

**FIRM LEVEL CAPABILITIES AND SUSTAINABLE COMPETITIVE
ADVANTAGE IN PUBLIC HOSPITALS OF NAIROBI CITY COUNTY, KENYA**

BY

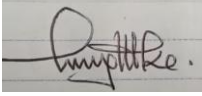
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DECLARATION

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

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This research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

All praises to the Almighty God for making this possible.

I dedicate this work to my family and acquaintances. A distinct feeling of appreciation to my loving parents Joseph and Yovencia whose expressions of inspiration and drive for tenaciousness ring in my ears.

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ABBREVIATIONS

CBD	-	Central Business District
FBOs	-	Faith Based Organizations
GDP	-	Gross Domestic Product
KNBS	-	Kenya National Bureau of Statistics
KNH	-	Kenyatta National Hospital
MOH	-	Ministry of Health
NGOs	-	Non-Governmental Organizations
RBV	-	Resource Based View
SCA		Sustainable Competitive Advantage
SDGs	-	Sustainable Development Goals
UHC	-	Universal Health Coverage

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ABSTRACT

The dynamism of the operating hospital environment requires facilities or firms to rapidly adopt to keep its competitive advantage. It is thus essential for firms to develop innovative ways of survival through aligning the long- and short-term goals to remain competitive. Firms ought to incessantly scan the business setting either internal or external to determine their status and relevancy notwithstanding the stiff competition from the industry. There exist myriad of capabilities that hospitals can adopt. They differ based on firm characteristics. Thence, capabilities help in exploiting the existing opportunities and develop sustained advantages. To this end, identification, and configuration of capabilities within a firm makes them accomplish their goal in a differentiated way than the competitors. This study aimed at determining the influence of firm level capabilities on sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya. A cross sectional research design was adopted in this study. Using primary data which was obtained through a semi-structured data capture form. The data collected was entered and analyzed using the Statistical Software for Social Sciences (SPSS) version 25. To determine the relationship between the study variables, inferential statistics was applied. The findings were abridged using percentages, and frequency distribution tables. Findings revealed that firm level capabilities influence sustainable competitive advantage through adoption of human resources, managerial and strategic intent, technological advancement and learning capability. The overall regression results imply that there is a positive and significant relationship between firm level capabilities have on sustainable competitive advantage in Public Hospitals of Nairobi City County. As such, an improvement in firm level capabilities would lead to a corresponding improvement in sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya. It was concluded that for organizations to achieve desired performance, the firm level capabilities, and the resources available, must interact positively with the stakeholder requirements to remain sustainable. As a result of constant change in the world, it was also found out that the firm capabilities must continuously adapt to the environment. The study recommended that public hospitals in Nairobi City County should continue investing on the identified capabilities with a balanced capability mix to realize sustainable competitive advantage.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The business operating environment in recent times has become not only unpredictable but also turbulent; as such, the success and long-term existence of a business depends on the incessant search for advantages, service or product uniqueness aimed at enhancing the strategic positioning and competitiveness of the company within its industry (Porter, 2011). According to Huang et al., (2015), the search for advantages that enhance competitiveness and strategic positioning has enhanced the increase in vital factors such as financial and technological growth and globalization. The pursuit of competitive gain is an unavoidable task to an organization's existence (Barney, 2011). The environment within which corporations operate is experiencing constant change that require organizations to have unique capabilities.

Over years, management theories, such as porter's theory of generic strategies, have been developed to provide knowledge on competitive advantage. The search for the advantages that enhance competitiveness has been the main objective of the study approach for numerous years. Porter (1985) was the first to define competitive advantage as fundamental talents that bring benefits to the organization in the long run. Barney (2011) also defined competitive advantage as the traits and properties (assets) of a firm that enables it to perform better than other firms within the same industry or sector. This research will depend on three theories: dynamic capabilities theory and Porter's theory of competitive advantage. These theories attempt to explain how organizations acquire competencies that bring forth competitive advantages in a rapidly changing environment that requires an organization to adapt to keep its competitive advantage.

The competitive pressure from private hospitals and other global players such as medical tourism in India has, in the recent past, been witnessed within Kenya's public health systems. There are several cases and increasing incidences of Kenyans seeking medical services abroad and or from private hospitals in Kenya. Complaints of congestion, poor service delivery, long waiting times, and limited expertise and equipment have been given as justification for seeking alternative service providers (Makena, 2017). Currently, private

mission hospitals provide affordable and quality health care services where the amount paid by the National insurance provider, the National Hospital Insurance Fund (NHIF), is the final payment with no other additional cost to the patients. Public hospitals, the likes of Kenyatta National hospital are under pressure to seek, shape, and transform operations to create competitiveness. Hospitals possessing competitive advantage consistently determine the market direction and have higher performance. Organizations realize competitive advantage by creating value to service consumers that the competition cannot provide. The achievement of competitive advantage requires ambidextrous resource allocation that gives public hospitals the ability to compete through provision of market driven goods and services. Capabilities within a firm influence short, and long term sustained competitive advantage; hence organizational resources are the cornerstone for creating sustainable competitive advantage. This is because public hospitals ought to develop strategies to utilize resources and tap into opportunities.

1.1.1. Sustainable Competitive Advantage (SCA)

In organizations, competitive advantage is what makes firms flourish and unswervingly outclass rivals in the industry. It is gained by firms through offering unique products or services of greater value. The advantage puts firms in a superior position in the market that enables them to frequently earn higher returns of investment above average of the market and sustained position against the competition (Ndung'u, 2012). Competitive advantage entails of all the consideration or methodologies that a firm adopts in taking center stage to attract customers taking cognizant of the existing rivalry and increase its market share (Thompson and Strickland, 2002). Firm gains competitive advantage each and every time it has an advantage over its business adversaries in safeguarding clients in its territory in protecting against competitive pressure. Competitive advantage is as a result of a company acquiring a mix of features that enables it to perform better than the rivals in the industry. The key examples of the features are access to a unique variety of resources such as qualified staff with many years of relevant experience.

Unpredictability of the business environment surrounded by a myriad of changes such as new entrants into the market and scarce resources has prompted firms to think of

sustainable competitive advantage (Porter, 1980). Firm's capabilities entail how to coordinate numerous skills and assimilate more than one stream of technologies. Effective application of organizational capabilities and assets aimed at achievement of differentiating goods and services and a lower cost structure is essential in gaining competitive advantage. Porter (1985) proposed cost-cutting, differentiation, and focus strategies to be adopted. Cost advantage is realized when firms deliver market driven offerings similar to what the rivals offer at a lower cost. In addition, product differentiation is achieved when a firm offers higher value-added points or increased services, giving customers clear motives to choose one product over others regardless of the competitor's price. Focus is the capability to keep strategic consistency over a long duration of time.

Competitive gain is developed from sources and abilities that the firm possesses that don't seem to be readily available to competitors (Campbell, Coff & Kryscynski, 2012). It consists of the greatest skills and assets that are available to be used in a dynamic organization (West, Ford & Ibrahim, 2015). According to Meso and Smith (2000) stated that competitiveness is enhanced when there are superior capabilities, especially regarding staff capability, systems, advertising & marketing efficiency, the implementation and realization of customer-centric products, and lowering of costs. Therefore, firms that enjoy competitive advantage can see ahead of the peers through creation an industry blue ocean space that is not contested by many players.

1.1.2. Firm Level Capabilities

Globally, organizations are focusing to be competitive by taking advantage of organizational capabilities that position them to have an edge over rivals. Launching competitive strategies through identification unique differentiating abilities is at the centre of sustainable competitive advantage. Firms possess a number of organizational capabilities that blend short- and long-term organizational goals. These capabilities include: Human resource capability, Learning capability, operations capability and Technological capability. These capabilities are unique features that are specific to a particular business. Resources are critical but not adequate for achieving sustainable competitive advantage (Barney, 1991).

Firms reconfigure and adapt resources and activities to changes in the operating environment serving as performance drivers (Eisenhardt & Martin, 2000). Various firm level capabilities interact with each other to influence organizational performance. There exist a range of firm level capabilities that are either tangible or intangible deployed to perform a task. The capabilities include human resources, unique competencies, assets, core competencies, daily operations that are essential in offering products or services in the market that is able to meet a specific demand (Inan & Bititci, 2015). The capabilities can be categorized into specific thematic areas such as organizational capability, management capability, learning capability, human resource capability and technological capability (Sidney G. Winter, 2003). Firm level capabilities are critical in positioning firms to realize competitive in the turbulent and rapidly changing operating market environment while enabling them to adopt internal and external changes (Carnahan, Agarwal, & Campbell, 2010).

