RESOURCE BASED VIEW STRATEGY AT SAFARICOM LIMITED

BY:

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DECLARATION

STUDENT'S DECLARATION

I declare that his research project is my original work and has not been presented to any other **university** lor the award of a ^gree.

Signature

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SUPERVISOR'S DECLARATION

This research project lias been submitted with my permission as the University Supervisor.

Signature

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Date

DEDICATION

This research is dedicated to a,, my family members and friends for their inspiration, support encouragement and understanding throughout the research period.
God bless you all.

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It is not easy to thank everyone who had an input into this research work, for the list is almost inexhaustible. However, there are those individuals and institutions, without whom, the research consultation and interviews would have been near impossible to take place.

I wish to register my sincere gratitude to some of the contributors including my Lecturers and supervisors for the light they shed on me and the encouragement since we met and all along, for the success of this research work.

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LIST OF ABBREVIATIONS

Communication Commission of Kenya

Economic Value Added

Just In Time

Jomo Kenyatta University of Agriculture and Technology

Nairobi Stock Exchange

Resource-Based View

Subscriber Identity Module

Total Quality Management

ABSTRACT

The resource-based view (RBV) is an economic tool used to determine the strategic resources available to a firm. The existing competition due to the entry of new mobile telephone service providers, Orange, Econet and Yu, requires Safaricom limited to review its strategies. Kerama (2003) carried out a survey on the resource based view of competitiveness which was a survey of manufacturing firms listed in the NSE. Nderu, (2007) did a research on the use of resource based perspective as a competitive strategy at JKUAT. By the time of this study no study had ever focused on the resource based view at Safaricom limited. This is despite the fact that Safaricom limited is the main tax payer in the country owing to its strong resource base and its contribution to employment and hence economic growth. The general objective of this study was to determine the extent of application resource based view strategy in Safaricom limited. This was a case study since the unit of analysis was one organisation. This was a case study aimed at getting detailed information regarding the resource based view strategy in Safaricom limited. The researcher used both primary and secondary data. Primary data was collected using self-administered interview guides while secondary data was collected by use of desk search techniques from published reports and other documents. Secondary data included the companies' publications, journals, periodicals and information obtained from the internet. The interview guides had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. This was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the study. The interviewees of this study were the senior staff, who included top, middle and lower level managers across all departments working at Safaricom limited. This study targeted to interview 40 interviewees. A content analysis and descriptive analysis were employed. The data was then presented in a continuous prose as a qualitative report on the resource based view strategy in Safaricom limited. This study concludes that Safaricom limited enjoys competitive advantage in the mobile phone industry due to its strategic approach towards the competitive market by research and development/innovation. The study also concludes that the RBV contributes to advantages such as enhancing staff potential through involvement in strategic decision making, adopting people focused mechanisms which deliver the strategy including employee selection and communication. The study concludes that technological resources and human resources are the most important strategic resources in the resource based view strategy in Safaricom limited.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The currently dominant view of business strategy resource-based theory or resource-based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making (Kay, 2005). Traditional strategy models such as Michael Porter's five forces model focus on the company's external competitive environment. Most of them do not attempt to look inside the company. In contrast, the resource-based perspective highlights the need for a fit between the external market context in which a company operates and its internal capabilities.

The resource-based view is grounded in the perspective that a firm's internal environment, in terms of its resources (tangible and intangible resources) and capabilities, is more critical to the determination of strategic action than is the external environment. Instead of focusing on the accumulation of resources necessary to implement the strategy dictated by conditions and constraints in the external environment, the resource-based view suggests that a firm's unique resources and capabilities provide the basis for a strategy. The strategy chosen should allow the firms to best exploit its core competencies relative to opportunities in the external environment (Hitt et al., 2005).

The resource-based view (RBV) is an economic tool used to determine the strategic resources available to a firm. The fundamental principle of the RBV is that the basis for a competitive
1 advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal (Wernerfelt, 1984; Rumelt, 1984). To transform a short-run competitive

advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Barney, 1991). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 1991).

The principal contribution of the resource-based view of the firm to date has been as a theory of competitive advantage. RBV emphasizes strategic choice, charging the firm's management with the important tasks of identifying, developing and deploying key resources to maximize returns, (Hoopes et al, 2003).

1.1.1 Concept of Resource Based View

The resource-based view (RBV) is an economic tool used to determine the strategic resources available to a firm. 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). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile. Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort, (Hoopes et al, 2003).

A company resource drives its performance through enabling the company to develop competencies to enable survival and superior performance. Companies will compete on the basis of resources they possess. According to Krogh and Roos, (1999) the firm's resources must have tour fundamental characteristics in order to create sustainable competitive advantage. Thus the resources must be valuable, lack strategically equivalent substitutes, perfectly inimitable and rare among competitors. Amit and shoemaker (1993) have given a list of eight criteria of complementarity, scarcity, inimitability, limited substitutability, durability and overlap with strategic industry factors. Fahy, (2005) emphasizes three attributes of such resources, that they must be valuable, have barriers to duplication and be appropriable.

The resource based view strategy emphasizes economic rent creation through distinctive capabilities. Economic rent, or economic value added, is what companies earn over and above the cost of the capital employed in their business. It is the measure of the competitive advantage, and this is the only means by which companies in competitive markets can earn economic rent.

1.1.2 Operationalizing the Resource Based View Strategy

The resource-based view of the firm enables an understanding of the resources that underpin the alternative positioning strategies that may be considered by a firm. For example, the pursuit of a low price strategy is considered to necessitate resources such as cost control systems, TQM processes, skills in procurement and information systems (Hooley, Moller and Broderick 1998).

Tangible assets refer to the fixed and current assets of the organisation that have a fixed long run capacity (Wernerfelt 1989). Examples include plant, equipment, land, other capital goods and stocks, debtors and bank deposits. Tangible as-sets have the properties of ownership and their value is relatively easy to measure (Hall 1989). The book value of these assets is assessed through conventional accounting mechanisms and is usually reflected in the balance sheet valuation of companies. The other defining characteristic of tangible assets is that they are transparent (Grant 1991) and relatively weak at resisting duplication efforts by competitors. For example, though plant or land may be geographically immobile, they are relatively imitable and substitutable. Intangible assets include intellectual property such as trademarks and patents as well as brand and company reputation, company networks and databases (Hall 1992; Williams 1992). The presence of intangible assets account for the significant differences that are observed r -

between the balance sheet valuation and stock market valuation of publicly quoted companies (Grant 1991; Rumelt 1987) such as in the pharmaceutical sector where patents are critical. Intangible assets have relatively unlimited capacity and firms can exploit their value by using them in-house, renting them or selling them (Wernerfelt 1989). They are relatively resistant to duplication efforts by competitors. Intellectual property is afforded regulatory protection (Hall 1992) while databases, networks and reputation are examples of asset stocks (Dierickx and Cool 1989) and the inherent complexity and specificity of their accumulation hinders imitability and substitutability in the short run. Capabilities are generally considered to be the most potent source of competitive advantage but any given capability is likely to be superseded by a higher order capability leading one into the problem of infinite regress (Collis 1994) with the result that marketing can never hope to find the ultimate source of competitive advantage. This is important, as one of the first applications of the RBV in the marketing area has been as a framework for thinking about marketing resources.

While this influential body of research within the field of strategic management was named by Wernerfelt in his article A Resource-Based View of the Firm (1984), the origins of the resource-

1 '

based view can be traced back to earlier research, (Mahoney and Pandian, 1992; Rugman and Verbeke, 2002). The earliest acknowledgement of the potential importance of firm-specific resources is to be found in the work of economists such as Chesbrough (2003) which was subsequently developed by Penrose (1959). Chandler (1990) identified that some of the key capabilities of firms included technical know-how, reputation, brand awareness, the ability of managers to work together and particularly, patents and trademarks, many of which have been revisited in the recent strategy and marketing literature (Day 1994; Hall, 1992).

