in tandem with the changes in the environment. He therefore concluded that the way resources are configured to match the existing capabilities is the source of competitive advantage. This view will be in tandem with Mintzberg *et al.* (1998) observation that only "a few key strategies – as positions in the economic market place – are desirable in any given industry: ones that can be defended against existing and future competitors", a firms competitive advantage will be achieved. As can be evidenced from the above single study in the local set-up, extensive research on the area of organizational strategic capabilities has not been done and more so in the media industry. This therefore leads to the question: what strategic capabilities does British Broadcasting Corporation-Africa have that can lead to competitive advantage?

### **1.3 Research objectives**

The study was guided by the following objectives:

- i. To establish how British Broadcasting Corporation-Africa, Global News, Africa develop strategic capabilities for competitive advantage.
- ii. To establish the factors that influence development of strategic capabilities at British Broadcasting Corporation –Global News, Africa

### **1.4 Value of the Study**

The study will aid various stakeholders in the media industry as follows:

The management and staff of BBC will find this study an invaluable source of material in developing and harnessing their strategic capabilities in the present day competitive business environment. This study will provide insight on some of the challenges that may be faced in the development and implementation of their strategic plans and how they can avoid them. The authorities will strive to avoid the pitfalls and capitalize on the strengths.

Other organizations can also find use in developing their unique strategic capabilities that shall not be easily be imitable and thus create their own individual firm competitive advantages. The government and regulators of the media industry will also find invaluable information in how strategic capabilities can be adopted and as a result put in place policies that will guide and encourage other organizations within and without the industry in implementing their strategies.



## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Introduction

This chapter provides information from publications on topics related to the research problem. It examines what various scholars and authors have said about the role of strategic capabilities as a strategic tool. The chapter is divided into five main areas: concept of strategy, resource based view (RBV) strategic capabilities, competitive advantage and finally the role of strategic capabilities on a firm's competitive advantage.

### 2.2 The Concept of strategy

Strategy is seen by many as the main driver of competitive advantage (Larsen *et al.*, 1998). A number of research studies indicate that small firms using strategic planning performed better than non-strategic planning firms (Naffziger and Mueller, 1999). Others found that "strategic orientated" smaller firms were likely to have significant capability to grow, expand, innovate and introduce new products to the market place (Joyce *et al.*, 1996), and achieve greater profitability (Roper, 1997). Strategy is also considered as one of the most effective ways for firms, regardless of size or sector, to cope with the changes in the business environment. A strategy, in essence, is the articulation of the means by which an organization endeavors to convert its intentions into organizational capability in order to take advantage of its external opportunities and to minimize the threats that it faces. This involves configuration of resources as well as the development of an environment capable of supporting the intentions articulated in the strategic plan. Organizational capability is the outcome of the implementation of the strategic plans.

The concept of strategy embraces the overall purpose of an organization. It is the determination of the basic long-term goals and objectives of an enterprise, adoption of courses of action and the allocation of resources necessary for carrying out those goals. Gole (2005) proposes that strategic management is a process, directed by top management to determine the fundamental aims or goals of the organization, and ensure a range of decisions which will allow for the achievement of those aims or goals in the long-term, while providing for adaptive responses in the short-term. The three core areas of corporate strategy as outlined by Gole (2005) encompasses: strategy analysis, strategy development and strategy implementation. Strategic analysis deals with examining the environment within which the organization operates.

According Pearce and Robinson (2007), strategy formulation is concerned with determining where the organization is, where it wants to go and how to get there. It involves carrying out situation analysis that leads to setting of objectives. Vision and mission statements are crafted and overall corporate objectives, strategic business unit objectives and tactical objectives are also developed. Strategy implementation is the process of allocating resources to support an organization's chosen strategies. This process includes the various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals. Strategy evaluation includes review of external and internal factors that are bases for strategies formulated, measuring performance and taking corrective action, if necessary. This is important as all strategies are subject to future modification



depending on environmental turbulence (Robbins and Coulter (1996).

Higgins (2007) on his part describes strategic implementation as the process of allocating resources to support chosen strategies. This process includes the various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals. Further, the studies points out that almost all the management functions—planning controlling organizing motivating, leading directing integrating, communication and innovation- are in some degree applied in implementation process.

According to Hill and Jones (2001) a strategy consists of five separate but interdependent phases: establishment of organizational intent, strategic analysis, strategy formulation (the strategic planning process), strategy deployment and monitoring/evaluation. The contention that the development of strategy consists of several interrelated phases is well supported in the literature .The strategic planning phase, apart from the central role that it plays in the development and implementation of a robust strategic plan, lends itself more readily to the development of constructs suitable for use in questionnaires. Content, on the other hand, is organization dependent and more difficult to reduce to generic constructs of the type used in survey research.

## 2.3 Resource-based view and strategic capabilities

Resources are defined as: “stocks of knowledge, physical assets, human capital, and other tangible and intangible factors that a business owns or controls, which enable a firm to produce, efficiently and/or effectively, market offerings that have value for some market segments” (Capron and Hulland, 1999, p. 42). A similar definition is given by Barney (2001) who among others noted that the use of resources has many potential advantages for firms such as the achievement of greater efficiency and therefore lower costs, increased quality and the possibility of greater market share and/or profitability (Collis, 1994).

The resource-based view (RBV) is a business management tool used to determine the strategic resources available to a company. The fundamental principle of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal (Wernerfelt, 1984, p172; Rumelt, 1984, p557-558). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Peteraf, 1993, p180). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991:p117). If these conditions hold, the firm's bundle of resources can assist the firm sustaining above average returns.



The resource-based view of strategy regards strategic (rather than economic) resources as firm specific and difficult for rivals to buy or copy (Barney, 1986) and which have value to managers in influencing the direction and growth of a firm (Ghoshal and Bartlett, 1997). This view understands strategic resources as tangible and intangible assets that when combined will help to constitute a firm's competitive advantage (Teece, 2007). The softer components of organizational resources, such as staff and skills, and how these are managed in operational teamwork against top-level targets and longer-term strategy, are central to the management of strategic resources.

The resource-based view regards the firm as a cognitive system, which is characterized by idiosyncratic and context-dependent competences that are core to strategic purpose. These are conditioned by hierarchical capabilities, or sets of routines, involved in the management of the firm's core business processes that help to create value. Competences typically involve the development of specialist expertise, and firms may become locked into a trajectory that is difficult to change effectively in the short to medium-term (Tushman and Anderson, 1986). The premises of the resource-based view is that successful firms develop distinctive capabilities on which their future competitiveness will be based; which capabilities are often idiosyncratic or unique to each firm, and may also be tacit and intangible in nature (such as knowledge) (see Teece *et al.*, 1991). Competitive advantage is seen to be founded on a complex of competences, capabilities, skills and strategic assets possessed by an organization, or in other words from the astute management of physical and intellectual resources which form the core capability of the

business. Teece *et al.* (1991) define core capabilities as “a set of differentiated skills, complementary assets, and routines that provide the basis for a firm’s competitive capacities and sustainable advantage in a particular business”. Such capabilities or core competences are not built on discrete independent skills but are “the synthesis of a variety of skills, technologies and knowledge streams” (Hamel and Prahalad, 1994).