Firm capabilities are high level practices that are combined with ambidextrous resource allocation coupled with clear and concise management decisions that are aimed at production of high quality goods and services that are desirable to the customer and form the fundamental basis of uniqueness and rarity. Management capability entails the ability of managers to create a strategic vision for the organization, to ensure this is communicated throughout the organization and to encourage and motivate the workforce into achieving them (Zou, 2018). Strategic intent takes cognizance of clarity of high-level strategic elements such as vision, mission, strategic destination, core values, guiding principles, strategic objectives that envision the desired organizational direction. Additionally, it further identified that modes of measuring progress with the lagging and leading indicators (Hamel and Prahalad, 2009). The learning capability highlights on how firms learn from experiences as a primary core resource (Hussein, Mohamad, Noordin, & Ishak, 2014). In a bid for a firm to shape, its human resource policies and practices in acquiring, cultivating and retaining capacity is referred as human resource capability (Liu & Lee, 2015). Technological capability coupled with innovation and innovative approaches to offer and

deliver unique differentiated offerings to the stakeholders in the market (Kihara, Bwisa, & Kihoro, 2016).

1.1.3. Health Systems in Kenya

In Kenya, the Ministry of Health (MoH) regulates health services. The ministry provides overall direction and regulation. The key components of the health system in Kenya are the public system that includes Ministry of Health as the major player, health related government institutions i.e. parastatals, private healthcare system that comprises of Faith Based Organizations (FBOs), Non-Governmental Organizations (NGOs), Non-Public facilities for profit, and international research and health support organizations. Currently, a network of four thousand seven hundred (4,700) health facilities play a role in provision of healthcare services (MOH, 2018). A total of seven thousand seven hundred and ninety-five (7,795) healthcare providers spread across the forty-seven (47) counties support each other in provision of services. The Government of Kenya is the major shareholder with a total of three thousand nine hundred and fifty-six (3,956) accounting to 50.8%, with the private for-profit total to two thousand six hundred and fifty-two (3,652) which is 34%. The Faith Based Organizations contributes to eighty hundred and eighty-one (881) accounting to 11.3%) and three hundred and six (306) accounting for 3.9% international research and health support organizations (MOH, 2018).

The promulgation of the Kenya Constitution in 2010 provided an avenue for improved healthcare standards. The Kenyan expectation rose due to inclusion of right to life, right to the highest standard of health, right to clean, safe and adequate water (MoH, 2018). In a bid to provide improved health care services, the Government of Kenya has categorized health facilities into national referral hospitals, county referral units, primary care providers and community level aimed enhanced service delivery (Toweit, 2019).

The Vision 2030 and the Second Medium Term Plan (2014- 2018) aim to deliver amongst others, accelerated and inclusive economic development, better existence, better schooling and healthcare through realization of Sustainable Development Goals (SDGs). The nations policy on health defines the long-term goal of health in the nation. Currently,

the government with its fourth (4) agenda with a strong focus on Universal Health Coverage (UHC), provides an enabling environment for access to quality and appropriate healthcare in that middle-income country, selected targets for the effect of achieving 16% improvement over a lifetime; a 50% reduction in annual deaths from all causes of death; a 25% reduction in the amount of time spent on unhealthy (Nyarko, Konadu, Opoku, Agyeman-Weithey, & Adoteye, 2019).

According to Njuguna & wanjala (2019), Kenya faces a myriad of challenges in delivery of healthcare. These includes lack of shared vision and transformation about policy objectives, inconsistent strategic priorities at various levels, unclear structures, inadequate resources, old and obsolete equipment and infrastructure and weak financial and performance management systems.

1.1.4. Public Hospitals in Nairobi City County

Nairobi City is the capital and largest city in Kenya that was first incorporated as in 1900 as the Township of Nairobi. The Nairobi City County comprises of a total of 17 sub-counties and eighty-five (85) county administrative units (wards) that are bordered by three counties i.e. Machakos. Kiambu and Kajiado. The estimated total population of the county is at 4.2 Million comprising of 2 million women and 2.2 Million males with an annual growth of 3.8%. Today, Nairobi City is the main central business district of Kenya with established city development such as modern financial and communication system, centre of all the major financial and learning institutions. In addition, the county boosts as the home of Kenya's industrial base which contributes for 20% of the Gross Domestic Product (GDP) (KNBS, 2019).

Currently, six hundred and seventy-two (672) health care providers offer medicare services at different levels in the county. Hospitals in the county account for 9%, nursing homes 7% with primary healthcare facilities that comprise of: private and public clinics (55%), dispensaries (20%) and other health centres 9% that constitute 84% of the estimated number of health facilities. Of the 672 facilities, 52% are private owned, 27% Non-Governmental Organizations (NGOs), Faith Based Organizations (FBOs) and international

research and health support organizations; and 22% Government including four hospitals owned by the National Government that offer specialized healthcare services. These are: Kenyatta National Referral Hospital; Kenyatta University Teaching, Referral and Research; Mathare Mental Health and Spine Injury Centre. Additionally, there exists several unregistered facilities operating in the underserved and densely populated areas such as Mathare, Embakasi, Kasarani, Ruaraka and Kamukunji (UNHCR, 2017).

With the increasing emerging and re-emerging diseases, demand for healthcare offerings coupled with need for specialized seamless and unique services there exist an urgent attention to healthcare. Lack of adequate qualified staff to address health needs of the citizens, old and dilapidated infrastructure, rise in diseases burden, acute scarcity of resources, imbalanced skills mix and mushrooming of healthcare facilities, Nairobi City County public facilities county have to rethink on their strategies. This is aimed at provision of first-class, low cost, new, and innovative services better than private hospital services.

1.2. Research Problem

A firm's resources form basis for realization of sustainable competitive advantage as a result of their vital function of value generation (Sidney G. Winter, 2003). This is often because integration of distinctive resource configurations aids firms in to gain special advantages over rivals. Therefore, planners and policy makers aim to build, modify, and integrate these resources into capabilities, which successfully lead to organizational growth. With a variety of strategies, firms differ in the capabilities of an organization. Organizational capabilities are used to "create and exploit external opportunities and develop sustained advantages" (Inan & Bititci, 2015). Therefore, the development and creating a balanced capability mix provides a platform within a firm to conduct processes better and differently compared to other firms and this is conducive to generating value for individual firms.

In Kenya, the components of public healthcare sector includes major players such as the Ministry of Health (MoH), parastatals and private, which includes private for profit, NGOs, and FBOs facilities. In the country, health services are offered through a network of four

thousand seven hundred healthcare providers, with the Government of Kenya dominating through operationalization of over half of the facilities. The public health facilities consist of national referral hospitals, county referrals, and other primary care providers (MOH, 2018). Public hospitals in Nairobi City County lead in the provision of primary care, specialized method care as well as research and training. The hospitals face a myriad of challenges such as financial constraints, obsolete equipment, inadequate human resource, low levels of automation and unreliable supply of medical commodities. For the public hospitals in the county to remain relevant and competitive, they should be able to identify unique capabilities and align them to the market environment. Therefore, harnessing of firm level capabilities to generate sustainable competitive advantage should be goal in present time (Letting, 2018).

Numerous studies have been undertaken in the field of firm level capabilities. Cricelli & Grimaldi (2017) conducted research on the impact of physical resources on organizational competitiveness and established that firm overall performance is dependent on the nature of resources. Wanyanga (2007) undertook a research on the application of firm capabilities as a process strategy in the hotel sector in Kenya. Findings revealed that skills and resources must continually evolve in line with market variations. Ngugi (2013) researched on firm capabilities at the British Broadcasting Corporation. Study findings reiterated that proper matching of existing capabilities essential in realization of desired performance results. He further found out that firm capabilities and the resources must interact positively with market requirement to achieve sustainable competitive advantage.

As a result of the persistent variations in the operating enterprise environment, it was too found out that the firm level capabilities require adaptation to the changing operating environment towards realization of sustainable competitive advantage. As can be demonstrated from the studies in the local set-up, wide-ranging research on the area of firm level capabilities has not been done and more so in health setup. This study therefore fills in the gap in literature. How has the firm level capabilities in Public Hospitals in Nairobi City County influenced Sustainable competitive advantage?

1.3. Research Objectives

To determine the influence of firm level capabilities on sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya.