Ansoff (1965) was the first to analyse from this perspective and therefore audited the resources of the organisation. Porter (1980) built on the structure-conduct-performance paradigm of industrial-organization economics. The essence of the model is that the structure of an industry determines the state of competition within that industry and sets the context for companies conduct, that is, their strategy. Most important, structural forces (Porter's five forces) determine the average profitability of the industry and have a correspondingly strong impact on the profitability of individual corporate strategies. Penrose's, (1959) work also provides other penetrating insights into the nature and role of resources in the firm. She distinguishes resources from services, arguing that it is never resources themselves that are inputs into the production process but rather it is the services that these resources can render.

Other concepts that were later integrated into the resource-based framework have been articulated by Lippman and Rumelt (uncertain imitability, 1982), Rumelt (isolating mechanisms, 1984) and Dierickx and Cool (inimitability and its causes, 1989). Barney's framework proved a solid foundation for other to build on, which was provided with a stronger theoretical background by Conner (1991), Mahoney and Pandian (1992), Conner and Prahalad (1996) and Makadok (2001), who positioned the resource-based view with regards to various other research fields. More practical approaches were provided for by Amit and Shoemaker (1993), while later criticism came from among others from Priem and Butler (2001) and Hoopes, Madsen and Walker (2003).

1.1.3 Safaricom Limited

Safaricom limited is the leading mobile phone operator in Kenya. It was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In May 2000, Vodafone group pic, the world's largest Telecommunication company acquired a 40% stake and management responsibility for the company. Safaricom's aim is to remain the leading Mobile Network Operator in Kenya. With the growing subscriber base, the company has employed over 2300 employees and opened 10 retail shops in Nairobi, Mombasa, Nakuru and Kisumu. The firm has a wide dealer network of over 152 dealers countrywide. The company has developed a broad of services to meet the needs of the over 13.3 million subscribers. The increasing number of subscribers has had a positive influence on the company's profitability. The company's turnover rose from US$280 million in 2004-2005 to US$875million in 2008-2009.

In the modern world of globalization, Safaricom limited has been able to keep pace with the global mobile telecommunications market by having strategic business associations, which help in meeting the dynamic challenges of the modern mobile telecommunications world. Its strategic association with the world leaders in mobile telephony has created a niche in the Kenyan market. Safaricom limited announced net profits of $220million in the last financial year.

Safaricom limited has a variety of services that it otters to its clients. These include; wireless phone services, internet services, electronic money transfers and mobile phones. Apart from the voice product and services, Safaricom limited also has data services. Using the short message text service (sins), consumers are able to communicate more cheaply and efficiently. This product and service is widely used by all consumers, unlike in the west where it is a preserve of the young consumers. On top of this Safaricom limited introduced the Black Berry; a wireless handheld device which supports push e-mail, mobile telephony, text messaging, internet faxing, web browsing and other wireless information services. It delivers information over the wireless data networks (currently GPRS and EDGE) of mobile phone service companies.

In addition Safaricom limited has the roaming service offered to both Safaricom limited subscribers and incoming roamers roaming in foreign networks. The basic concept of roaming revolve around the idea that a customer can visit another network and be able to originate a call, receive a call, send and receive SMS. Safaricom limited also introduced the M-PESA service in 2007. The service allows one to transfer money using a mobile phone. Its an innovative new mobile payment solution that enables customers to complete simple financial transactions by mobile phone. One can transfer a minimum of Kshs. 100 up to a maximum of Kshs. 35000.

Other services include toll free numbers, voice mail services, parcel sending and delivery, directory services and information and security services. While most analysts agree that mobile telephony, Safaricom's core business, is on an upward growth curve in the region, some sceptics are saying that a convergence of factors could seriously impact on the bottom-line of what is the region's biggest mobile phone company. The resource based view strategy at Safaricom limited can be looked at from the different perspectives of its resources and capabilities. The existing competition due to the entry of new mobile telephone service providers, Orange, Econet and Yu, requires Safaricom limited to review its strategies.

1.2 Statement of the Problem

RBV offers critical and fundamental insights into why firms with valuable, rare, inimitable, and well organized resources may enjoy superior performance (Barney, 1995). Its current prominence is reflected not only by its dominance in the academic journals, by its inclusion in leading strategic texts which warrants the conclusion that it is widely taught to students and practitioners in undergraduate, masters' and executive programs. As designed by Grant (1991) and much in the same way as Hill (1989) has put it, the resource-based model starts with an extensive analysis of those operating capabilities and competencies existing within the firm.

The resource-based view focusing on the firm's resources and capabilities has encouraged the development of more firm- dedicated research. Nevertheless, it appears weak in some respects. Several researchers have examined firms' decisions to internationalize using cooperative arrangements from the RBV perspective (Hamel, 1991). Safaricom limited has been very instrumental in employment creation in the country. It has contributed immensely to the economic growth by effectively participating in the service sector. From the time when Safaricom limited started it has come along way to remain a significant player in the mobile phone industry. Alliances made by Safaricom limited are agreements between various independent companies to plan coordinated activities in international markets (initiation, acceleration and improved international expansion) by sharing, exchanging, or combining their resources and capabilities or to jointly develop new skills, products, or technologies (Dussauge et al., 2000).

Locally, to the knowledge of the researcher, only two studies have been conducted on the resource based view strategy. Kerama (2003) carried out a survey on the resource based view of competitiveness which was a survey of manufacturing firms listed in the NSE. Nderu, (2007) did a research on the use of resource based perspective as a competitive strategy at JKUAT. These local and international studies focused on the resource based view in other institutions. By the time of this study no study had ever focused on the resource based view at Safaricom limited. This is despite the fact that Safaricom limited is the main tax payer in the country owing to its strong resource base and its contribution to employment and hence economic growth. It is in this light that the researcher aimed at closing the existing gap by carrying out a study on the resource based view strategy with the main focus on Safaricom limited. This study aimed at answering the research questions: How does Safaricom limited enjoy competitive advantage as a result of resource based view? Which are the resources that are considered in the resource based view at Safaricom limited? What are the Capabilities of the resource based view at Safaricom limited? And which are the human resources in the resource based view strategy in Safaricom limited?

1.3 Objective of the Study

The general objective of this study was to determine the extent of application RBV strategy at Safaricom limited

The study was guided by the following objectives:

i. To determine the tangible and intangible resources of the resource based view at Safaricom limited

ii. To find out the application of the resource based view strategy in human resources at Safaricom limited

1.5 Importance of the Study

The study would be important not only to Safaricom limited managers but also other managers in the telecommunication sector and to larger extent managers of other industries. It would help them understand the resource based view strategy and how its understanding can help different firms achieve competitive edge. The study would also help other managers know the methods used in gathering and applying competitive intelligence, which would help them improve their management styles. The study would also highlight other important relationships that require further research; this would be in the areas of relationships between firms' resources and the strategic view to impact on their performance. The results of this study would also be invaluable to researchers and scholars, as it would form a basis for further research. The students and academics would use this study as a basis for discussions on globalization. The study would be a source ot reference material for future researchers on other related topics; it would also help other academicians who undertake the same topic in their studies.

1.6 Scope of the Study

The study was about the resource based vies of strategy in firms in Kenya. The study focused more on resource based view strategy in Safaricom limited.

This study was limited to Safaricom limited. It covered the Company's branches of Nairobi. The researcher believed that this would provide an adequate population and sample for the study and therefore give reliable results and findings. The findings however could not be generalized in the whole industry because the sector has other companies all over the country whose resources and strategies differs and was expected to affect the overall industry performance. In this respect, generalization would have led to errors.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are resource based view strategy,

2.1.1 Resource-Based View Strategy

As designed by Grant (1991) and much in the same way as Hill (1989) has put it, the resource-based model starts with an extensive analysis of those operating capabilities and competencies existing within the firm. The currently dominant view of business strategy resource-based theory or resource-based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making (Kay, 2005).

The resource-based view (RBV) offers critical and fundamental insights into why firms with valuable, rare, inimitable, and well organized resources may enjoy superior performance (Barney, 1995). Its current prominence is reflected not only by its dominance in the academic journals, by its inclusion in leading strategic texts which warrants the conclusion that it is widely taught to students and practitioners in undergraduate, masters' and executive programs.