The RBV embraces a firm level of analysis, but does not completely depart from industrial, organization assumptions (Barney and Ouchi, 1986). According to McGahan and Porter (1997), although the two approaches may be viewed as compatible in some respects, conflicts between IO and the RBV ultimately concern the relative influence of industry and firm factors on business performance. A study by McGahan and Porter (1997) showed that industry factors accounted for 19 percent of the variance in profitability within specific industry categories, and that the difference varied substantially across industries. Powell (1996) suggested that industry factors account for between 17 and 20 percent of variance in firm performance. Short *et al.*, (2007), on the assessment of firms in 12 industries suggested that firm-level effects on performance are generally the strongest, but that strategic group and industry effects are also significant. Henderson and Mitchell (1997) noted that resolving the firm-industry conflict might not be possible because organizational capabilities, competition, strategy, and performance are fundamentally endogenous. Any attempt to build on the merits of both the IO and resource-based perspectives must account for the varying degrees of influence of both industry factors and firm resources on performance (Claver-Cortes *et al.*, 2004).

## 2.4 Strategic Capabilities

An organization's resources – including its assets and skills – represent the source of its foundation for sustainable competitive advantage (Bowman and Ambrosini, 2003). According to Pandza and Thorpe (2009) strategists should seek to shape, transform, and combine these resources into strategic capabilities, which in turn drive strategic success.

The notion of strategic capabilities is conceptually linked to the resource based view (RBV), as both perspectives emphasize the development of idiosyncratic aptitudes that cannot be readily mimicked by competitors. Scholars following the Strategic resource based view (SRBV) or dynamic capabilities approach (DCA) view resources as transitory, typically following a lifecycle behavior spanning emergence through various stages including growth, renewal, and eventual retirement (Helfat and Peteraf, 2003). In addition, other scholars from the organizational economics perspective – integrating perspectives such as agency theory, incentives, transaction costs theory, and even property rights theory – have utilized industrial organization-based tools to examine performance at the firm level of analysis (Boxall and Gilbert, 2007).

An Organization's strategic capability needs to be assessed relative to its competitors, since a sustained competitive advantage, the aim of strategy, entails gaining and sustaining a competitive position over competitors following the same conceptual foundation, the DCA extends strategic capabilities by emphasizing the transitory nature of both organizational resources and external influences. Capabilities are the building

block for core competencies (Coulter, 2002) and are usually embedded in the firm and require both time and significant resources to change. Organizational capabilities are commonly defined as a firm's capacity to deploy its assets, tangible or intangible, to perform a task or activity to improve performance (Lorenzoni and Lipparini, 1999).

Winter (2003) suggests that a capability comprises a large chunk of activity that enables outputs that clearly matter to the organization's survival and prosperity. Recent resource-based writings stress that the uniqueness of firm's resources and capabilities are not sufficient to sustain competitive advantage. Fiol (2001, p. 692) further agrees and remarks that "both the skills/resources and the way organizations use them must constantly change, leading to the creation of continuously changing temporary advantages". This suggests that it is the way resources are configured and not the capabilities as such that is the source of competitive advantage. Configuration is specific to each organization and will relate to their corporate strategic thinking. Accordingly, firms can achieve temporary advantage, which can achieve a longer time frame by constant resource reconfiguration to meet the changing markets demands. Mintzberg *et al.* (1998, p. 83) state that only "a few key strategies – as positions in the economic market place – are desirable in any given industry: ones that can be defended against existing and future competitors". This means that strategy has a narrow focus in the positioning school and is seen as generic rather than having a unique perspective.

In this discussion it is very important to give insights on resource-based view and its link to strategic capabilities. Resources are defined as: “stocks of knowledge, physical assets, human capital, and other tangible and intangible factors that a business owns or controls, which enable a firm to produce, efficiently and/or effectively, market offerings that have value for some market segments” (Capron and Hulland, 1999, p. 42). A similar definition is given by Barney (2001) who among others noted that the use of resources has many potential advantages for firms such as the achievement of greater efficiency and therefore lower costs, increased quality and the possibility of greater market share and/or profitability (Collis, 1994).

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The resource-based view regards the firm as a cognitive system, which is characterized by idiosyncratic and context-dependent competences that are core to strategic purpose. These are conditioned by hierarchical capabilities, or sets of routines, involved in the



management of the firm's core business processes that help to create value. Competences typically involve the development of specialist expertise, and firms may become locked into a trajectory that is difficult to change effectively in the short to medium-term (Tushman and Anderson, 1986). The premises of the resource-based view is that successful firms develop distinctive capabilities on which their future competitiveness will be based; which capabilities are often idiosyncratic or unique to each firm, and may also be tacit and intangible in nature (such as knowledge) (see Teece *et al.*, 1991). Competitive advantage is seen to be founded on a complex of competences, capabilities, skills and strategic assets possessed by an organization, or in other words from the astute management of physical and intellectual resources which form the core capability of the business. Teece *et al.* (1991) define core capabilities as “a set of differentiated skills, complementary assets, and routines that provide the basis for a firm’s competitive capacities and sustainable advantage in a particular business”. Such capabilities or core competences are not built on discrete independent skills but are “the synthesis of a variety of skills, technologies and knowledge streams” (Hamel and Prahalad, 1994).

The RBV embraces a firm level of analysis, but does not completely depart from industrial, organization assumptions (Barney and Ouchi, 1986). According to McGahan and Porter (1997), although the two approaches may be viewed as compatible in some respects, conflicts between IO and the RBV ultimately concern the relative influence of industry and firm factors on business performance. A study by McGahan and Porter (1997) showered that industry factors accounted for 19 percent of the variance in

profitability within specific industry categories, and that the difference varied substantially across industries. Powell (1996) suggested that industry factors account for between 17 and 20 percent of variance in firm performance. Short et al., (2007), on the assessment of firms in 12 industries suggested that firm-level effects on performance are generally the strongest, but that strategic group and industry effects are also significant.

Henderson and Mitchell (1997) noted that resolving the firm-industry conflict might not be possible because organizational capabilities, competition, strategy, and performance are fundamentally endogenous. Any attempt to build on the merits of both the IO and resource-based perspectives must account for the varying degrees of influence of both industry factors and firm resources on performance (Claver-Cortes *et al.*, 2004).

## **2.5 Competitive Advantage**

Competitive advantage is the ability of a firm to earn returns on investment consistently above the average for the industry (Porter, 1985). On his part, Barney (1991) observed that competitive advantage can be achieved if the firm implements a value-creating strategy that is not simultaneously being implemented by any current or potential competitors. According to Meso and Smith (2000), sustained competitive advantage results from strategic assets; which Barney (1991) regards as those that are internally controlled and permit the firm to formulate and implement strategies that expand its efficiency and effectiveness. Competitive advantage is thus dependant not, as traditionally assumed, on such bases as natural resources, technology or economies of

scale, since these are increasingly easy to imitate. Rather, competitive advantage is, according to the resource base view, dependant on the valuable, rare, and hard-to-imitate resources that reside within an organization (Stiles and Kulvisaechna, 2004). They are indeed the assets which Stewart (1997, p.56) referred to “invisible assets” which in real sense is intellectual capital.