1.4. Value of the Study

First, this study is vital to policy makers of varied organizational settings and particularly those within the public health sector, will get an understanding of the firm level capabilities and sustainable competitive advantage. This will enable them to make informed corporate strategies from a conversant position aimed at enhancing adaptability in the ever changing and turbulent business environment. In addition, informed decisions will not only enhance strategy effectiveness tremendously but also aid in the achievement of organizational objectives.

Secondly, this study will incorporate emerging literature by filling the current information gaps at a robust level of competition and competitive advantage based on evidence based research, which will play a major role in theory. Future researchers can therefore use this research as a source to inform their research methods and to establish knowledge gaps for further research.

Finally, scholars, academicians, students and other researchers may also get this research helpful in identification further of areas for research build on the findings of this research. The study may will be a source of reference for upcoming scholars on other related topics; it can also help scholars researching on the same subject.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical foundation of the study which is the dynamic capabilities theory and Porter's theory of competitive advantage. It further provides an overview of firm level capabilities and sustainable competitive advantage of an organization based on empirical studies conducted.

2.2 Theoretical Foundation

A crucial debate has risen in the field of strategy over several years on how firms attain and maintain sustainable competitive advantage. These discussions have culminated in the development of varied schools of thought such as positioning and resource-based.

This study is based on two major concepts: sustainable competitive advantage and firm level capabilities. The discussions are based on review of the dynamic capabilities theory and Porter's theory of competitive advantage. Further, this section reviews the empirical literature and arguments of the theories mentioned above.

2.2.1 The Dynamic Capabilities Theory

The rivalry amongst organizations has necessitated the expansion of the paradigm to understand how competitive advantage can be achieved. Ambrosini and Bowman, (2009) argue that the dynamic force lies in the heart of the entity's ability to make systematic change that provides a stronger competitive advantage than its peers. Helfat and Peteraf, (2007) opines that dynamic forces with a firm are imbedded over time and are used to redesign the old resource in new ways. Zollo and Winter (2012) define dynamic capabilities as a collaborative approach in which firms produce and modify working methods in pursuit of success. Dynamic capability theory goes on, looking at how firms that use the available internal resources can detect changes in the environment and use these resources and existing systems and processes to allow the firm to adapt and, where possible gain competitive advantage. Teece (2007) defines it as the ability to detect and then seize new opportunities and redesign resources to gain competitiveness. (Augir &

Teece, 2007), furthers this definition by having unparalleled skills companies to shape, redesign, prepare and restructure the company's asset base to respond to operational changes and the ever disruptive and unpredictable environment.

This theory is essential in creating a clear and concise understanding on how firms can refocus in retorting to market variations to remain competitive (Teece, 2007). Skills, resources and how they are used in the organization must change constantly as this move will lead to creation of sustainable short-term benefits. A collection of high-level, learned, patterned, repetitive behaviors will make a firm perform better compared to the competitors because they are used and conversant with the processes. Through this, organizations will be able to harness the power and reshape their existing skills and assets in ways that are most important to customers but make it difficult for some competitors to imitate. Dynamic capabilities therefore help organizations to seize opportunities and use them by redeploying resources, often refining the existing skills or innovating (Teece, 2007).

According to Teece and Pisano (1994) successful firms follow a strategy based on services for the acquisition of valuable technological assets often stored as a defense against intellectual property. The resource-based perspective explains that the source of competitive advantage is within the confines of the organization and its ability to manage the available internal resource. The inability of competitors to imitate or copy firm's capabilities basically leads to competitive advantage (Teng, 2000). In the operating environment, firms that can effectively demonstrate timely responsiveness to market dynamics and speed value addition through innovation are more likely to succeed. Organizations develop some strong responsiveness to changes in business conditions that are ultimately related to corporate business processes, market positions and opportunities, (Teece, Pisano, & Shuen, (1997). According to Barney (2017) sources are physical and human capital, intangible property, and organizational abilities that the association owns and controls, such as latent expertise or know-how. The business's resource-based view could be a competitive advantage concept that specialize invaluable organization's assets that are vital, not common, not comparable, and that cannot be substituted which allows the organization to achieve prolonged success or competitiveness (Rumelt, 1984).

In this study, each sector, including the health sector, must be able to identify and develop its key competences with the aim being achievement of strategic goals, which in the long run, result to competitive advantage. It is the role of the strategic team in the public hospitals to develop key strategies, as well as oversee implementation, but this is only possible when these teams can identify key competencies specific to their teams, explore them and then use them appropriately.

2.2.2 Porter's Theory of Competitive Advantage

Porter (2000) argued that high performance could be achieved in a competitive industry by following a common or generic strategy, which he described as the development of general price control, segregation or differentiation, and a way to focus on industry rivalry. The trio have cemented that they have capacity to stimulate organizational competitive advantage (Dutse & Aliyu, 2018). An organization can implement strategies at strategic business level to generate a competitive advantage (Porter, 1980). Competitive strategy embodies of that goes with the ways the entity has and takes to interest customers, survive cutthroat pressure, and improve its market share. A firm has the advantage of competing whenever it has a belt above rivals in customer protection and defense against forces (Johnson, Scholes, & Whittington, 2008). Continuous competitive profits are born out of basic skills that bring long-term profits to the company. Competitive profit sources include high quality products or services, high customer service and low cost than its competitors. To be successful in building a competitive advantage, the company must strive to provide what consumers will see as a high value. This includes a quality product or service at a lower price or a better-quality product that is worth paying more for (Porter, 2008).

Porter's cost cutting strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Hyatt, 2001). The organization must be willing to discontinue any non-profit activities and must consider outsourcing activities (Malburg, 2000). Lower costs and cost benefits are due to new processes, access to high value materials or learning benefits, scale economics, product and service design reduces cycle time and costs, and renewal activities. Through low-cost leadership, the organizations can create barriers for

new entrants to the market who will need large sums of money to enter the market (Tate, Barnett, & Wilsted, 2006). Focus strategy focusses on a small part and within that segment attempts to achieve cost or benefit gains. The bottom line is that the needs of the group can best be achieved by focusing entirely on it. Strength using a focused strategy often enjoys high customer loyalty, and this focused loyalty discourages some firms from direct competition. Due to their low market focus, firms pursuing a focus strategy have lower prices and therefore less ability to negotiate with their suppliers (Stone, 1995). Differentiation strategy mainly focusses on efforts to offer differentiated services that clientele that are ready to pay the premium fee (Bauer and Colgan, 2001). It fosters high customer loyalty (Hlavacka et al., 2001). The strategy is most effective when the business offers the customer a unique or high value targeting complex or experienced consumer who are ready to pay a greater fee.

2.3 Empirical Studies on Firm Level Capabilities and Sustainable Competitive Advantage

Various models have been used to explain firm level capabilities and sustainable competitive advantage to enrich the existing knowledge. Competitive advantage is the main reason for strong organizational performance. Recently, there has been a growing number of empirical research on the issue of competitive advantage (Newbert, 2008) and about distinguishing competitive advantage from firm performance (Powell, 2001). The importance of competitive advantage is determined not only by external factors but also by internal skills which are considered to be the basis of firm success (Gomes & Romão, 2018). Porter (1985) opined that competitive advantage is at the heart of solid work in a competitive business environment and that it is important to achieve sustainable competitive advantage thus firms should provide additional value to stakeholders in relation to competition. Barney (2002) argues that high efficiency is achieved through value generation of the internal resource usage. Capabilities are developed in an organization to improve performance and response to or anticipate market shift. An effective system of performance covers the critical aspects that are relevant for the existence of an organization and how it achieves success and growth.

Scholars who adhere to a resource-based perspective believe that resources contribute to competitive advantage but only when an organization has as significant, scarce, inimitable and irreplaceable resources. Barney (1991) notes that blends of these resources bring some kind of competitive advantage. According to Barney and Hesterly (1996), the basic value of resource-based observations is that resources and capabilities can differ greatly across firms, and that these differences can be stabilized. According to Makanga (2011), in his study in the service sector found out that the development and refinement of different capabilities within a firm enables it to perform better and differently to generate value for stakeholder. In addition, findings showed that interaction of different capabilities such as assets, skills, technologies in a firm are a cumulative catalyst of sustainable competitive advantage.