However, while the RBV is an excellent tool for (positively) describing why some firms outperform others, it offers limited (normative) guidance to managers, a critique recently and
1 forcefully launched by Priem and Butler (2001). RBV analysis is phrased in very general terms and is in principle applicable to any resource anywhere in the firm. This wide generality is at the same time strength and a weakness, the former because of the broad applicability of RBV

analysis, the latter because the generality of the RBV also means a corresponding lack of specificity. Others have made similar claims and have suggested various valuable ways of taking the RBV in a more managerial direction. However, one important critique - namely that it is not sufficient clear in the RBV how resources contribute to firm-level value creation and that operationalization is therefore difficult (Priem and Butler, 2001) has not been satisfactorily answered.

The resource-based view (RBV) of the firm builds itself around the internal competencies of firms. Competitive advantage is seen as being rooted inside a firm, in assets that are valuable and inimitable. It is a resource that is scarce, with few substitutes, or is difficult to imitate, and enables organisations to exploit opportunities, and provides sustained competitive advantage to firms (Barney, 1991; Russo and Fouts, 1997). Explicit barriers - introduced either by a firm's internal strategy or by governmental intervention - may facilitate rareness and inimitability of certain resources. Time lags, size advantages, superior foresight and preferential access to superior information and resources are examples of possible barriers to imitation by competitors (Barney, 1991). By nurturing internal competencies and applying them to an appropriate external environment, firms can develop viable strategies to "exploit opportunities or neutralize threats in the firm's environment" (Barney, 1986; Russo and Fouts, 1997). Hence, RBV addresses the fit between a firm's ability to carry out a task and the opportunity available for the task to be performed.

A further problem of nomenclature hampering the development of the resource-based view has been the variety of labels used to describe the firm's resource set. For example, the term competencies appears frequently in the literature sometimes preceded by the adjectives, core and distinctive, sometimes not, sometimes used interchangeably with the term capabilities which, in turn, is used interchangeably with the term skills which is frequently preceded by the adjective, core. To overcome this ambiguity, the label resources is best adopted as a general, all-embracing one.

Tangible assets refer to the fixed and current assets of the organisation that have a fixed long run capacity (Wernerfelt 1989). Examples include plant, equipment, land, other capital goods and stocks, debtors and bank deposits. Tangible assets have the properties of ownership and their value is relatively easy to measure (Hall 1989). The book value of these assets is assessed through conventional accounting mechanisms and is usually reflected in the balance sheet valuation of companies. The other defining characteristic of tangible assets is that they are transparent (Grant 1991) and relatively weak at resisting duplication efforts by competitors. For example, though plant or land may be geographically immobile, they are relatively imitable and substitutable.

Intangible assets include intellectual property such as trademarks and patents as well as brand and company reputation, company networks and databases (Hall 1992; Williams 1992). The presence of intangible assets account for the significant differences that are observed between the balance sheet valuation and stock market valuation of publicly quoted companies (Grant 1991; Rumelt 1987) such as in the pharmaceutical sector where patents are critical.

2.1.2 Resources and Capabilities

Barney (1991) says that firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc; controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness (Barney, 1991). A subsequent distinction made by Amit and Schoemaker (1993) is that the encompassing construct previously called resources can be split up into resources and capabilities. In this respect resources are tradable and non-specific to the firm, while capabilities are firm-specific and used to utilize the resources within the firm, such as implicit processes to transfer knowledge within the firm (Makadok, 2001, Hoopes, Madsen and Walker, 2003). This distinction has been widely adopted throughout the resource-based view literature (Conner and Prahalad, 1996, Makadok, 2001, Barney, Wright and Ketchen, 2001).

Two publications closely following Wernerfelt's initial article came from Barney (1986a, 1986b). Even though Wernerfelt was not referred to, the statements made by Barney about strategic factor markets and the role of expectations can, looking back, clearly be seen within the resource-based framework as later developed by Barney (1991). Barney's framework proved a solid foundation for others to build on, which was provided with a stronger theoretical background by Conner (1991), Mahoney and Pandian (1992), Conner and Prahalad (1996) and Makadok (2001), who positioned the resource-based view with regards to various other research fields. More practical approaches were provided for by Amit and Shoemaker (1993), while later criticism came from among others Priem and Butler (2001) and Hoopes, Madsen and Walker (2003).

Until the late 1980s, the resource-based view was characterized by a rather fragmented process of development. The earliest acknowledgement of the potential importance of firm-specific resources is to be found in the work of economists. Rather than market structures, these economists highlighted firm heterogeneity and proposed that the unique assets and capabilities of firms were important factors giving rise to imperfect competition and the attainment of super-normal profits. For example, Chandler (1990) identified that some of the key capabilities of firms included technical know-how, reputation, brand awareness, the ability of managers to work together and particularly, patents and trademarks, many of which have been revisited in the recent strategy and marketing literature (Day 1994; Hall 1992).

Ansoff (1965) was the first to analyze from this perspective and therefore audited the resources of the organization. Porter (1980) built on the structure-conduct-performance paradigm of industrial-organization economics. The essence of the model is that the structure of an industry determines the state of competition within that industry and sets the context for companies' conduct, that is, their strategy. Most important, Structural forces (Porter's five forces) determine the average profitability of the industry and have a correspondingly strong impact on the profitability of individual corporate strategies. Penrose's work also provides other penetrating insights into the nature and role of resources in the firm. For example she distinguishes resources from services, arguing that it is never resources themselves that are inputs into the production process but rather it is the services that these resources can render.

Building on the RBV, Hoopes, Madsen and Walker (2003) suggest a more expansive discussion of sustained differences among firms and develop a broad theory of competitive heterogeneity. The RBV seems to assume what it seeks to explain. This dilutes its explanatory power. For example, one might argue that the RBV defines, rather than hypothesizes, that sustained performance differences are the result of variation in resources and capabilities across firms. The difference is subtle, but it frustrates understanding the Resource Based View's possible contributions (Hoopes et al., 2003). The Resource Based View's lack of clarity regarding its core premise and its lack of any clear boundary impedes fruitful debate. Given the theory's lack of specificity, one can invoke the definition-based or hypothesis-based logic any time. Again, we argue that resources are but one potential source of competitive heterogeneity. Competitive heterogeneity can obtain for reasons other than sticky resources (or capabilities) (Hoopes et al.

2003). Competitive heterogeneity refers to enduring and systematic performance differences among close competitors.

2.1.3 Resource Based View and Sustainable Competitive Advantage

The resource based view has been a common interest for management researchers and numerous writings could be found for same. Resource based view explains a firms ability to reach sustainable competitive advantage when different resources are employed and these resources cannot be imitated by competitors which ultimately creates a competitive barrier (Mahoney and Pandian 1992, Smith, 2003). RBV explains that a firm's sustainable competitive advantage is reached by virtue of unique resources which these resources have the characteristics of being rare, valuable, inimitable, non-tradable, non-substitutable as well as firm specific (Barney 1991), Makadok 2001); 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, copied and simultaneously they add value to a firm while being rare. It also highlights the fact that all resources of a firm may not contribute to a firm's sustainable competitive advantage. Varying performance between firms is a result of heterogeneity of assets (Luarn et al., 2005) and RBV is focused on the factors that cause these differences to prevail (Grant 1991, Mahoney and Pandian 1992, Amit and Shoemaker 1993).

Fundamental similarity in these writings is that unique value creating resources will generate a sustainable competitive advantage to the extent no competitor has the ability to use same type of resources either through acquisition or imitation, (Cort et al. 2007). Major concern in the RBV is focused on the ability of the firm to maintain a combination of resources that cannot be possessed or build up in a similar manner by competitors. Further such writings provide us the base to understand that the sustainability strength of competitive advantage depends on the ability of competitors to use identical or similar resources that makes the same implications on a firm's performance. This ability of a firm to avoid imitation of their resources should be analysed in depth to understand the sustainability strength of a competitive advantage. However, first mover advantage is active in evolutionary technological transitions which are technological innovations based on previous developments (Kogut and Kulatilaka 2001).