According to Tovstiga and Tulugurova (2009) a firm’s competitive advantage and performance are largely influenced by its intellectual capital. However, Ligin (2010) notes that there is far from enough empirical research investing the practical role of competitive advantage on the relationship between intellectual capital and performance. Most previous literature addressing intellectual capital has ignored the significance of competitive advantage on the relationship between intellectual capital and organizational performance (Chang and Lee 2008). However, in competitive environments, it is not enough for a firm to have only the capability of selecting strategic alternatives and organizing marketing resources to deliver a sustainable competitive advantage – these resources must be deployed (Jiang, 2002). In addition a firm must establish new competitive advantages and shape the development of the market via two types of competitive styles namely; competition through the resources of the traditional marketing environment and competition by transcending the traditional marketing environment.



Scholars who adhere to a resource-based view of the firm believe that resources contribute to competitive advantage but only when a firm possesses valuable, scarce, inimitable and irreplaceable resources. Barney (1991) observes that particular combinations of these resources deliver a particular type of competitive advantage. He suggested that not all of a firm's resources hold the potential to deliver an competitive advantage. Rather, the firm's resources must possess the attributes of rareness, value, the inability to be imitated and inability to be substituted if an SCA is to be realized. However, in the real world of business, it is unlikely that all firms will have the capacity to possess or access all the resources that satisfy Barney's (1991) conditions. In addition, firms may not have the capacity to utilize these resources in the right combination even if they were accessed in an appropriate manner. On his part, Oliver (1997), argues that both resources and institutional capital are indispensable to creating an SCA. The capability-based view of the firm also moves a step closer to understanding how enterprises develop and maintain their sources of competitive advantage. Hence for a firm to be assured of a sustainable development, it must identify its competitive advantage variables and harness the same to a maximum benefit.

## **2.6 Role of strategic capability on a firms Competitive advantage**

According Teece et al., (1997) the ability to build effective capabilities is a significant driver of performance. Capabilities are nurtured and developed within a firm in order to enhance its performance and also react or anticipate market movements. An effective performance measurement system ought to cover all aspects of performance that are

relevant for the existence of an organization and the means by which it achieves success and growth (Kaplan and Norton, 1996). As a result any performance measurement system ought to include more than just financial measures.

Luo and Park (2001) assessed the degree of satisfaction with a range of performance outcomes arising from individual factors used in the strategic process and identified a number of parameters that are considered to be important namely: financial (overall financial performance); customer orientation (customer satisfaction, customer retention and market share); organizational effectiveness (short-term performance, long-term performance, avoid problem areas); and innovation (introduction of new products). Andersen *et al.* (2001) suggest that linking strategic objectives with performance helps with the articulation of causality. They state that this approach has clear advantages such as helping small- and medium-sized organizations to gain a thorough understanding of strategy by raising the awareness of strategy throughout the entire organization and by providing a focus to enhance the achievement of the strategic objectives.

Walker *et al.* (2002) state that to achieve desired performance levels, a firm's capabilities and the resources available to it must interact positively with the requirements of the firm's markets. Both capabilities and market requirements need to be clearly defined and explicit. Arguably, both need active consideration during the strategy formulation stage. A key concern in the emerging strategic performance management in the current business environment is the need for organizations to implement systems and frameworks that not

only deliver performance improvements (Witcher and Chau, 2008), but also the ability to control them against top level targets (Chau and Witcher, 2005). This remains the case for both commercial and regulated public sector companies (Chau, 2009).

According to Neely and Adams (2001), a number of auditing frameworks have been developed to address the issues though they observed that they seem to fall short in their ability to thoroughly and realistically give executives a view of competences at the operational level. This strategy-operations disconnect was also noted by Henry Mintzberg who noted that “many senior managers are removed from the ongoing daily activities of their organization ... [so] we get grand and gloriously simple-minded strategies ... [and] we have more and more disconnect between senior management and the rest of the organization” (de Holan and Mintzberg, 2004, pp. 206-208).

Barnard (1998) did observe that it has long been considered important to have a strong interconnection of interactions within an organization. This therefore reinforces the importance of organizational audits in the performance management and organizational studies, and that employee participation is a strong predictor of organizational performance (Wagner, 1994). Thus the concern of an executive team is not to review the effectiveness of operations, but to gain an understanding of how activities at an operational level play their parts in the success of strategy at an operational level. In consideration of the need of people development and development, the EFQM, observed that there is need: “implement the organization's policies, strategies, objectives and plans

... [to] recruit and develop their people to match these competencies and actively and positively support them throughout ... to realize and unlock their full potential ... [and] prepare people to meet and adapt to the changes required of them both in terms of operational changes and personal capabilities (EFQM, 1999, p. 7).

While much is said about the need to ensure that staff develop themselves and to align their capabilities with the organization's top-down policies, there is no allowance for top management to learn how these competency shortfalls should be adjusted for in their formation of strategy (back at the top level). This is a key component in the resource-based view of strategy, where human capital is seen as an important strategic resource of the organization in its achievement of competitive advantage (Barney, 1991).

This shortfall is as much to do with team management as it is with review frameworks being able to conduct reviews that are strategic. The literature on general team management has equally overlooked the important relationship of internal dynamics to organizational performance (Bititci and Carrie, 1998), and their effective use for team performance management (Zigon, 1997). After all, if measuring team performance is essential to team success, as noted by Logan(1995), then equally important must be the identification of team performance gaps – that is, the strategy-operations disconnect – and how to close them (Hacker and Lang, 2000).

According to Prahalad and Hamel (1990), risk is manageable if core competencies are used to develop core products (in the form of firm-specific expertise and resources) that can serve unrelated markets. These core areas are managed through core competencies, which they define as the abilities of employees to learn how to develop and manage the integration of technologies through cross-functional management and collaborative working. Stalk (1992), did note how Japanese firms have had a long history of collaborative forms of cross-functional management as part of hoshin kanri philosophy. Hoshin kanri is, in a resource-based view sense, a dynamic capability for the management (and configuration) of core competences over time. However, as was noted by stalk (1992), most of the commentary on the Prahalad and Hamel work misses the point that it is not the core products and core competencies that provide the strategic capability, but a higher order dynamic capability.

## **2.7 Factors that influence development of strategic capabilities**

Strategic capabilities are perhaps the most dynamic of organizational knowledge capabilities—a, these must be developed specifically in order to build a high degree of responsiveness, and a willingness to re-examine continually the frameworks and implicit mental models of individual and organizational strategic thinking. There are various factors that influence development of strategic capabilities.