2.4 Summary of Literature Review and Knowledge Gap

Firms are always seeking to create new combinations and competitors in the market continue to try to improve their competencies or to imitate the competence of their most competent rivals. Competition is therefore inevitable which means that the organization's ability to improve or develop new types of competences is needed to create long term competitive advantage Wang & Ahmed, (2007). Dynamic capabilities need to be manipulated to create, protect, and stabilize intangible assets so as to achieve superior performance. Achieving long term success requires the discovery of creative destruction to help sustain performance. Organizational and managerial processes are critical in identification of needs and opportunities for change and achieving change (Teece & Pisano, 1994).

According to Ambrosini and Bowman, (2009), firms need to adapt, absorb, and innovate to remain viable in the market. Market characteristics and a firm's history determines an organization's ability to respond to market fluctuations with internal factors that determine the potential for capability development. Eriksson (2014) opines that the development of firm level capabilities rests on internal and external experiences. Mwangi (2017) found out that organizational capabilities greatly influence competitive advantage of firms in the fast-

moving consumer goods. Therefore, capabilities act as an enabler to make firms to compete favorably in the industry and outperform peers Makanga (2011).

A review of the above literature discloses that most of the literature is theoretical and not supported any field studies. Nevertheless, research has begun to handle questions on the firm level capabilities and attainment of sustainable competitive advantage. However, empirical evidence remains underdeveloped. Additionally, most of the literature, which is usually theoretical, prescriptive, and normative, also remain underdeveloped. The literature review shows that much of the studies and research have generally been on identifying the influence of predictor variables on organizational performance. Few researches have focused on the firm level capabilities and how to achieve; thus, there is need for a close study to be conducted to investigate the firm level capabilities and sustainable competitive advantage to reveal how organizations can achieve competitive advantage.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes key steps that were applied in completing the study. Information on the research design, the targeted population and tools that were used in collecting data is also provided. In addition, this chapter outlines the data collection method. Furthermore, a justification of the data collection method adopted is provided and the type of data that was collected. Finally, the chapter provides an understanding of the data analysis techniques and instruments which were used.

3.2 Research Design

Kumar (2018) defined research design as a roadmap, strategy, and structure that may be used in acquiring answers to the research questions. A cross sectional survey research design was applied since it allows data collection at a particular time. It further, describe data and varied characteristics of the population and concepts under study.

According to Kombo and Tromp (2006), a research design has structured conditions suitable for both data collection and analysis. Mugenda and Mugenda (2003), cross sectional survey is suitable wherever the overall objective is to determine whether significant associations exists among study variables.

3.3 Study Population

The study was done in Nairobi City County which is the capital and largest city in Kenya that was first incorporated as in 1900 as the Township of Nairobi. The Nairobi City County comprises of a total of 17 sub-counties and eighty-five (85) county administrative units (wards) that are bordered by three counties. The estimated total population of the county is at 4.2 Million comprising of 2 million women and 2.2 Million males with an annual growth of 3.8%.

3.4 Sample Design and Sample Size

According to Mugenda Mugenda (1999), a smaller sample size is not very representative though very useful in heterogeneous population while a larger sample size is very representative and useful in heterogeneous population. To achieve the study objective, a level of 95% with a 10% margin of error was applied (Kothari (2004). Therefore, sample size was calculated as follows.

$$n = \frac{Z^2 pqN}{e^2(N-1) + z^2 pq} = \frac{(1.96)^2 \times 0.5 \times 0.5 \times 117}{(0.1)^2(117-1) + (1.96)^2 \times 0.5 \times 0.5} = 22$$

Where n is the sample size, q=0.5, p=0.5, Z=alpha value at 0.05 level. Therefore, the sample size 22. All the four (4) national referral hospitals (Kenyatta National Hospital, Kenyatta University Training and Research Hospital, National Spinal Injury Referral Hospital, Mathari National Teaching and Referral Hospital) and 18 Nairobi City sub-county hospitals (Nairobi City County, 2019). The hospitals form part larger healthcare service provision in the city and provided essential information based on experience.

3.5 Data Collection

A semi structured data collection tool was used to capture data. Benefit of using a data capture tool is use of a standard way and are more objective. The questionnaire captured both the quantitative and qualitative data. This approach enables the researcher to achieve a more in - depth understanding of the influence of firm level capabilities on sustainable competitive advantage. The questionnaire was divided into distinct sections. The questionnaires were then delivered to at least one senior manager pat each public hospital in Nairobi City County. Some questionnaires were dropped and picked after the responded had filled.

3.6 Data Analysis

Data that was captured was tested for accuracy and completeness. Data was then analyzed using version 25 of the Statistical for Social Sciences (SPSS). The data preparation included data coding and presentation. Descriptive statistics was used to analyze the data by summarizing the various characteristics into percentages and means. Correlation

analysis was used to determine coefficient of correlation between variables and coefficient of determination for overall test for goodness of fit.

In determining the influence of firm level capabilities on sustainable competitive advantage, regression analysis was performed for estimating the effect of independent variable (firm level capabilities) on the dependent variable (sustainable competitive advantage). The regression model will be represented by:

$$Y = B_0 + B_1X_m + B_2X_{hrm} + B_3X_{tech} + B_4X_{lc} + \varepsilon$$

Where: Y is Sustainable Competitive Advantage.

B_0 is the model's constant

B_1 to B_4 are the regression coefficients;

X_{man} = Managerial and strategic intent capabilities

X_{hrm} = Human resource capability

X_{tech} = Technological capability

X_{lc} = Learning capability

E= is error term.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This is a chapter on data analysis, presentation, and interpretation of findings as well as discussion of the findings within the context of theory and empirical studies. The presentation of findings is guided by the study objectives but preceded by preliminary findings. The chapter starts by presenting the response rate of the study and the respondent characteristics. Substantive findings as per the objectives of the study are then presented and explained, followed by the discussion, which places the study findings with the relevant body of knowledge. A total of twenty-two (22) research questionnaires were distributed to senior managers in various public hospitals in Nairobi City County. Of those, twenty-one (21) questionnaires were fully filled and returned. The returned questionnaires accounted for 95.5% response rate. Kothari (2014) opined that data response greater or equal to 70% is efficient for use in analysis. The response rate compares well with similar studies. This matches with the study of Wanjiku (2016) on strategies adopted to enhance competitive advantage in Public Hospitals of Nairobi City County whose data was collected from Public Hospitals of Nairobi City County (90.4%) with each hospital filling out one questionnaire.

4.2 Respondent Demographic Characteristics

This section presents the results of the respondents' demographics. Given the nature of the study, the demographics for which data were captured include the participant gender, highest education level, age at the time of the study, number of years worked and years in the current position. These demographics were important because they helped understand the composition of respondents whose perceptual inclinations were the subject of the study as well as the factors behind such perceptions. The study findings are presented and explained in sub-sections 4.3.1 to 4.3.5.

4.2.1 Respondent Gender

The study respondents were asked to indicate their gender. Most of the hospitals in Kenya are dominated by the females. The findings are contained in Table 4.1 below.

Table 4. 1: Gender of the Respondents

Gender	Frequency (n)	Percent (%)
Male	12	57.1
Female	9	42.9
Total	21	100

Source: Primary Data (2020)

Table 4.1 above shows that while majority of the participants were males (57.1%), there is a fair parity of gender given the proportion of females who participated in the study. This was important for this study to know fair views of the opposite gender on the influence of firm level capabilities on sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya.

4.2.2 Highest Level of Education

The study participants were requested to indicate their highest level of education. The study findings are presented in Table 4.2.

Table 4. 2: Level of Education

Level of Education	Frequency (n)	Percent (%)
Diploma	1	4.8
Degree	7	33.3
Masters	13	61.9
Total	21	100

Source: Primary Data (2019)

From the study findings in Table 4.2, majority of the participants are postgraduate degree holders (61.9%). The outcomes demonstrate that dominant part of the respondents issued with questionnaires were knowledgeable. This suggests a large portion of the respondents

are well educated and are therefore knowledgeable to give their true and fair view on the subject under study.

4.2.3 Age of Respondents

This represents the participant number of years in terms of age. It is expected that respondents with many years have knowledge and experience of working in various capacities. The age of respondents is represented in Table 4.3 below.

Table 4. 3: Age of Respondents

Age Bracket	Frequency (n)	Percent (%)
31-40	2	9.5
41-50	8	38.1
51-60	11	52.4
Total	21	100

Source: Primary Data (2020)

From the study findings in Table 4.3, majority of the participants (52.4%) were aged between ages fifty-one (51) to sixty (60) years old. This means that they were significantly able to comprehend and consequently canvass on the influence of firm level capabilities on sustainable competitive advantage in Public Hospitals.