According to the characteristics of the Resource based view rivalry firms may not perform at a level that could be identified as a considerable competition for the incumbents of the market since they do not possess the required resources to perform at a level that creates a threat hence create competition. Through barriers to imitation incumbents ensure that rivalry firms do not reach a level to perform in a similar manner to them. In other words, the sustainability of the winning edge is determined by the strength of not letting other firms compete in the same level.
/
The moment competition becomes active competitive advantage becomes ineffective since two or more firms begin to perform at a superior level evading the possibility of single firm dominance hence no firm will enjoy a competitive advantage. Marcus (2005) agrees stating that by definition, the sustainable competitive advantage discussed in the Resource based view is ant-competitive. Further such sustainable competitive advantage could exist in the world of no competitive imitation (Barney 1991, Petref and Barney, 1993).

2.2 Resource Based View Strategy in Service Firms

Resource based view strategy in service firms can be looked into by considering its resources, tangible resources, intangible resources as well as distinctive resources.

2.2.1 Resource Based View and Resources

The RBV uses firms' internal characteristics to explain firms' heterogeneity in strategy and performance. A firm is an organized, unique set of factors known as resources and capabilities, and RBV theory cites two related sources of advantages: resources and capabilities. Resources are a firm's accumulated assets, including anything the firm can use to create, produce, and/or offer its products to a market. Resources are eligible for legal protection (as such, firms can exercise property rights over them; Amit and Schoemaker, 1993); can operate independently of firm members (Camison, 2005); and intervene as factors in the production process to convert input into output that satisfies needs (Grant, 1991). Following Hall (1992, 1993) and Wernerfelt (1984), resources can be tangible assets (e.g. physical and financial resources) and intangible resources (e.g. patents, copyrights, designs, licenses, registered trademarks, corporate names and logos).

Few resources are productive on their own (Grant, 1991). For efficiency in firm activities, the coordination of simple resources that combine to create more complex skills is required (Black and Boal, 1994). Therefore, capabilities are a complex mix of knowledge and skills that, exercised through the coordinated deployment of assets to organizational process, determine the activities the firm is capable of efficiently carrying out (Hall, 1992, 1993; Day, 1994). This definition emphasizes the three conditions of organization (implicit in coordinating asset deployment), intention, and goal attainment (Sanchez et al., 1996). Specifically, the creation of capabilities requires the perfection of complex coordination patterns together with resource development to carry out activity efficiently. However, this definition raises difficulties in terms the processes of capabilities development and the relationship between capabilities and sustained competitive advantage (Eriksen and Mikkelsen, 1996). Capabilities do not depend only on firm resources: they are more than resource sets, more than a function of prior resource deployment. Capabilities govern how resources are transformed into products through firm-specific organizational norms and routines; through the development, management, and interchange of information and knowledge via human capital (Amit and Schoemaker, 1993; Grant, 1991) and through the creation of an organizational culture that supports the firm's global activities and derives from a collective learning process (Leonard-Barton, 1992). Therefore, improved capabilities stem from the integration of individual and/or functional capabilities with interfunctional skills and organizational values (Grant, 1991).

Capabilities are intangible factors as are intangible resources but they differ on some characteristics (Hall, 1992; Day, 1994). Intangible assets comprise explicit knowledge, while capabilities comprise idiosyncratic, tacit knowledge (Nonaka and Konno, 1998). Capabilities are associated with the individuals or firms who possess them, whereas resources are independent from individuals and the firm. Whereas, intangible assets are legally protected assets, it is difficult or impossible to legally protect capabilities, as they are based on the premise of developing and interchanging information and knowledge by way of human capital to adequately develop resources (Amit and Schoemaker, 1993). Lastly, capabilities differ from intangible assets in that they cannot be assigned a monetary value, cannot be traded, and are difficult to imitate because they are embedded in organizational routines, practices, and culture (Dierickx and Cool, 1989).

RBV theory establishes that only those firms possessing resources and capabilities with special characteristics (distinctive factors) will gain competitive advantages and therefore achieve superior performance. First, the distinctive character of a factor depends on its rarity, value, durability, nonsubstitutability, inimitability, and appropriability of generated rents (Wernerfelt, 1984; Barney, 1986, 1991; Grant, 1991; Peteraf, 1993; Amit and Schoemaker, 1993). Second, sustainable competitive advantage rests on a firm's dynamic capabilities, understood as the firm's ability to adapt and reconfigure its resources and capabilities, to explore opportunities and new asset sets, and to respond swiftly to environmental changes and eroded value that arises from competitor-induced Schumpeterian shocks (Grant, 1991).

Distinctive factors are generally intangible (Dierickx and Cool, 1989). The most valuable intangible factors that are sources of sustainable competitive advantage are firm-specific capabilities, because they are based on idiosyncratic knowledge, which is embedded in the firm's routines, processes, practices, and culture, and thus is difficult to observe; involve considerable long-term learning and time advantage; and are based on tacit knowledge dispersed among many individuals, so a competitor cannot acquire that knowledge simply by poaching employees.

In this vein, the RBV is a valuable framework for explaining company growth on the basis of firms' surplus factors (Penrose, 1959), and its use in studies of international growth is increasing (Luo, 2002, 2004). According to the RBV, the extent of a firm's international market presence is explained by its surplus in the resources and capabilities that provide competitive advantages in the domestic market and that are transferable to other geographical markets.

The resources and capabilities that provide domestic competitive advantages, that are transferable to international markets, and that could contribute to an alliance play a role in a firm's propensity for adopting a cooperative internationalization strategy. Specifically, a firm's capabilities can be an important driver toward this internationalization strategy because they are more easily transferable to foreign markets and alliance partners. Also, international involvement plays a key role in cooperative internationalization. A firm's level of international expansion determines the transfer of assets abroad, its competitive strength, and its knowledge about foreign markets, and therefore its need for cooperative internationalization to complement and/or exploit its current position.

A core assumption in the RBV is that a firm's resources and capabilities guide its competitive strategy (Grant, 1991). Intangible resources and capabilities are especially important to obtain differentiation advantages, whereas tangible assets are more valuable as sources of cost advantages. Moreover, a firm's competitive differentiation strategy influences cooperative internationalization as a strategic decision. A differentiation strategy requires a high level of intangible factors to ensure that products are different; to safeguard the durability of the differential, firms may prefer cooperative internationalization to obtain the capabilities they lack.

2.2.2 RBV Tangible Resources

Penrose (1959) described the role of resources and the services derived from them and Rumelt (1984) discussed the role of resources and resource conversion activities. Later, several authors join the discussion: Porter (1991) argues that resources and activities are duals of each other; McKelvey (1999) lumps together Porter's activities with resources, dynamic capabilities, and competencies; Ghemawat (2006) places resources and activities together to form integrative models of competitive advantage; Helfat and Raubitschek (2000) discusses the key role which activities play in achieving competitive advantage; and Farjoun (2002) labels activities as work flow technology and places them under the heading of resources. Given this, we need to discuss if activities and drivers have been implicitly adopted by the RBV.

These are the easiest to identify and are often found in the organizations balance sheet as assets. They refer to the physical assets that an organization possesses and can be categorized as

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physical resources, financial resources and human resources. They therefore include assets such as real estates, raw materials, land buildings, machines, plant, inventory and money (Andriessen, 2004). To add value this resources must be capable of responding flexibly to changes in the market place.

2.2.3 RBV and Intangibles

Examining intangibles through the theoretical lens of the RBV of the firm is not a straightforward task. Wade and Hulland (2004) state that even when the RBV is applied in many different fields of research, it must not necessarily be applicable in all of them. However, we claim that the RBV and intangibles can be positioned in a natural hierarchy, since the latter connects to a company's strategy, and both contribute to sustained corporate performance and competitive advantages. This might not happen directly, but within interactions of assets and capabilities, where the latter transform the former into outputs of increased value (Wade and Hulland, 2004).

By slicing away resources with no importance to strategic goals (which would concern a portion of tangible assets), we arrive with a set of strategic firm resources. By continuing the logic above, if we slice away all tangible resources which are of strategic importance, we arrive at intangibles. The definition we are aiming for will follow down from the top resources to the intangibles, delimiting with every step. The figure also shows the link to the first criticized suggested structures of intellectual capital. Each structure can be tested against the definition whether it can be defined within the RBV, or outside.