Superior performance, according to Johnson and Scholes (2003), has to be determined by the way in which company's resources are deployed to create competence in the

organizational activities. Core competencies are activities or processes that critically underpin the company's competitive advantage. The primary target for the company is to recognize that competition between businesses is as much a race for competence as it is for market position and market power. Therefore, the goal for a firm is to focus the attention on competencies that really affect competitive advantage.

The competence leads to levels of performance from an activity or process that is significantly better than competitors. Benchmarking may help in understanding performance standards and what constitutes good or bad performance. Core competences may be embedded deep in a firm at an operational level in the work routines. The framework developed by Prahalad and Hamel,(1990) suggests that over time companies may develop key areas of expertise which are distinctive to that company and critical to the company's long term growth .It is therefore a valid argument that development and retention of core competencies over time builds unrivalled expertise and hence influence to a great level the development of strategic capabilities of a firm.

Prahalad's and Hamel's 1990 approach states that core competencies should change in response to changes in the company's environment and be flexible and evolve over time. Therefore, a firm needs to adapt to new rapidly changing circumstances and opportunities, so its core competencies will have to adapt and change. The example of this was when the company has launched its loyalty card and went into banking.



Human resource management is regarded as up and downstream activity, covering everything from recruitment to management development Barney, J.B., (1986a). The company aims to increase the number of training schemes and further develop its recruitment programmes so to pass on to the customer the benefits of a well recruited, well trained staff, not the costs. Research done of Tesco has shown that investment in proper recruitment and training is the beginning of development of strategic capabilities unique to the firm. Over time this creates solid human capital which according to Barney (J.B.; Wright, M.; Ketchen Jr., D.J. (2001) these are skills and capabilities of the people in the organization.

According to Sirmon, D.G., M.A. Hitt, and R.D. Ireland (2007) technology development is a downstream activity and is the ability to provide new innovative product ranges/solutions that anticipate customer needs. It also remains a key competitive advantage, adding value. However, installation and capital investment is a long term process and needs total commitment of the staff. This means technology development which is well roll out to staff influences development of strategic capabilities which is only unique to a firm hence creating competitive advantage. Technological development is a product of structural capital which by and large is the Organizational infrastructure. This is a strong factor that leads to the development of strategic capabilities.

Hoopes, D.G.; Madsen, T.L.; Walker, G. (2003) approach states that, creating knowledge organization is a big factor that influence development of strategic

capabilities in any firm. This means to a firm knowledge is a primary resource and source of differentiation. This is most obviously true in services and information-based industries, but it can be—and often is—applicable in industry sectors . The new field of intellectual capital has been developed specifically in order to understand the nature and value of the intangible assets which are the foundation of the productive capacity of knowledge-based organizations. Capturing and sharing knowledge is necessary for knowledge organizations to develop their capabilities and maintain or enhance their competitiveness.(Rugman A.M.; Verbeke, A. (2002),. To a large degree this involves the interplay between human capital and structural capital: if knowledge is effectively captured this means that human capital is converted to structural capital, while for people to be most effective at their functions they need to tap knowledge which has been captured as information. Knowledge captured as structural capital can include both databases of information, as well as processes which enable people to perform tasks more effectively.

According to Hoopes, D.G.; Madsen, T.L.,; Walker, G. (2003) generating knowledge in other words innovation is essential to knowledge organizations, as the value of knowledge is ephemeral, and organizations must continually create new knowledge in order to develop and maintain their competitiveness. Another perspective on generating, capturing and sharing knowledge is that it is the means to achieve the greatest productivity from the organization's intellectual capital resources, and its information inputs.



Makadok, R. (2001) has strongly argues that individual skills and behaviours influences development of strategic capabilities in a firm. The effectiveness of knowledge workers—whatever the field in which they work—depends on their basic information and knowledge skills. Since their tasks are dealing with information, adding value to that, and using it to create value for others inside or outside the organization, their abilities at these tasks are intrinsic to the organization's knowledge capabilities. Makadok, R. (2001) further adds that these knowledge skills include filtering information overload, reading and note-taking, analysis, synthesizing ideas and information, communicating concepts and knowledge to others, and of course skills in using technology. While high-level professionals may be already excellent at these tasks, their skills can always be developed further. Organizations should embed development of these fundamental knowledge skills into all of their internal training and development programmes.

Organizational skills and behaviours is another factor that influences development of strategic capabilities(Collins, David J. (1994). Even when the other three fields are well developed, if an organization's culture and internal behaviours do not support its knowledge capabilities, these will remain largely ineffective. People may have the infrastructure and ability to share knowledge and work effectively with others within knowledge processes, however they also require the motivation to do so, and ultimately this depends on the organizational culture and the behaviours manifested. Some of the key enablers are leadership, remuneration and recognition.

Barney, J.B., (1986b), argues that the corporate culture of an organization has to continue evolving in a way that engenders self-initiative and a collective sense of ownership on the part of individuals. The integration of everything from knowledge and learning, to the way work gets done in the organization, will require significant behavioral changes in the manner in which work is performed. Receptive corporate culture would heavily influence development of strategic capabilities.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research Design**

The research design was a case study. A case study is an in-depth investigation of an individual, institution or phenomenon. The primary purpose of a case study was to determine factors and relationships among the factors that resulted in the behavior under study. The research study was adopted in this particular study since not all the target population of the study was knowledgeable of the role of strategic capabilities in enhancing competitive advantage. In light of this therefore, a case study design was deemed the best design to fulfill the objective of the study as the results was expected to provide an insight in understanding how the organization uses its strategic capabilities in remaining competitive in the changing media industry. It is through an interview with some selected persons concerned with identification and harnessing of the organizations competitive advantage that the researcher was able to identify how the organization has utilized its strategic capabilities to enhance its' competitive advantage. As a result of this, a case study research design was the appropriate design.

### **3.2 Data Collection**

The study made use of primary data which was collected through a face to face interview with the researcher. An interview guide was used to collect data on strategic capabilities used by the organization in gaining competitive advantage. An interview guide was a set of questions that the interviewer asked when interviewing. The interview guide was

divided into four sections. Since BBC Africa operates from different countries in Africa, the researcher employed Video conference, Conference calls and face to face meetings with the respondents that were accessible. The respondents interviewed were those involved with formulation and implementation of organization's strategies. The researcher believed that it would be possible to obtain data required to meet specific objectives of the study. The interviewees were the top managers and functional heads in charge of finance and administration, Planning and industrial relations, regional heads, and editorial language services. These are considered to be key informants for this research. In addition the departments in which the intended respondents work in are the key host of strategic capabilities in the organization. The results will be expected to provide an insight in understanding how the company responds to the business challenges by employing internal strategic capabilities within the organization.

### **3.3 Data Analysis**

The data obtained from the interview guide was analyzed qualitatively. Qualitative data analysis makes general statements on how categories or themes of data are related. The qualitative analysis was adopted in this study because the researcher was able to describe, interpret and at the same time criticize the subject matter of the research since it was difficult to do so numerically. The qualitative analysis was done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study. It involved observation and detailed description of objects, items or things that comprised the object of study.