4.2.4 Respondents' Years of Experience

Provides the duration that the respondents had worked in the various hospitals. More years of experience translate to answers that are sincere. The result is represented in Table 4.4.

Table 4. 4: Respondents' Years of Experience

Years	Frequency (n)	Percent (%)
Less than 1 year	1	4.8
1-5 years	1	4.8
6-10 years	6	28.6
Over 10 years	13	61.9
Total	21	100

Source: Primary Data (2020)

From the study findings in Table 4.4, most of the participants (61.9%) have experience spanning over 10 years in the organization. Choi and Chu (2011) observe that dependability, verifiability and credibility of research issues are better explicated by respondents with long-standing experience. This therefore means that the responses to the questionnaire items could be considered as reliable and reflective of reality given the many years of experience of respondents working for the organization.

4.2.5 Current Position of the Participants

The study sought to establish the respondent current position in the respective hospital. The respondents were requested to indicated of the three categories provided which one they fit. The analysis of the responses is shown in Table 4.5.

Table 4. 5: Current Position of the Respondents

Position	Frequency (n)	Percent (%)
Top manager	10	47.6
Middle manager	9	42.9
Section head	2	9.5
Total	21	100

Source: Primary Data (2020)

The results from Table 4.5 reveals that 9.5% of the respondents indicated that they are section head, 42.9% indicated that they are middle managers while majority of 47.6% of the respondents indicated that they are top managers.

4.3 Firm Level Capabilities on Sustainable Competitive Advantage in Public Hospitals of Nairobi City County

The objective of the study was to determine the attributes of capabilities exhibited by Public Hospitals of Nairobi City County. To achieve this objective, respondents were presented with descriptive statements on managerial and strategic intent capability, human resource capability, technological advancement capability and learning capability. The

study participants were required to indicate the extent of agreement with the statements in a 5-point likert scale.

4.3.1 Managerial and Strategic Intent Capability

The respondents were given statements on managerial and strategic intent capability and they were asked to indicate their level of agreement. The results are shown in Table 4.6.

Table 4. 6: Managerial and Strategic Intent Capability

Descriptive Statement	N	Mean	Std. Deviation
Ensures it strategically fits in the environment by proactively offering superior products and services	21	3.57	1.568
Senses, seizes and capitalizes on the emerging opportunities in the environment	21	3.67	1.528
Learns from interactions and environmental changes and continuously reconfigures and recreates its processes in response to the emerging issues	21	4.62	.805
Managers create a strategic vision and identity for the hospital	21	4.67	.730
Mission and vision of the organization is effectively communicated to the employees	21	4.76	.436
Overall	21	4.258	1.0134

Source: Primary Data (2020)

The results on managerial and strategic intent capability on sustainable competitive advantage as presented in Table 4.6 show that majority of the statements have mean scores above 4.00. The results depict a strong and positive influence of managerial and strategic intent capability on sustainable competitive advantage among the respondents. The findings also show that a variation of more than 0.8 deemed significant. The respondents agreed that managerial and strategic intent capability has an influence on sustainable

competitive advantage in the Public Hospitals of Nairobi City County. According to the study, mission and vision of the organization is effectively communicated to the employees was highly rated with a $M=4.76$ of $SD=0.436$, followed by managers create a strategic vision and identity for the hospital and learns from interactions and environmental changes ($M=4.67, SD=0.730$) and organizations learn from interactions and environmental changes and continuously reconfigures and recreates its processes in response to the emerging issues with Mean and Standard Deviation reported as $M=4.67, SD=0.730$). There was high degree of variation among respondents, an indication that the participants from the various health facilities differed. A standard deviation of 1.568 and 1.528 was reported for the statements of it ensures strategically fits in the environment by proactively offering superior products and services and Senses, seizes and capitalizes on the emerging opportunities in the environment.

4.3.2 Human Resource Capability

The respondents were given five statements on human resource capability and they were asked to indicate the level of agreement. The results are shown in Table 4.7.

Table 4. 7: Human Resource Capability

Descriptive Statement	N	Mean	Std. Deviation
The hospital has a clear coaching and mentorship plan for all levels of staff	21	2.76	1.513
Every employee tasks and assignment are clearly defined	21	2.90	1.375
The hospital has a clear, simple, attractive and straight forward rewards system	21	3.61	0.919
Employees are encouraged and motivated into achieving the organizational goals	21	3.79	0.662
Invests in training and development of its employees	21	4.43	.811
Overall	21	3.498	1.056

Source: Primary Data (2020)

The results on human resource capability on sustainable competitive advantage as presented in Table 4.7 show that majority of the statements have mean scores above 3.00. The results depict a strong and positive influence between human resource capability on sustainable competitive advantage among the respondents. The findings also show the variation among the respondents was slightly minimal as depicted by low standard deviations. According to the results in table 4.8 the respondents rated human resource capability that it strongly influence the Public Hospitals of Nairobi City County sustainable competitive advantage include investments in training and development of its employees ($M=4.43,SD=0.811$), employees are encouraged and motivated into achieving the organizational goals ($M=3.79,SD=0.662$), and the hospital has a clear, simple, attractive and straight forward rewards system ($M=3.61,SD=0.919$) respectively.

4.3.3 Technological Advancement Capability

The respondents were given six statements on technological advancement capability and they were asked to indicate the level of agreement. The results are shown in Table 4.8.

Table 4. 8: Technological Advancement Capability

Descriptive Statement	N	Mean	Std. Deviation
The hospital redefines its technological competence	21	3.67	1.017
The hospital has put in place structures to encourage innovation	21	3.67	1.317
Acquisition of knowledge that involves a high degree of novelty	21	3.67	1.238
The hospital has legally protected knowledge which grants it the exclusive right to its exploitation	21	3.71	1.454
Use of knowledge to develop technologically improved services	21	3.71	1.309

Descriptive Statement	N	Mean	Std. Deviation
The hospital uses knowledge derived from database, patents, technical reports	21	4.14	.793
Overall	21	3.762	1.188

Source: Primary Data (2020)

The results on technological advancement capability on sustainable competitive advantage as presented in Table 4.8 show that majority of the statements have mean scores above 3.00. The results depict a strong and positive influence between technological advancement capability on sustainable competitive advantage among the respondents. The findings also show the variation among the respondents was slightly inclined towards technological capabilities as depicted by low standard deviations. According to the study findings, it is clear that the elements of technological advancement capability that strongly influence the Public Hospitals of Nairobi City County sustainable competitive advantage include the hospital uses knowledge derived from database, patents, technical reports, use of knowledge to develop technologically improved services, the hospital has legally protected knowledge which grants it the exclusive right to its exploitation, acquisition of knowledge that involves a high degree of novelty, the hospital has put in place structures to encourage innovation, the hospital redefines its technological competence respectively.

4.3.4 Learning Capability

The respondents were given six statements on learning capability and they were asked to indicate the level of agreement. The results are shown in Table 4.9.

Table 4. 9: Learning Capability

Descriptive Statement	N	Mean	Std. Deviation
The facility has a knowledge repository	21	4.29	0.146
The hospital has put mechanism to promote knowledge transfer	21	4.33	.966

Descriptive Statement	N	Mean	Std. Deviation
The hospital creates, acquires, and transfers knowledge to reflect new insights	21	4.48	.680
Learning in the hospital facilitates changes that leads to better performance	21	4.52	.602
The hospital has well-planned and organized internal training programmes for process improvement	21	4.57	.507
The hospital encourages strategic alliances	21	4.67	.796
Overall	21	4.477	0.616

Source: Primary Data (2020)

The results on learning capability on sustainable competitive advantage as presented in Table 4.9 show that majority of the statements have mean scores above 3.00. The results depict a strong and positive influence between learning capability on sustainable competitive advantage among the respondents. The findings also show the variation among the respondents was extremely minimal as depicted by low standard deviations. Findings revealed that the elements of learning capability that strongly influence the Public Hospitals of Nairobi City County sustainable competitive advantage include the hospital encourages strategic alliances ($M=4.67$, $SD=0.796$), the hospital has well-planned and organized internal training programmes for process improvement ($M=4.57$, $SD=0.507$), leaning in the hospital facilitates changes that leads to better performance ($M=4.52$, $SD=0.602$), the hospital creates, acquires and transfers knowledge to reflect new insights ($M=4.48$, $SD=0.680$), the hospital has put mechanism to promote knowledge transfer ($M=4.33$, $SD=0.966$) and the hospital has a knowledge repository ($M=4.29$, $SD=0.146$) respectively.