2.2.4 Intangible Resources

These may be embedded in routines and practices that have developed over time within the organization. They include an organization's reputation, its culture, its knowledge and its brands. It also includes knowledge, patents and trademarks, and accumulated experience within an organization. Intangible assets have always been present in a company's operations. It has only been in the last couple of decades that this field has skyrocketed into prominence (Serenko and Bontis, 2004). The importance of disclosing information related to intangibles has also grown significantly (Bontis, 2003).

Research dealing with intangibles suffers from one fundamental problem: the lack of common terminology. The applied concepts are all differently labelled and every researcher or practitioner who develops a. new definition wants to establish his own terminology (Bontis, 2003). This academic dissent is a hindrance to research progress and so far, there is no agreed-on definition (Andriessen, 2004).

While they are not assets that you can touch or see, they are often critical in creating competitive advantage, (Lev, 2001). As Johanson (2000) points out, the same intangibles could be interpreted in different ways. Intangibles consist of objective facts, conscious cognitive interpretations, and unconscious interpretations. Therefore, although there might be a chance for a common definition and classification of intangible assets and intangible investments for accounting and statistical purposes, a common basis for intangible phenomena as cognitive or unconscious structures and processes in a firm might be unlikely (Johanson, 2000). Firms may be regarded from two angles: from the product side, and from the resource side (Wernerfelt, 1984, calls it two sides of the same coin). Where the former has been subject to mainly economic theory, the latter has some highly compelling strategic implications in terms of competitive advantage and the use of resources in order to gain higher profits (Wernerfelt. 1984; Barney, 1991). Strategic resources are a subset of a company's resource portfolio (Wade and Hulland, 2004). This renders the resource focus suitable for attempting a definition for intangibles. It makes sense to use a general theory of the firm as a starting point in order to anchor the concept of intangibles where it all happens: the company and its set of strategic resources.

The theory of the resource-based view of the firm (RBV) (Penrose, 1959; Wernerfelt, 1984; Barney, 1991) focuses on the latter. It generally states that a firm is able to secure sustainable abnormal returns from their resources (including static resources, dynamic capabilities, and knowledge; Barney 1991). However, these resources need to be (Barney, 1991; Wade and Hulland, 2004) valuable (firm resources need to be able to create sustainable value for a company), rare (resources need to be heterogeneously distributed across firms, and not easily accessible to competitors; possessed by a low number of firms), inimitable (or low imitability (Wade and Hulland, 2004) of resources in order to protect them from being copied by competitors (Barney, 1991)) and non-substitutable or non-transferable (competitors must not have equivalent resources in order to substitute an otherwise inimitable resource).

2.2.5 Distinctive Capabilities

Kay (1993) argues that it is distinctive capabilities of an organization's resources that are important in providing it with competitive advantage. However, an organization's capabilities are only distinctive when they emanate from a characteristic which other firm's do not have. Furthermore, possessing a distinctive characteristic is a necessary but not sufficient criterion for success; it must also be sustainable and appropriable. For it to be appropriable it needs to benefit primarily the organization which holds it rather than its employees, its customers, or its competitors. These in turn are linked to relationships between an organization and its stakeholders its employees and customers, shareholders, and suppliers as well as a group of collaborating firms which it may network. It is this relationship which allows an organization's resources to provide it with distinctive capabilities through the conduit of its architecture, reputation, and innovation.

2.3 Resource Based View and Human Resources

From a resource-based view, human resources are the productive service human beings offer the firm in terms of their skills, knowledge and reasoning and decision-making abilities. Economists refer to these resources as human capital, which emphasizes the fact that they are durable and created through investment in education and training. Identifying and appraising the stock of human capital within a firm is complex and difficult. Human resources are appraised at the time of recruitment where qualifications and experience are used as indicators of performance potential, and in employment, typically through annual performance reviews. The limitations of qualifications, personal recommendation, and traditional performance reviews as indicators of an individual's potential to contribute to the performance of the organization have increasingly been recognized, (Mahoney and Pandian, 1992).

In order for an organization to select and retain qualified and talented people who are best fit to the organization's strategy, culture and values there is need to focus on assessment and designing recruitment processes, helping identify talent needs, developing a talent attraction strategy, identifying critical success factors, determining sourcing strategies, couching hiring managers and ensuring a positive candidate experience. For the purposes of achieving the desired goals in recruitment process there is need to focus on the following steps; experienced rapid response recruiting teams, accelerated sourcing and screening services, project management of the recruiting process and process management.

2.4 Resources and Pricing

In the resource based view strategy, resources and pricing form a basic part of the organizations mode of operations where the service firms mostly consider their pricing as a noble part of their competitiveness and hence their profitability. In this view, characteristics of resources and pricing of resources can be discussed.

2.4.1 Characteristics of Resources

The resources of the firm must be durable. This can be ensured through continued innovation especially in the phase of changing environment. The slower a resource depreciates the more valuable it is. Tangible assets, like commodities or capital, can have their depletion measured. Intangible resources, like brand names or organizational capabilities, present a much more difficult depreciation challenge, (Dierickx and Cool, 1989)

A resource that competitors can easily copy or imitate can only generate temporary value. It cannot generate long-term competitive advantage because imitability doesn't last forever. Competitors will match or better any resource as soon as they can. It is obvious, then, that the firm's ability to forestall this eventuality is very important. The resource based view has four major mechanisms that make resources difficult to imitate (Dierickx and Cool, 1989). An organization which has unique resources or a unique location will be able to add value to its products which allows it to generate superior returns. A one of a kind real estate location, mineral rights, and patents are examples of resources that are difficult to imitate.

Firms have resources in the some organizations which are path-dependant. These resources include the tangible resources, intangible as well as organizational capabilities. These are very difficult to imitate because of the difficult path another firm must follow to create the resource. They are the resources that cannot be instantaneously acquired but rather must be created over time in a manner that is frequently very expensive and always difficult to accelerate, (Dierickx and Cool, 1989).

There have been situations where it is difficult for competitors to understand exactly how a firm has created the advantage it enjoys. This is known as casual ambiguity and it is very difficult to imitate. Competitors cannot figure out exactly the uniquely valuable resource is, or how the resources are combined to create the competitive advantage. Casually ambiguous resources are often organizational capabilities that arise from subtle combinations of tangible and intangible assets and culture, processes, and organizational attributes the firm possesses, (Dierickx and Cool, 1989).

2.4.2 Pricing of Resources

In a much cited paper, RBV scholars Dierickx and Cool (1989) argued that as a general rule, priced resources could not be expected to contribute to competitive advantage, exactly because they are priced. Although Dierickx and Cool were not entirely forthcoming about the logic of this conclusion, their argument implicitly assumes such a degree of market efficiency and bargaining power on the supply side of factor markets that the supply side can appropriate any surplus that a resource may create when deployed to any firm on the demand side of the market. Although this is clearly an extreme argument, it is one that is echoed in much contemporary strategic management theory. The existence of such resource combinations is, of course, completely consistent here with the emphasis on entrepreneurial search and judgment in a search space defined by multiple combinations of capital goods.

Researchers have stressed throughout that entrepreneurs search for resource combinations that are high in appropriable value and that they exercise judgment concerning the choice of such bundles. The search that entrepreneurs perform depends on their prior experience and the theories they hold of the architecture of the landscape they search over. These are highly subjective, as is entrepreneurial judgment itself. Because of the subjective nature of theories, experience, and judgment, agents very likely hold divergent expectations concerning the values of resources. Entrepreneurs that have engaged in search may hold expectations concerning resource values that are superior to those of the market, which implies that they may beat the market in terms of acquiring resources at a price below the DNPV. This may be sorted under the rubric of asymmetric information (Barney, 1991; Rumelt, 1987); however, the state of asymmetric information existing between the entrepreneur and the market is the outcome of a process of searching and judging.