The themes (variables) that were used in the analysis were broadly classified into two: strategic capabilities in the firm and how the firm has utilized its strategic capabilities in achieving competitive advantage.

#### Strategic Capabilities

The firm's strategic capabilities are those resources and organizational knowledge that are valuable, rare, and difficult to imitate and that provide the firm with a competitive advantage. The firm's strategic capabilities are those resources and organizational knowledge that are valuable, rare, and difficult to imitate and that provide the firm with a competitive advantage. The firm's strategic capabilities are those resources and organizational knowledge that are valuable, rare, and difficult to imitate and that provide the firm with a competitive advantage.

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

The research objectives were to establish how strategic capabilities has been harnessed to give competitive advantage by British Broadcasting Corporation-Global News, Africa and also to establish the factors that influence the development of strategic capabilities. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

### **4.2 Respondents Profile**

The respondents to the study comprised the senior managers and sectional heads in the regional offices in Nairobi, Kenya, Abuja, Nigeria, London and Dakar, Senegal. In total, the researcher interviewed seven respondents out of eight that had been intended to be interviewed in the research design. One of the respondents was not available during the interview period having travelled for work related assignments and was not available throughout the period that data was collected. As a result the response rate was around 87.5% and was found to be adequate for the realization of the research objectives.

The respondents comprised one senior staff member from the finance and administration, one from the planning and industrial relations, two regional heads and three heads of editorial language services. The senior leadership team interviewed is engaged with the formulation and implementation of the firms' strategies. Due to the need for managers to



increase their academic and professional qualifications to cope with the ever changing dynamics of leadership and managing business, all the respondents had university degrees. The degrees are in various fields such as from communication, marketing, finance, Business administration and journalism.

The period of work experiences ranged from 2 to 15 years and this experience was gained across a number of both local and international media houses. With their solid background in the affairs of the organization and the industry, the respondents were found to be knowledgeable on the subject matter of the research and thus help in the realization of the research objectives.

#### **4.3 The extent of strategic Capabilities resource at BBC Global News - Africa**

The set of question under this area of the interview guide were tailored in establishing whether the firm has in place a process of identifying and harnessing effectively the organizations strategic capabilities asset and establishing how the same is achieved.

The respondents were in agreement that the BBC has a structure that runs from its offices around the world to London through which it reaches out to its staff. It also invests heavily in training and acquisition of the latest technology to remain ahead of the competition. Staff from across the globe regularly work together in daily, weekly, and monthly editorial forums, or are brought together in strategic teams to roll out development projects within BBC.

The data also brought into perspective the observation by the respondents that BBC as an organization recognize the capabilities of its staff and the expertise that is available in the different sections of the BBC . The basic objective of the organization is to disseminate accurate, fair, objective and unbiased news to its audience. The organization uses the wealth of knowledge that is available in its correspondents spread all over the particular area they broadcast. The Hausa Service which broadcast mainly to West Africa has a sizeable number of correspondents and stringers spread in these areas, who are both knowledgeable of the area and have the expertise to report accurately from this areas. When there is a big story coming out from this area, other sections of the BBC rely on the expertise available at the Hausa Service to give an informed view and analysis of what is happening to the rest of its audience. On the other hand, it was observed that French for Africa service employs the innovative ideas from its skilled and well trained staff. BBC has a well structured framework of getting the best ideas and implementing them and ensuring the staff are recognized for the ideas.

On the issue of resources, respondents observed that there are several resources that give BBC its strategic capabilities .The BBC is already a brand name in the continent, with well entrenched offices in key countries and regions. This wide presence in the African continent coupled with usage of English as main language provides it with a large audience because English is spoken in many countries in the continent.

In addition, BBC broadcasts in some regional languages such as Kiswahili in East Africa and Hausa in West Africa. In addition, it has been the policy of BBC to recruit locals who understand local issues and have “Soft power” values that the audience identifies with.

The credibility of BBC among the listeners was identified as a source of strategic capability by the respondents. The BBC has the reputation of the most credible international news organization, therefore BBC Global News, Africa can leverage on this to give it a competitive edge in the world. Other sections of the BBC are a big resource for BBC Global News, Africa. The Chile story wouldn't have been told without the expertise of the BBC Americas. Recognizing the development of technology in the world and keeping pace with the development by providing products that are compatible to the new media will definitely give BBC competitive advantage. French for Africa service is strategically located in Senegal to coordinate the big stories in Africa. The other resources would be very experienced and well trained journalists with professional experience spanning many years, the mix of staff who are young and old for the purpose of mentoring.

There was conformity among the respondents that the biggest resource available at the disposal of BBC Global News, Africa in the current competitive world is its staff. There is no alternative to a well trained and knowledgeable man power in the business news and current Affairs. The respondents observed that BBC Global News, Africa has a highly skilled and specialized editorial team which ensures a unique competitive advantage

regularly interpreting the world in a concise fashion to our customers unlike what can be consistently obtained from anywhere else.

On the question of if there is a deliberate effort by BBC Global News, Africa to nurture and develop human resource capabilities the respondents were in agreement that The BBC invests heavily in training of its personnel. There is deliberate and well structured training both in language services in Africa and in the BBC head office in UK. Staff as well are encouraged to have a development plan for their career aspirations. These findings are similar to the study of Teece et al (1991) in which they concluded that for core competencies to be useful to the organizations, they should be differentiated and continuously developed in order to provide the basis of the firms competitive capacities and sustainable advantage.

Being a media house and dealing with technology, it has to keep abreast with technological innovations. Training is tailored to suit staff at all levels of employment. They further pointed out that BBC Global News; Africa runs some of the most extensive training courses in the media world, Africa included. It also runs competitive recruitment , seeks to recruit staff from all backgrounds; has an informative induction process; treats all staff fairly; and supports development of staff. BBC also has in place sizable training budget available to grow the staff's skill sets as well as their personal competencies and professional capabilities is well utilized The example given by the respondents was attachments to different positions and places including other international offices and

trips to the UK headquarters. As with other sections of the BBC the college of journalism serves as the training college for most of BBC Global News, Africa journalists. However, as the vast majority of what the BBC does depends on the people on the ground the BBC through the feedback system has continued to support staff that are not able to regularly update their knowledge through the college of journalism.

On the issue of whether BBC's strategic capabilities could be copied, the respondents' answers revealed that strategic capabilities within BBC are structures which have been developed over a long period. While they may be replicated elsewhere, they may not be easily copied. These structures have become part of the BBC culture and perhaps the best way of passing such skills to other organizations (competitors) is to have transferrable skills. This view was shared by all respondents who noted that much of the strategic capabilities within BBC is within the culture of the organization. The brand of BBC is its reputation for impartiality and thus a trusted source of accuracy and independence in the media industry. These virtues they identified take time to inculcate and internalize and to test in different circumstances. It was also observed that it would be difficult to replicate the transfer of skills because this costs a lot of money and due to the economic downturn many countries are scaling down in overseas. However, the respondents noted that some of the organizations capabilities can be copied but could not tell with some degree of certainty how long the organization can keep on protecting its core competencies from imitation by the competitors. They noted that with the world becoming a global village and recruitment drive by other media houses as Al-Jazeera Arabic, Voice of America and

CCTV, it is likely that some of the organizations capabilities could be imitated or transferred to competitors from employee switching jobs. As a result of the possibility of the organizations strategic capabilities being imitated by competitors, the respondents were in agreement that both the skills and resources and the way the organization use them must constantly change, leading to the creation of continuously changing temporary advantages. This view is shared by Fiol (2001) when he observed that strategic capabilities should always adapt to the changing operating environment that an organization is in.