4.3.5 Sustainable Competitive Advantage in Public Hospitals of Nairobi City County

In a bid to establish attributes on sustainable competitive advantage exhibited by Public Hospitals of Nairobi City County, descriptive statements were used. The data analysis findings are presented in Table 4.10.

Table 4. 10: Sustainable Competitive Advantage in Public Hospitals

Descriptive Statement	N	Mean	Std. Deviation
The hospital has increased revenues and cost-effectiveness as compared to rivals in the industry	21	2.48	1.601
Increase in the number of new medical products, and services	21	3.33	1.683
The hospital gains competitive advantage through cost leadership (Lower costs)	21	3.71	1.488
Has the hospital been able to offer unique market-driven services	21	3.81	1.470
Increased number of repeat customers or referrals	21	4.19	1.327
Improved turnaround time in both the organizational procedures and processes	21	4.29	1.231
Better clinical outcomes	21	4.38	.973
The hospital gains competitive advantage through customer responsiveness	21	4.43	.811
The hospital gains competitive advantage through employee satisfaction	21	4.57	.746
The hospital gains competitive advantage through customer satisfaction	21	4.62	.590
Overall	21	3.981	1.192

Source: Primary Data (2020)

According to the study, all the descriptive statements except one have mean scores of above 3 with minimal variations among the respondents as shown by the standard deviations. The results mean that the factors presented to the respondents' attributes on sustainable competitive advantage exhibited by Public Hospitals of Nairobi City County. These factors include the hospital gains competitive advantage through customer satisfaction, the hospital gains competitive advantage through employee satisfaction, the hospital gains competitive advantage through customer responsiveness, better clinical outcomes, improved turnaround time in both the organizational procedures and processes, increased number of repeat customers or referrals, has the hospital been able to offer unique market-driven services, the hospital gains competitive advantage through cost leadership (lower costs), increase in the number of new medical offerings and the hospital has increased revenues and cost-effectiveness as compared to rivals in the industry respectively.

4.3.6 Firm Level Capabilities and Creating Sustainable Competitive Advantage

The study sought to establish if firm level capabilities play a role in creating sustainable competitive advantage in Public Hospitals of Nairobi City County. To achieve this an opinion was sort from the respondents regarding their opinion on firm level capabilities and its role in creating sustainable competitive advantage. Findings revealed that majority of the respondents (81%, n=17) indicated that firm level capabilities play a role in creating sustainable competitive advantage with less than a fifth (19%, n=4) of the population stating otherwise. This clearly indicate that most respondents had varied opinion on how firm level capabilities play a role in creating sustainable competitive advantage.

Thematic analysis on the reasons for the response revealed that: majority of the respondents had different opinions which include allow hospital to participate in problem solving, assists hospital to chart progress and train necessary officers, better performance than other hospitals, create business for the organization, enables hospital to offer and meet on her functions, enhance networking, ensure a clear alignment between internal and external changes, essential for development and stakeholder engagements, good for the hospital to acquire new talent and create leaders, help in positioning the hospital to offer unique

services, helps to understand hospital healthcare needs and resources allocation, learning improve processes and allows tasks to be performed more efficient, make better decisions and improve brand reputation, make hospital to make better decisions and solve problems easily, offering market driven forces, promote coordination and integration in facility to improve performance, redefine success, strengthens the hospital by fully engaging staff and vital for superior performance. The findings show that firm level capabilities play a huge role in creating sustainable competitive advantage in Public Hospitals of Nairobi City County.

4.4 Relationship between firm level capabilities and sustainable competitive advantage

An investigation of the relationship between the independent and dependent variables was conducted by use of regression analysis.

4.4.1 Model Summary

Model summary provides the coefficient of determination (R^2) which shows proportion of the variance in the dependent variable that is predictable from the independent variable and correlation coefficient (R) shows the degree of association between the dependent and independent variables (Tjur, 2009). The results presented in Table 4.12 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4. 11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.962 ^a	.926	.908	.07396

a. Predictors: (Constant), Managerial and strategic intent capabilities, Human resource capability, Technological capability and Learning capability

Source: Primary Data (2020)

The study indicated that managerial and strategic intent capabilities, human resource capabilities, technological capabilities and learning capabilities influence sustainable

competitive advantage of Public Hospitals. This is supported by coefficient of determination also known as the R square of 96.2% implying that managerial and strategic intent capabilities, human resource capabilities, technological capabilities and learning capabilities explain 96.2% of the variations in sustainable competitive advantage of Public Hospitals of Nairobi City County.

Further, the findings as illustrated by R^2 of 0.908 suggest that 90.8% of variations in sustainable competitive advantage can be explained the independent variables with 9.2% not being part of the study variables. Therefore, firm level capabilities have a positive influence on sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya.

4.4.2 Regression Model Coefficients

Regression analysis was undertaken to determine the relationship between the variables. Significance explains the usefulness of the model at 95% level of confidence. Regression analysis was performed as shown in Table 4.13.

Table 4. 12: Regression Analysis Coefficients

Model	Unstandardize		Standardized	t	Sig.
	d Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	.730	.286		2.554	.021
Managerial and strategic capabilities	.176	.060	.283	2.926	.010
Human resource capability	.311	.141	.322	2.200	.043
Technological capability	.122	.055	.203	2.230	.040
Learning capability	.238	.110	.293	2.162	.046

a. Dependent Variable: Sustainable competitive advantage

Source: Primary Data (2020)

Managerial and strategic intent capabilities have a positive and significant influence on sustainable competitive advantage in Public Hospitals of Nairobi City County ($\beta=0.176$, $p=0.010$). It was also established that human resource capability has a positive and significant influence on sustainable competitive advantage in Public Hospitals of Nairobi County ($\beta=0.311$, $p=0.010$). It Further, technological capability has a positive and substantial influence on sustainable competitive advantage in Public Hospitals of Nairobi County ($\beta=0.122$, $p=0.040$). Finally, learning capability was found to have a positive and significant influence on sustainable competitive advantage in Public Hospitals of Nairobi County ($\beta =0.238$, $p=0.046$). An association between firm level capabilities and on sustainable competitive advantage in Public Hospitals of Nairobi City County was found to be positive. As such, an improvement in firm level capabilities would lead to a corresponding improvement in sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya.

The optimal model;

$$Y=0.730+0.176X_1+0.311X_2+0.122X_3+0.238X_4+0.286 \dots\dots\dots\text{Equation 4.1}$$

Where Y is Sustainable Competitive Advantage; X_1 = Managerial and strategic intent capabilities, X_2 = Human resource capability, X_3 = Technological capability, X_4 = Learning capability

4.5 Discussion of Findings

This study endeavored to establish the attributes of firm level capabilities on sustainable competitive advantage exhibited by Public Hospitals of Nairobi City County. Findings revealed that to realize the sustainable competitive advantage managerial and strategic intent capability play an essential role and more especially with a focus on creating a platform for communication to employees on the objective and dream of the company. This is because, the attribute of communication received the highest rating in the managerial and strategic intent capability with a mean score of 4.76 out of 5.00. Further, creation of strategic Vision and firm identity is vital with a Mean of 4.67 out of 5.00. It can therefore be argued that the managerial and strategic intent capability to a large extent are essential

towards realization of sustainable competitive advantage in Public Hospitals within Nairobi City County. Hamilton (2017) revealed that the defense of a firm's competitive advantage is the creation of the collective development of a convincing set of organizational resources, aligning managers and joining them to a vision of the firm's ability through identification of rivals. Further, Wairimu (2012) opined that organizational leadership and ability to reposition a firm through creating a competitive vision is a key driving force for improvement of organizational performance and was considered a potent source of developing a sustained competitive advantage. Managerial strategic intent with a clear attribute of communication explains the fact that successful hospitals are driven by ability to communicate their goals to stakeholders. Rapert, Velliquette and Garretson (2002) argue that effective communication, be it for strategy or firm goals; is crucial for any organization.

Investment on training for staff scored 4.43 out of 5.00. This was followed by employees are encouraged and motivated into achieving the organizational goals (3.76). Investment on training and employee motivation by public hospitals can therefore be argued that they strongly influence competitive advantage. Human resource capability is a critical enable of success in any organization that is achieved through training, employee motivation and clearly defined roles. Appropriate and skilled human resources are essential for efficient and effective enterprise processes aimed at the achievement of set targets (Patrick, 2016). To establish influence of technological advancement capability on sustainable competitive advantage, the researcher focused on use of databases, patents and technical reports which was rated highest at 4.14 out of 5.00. followed by use of knowledge to develop technological improved services 3.71. In a nutshell, it was noted that the hospitals need to take advantage of new technological advancements to achieve sustainability in their operations.