2.5 Sustainable Competitive Strategy

According to this view, a company's competitive advantage derives from its ability to assemble and exploit an appropriate combination of resources. It occurs when an organization is implementing a value creating strategy that is not being implemented by current or potential competitors and when these competitors are unable to duplicate the benefits of this strategy. According to this view, a company's competitive advantage derives from its ability to assemble and exploit an appropriate combination of resources. Sustainable competitive advantage is achieved by continuously developing existing and creating new resources and capabilities in response to rapidly changing market conditions. Resources should be assessed and reevaluated relative to the resources held by competitors. It's important to recognize that only resources that contribute to competitive superiority are valuable (Collis and Montgomery, 1995).

2.5.1 Effectiveness of Best Practices in a Resource-Based View Strategy

This is the ability of the firm to deliver on its desired positioning strategy therefore building on key resources necessary for a given strategy will enhance greatly the firm's effectiveness in achieving its strategic desires. Value of unique asset reside in many areas i.e. customers, suppliers, employees and therefore need to pay attention in developing those people, (Kay, 1994).

Common to all of these failures is one alleged reason, which may have been that too many business leaders would have turned to these best practices for the sake of cure-all solutions, and would reveal fundamental management deficiencies (Gagnon, 1996). It would have led to a so-called management fad bubble fueled by a complex process of which management consultants make the core (Abrahamson, 1996). This process is often claimed to be an important factor for the lack of operating performance, as it takes management away from the fundamental principles of running an organization and reduces the cognitive capability of the firm within the limited hands of some turnaround doctors (Mintzberg, 1996). In the end, business leaders miss the mark and fail to grasp the fundamental managerial revolutions behind such new approaches (Grant et al., 1994).

Obviously, the management fad process runs counter to the fundamental principles of both the resource-based view and operations strategy. In such a context, operations strategy has become somewhat discordant with business strategy, prompting a radical realignment. As Garvin (1994) suggests, there is concern for how new management approaches could be better implemented beyond traditional strategic planning processes. The first step would be to debunk the fad problem and start best practices projects only in accordance with evolving operating strengths and weaknesses. In the long run, their integration into building blocks would allow more diversity and flexibility in operations strategies, and would guarantee that firms are getting the maximum returns from various initiatives (Flynn et al., 1995).

This approach is further supported under a resource-based view of strategy. Recent research has looked specifically at the performance impact and implementation conditions of new operations management approaches such as TQM, JIT, and other process technology improvement initiatives (Powell, 1995). The evidence is strong in showing that resource-based competitive strategies are directly linked to strategic operations management, and that the latter benefits increasingly from the dynamic processes established under a resource-based view, to allow new competencies to be developed and leveraged.

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2.5.2 Developing Resources

Based on the empirical writings stated above RBV provides us the understanding that certain unique existing resources will result in superior performance and ultimately build a competitive advantage. Sustainability of such advantage will be determined by the ability of competitors to imitate such resources. However, the existing resources of a firm may not be adequate to facilitate the future market requirement due to volatility of the contemporary markets. There is a vital need to modify and develop resources in order to encounter the future market competition. An organization should exploit existing business opportunities using the present resources while generating and developing a new set of resources to sustain its competitiveness in the future market environments, hence an organization should be engaged in resource management and resource development. Their writings explain that in order to sustain the competitive advantage, it's crucial to develop resources that will strengthen their ability to continue the superior performance. Any industry or market reflects high uncertainty and in order to survive and stay ahead of competition new resources becomes highly necessary. Morgan et al, (2003) agrees stating that, need to update resources is a major management task since all business environments reflect highly unpredictable market and environmental conditions. The existing winning edge needed to be developed since various market dynamics may make existing value creating resources obsolete.

Building on the RBV, Hoopes, Madsen and Walker (2003) suggest a more expansive discussion of sustained differences among firms and develop a broad theory of competitive heterogeneity. The RBV seems to assume what it seeks to explain. This dilutes its explanatory power. For example, one might argue that the RBV defines, rather than hypothesizes, that sustained performance differences are the result of variation in resources and capabilities across firms. The difference is subtle, but it frustrates understanding the RBV's possible contributions (Hoopes et al., 2003). The RBV's lack of clarity regarding its core premise and its lack of any clear boundary impedes fruitful debate. Given the theory's lack of specificity, one can invoke the definition-based or hypothesis-based logic any time. Again, we argue that resources are but one potential source of competitive heterogeneity. Competitive heterogeneity can obtain for reasons other than sticky resources (Hoopes et al. 2003). Competitive heterogeneity refers to enduring and systematic performance differences among close competitors (Hoopes et al., 2003).

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section was an overall scheme, plan or structure conceived to aid the researcher in answering the raised research question. In this stage, most decisions about how research was executed and how interviewees were approached, as well as when, where and how the research were completed. Therefore in this section the research identified the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections were included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2 Research Design

This was a case study since the unit of analysis was one organisation. This was a case study aimed at getting detailed information regarding the resource based view strategy in Safaricom limited. According to Yin (1994) a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari, (2004) noted that a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study is more reliable and up to date.

3.3 Data Collection Method

The researcher used both primary and secondary data. Primary data was collected using self-administered interview guides while secondary data was collected by use of desk search techniques from published reports and other documents. Secondary data included the companies' publications, journals, periodicals and information obtained from the internet.

The interview guides had open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. This was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the study. The interview guides designed in this study comprised of two sections. The first part included the demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the interviewees. The second part was devoted to the identification of the resource based strategy where the main issues of the study were put into focus.

The interviewees of this study were the senior staff, who included top, middle and lower level managers across all departments working at Safaricom limited limited. This study targeted to interview 40 interviewees.

3.4 Data Analysis

Before processing the responses, the completed interview guides were edited for completeness and consistency. A content analysis and descriptive analysis were employed. The content analysis was used to analyze the interviewees' views about the resource based view in Safaricom limited. The data was then presented in a continuous prose as a qualitative report on the resource based view strategy in Safaricom limited.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATIONS OF RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and interpretations of the data from the field. It presents analysis and findings of the study as set out in the research methodology on the application of resource based view strategy in Safaricom limited. The data was gathered exclusively from an interview guide as the research instrument. The interview guide was designed in line with the objectives of the study. To enhance data quality of data obtained, unstructured questions were used whereby interviewees indicated their views and opinions about the application of resource based view as a strategy used by Safaricom limited.

4.2 Response Rate

Rate	Frequency	Percent (%)
Responded	35	87.5
Not responded	5	12.5

35 out of the 40 interviewees targeted completed the interview guide making a response rate of 87.5%. This commendable response rate was made a reality after the researcher made personal calls and visits to request the interviewee to fill-in the interview guide as well as insisting the importance of participating in the study.

4.3 General Information

4.3.1 Name of Department

The study sought to establish the interviewees' departments. From the findings, the interviewees indicated that they worked in the Human resource, finance, strategic management, operations, marketing and business development departments.

4.3.2 Interv iewees' Designation in the Department

On the interviewees' designation in the departments, the interviewees held positions such as senior managers, assistant human resource managers, human resource managers, marketing managers, regulatory managers and business development managers.

4.3.3 Interv iewees' Total Work Experience in Years

The study, in an effort to establish the interviewees' competence and conversance with matters regarding Safaricom Limited, asked questions on the years that the interviewees had worked for the organisation (Safaricom Limited). According to the interviewees' response, all of them had worked for the organisation for at least five years as most promotions are internal, within the organization. The interviewees' responses hence had the advantage of good command and responsibility being that they head of departments and experience and aptitude owing to their years of experience in the organisation.