There was agreement that there is a deliberate move by BBC Global News, Africa to shape, transform and combine these resources to achieve sustainable competitive advantage and indeed there are the steps taken to implement .For instance respondents observed that there has been restructuring of priorities, employment benefits, staffing and training. There is also sharing of learning and experiences across several offices across Africa for example Abuja Office Manager visiting Nairobi Monitoring and East Africa Bureau to shadow work already done in Nairobi before the role-out in Abuja. There was also agreement that The recent drive for streamlining the activities of the BBC Global News, African language services is the first attempt to combine a rich resource in to one, which will be unrivalled by any international media. The Language groups have all being brought in to one place under the leadership of an Africa BBC Editor. The merged meetings between various language services which are done twice a day and coordinated from London help to build synergy and complimentary skills. It as well enhances



diversity in delivery of services. This observation by the respondents can be noted to be in line with the study by Walker (2002) who concluded that for an organization to achieve desired performance results, a firm's capabilities and the resources available to it must interact positively with the requirements of the firm's markets and their requirements be defined clearly and explicitly.

Organizational risk management process will be able to achieve its objectives when there is in place an elaborate mechanism of carrying the same. The respondents noted that journalism is a risky business that can lead to the closure of the media through law suits and pressure from the public. As a result the respondents pointed out that the organization offers a good working environment to the journalist and also ensures that BBC adopts the best practices in journalism where accuracy, objectivity, balanced and putting the audience first. In addition, the respondents noted that BBC has endeavored to keep staff informed of all key developments, plus seeking the input of staff where needed through encouraging the employees to present their views to aid the realization of key business objectives.

The realization of an effective management of strategic capabilities in an organization requires employee participation and willingness to participate in the all exercise. All the respondents that participated in the study noted that with the organization recognizing the importance of its staff in the enhancement of the organization's core competencies, BBC recognizes that where there is good communication of the problems and efforts made at

mapping out process there will be a common operational side of the business and will impact on the core output and a heightened desire to maintain trust with audiences or customers. However, the respondents observed that in some instances, the value placed by the organization on internal service providers has not been up to expectation and as a result, when staff is asked to contribute, their participation has been minimal in such points. In addition it was pointed out that for instance in Dakar office; they feel there is a high degree of employee participation. There are various editorial and regional meetings where staffs are freely invited to give their views and feedback on issues. As a result these measures do go a long way in increasing the performance of the organization. BBC was identified as an organization that has opened a two way communication, in which staffs are able to contribute. They gave an example of a recent pension's crisis where the management was able to come up with a third alternative to the options available after consultation with staff. The teamwork exhibited by the management and employees in BBC is in tandem with the observation by Teece (2007) who noted that softer components of organizational resources, such as staff and skills should be managed in operational team work against top-level targets and a longer-term strategy are central to the management of strategic resources.

The level of technology adopted by BBC in the course of its business has been identified as one of key strategic capabilities. The respondents pointed out that as a media house; technology is at the heart of the BBC operations. Failure to adopt new technology would leave the organization vulnerable to delivering programmes of poor quality to its

audiences throughout the world. This also means that, the organization is continually looking for new technology to meet this demand. It therefore results in a lot of money being directed to technology instead of putting it in manpower development. As a result of this deliberate move to adopt new technology, BBC has introduced some of these in routine work; created programmes around new technology; adopted some of the technology in the delivery of its output. There is also training of staff in such technologies, ahead of any investment in the same. The organization was pointed out as having developed governance and compliance policy that is simplified and set in a manual and electronic system that can be accessed by all staff and hence get guidance on particular situation. In addition it was noted that the change in technology has meant that staff and so the organization has had to quickly adapt to provide content that is compatible with the new media. The ability of the organization to do this has increased its strategic capability offering material in a multimedia format.

#### **4.4 Strategic capabilities as a source of competitive advantage in the organization**

This section of questions in the interview guide wished to establish how the strategic capabilities identified by the respondents were used as a source of competitive advantage. The researcher wished to determine specific competitive advantage points that have come out of these core competencies.

From the results obtained, the respondents showed that they understand the concept of competitive advantage. The respondents noted that to maintain cutting edge advantage against the competition an organization had to ensure you it has the best trained manpower and remunerate staff adequately. It was further noted that it's the only way a business can stay afloat in an industry characterized by changing audience demands, fast-changing technology; declining revenues, and an unpredictable world in terms of politics. They noted that the audiences all over the world have a wide variety of options to choose from and for the organization to remain relevant in the current global media environment, the organization must have something different and unique to offer to its audience. Therefore competitive advantage is very important; otherwise an organization would not have any survival chance. It will be apparent from the results of these respondents that they are in tandem with that of Meso and Smith (2000) when they observed that sustained competitive advantage results from strategic assets; which Barney (1991) regards as those that are internally controlled and permit the firm to formulate and implement strategies that expand its efficiency and effectiveness.

On the question of which strategic capabilities reside in the organization, the respondents identified several innate core assets as well-trained staff, secure financial resources; business intelligence; up-to-date technology. The competencies include strategic leadership, creativity; resilience; Such staff needs to have extensive contacts and knowledge of their region; well versed with BBC values and customer needs, plus have an insight of the changes in technology, audiences, and customer demands.

In addition diverse mix of knowledge as well as analysis capabilities forms the core of what BBC does. BBC 's global foot-print and media contacts across the continent in practically all locations allows a rich flavor of reporting the world from the perspective of persons in those locations and not what can be termed as outsiders to the region. A wide network of correspondences, skilled staff resource, ability to adapt to new technology and the built credibility of the organization was also identified as an internal strategic capability that provides BBC with the necessary competitive advantage. Thus as Jiang (2002) pointed out , it is not enough for a firm to have only the capability of selecting strategic alternatives and organizing marketing resources to deliver a sustainable competitive advantage – these resources must be deployed to the right segment of an organization.

The data collected from the question on to what extent do the organization resources deliver competitive advantage revealed that to a very large extent BBC Africa delivers competitive advantage not just sticking to offering news. The BBC offers expert analysis and goes a further step with interactivity in which audiences are allowed to contribute on issues that affects them. Similarly going deeper to investigate further stories that are at the heart of the audience offers a competitive advantage. The respondents further noted that BBC brand name, assured funding, investment in Information Technology, well-trained staff, support from managers, and conducive working environment ensures advantage over competitors.