Further, the findings pointed out that the learning capability with more concertation on strategic alliances (M=4.67) geared towards finding the right partners is necessary for competitive advantage. Within the hospitals, several units of specialization can partner with donors to establish centres of excellence, create avenues for capacity building and

knowledge sharing. This goes a long way to ensuring the hospitals can differentiate their services in the market.

To establish sustainable competitive advantage in the public hospitals of Nairobi City County, findings revealed that improved turnaround time (M=4.29), better clinical outcomes (M=4.38), customer responsiveness (M=4.43), employee satisfaction (M=4.57) and improved customer satisfaction are essential to positioning the hospital to achieve sustainability. These findings support the dynamic capabilities theory (Helfat and Peteraf, 2007) that postulates that dynamic capabilities allow for connections that then permit effective coordination, reconfiguration and formation of organizational assets and capacities in a manner that harnesses completion of tasks or projects or even competitive advantage in spite of changes in the organizational dynamics. To harness the organizational task orientation, there is need for hospitals to build on their capabilities whether in technology, human resource, structure and even on their customer value.

Only one aspect of increased revenues and cost effectiveness as compared to rivals in the industry scored the least (M=2.48, SD=1.601). This clearly demonstrates the struggling nature of public hospitals to raise the required revenues to run their business. Hence, they largely depend on the government for funding of most of their projects. Competition from private hospitals coupled with world class patient centeredness and alternative medical care services were seen to as a challenge for public hospitals to realize financial sustainability. Gaturu (2010) opined that private hospitals take advantage of specialized clinicians and well-equipped clinicians from public hospitals to offer unique specialized services. On how firm level capabilities play a role in creating sustainable competitive advantage the study found that firm level capabilities play a huge role (81%) in creating sustainable competitive advantage in Public Hospitals of Nairobi City County. These findings therefore conform with Walker *et al.* (2002) highlights that achievement of the organization's desired performance standards, firm capabilities, and the resources available to it must meet well with the market demands.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section discusses findings from research collected from data analysis, as well as conclusions reached. Summary findings and research objectives; Conclusions were obtained from the study and recommendations for prosecution were also provided. This study concentrated on the influence of firm level capabilities on sustainable competitive advantage in Public Hospitals.

5.2 Summary of Findings

Out of the hospitals that participated in the survey, 85.7% (n=18) of them are Nairobi City Sub-County Hospitals and 14.3% (n=3) are national referral hospitals situated in Nairobi City County. The study population comprised of 57.1% (n=12) males and 42.9% (n= 9) females. Of the respondents, 61.9% were master's degree holders aged 51 to 60 years old. These suggests that the respondents are well educated and thus knowledgeable to give a clear picture of the subject of study. 61.9% reported to have more than 10 years of experience. This implies that the responses are reliable and reflective of the reality given the many years of experience and positions held with majority currently the top managers (47.6%)

The study participants indicated that in Managerial and strategic intent capability, Mission and Vision of the organization is well communicated to the employees. This therefore implies that when there is a platform for shared understanding and clear message is delivered, a firm is likely to chart in the right direction. Managerial and strategic intent capabilities are important in promoting and developing of sustainable competitive advantage for their firms through: development and communication of a vision, build dynamic core competences, investment and use of new technologies, building and maintaining an effective organizational culture. The average mean of responses under the human resource capability was 3.498 which implies that majority of the participants were in moderate agreement with most of the assertions. The human resource attributes geared

towards sustainable competitive advantage that were identified in the study include investment on training to create a pool of competent team, staff motivation and attractive reward system. These findings are in line with that of Karami (2002) who found that human resource capability includes skilled workforce, recruitment of right individuals for jobs, innovative teams and commitment to service delivery. Further, hospitals depend on talents that drive processes through their trained and skilled teams. They use the skills and expertise in specialized services to delivery on their mandate.

Technological advancement capability was reported as Mean of 3.762 which is an implication that the respondents slightly above average agreed with most of statements. The key drivers identified in the technological advancement capability include the hospitals use knowledge derived from databases, patents and technical reports and use of knowledge to develop technologically improved services. Learning capability was reported as Mean of 4.477 with a Standard deviation of 0.616. The responses are clustered around the mean. The hospital encourages strategic alliances and internal training programs play a major role is knowledge sharing through exchange programmes between different facilities. These findings are supported by Zheng (2010) who noted that the most important components of organization leaning are research and development, linkages and collaborations with relevant partners and use of knowledge bank.

Generally, it was found that majority of the respondents agreed to most of the statements that hospitals value highly skilled, experienced, and innovative workforce thus the need to invest on constant training and development. The hospitals have competent managers that develop hospital vision and communicate the same effectively to the employees. Further, the hospitals use databases and technical reports this clearly indicated that the facilities can make evidence-based decisions.

5.3 Conclusion

Firm level capabilities are critical for the functioning of any hospital. The identification and effective configuration of a capability within a health facility enables it to perform process better and in a differentiated manner compared to rivals. The main aim of this study

was to assess the influence of firm level capabilities on sustainable competitive advantage in public hospitals of Nairobi City County. Based on the study findings, it was established that Managerial and strategic intent capabilities, Human resource capability, Technological capability and Learning capability were rated above average by most of the respondents. Therefore, it can be concluded that focus on the capabilities by any hospital can spur sustainable competitive advantage. The firm level capabilities aid in positioning a firm so as to offer rare, unique and inimitable services.

The study indicated that managerial capabilities, human resource capabilities, technological capabilities and learning capabilities were found to be satisfactory variables in influencing sustainable competitive advantage of Public Hospitals of Nairobi City County. The study conclusion is that managerial capabilities, human resource capabilities, technological capabilities and learning capabilities explain 96.2% of the variations in sustainable competitive advantage of Public Hospitals of Nairobi City County. The overall model was statistically significant as supported by a p value of 0.000 which is lesser than the critical p value of 0.05. Further, the results conclude that the independent variables are good predictors of sustainable competitive advantage in Public Hospitals of Nairobi City County the findings were in support of the of Porters theory of competitive advantage postulated by (Porter, 2000).

It was established that technological capability has a positive and significant influence on sustainable competitive advantage in Public Hospitals of Nairobi City County. Finally, learning capability was found to have a positive and significant influence on sustainable competitive advantage in Public Hospitals of Nairobi City County. The overall conclusion on regression results imply that there is an association between firm level capabilities has a positive influence on sustainable competitive advantage in Public Hospitals of Nairobi City County. As such, an improvement in firm level capabilities would lead to a corresponding improvement in sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya the findings were in support of the dynamic capabilities' theory (Helfat and Peteraf, 2007).

5.4 Recommendations

Recommendations for policy and practice have been formed in line with the crucial findings of the study. The results depict a strong and positive influence of managerial and strategic intent capability on sustainable competitive advantage among the respondents. In line with these findings, it is therefore recommended for managerial practitioners and policy makers at Public Hospitals of Nairobi City County should include team leaders and executives in the preparation of firm level capabilities and provide reasonable decision-making power in the execution of the particular capabilities.

One factor is that firm level capabilities play a huge role in creating sustainable competitive advantage. Managerial practitioners and policy makers have to work harder to ensure acknowledgement and firm level capabilities discoveries and outstanding sustainable competitive advantage, enhancement of customer value strategy to the organization's vision and mission and creation of an organization culture that embraces free thought and opinion as a source of new ideas. This is extremely critical especially for Public Hospitals of Nairobi City County to build an enduring sustainable competitive advantage in the fast-changing environment.

The adoption of firm level capabilities in hospitals with a balanced mix should not be the end to organizational performance and attainment of set objectives but also means to pull all the organizational resources together so that they achieve short and long term goals and thus gain sustainable competitive advantage.

5.5 Implication of the Study

The findings of the study are that most elements of firm level capabilities are believed to be closely and positively related to Public Hospitals of Nairobi City County sustainable competitive advantage, and these findings have a positive implication with dynamic capabilities' theory. Obviously, based on the link between firm level capabilities and sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya, the results of research demonstrate that to achieve sustainable competitive advantage through the implementation of different strategies. An institution needs to be able to define its

capabilities and uniqueness compared to its competitors. Therefore, firm level capabilities are essential in conveying the value of services and establishing effective services is important as it results in it being valuable. The findings of the study are that firm level capabilities play a huge role in creating sustainable competitive advantage findings has a positive implication with dynamic capabilities' theory.