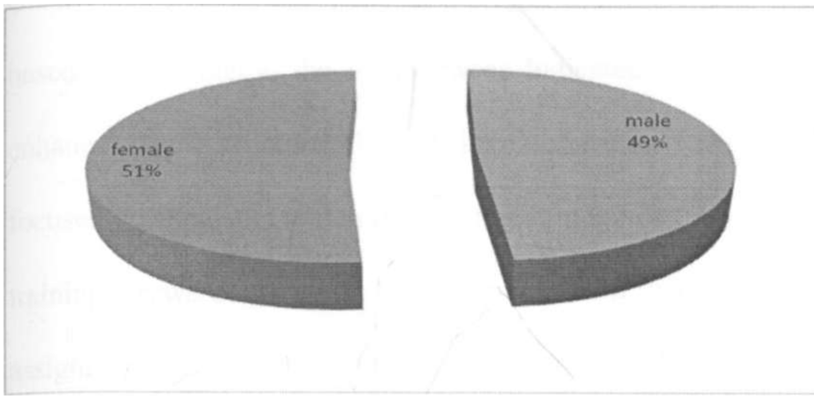
4.3.4 Gender of the Interviewees

Table 4.1: Gender Composition

	Frequency	**Percent**
Male	**17**	**48.6**
Female	**18**	**51.4**
Total	**35**	**100.0**
Source: Author, 201	**0**	

^n the issue of gender composition of the employees working with Safaricom limited, the study established that 51.4% of the interviewees were females while 48.6% of the interviewees are males. This implies that majority of the people working in Safaricom limited are females.

Figure 4.1: Gender Composition



Source: Author, 2010

4.4 Resource Based View Strategy

The study requested the interviewees whether Safaricom limited enjoy competitive advantage in the mobile phone industry. Majority of the interviewees unanimously agreed that Safaricom limited enjoys competitive advantage in the mobile phone industry. They indicated that this competitive advantage is due to its strategic approach towards the competitive market by research and development/innovation.

4.4.1 Resource Based View Strategy in the Competitive Advantage

The interviewees were requested to explain the contribution of resource based view strategy in the competitive advantage enjoyed by Safaricom limited. Majority of the interviewees indicated that RBV enables Safaricom limited to strike a balance between its capabilities and the environment to come up with a workable strategy. The matching is achieved through development of organization's core capabilities that are correlated to the eternal environment well enough to enable the exploitation of opportunities existing in the external environment and to minimize the impact of threats from the external environment.

On the question on the other advantages that Safaricom limited enjoy as a result of resource based view strategy, the interviewees indicated that RBV contributes to advantages such as enhancing staff potential through involvement in strategic decision making, adopting people focused mechanisms which deliver the strategy including employee selection, communications, training, rewards, career development, new work practices, work teams, flexible job assignments, employment security, training in multiple jobs and extensive reliance on incentive pay.

4.4.2 Resource Based view and Capabilities

On how the resource based view strategy place Safaricom limited in the market; the interviewees indicated that resource based view strategy enables Safaricom limited to equip itself with the relevant skills; it is used in analysis of those operating capabilities and competencies existing within the firm; offers critical and fundamental insights into why Safaricom limited may enjoy superior performance; provides sustained competitive advantage

On how the resource based view strategy has influenced the development and differentiation of products and services offered by Safaricom limited, the interviewees indicated that resource based view influences differentiation and development of products and services in that skills available in the company enhance innovativeness, availability of finances facilitate product and service development, inimitability, durability, appropriability, substitutability and competitive superiority.

4.4.3 Resource Based View and Resources

The study sought to investigate the strategic resources available to this department in Safaricom limited. The interviewees indicated that Safaricom limited has strategic resources such as finance, sales, production, marketing and logistics which are broadly classified into cash which involves the money that pays for the organization's functioning, human resources which comprises of the number of people in the organization, relevant skills that deals with the competencies people bring to their work, technology including software, specific processes and know-how as well as physical assets such as offices, computers buildings, production facilities and vehicles among others.

The study further required the interviewees of the study to outline the important resources in the resource based view that are considered in implementing the resource based view. From the findings, technological resources and human resources are the most important strategic resources in the resource based view strategy implementation in Safaricom limited. Other interviewees indicated that finances, relevant skills and marketing strategic resources are also important in the implementation of the resource based view.

On how Safaricom limited has managed to sustain a competitive advantage in the resource based view strategy, the interviewees indicated that Safaricom limited manages to remain competitive by focusing on customer service satisfaction, supplier satisfaction, product competitiveness, profitability, brand image, prestige, reputation, employee satisfaction and operational efficiency. Interviewees indicated that Safaricom limited always believed in creating value for its customers and charging a reasonable price for their services. This creating value through pricing had enabled Safaricom limited match and exceed targets. Safaricom limited also has been ensuring that it has resources and capabilities to enable it achieve its targets and beat competitors.

The study requested the interviewees to indicate whether competitiveness is one of the requirements for resources to add value to Safaricom limited services. All the interviewees unanimously indicated that it is a major requirement as it enables the company to enhance its competitiveness and hence value adding.

On the nature of competition faced by Safaricom limited in the resource based view strategy, the interviewees indicated that Safaricom limited faced competition from other mobile telecommunication companies with regard to calling rates, services, products, offers and competitive advertising. Others indicated competition for customers transferring to the digital networks are already vigorous with heavy discounting of handsets and customer tariffs and that the increasing total number of mobile users and continued rapid technological improvement promises reduced unit costs which, in the face of competitive pressure, is likely to lead to significantly lower market prices.

The study sought to investigate the requirements for the resources to add value to Safaricom limited services and products. Majority of the interviewees indicated that for the available resources to add value to the services and products offered by Safaricom limited, installation of the human resource with proper skills, vigorous research and development, execution of product design and development, enriching operator services, SIM card registration and fair calling rates would help in adding value to the services and products offered by Safaricom limited.

On the challenges faced in developing and implementing the resource based view strategy in

Safaricom limited, the interviewees indicated that the company faces challenges such as SIM card crime, poor technology/infrastructure, for example, poor ICT in the rural areas, competition from other mobile phone service providers, mis-selling by selling people, inadequate knowledge by customers, poor processes within the organization, fear by customers, economic crunch/poverty, lack of awareness and poor credit card culture.

4.5 Discussion

A key part of the Resource Based view strategy is the extensive analysis of those operating capabilities and competencies existing within a firm. Barney (1995), identifies that the firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc; controlled by a firm that enable the firm to conceive of an implement strategies that improve its efficiency and effectiveness. In this respect resource are tradable and non-specific and used to utilize the resources within the firm, such as implicit processes to transfer knowledge/within the firm (Madsen and Walker, 2003).

There is little disagreement about the importance of Resource Based view strategy in business operations. Indeed the application of resources based view strategy offers critical and fundamental insights into why firms with valuable, rare, imitable, and well organized resources may enjoy superior performance (Priem and Butter, 2001). Its current prominence is reflected not only by its dominance in academic journals, by its inclusion in leading strategy texts which warrants the conclusion that it is widely taught to students and practitioners in undergraduate, masters and executive programs.

CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study. The objectives of this study were to determine the tangible and intangible resources of the resource based view at Safaricom limited and to find out the application of the resource based view strategy in human resources at Safaricom limited.

5.2 Summary of the Findings

The study found that Safaricom limited enjoys competitive advantage in the mobile phone industry. They indicated that this competitive advantage is due to its strategic approach towards the competitive market by research and development/innovation. The study found that RBV enables Safaricom limited to strike a balance between its capabilities and the environment to come up with a workable strategy. The matching is achieved through development of organization's core capabilities that are correlated to the eternal environment well enough to enable the exploitation of opportunities existing in the external environment and to minimize the impact of threats from the external environment.

The study found that RBV contributes to advantages such as enhancing staff potential through involvement in strategic decision making, adopting people focused mechanisms which deliver the strategy including employee selection, communications, training, rewards, career development, new work practices, work teams, flexible job assignments, employment security, training in multiple jobs and extensive reliance on incentive pay.

The study found that resource based view strategy enables Safaricom limited to equip itself with the relevant skills; it is used in analysis of those operating capabilities and competencies existing within the firm; offers critical and fundamental insights into why Safaricom limited may enjoy superior performance; provides sustained competitive advantage. It was also found that resource based view influences differentiation and development of products and services in that skills available in the company enhance innovativeness, availability of finances facilitate product and service development, inimitability, durability, appropriability, substitutability and competitive superiority.

It was further found that Safaricom limited has strategic resources such as finance, sales, production, marketing and logistics which are broadly classified into cash which involves the money that pays for the organization's functioning, human resources which comprises of the number of people in the organization, relevant skills that deals with the competencies people bring to their work, technology including software, specific processes and know-how as well as physical assets such as offices, computers buildings, production facilities and vehicles among others.