From the results obtained it shows that the organizational capabilities, has led to competitive advantage whose outcome is felt across Africa .It was observed that BBC is almost available all over Africa, it's the most trusted media source, and is the frequently used a reference; it is also a much-sought employer in Africa, with prospective employees seeing it as an epitome of career success, and employers viewing BBC as a guarantor of reliable or competent staff. Despite the pressures on the resources of the BBC, the organization has been able to maintain its reach and maintained its global audience, with even an increase in some areas. Recent forays in to the use of social networking sites to reach audience have also helped greatly.

BBC Monitoring service to its stake-holders has in multiple reputable surveys over the last 15 years been declared to be irreplaceable. Hence BBC Monitoring management is charged with the task of sustaining its going concern in-spite of the reduction in the 'real value' (Even when the absolute amount received went up, the general rise in costs of goods and services exceeded the upward review of its funds) of resources it receives.

#### **4.5 Maintenance of Organizational Strategic Capabilities**

The set of question under this area of the interview guide were tailored in establishing whether the organization has in place effective mechanism of developing and maintaining its strategic capabilities in a sustainable future. This is in recognition of an organizations strategic capabilities changing and adapting to the changes in the operating business environment.



The respondents were unanimous that until only ten years ago, BBC did not have in place and elaborate mechanism of managing its strategic capabilities asset. The firm was until then one of the major international broadcasting organization and the British government was not scrutinizing much its spending as the single shareholder of the station. In addition, majority of the third world countries had not liberalized the broadcasting sector and so BBC could still determine both local and international agenda. However, the competitive business environment took a turn more recently when the organization faced stiff challenges from both the local and multinational broadcasting stations that came about as a result of the liberalized market in majority of the countries as well as an improved technology that facilitated communication globally.

The market share and popularity of the station reduced with time and this became a cause of concern to the station management. As a result the respondents noted that the organization took a deliberate move to put in place a mechanism of identifying and utilizing effectively its strategic capabilities as a source of competitive advantage. The BBC operates a transparent system developed over the years. The editorial guidelines as well as the induction course that each employee goes through imbues one with the philosophy behind the organization. It also helps to integrate each employee. The annual appraisals help to identify the weak areas for the organization and where to direct training. Through frequent briefings, Delivering Quality First (DQF), each employee knows exactly where the BBC is headed in short term and long term. It was also agreed that BBC has invested heavily on insight and market surveys to assess preferences and

feedback of audience. This is because audiences keep on shifting and they do so quickly depending on what they are offered.

The respondents agreed that employees are the biggest resource the organization has, and hence justifying development of a mechanism to prevent best talents from moving to other rival organizations. Some of the best brains are allowed to move, without offering any extra incentive, to other organizations. Also the recent pension crisis is not helping matters when other organizations can offer better packages. It was also pointed out that Business Development Department needs to be more innovative and keep thinking out of the box.

Respondents noted that each month the Director General Issues a bulletin in which he espouses BBC ideals and points the developments as well as the direction the organization is going. This is the barometer used to gauge where every department in the organizations fits into the larger BBC picture various tools are in place where yearly stakeholder reviews plus quarterly visits and surveys to stakeholders whose data is input into the balanced scorecard and fed primarily to the Top leadership but is available on the intranet to the rest of the staff. These helps BBC Monitoring keep track of its progress on relevance of its output with respect to its strategic goals and key business drivers. It was also observed that organization audit is also conducted through annual appraisals, staff surveys and analysis done by Insight and research department from time to time.

BBC develops distinctive capabilities on which their future competitiveness will be based. These capabilities should be unique and not to be imitated easily by competitors. They all noted that BBC invests heavily in training of its personnel. In addition being a media house in which is technologically based, the organization has continued to keep abreast with technological innovations. The training is tailored to suit all levels of employees. It was noted that BBC has an elaborate policy of recruiting staff from all backgrounds, has an informative induction process. and offers an excellent work environment. In addition, it was also pointed out that as with other sections of the BBC, the college of journalism serves as the training college for most of BBC Africa journalists.. Further, as BBC also broadcasts a number of local languages, there is deliberate and well structured training both in language services in Africa and in the BBC head office in UK.

#### **4.6 Factors that influence strategic capabilities for competitive advantage**

The organizations strategic capabilities have kept on changing depending on a number of factors. Respondents identified these factors to include technology, changes in the media sector in Africa, changing demands of the audience, declining finances and also changing stakeholder requirements. In addition, respondents noted that the global geo-political policy from the UK and US governments has altered the organizations strategic capabilities landscape. It was also observed that establishment of BBC under royal charter guarantees the organization .The rising awareness and expanding democratic

space in countries outside the UK was also pointed out as yet another factor that has changed the strategic capability of BBC.

The organization has kept in pace with the changes and with this adaptation, it has been able to stay ahead of competition, renew its staff by continually investing in new talent, investing significantly in news gathering as well as undertaking a massive expansion in infrastructure to meet its clients demands. Additionally respondents noted that the wider BBC may need to market to the UK population in general the value it provides to the United Kingdom outside the UK for the UK's benefit to truly appreciate the value it offers the UK and possibly even paint how the world would possibly be without a BBC Global news-Africa and what impact it would have on the UK and Africa. Respondents agreed that BBC monitoring remains viable as an entity to its stakeholders. The management has a strategic responsibility to adapt its resources, technology and human capital into a slimmer fit. As well as to make its presence more felt by its customers and British Taxpayers and License fee payers so as to maintain its quality of service.

## CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1 Summary

The results centered on determining the role of strategic capabilities as a competitive advantage tool at BBC. The research therefore wished to determine unique strategic capabilities that BBC have established over time and how the same has been utilized as a source of competitive advantage in the organization.

The results of the finding showed that BBC had internal strategic capabilities that gave it a competitive advantage over the other international media players. These strategic capabilities ranged from strong human resource pool that is well trained, technologically advanced assets and adoption of modern skills. The BBC prides itself as the oldest international media house and has a result of this, it has also made a reputation of being the most credible international news organization and has leveraged on this to give it a competitive edge in the world especially in consideration of the wide coverage and presence in the ground. BBC has over time appreciated the key role that its employees play in making the organization has a competitive edge over other players in the market. Thus, the organization has endeavored to pursue the policy of recruiting staff from all backgrounds, developed an informative induction process and in addition remunerates the same staff competitively. Towards the training and development of its employees, the organization has a college of journalism that serves as a training college for most of BBC

Africa Journalists. It was also observed that strategic capabilities within BBC are structures which have been developed over a long period and while they may be replicated elsewhere, they may not be easily copied. With the world becoming a global village and recruitment drive by other media houses as Al-Jazeera Arabic, VOA and CCTV, it is likely that some of the organizations capabilities could be imitated or transferred to competitors from employee switching jobs.