5.6 Limitations of the Study

The study sought to determine the influence of firm level capabilities on sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya. This limited the study to just Public Hospitals in Nairobi City County. This means that the results of this study may not conclusively prove firm level capabilities on sustainable competitive advantage in Public Hospitals of Nairobi City County, Kenya across the whole the other hospitals.

The research was conducted over a period of two months. This is a limitation since the findings cannot not be used to analyze behavior over a period to time. Does not help determine cause and effect. The timing of the snapshot is not guaranteed to be representative. Findings can be flawed or skewed if there is a conflict of interest with the funding source. Some respondents may have projected their opinion in the study limiting their ability to provide objective views.

5.7 Suggestions for Further Research

The focus of the study was at Public Hospitals of Nairobi County only. However, there are many Public Hospitals in different parts of Kenya. Further studies should therefore be carried out in other areas where there are similar kind of Public Hospitals for comparison purposes regarding the influence of firm level capabilities on sustainable competitive advantage. This is to establish any common or unique factors that the Hospitals share.

The framework utilized in this study assessed the influence of firm level capabilities on sustainable competitive advantage in Public Hospitals of Nairobi County, Kenya based on only four variables as were captured in the research instrument. Researchers can further

determine the suitability and effectiveness of this model especially as to whether it captures all the influence of firm level capabilities on sustainable competitive advantage in Public Hospitals of Nairobi County, Kenya. This can further stimulate the growth of the frontiers of knowledge concerning influence of firm level capabilities on sustainable competitive advantage in Public Hospitals of Nairobi County, Kenya.

The research design of the shortcuts used in the study cannot be used to analyze behavior from time to time. It does not help to find the cause and effect. Summary time is not guaranteed to be represented. The findings may be erroneous or distorted in the event of a conflict of interest with a source of funding. Therefore, further research can be carried out that adopts a longitudinal design hence provide a trend or longer-term perspective of the phenomenon under study. This can shed light on how Public Hospitals of Nairobi County has over time at various points of its existence espoused influence of firm level capabilities on sustainable competitive advantage.

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APPENDICES

Appendix I: Questionnaire

PART A: BACKGROUND INFORMATION

1) Gender

Male [] Female []

2) Highest level of education.

Secondary [] Diploma [] Degree [] Masters [] PhD []

3) Please indicate your age bracket?

Less than 30 [] 31- 40 [] 41-50 [] 51-60 []

4) Level of management?

Top Manager Middle Manager Section Head

5) Number of years worked in the hospital?

Less than 1 year [] 1 year – 5 yrs [] 6 – 10 yrs [] >10 yrs []

In the following sections, a likert scale is used. In the scale 1 - 5, tick the appropriate answer from the alternatives provided. 1= Strongly disagree, 2 = Disagree, 3 = Uncertain, 4=Agree and 5=Strongly agree

PART B: FIRM LEVEL CAPABILITIES

6) To what extent do you agree with the following attributes of capabilities exhibited by your hospital?

Statement on attribute	1	2	3	4	5
a) Managerial and strategic intent capability					
Managers create a strategic vision and identity for the hospital					
Mission and vision of the organization is effectively communicated to the employees					
Learns from interactions and environmental changes and continuously reconfigures and recreates its processes in response to the emerging issues					

Senses, seizes and capitalizes on the emerging opportunities in the environment.					
Ensures it strategically fits in the environment by proactively offering superior products and services					
b) Human resource capability					
Invests in training and development of its employees					
The hospital has a clear, simple, attractive and straight forward rewards system					
Employees are encouraged and motivated into achieving the organizational goals					
The hospital has a clear coaching and mentorship plan for all levels of staff					
Every employee tasks and assignment are clearly defined					
c) Technological advancement capability					
The hospital redefines its technological competence					
The hospital has put in place structures to encourage innovation					
The hospital has legally protected knowledge which grants it the exclusive right to its exploitation					
Acquisition of knowledge that involves a high degree of novelty.					
Use of knowledge to develop technologically improved services					
The hospital uses knowledge derived from database, patents, technical reports,					
d) Learning capability					
The hospital has put mechanism to promote knowledge transfer					
The hospital encourages strategic alliances					
The hospital has well-planned and organized internal training programmes for process improvement					
The hospital has a knowledge repository					
Learning in the hospital facilitates changes that leads to better performance					

The hospital creates, acquires and transfers knowledge to reflect new insights					
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SECTION C: SUSTAINABLE COMPETITIVE ADVANTAGE

7) To what extent do you agree with the following attributes on sustainable competitive advantage exhibited by your hospital?

Statement on attribute	1	2	3	4	5
Better clinical outcomes					
Increase in the number of new medical products, and services					
The hospital has increased revenues and cost-effectiveness as compared to rivals in the industry					
The hospital gains competitive advantage through customer responsiveness					
The hospital gains competitive advantage through customer satisfaction					
The hospital gains competitive advantage through employee satisfaction					
The hospital gains competitive advantage through cost leadership (Lower costs)					
Has the hospital been able to offer unique market-driven services?					
Increased number of repeat customers or referrals					
Improved turnaround time in both the organizational procedures and processes					

8) In your view, do you think firm level capabilities play a role in creating sustainable competitive advantage?

Yes No

Why:.....

Appendix II: Data Collection Form



UNIVERSITY OF NAIROBI
COLLEGE OF HUMANITIES AND SOCIAL SCIENCES
SCHOOL OF BUSINESS

Telephone: 020-8095398
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsities
Our Ref: D61/10590/2018

Tel: 020 8095398
Nairobi, Kenya
Date: 8TH September, 2020


TO WHOM IT MAY CONCERN

The bearer of this letter, Vincent Ondere Chagara of Registration Number **D61/10590/2018** is a Master of Business Administration (MBA) student of the University of Nairobi.

He is required to submit as part of his coursework assessment a research project report. We would like the student to do his project on **Firm Level Capabilities and Sustainable Competitive Advantage in Public Hospitals of Nairobi County, Kenya**. We would, therefore, appreciate if you assist him by allowing him to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.


PROF. JACKSON MAALU
DEAN, SCHOOL OF BUSINESS



Appendix III: Sampling Frame

No.	Name	County
1.	Kenyatta National Hospital	Nairobi
2.	Pumwani Maternity Hospital	Nairobi
3.	Mama Lucy Hospital	Nairobi
4.	Mbagathi Hospital	Nairobi
5.	GSU Ruiru Dispensary	Nairobi
6.	Baba Dogo Health Centre	Nairobi
7.	Westlands Health Centre	Nairobi
8.	Langata Health Centre	Nairobi
9.	Embakasi Health Centre	Nairobi
10.	Njiru Health Centre	Nairobi
11.	Kaloleni Health Centre	Nairobi
12.	Lunga Lunga Health Centre	Nairobi
13.	Jericho Health Centre	Nairobi
14.	Makadara Health Centre	Nairobi
15.	Dandora Health Centre	Nairobi
16.	Kareni Health Centre	Nairobi
17.	Waithaka Health Centre	Nairobi
18.	Ngong Road Health Centre	Nairobi
19.	Mathari Referral Hospital	Nairobi
20.	Spine Referral Hospital	Nairobi
21.	Kenyatta University Training and Research	Nairobi
22.	Kabiria Health Centre	Nairobi

Appendix IV: Letter Inviting Stakeholders

RE: INVITATION TO ATTEND HEALTH SECTOR WORKING GROUP RETREAT

As you are aware, the Government through various MDAs is in the process of preparing the Medium-Term Budget for the period 2021/22-2023/24 as per the Treasury Circular No. 16/2020 dated 26th August 2020.

The Sector Working Groups are responsible for formulation and prioritization of Sector Budget proposals in line with the Country's development agenda particularly the achievement of "Big Four" plan.

In this regard, the Health Sector Working Group, which you form part of, is required to draft its Programme Performance Review Report, Programme Based Budget and Sub Sector Report.

The purpose of this letter is to request that you release officers preferably from finance, planning and human resource units within your organization to retreat in Naivasha from 20th September to 30th September, 2020 to draft the reports. However, you are expected to cater for the officers' upkeep costs including conference facility.



Susan N. Mochache, CBS
PRINCIPAL SECRETARY