From the findings, technological resources and human resources are the most important strategic resources in the resource based view strategy implementation in Safaricom limited. Other findings were that finances, relevant skills and marketing strategic resources are also important in the implementation of the resource based view.

The study found that Safaricom limited manages to remain competitive by focusing on customer service satisfaction, supplier satisfaction, product competitiveness, profitability, brand image, Prestige, reputation, employee satisfaction and operational efficiency. Safaricom limited always believed in creating value for its customers and charging a reasonable price for their services. This creating value through pricing had enabled Safaricom limited match and exceed targets. Safaricom limited also has been ensuring that it has resources and capabilities to enable it achieve its targets and beat competitors.

The study found that competitiveness is a major requirement as it enables the company to enhance its competitiveness and hence value adding. Further Safaricom limited faced competition from other mobile telecommunication companies with regard to calling rates, services, products, offers and competitive advertising. Others findings were that competition for customers transferring to the digital networks are already vigorous with heavy discounting of handsets and customer tariffs and that the increasing total number of mobile users and continued rapid technological improvement promises reduced unit costs which, in the face of competitive pressure, are likely to lead to significantly lower market prices.

It was also established that for the available resources to add value to the services and products offered by Safaricom limited, installation of the human resource with proper skills, vigorous research and development, execution of product design and development, enriching operator services, SIM card registration and fair calling rates would help in adding value to the services and products offered by Safaricom limited.

On the challenges faced in developing and implementing the resource based view strategy in Safaricom limited, the study found that the company faces challenges such as SIM card crime, poor technology/infrastructure, for example, poor ICT in the rural areas, competition from other mobile phone service providers, mis-selling by selling people, inadequate knowledge by customers, poor processes within the organization, fear by customers, economic crunch/poverty, lack of awareness and poor credit card culture.

5.3 Conclusions

This study concludes that Safaricom limited enjoys competitive advantage in the mobile phone industry due to its strategic approach towards the competitive market by research and development/innovation. The matching is achieved through development of organization's core capabilities that are correlated to the eternal environment well enough to enable the exploitation of opportunities existing in the external environment and to minimize the impact of threats from the external environment.

The study also concludes that the RBV contributes to advantages such as enhancing staff potential through involvement in strategic decision making, adopting people focused mechanisms which deliver the strategy including employee selection, communications, training, rewards, career development, new work practices, work teams, flexible job assignments, employment security, training in multiple jobs and extensive reliance on incentive pay.

The study also concludes that resource based view influences differentiation and development of products and services in that skills available in the company enhance innovativeness, availability of finances facilitate product and service development, inimitability, durability, appropriability, substitutability and competitive superiority.

The study finally concludes that technological resources and human resources are the most important strategic resources in the resource based view strategy implementation in Safaricom limited. That Safaricom limited manages to remain competitive by focusing on customer service satisfaction, supplier satisfaction, product competitiveness, profitability, brand image, prestige, reputation, employee satisfaction and operational efficiency.

5.4 Recommendations

This study recommends that Safaricom limited and other organizations should adopt resource based view to continue enjoying competitive advantage. This will involve development of organization's core capabilities that are correlated to the eternal environment well enough to enable the exploitation of opportunities existing in the external environment and to minimize the impact of threats from the external environment.

The study further recommends that Safaricom limited should enhance its resource based view to influence differentiation and development of products and services in the skills available in the company. This will enhance innovativeness, availability of finances facilitate product and service development, inimitability, durability, appropriability, substitutability and competitive superiority.

The study also recommends that Safaricom limited should enhance technological resources and human resources since they are the most important strategic resources in the resource based view strategy implementation.

5.5. Limitations of the study

The main limitation of the study was its inability to include more organizations. This was a case study focusing on the selected institutions. The study would have covered more institutions across all sectors so as to provide a more broad analysis. However, time factor and resource constraints were also a limitation to this study. The study also encountered unwillingness by interviewees to reveal information which was classified as confidential.

5.6 Recommendations for Further Studies

This study has explored the resource based view strategy at Safaricom limited. The study found and analyzed data with a focus on Safaricom limited. There are other mobile phone service providers in Kenya whose orientation in the telecommunication industry is close to that of Safaricom limited but differ in their resource based view strategy. There is therefore need to do another comprehensive study to investigate the resource based view strategy in the telecommunication industry in Kenya. Further, a similar study should be carried out to investigate the effect of resource based view strategy on performance of organizations in Kenya.

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APPENDICES

Appendix I: Introduction Letter

March 2010

The Chief Executive,

Safaricom Limited,

P.O Box 46350 00100

Nairobi.

Dear Sir,

RE: REQUEST TO COLLECT DATA FOR MBA RESEARCH PROJECT

I am a student at the University of Nairobi pursuing a Masters of Business Administration program.

Pursuant'to the pre-requisite course work, I would like to conduct a research project on **RESOURCE BASED VIEW STRATEGY AT SAFARICOM LIMITED.** The focus of my research will be Safaricom limited and this will involve use of interview guides administered to members of the management team.

I kindly seek your authority to conduct the research at Safaricom Limited through interview guides and use of relevant documents. I have enclosed an introductory letter from the University. Your assistance is highly valued. Thank you in advance.

Yours faithfully,

Eunice Lamba Chacha

Appendix II: Interview Guide for RBV Strategy in Safaricom Limited

Kindly answer the following questions by filling the spaces provided

Part A: General information

1. Name of department.

2. What is your designation in the department?

3. What is your total work experience in years?

4. What is your length of time in the Company?

/

5. What is your gender? (Please tick)

Male [ ]

Female [ ]

PART B: SPECIFIC INFORMATION

6. Does Safaricom limited enjoy competitive advantage in the mobile phone industry?

7. Briefly explain the contribution of resource based strategy in the competitive advantage enjoyed.

8. Which other advantages does Safaricom limited enjoy as a result of resource based view strategy?

9. How does the resource based view strategy place Safaricom limited in the market?

10. How has resource based view strategy influenced the development and differentiation of products and services offered by Safaricom limited?

/

11. Which are the strategic resources available to this department in Safaricom limited? (Indicate Briefly)

12. In line with Resource Based view Strategy implementation in your organization which is the important resources in the resource based view?

13. How has Safaricom limited managed to sustain a competitive advantage in the resource

based view strategy?

14. What is the nature of competition faced by Safaricom limited in the resource based view strategy?

15. Which are the requirements for the resources to add value to Safaricom limited services and products?

16. Which are the human resources associated to resource based view offered in your organization?

17. Which are the challenges facing human resource as a resource based view strategy in Safaricom Limited?

18. Which challenges have you faced in developing and implementing the resource based view strategy in Safaricom limited? Briefly explain

19. Give any other information about the resource based view strategy at Safaricom limited.

THANK YOU FOR YOUR COOPERATION AND PARTICIPATION!!!!

Appendix III: The Budget Schedule

Research Budget

ITEM	**COST (kshs)**
1 Proposal Development	
a) Printing of 38 pages @ Kshs. 30	1140.00/-
b) Reproduction 6 copies @ Kshs. 80	4,800.00/-
c) Binding 6 copies @ Kshs. 50	300.00/-
d) Traveling Expenses	4,000.00/-
e) Subsistence	4,000.00/-
f) Miscellaneous expenses	3,000.00/-
2 Data collection and Analysis	
a. Data collection	3,000.00/-
b. Books and reading material	5,000.00/-
c. Data analysis and computer runtime	5,000.00/-
d. Printing 70 pages @ Kshs. 30	2,100.00/-
e. Reproduction 6 copies @ Kshs. 40	8,400.00/-
f. Binding 5 copies @ Kshs. 1,000/-	5,000.00/-
3 Others	
a. Miscellaneous expenses	4,000.00/-
GRAND TOTAL	**49,800.00/-**

Appendix IV: Time Plan

Time Frame;

Start - Finish Duration

Phase	Description	Number of weeks										
		1	2	3	4	5	6	7	8	9	10	11
1	Data collection											
2	Data analysis											
3	Result writing											
4	Report writing											
5	Compilation and presentation											