The strategic capabilities that currently exist in the organization need to change and adapt to the changing business environment. The operating business environment has continuously changed partly from the globalization effect and the changing journalistic field. In addition towards the maintaining of the same strategic capabilities, the organization has maintained employee participation and encourages their willingness to participate in all the exercises of developing and maintain effective strategic capabilities that will provide necessary competitive advantage. Technological advancement has also been pointed out as an area of strategic capability that needs to be updated continuously. Failure to adopt new technology would leave the organization vulnerable to delivering programmes of poor quality to its audiences throughout the world. This also means that, the organization is continually looking for new technology to meet this demand. Thus the organization has a matter of policy earmarked annually adequate funds of putting in place necessary technological needs to avail the necessary technology.



The BBC recognizes the importance of strategic capabilities to establish a competitive advantage. This was appreciated by the respondents as a necessary strategy in the present day uncertain business environment characterized by changing audience demand, fast changing technology, declining revenues and unpredictable world of politics. As an avenue to the realization of the same, a well skilled and trained manpower was identified as necessary. Towards this end, it was established that the manpower is a continuous training and development programmes to facilitate the provision of desired services. It was noted that that the audiences all over the world have a wide variety of options to choose from and for the organization to remain relevant in the current global media environment, the organization must have something different and unique to offer to its audience. Therefore competitive advantage is very important; otherwise an organization would not have any survival chance. The organizations competitiveness was also noted to continuously be under attack by other competitors and therefore, BBC had to change its strategic capabilities to match the changes in the market. This competitiveness is enhanced by the organization by continually investing in new talent, investing significantly in news gathering as well as undertaking expansion programmes to enhance its audience reach.

## **5.2 Conclusion**

An organizations competitive advantage is seen to be founded on a complex of competences, capabilities, skills and strategic assets possessed by an organization. As such, the management of the physical and intellectual resources which form the core

capability of the business should be given importance by an organization in order to preserve the existing competitive advantage. Such capabilities or core competences are not built on discrete independent skills but are the synthesis of a variety of skills, technologies and knowledge streams existing in an organization. It is the interaction of these different types of resources that drives a firm's competitive advantage and the catalytic effect on the others and its cumulative catalytic impact that makes an organization develop sustainable competitive advantage.

Strategic capabilities of a company form an important strategic role to create value and improve business performance. The competitive advantage of companies in today's economy stems not from market position, but from difficult to replicate strategic capabilities and the manner in which they are deployed. The generated value is the result of an organization's ability to manage its business processes and, on the other hand, the effectiveness and efficiency of performing organizational processes based on organizational competencies. Management of strategic capabilities enables an organization to grow and develop the appropriate organizational competencies. Therefore, the fact that organizational competencies are based on the effective and efficient management of strategic assets puts it at the heart of business performance and value creation. However, there is need for to ensure that the core capabilities may not become core rigidities and therefore there is need for an organization to understand the processes of creation of capabilities and its development.

However, while implementing programmes on strategic capabilities, managers need to be aware of the challenges that might delay or affect the implementation of the same programmes. They need to consider what value the strategic capabilities will generate, determine how the firm can exploit the special characteristic of the organization to obtain a niche in the market, establish how the firm can avoid being imitated by other firms and also establish how the firm can organize the exploitation of resources in order to utilize the organizations strategic capabilities. In addition, to build strategic capabilities based on technological innovation, firms need to pay as much attention to foster, organize and mobilize their human resources, organizational culture and organizational structure. In addition, for firms with ambition to maintain a high level of strategic capabilities it is imperative they develop, foster and enhance their organizational culture in a flexible organizational environment.

### **5.3 Recommendations**

The study was able to clearly demonstrate the need to have organizations understands the concept of strategic capabilities and how to appropriately harness and leverage on these core assets to attain competitive advantage.

There is a great deal of competitive advantage that can be harnessed from strategic capabilities assets. In so doing, organizations' have to implement appropriate process of identifying the strategic capabilities in order to ably face the challenges from the uncertain business environment. As part of the organization strategy, implementation of

the appropriate structure would propel an organization towards success. At the same time, the process of harnessing strategic capabilities in an organization should be backed by the support of the organizations top management. The organizations and staff level of awareness of core competences is critical to the success of the implementing the same in an organization.

The organizational structure and culture need to be geared towards an effective identification and harnessing of its strategic capabilities. This therefore requires that an organization constructs an innovation-oriented organizational structure and an innovation friendly organizational culture to support and enhance their strategic capabilities. In developing a new business segment, an organization should transfer its personnel from its existing core business to the new business unit and also by recruiting new personnel and forging a strategic alliance with an existing major player in the business. All these efforts should be focused on cultivating, enhancing or reconfiguring the firm's organizational culture, human resources and organizational structure.

#### **5.4 Suggestion for further research**

Further research could be carried out in this area to determine the impact of developing an organizations strategic capability on the organization performance, the market and its impact on the strategic economy. Further, a research to measure the relationship between training and knowledge utilization by employees need to be undertaken.

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## **APPENDIX 1**

### **INTERVIEW GUIDE**

#### **Interview Questions**

The interview guide will be divided into three sections. These sections provide sample questions to be used in evaluating Strategic Capabilities for competitive advantage at British Broadcasting Corporation, Global News, and Africa

#### **Background Information on the interviewees**

- What current position in the organization do you hold?
- For how long have you been holding the current position?

#### **1.) Strategic Capabilities**

##### **Question 1**

Does the organization recognize existence of organizational capabilities that facilitates it's the achievement of the organizations objective? Please enumerate some.

##### **Question 2**

What resources can you point out to give BBC Global News, Africa capabilities in the current competitive world?

##### **Question 3**

Has there been a deliberate effort by BBC Global News, Africa to nature and develop human resource capabilities? Please explain further.

##### **Question 4**

In your assessment, can BBC Global News, Africa's strategic capabilities be easily copied or transferred to competitors?

**Question 5**

Has there been a deliberate move by BBC Global News, Africa to shape, transform and combine these resources to achieve sustainable competitive advantage? What are some of the steps taken?

**Question 6**

What role has the BBC Global News, Africa' strategic capabilities had in the management of the risk in the organization?

**Question 7**

-What level of employee participation is in place in ensuring enhancing organizational performance?

**Question 8-**

Has the change in technology affected the organizations strategic capabilities?

**2) Competitive Advantage**

**Question 9**

Why do you think competitive advantage is so important in the media industry?

**Question 10**

What form of resources, capabilities and competencies provide the organization with competitive advantage in the media industry?

**Question 11**

To what extent do the organization resources deliver competitive advantage?

**Question 12**

As a result of having the above organizational capabilities, what form of advantage has

the organization achieved?

### **3.) Role of Strategic capabilities on a firm's competitive advantage**

#### **Question 13**

To what extent has the organization put in place mechanisms that safeguard its capabilities from rival firms? Please expound. Which mechanism does the organization use?

#### **Question 14**

Which form of organizational audit is present in ensuring competitive advantage?

### **4. Factors that influence development of strategic capabilities**

#### **Question 15**

What would you consider to be the factors that influence development of strategic capabilities at BBC Global News, Africa?

#### **Question 16**

How do these factors influence development of strategic capabilities?

#### **Question 17**

How the factors do identified influence BBC competitive advantage?

**THANK YOU FOR YOU TIME**