

**INFLUENCE OF ORGANIZATIONAL CAPABILITIES IN THE
REALIZATION OF ORGANIZATIONAL OBJECTIVES AT KENYA
NATIONAL ASSEMBLY**

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DECLARATION

This project is my original work and has not been presented to any university or institution of higher learning and that all the sources I have used or quoted have been indicated and acknowledged by means of complete references.

.....

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D61/P/8062/2000

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

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DEDICATION

This project paper is dedicated to my Children and my entire family for their inspiration, encouragement, understanding and prayers towards the successful completion of my Master in Business Management Course. I pay glowing tribute and gratitude to the Almighty God who has given me the wisdom to undertake this course and project.

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My gratitude goes to God Almighty who renewed my strength at every single stage of this study.

God bless you all.

ABSTRACT

The idea of organizational capabilities plays a key role in the analysis of organizational processes because it offers a potential solution to the quest for sustained competitive advantage through the realization of organizations objectives. The importance of organizational capabilities suggests that the long-term, continuous renewal of the firm rests on both the exploitation of existing strategic capabilities for the furtherance of the institutions objectives. The study aimed at establishing the role of organizational capabilities in the attainment of organizational objectives at the Kenya National Assembly. Organizational capabilities of a company form an important role to create value and improve business performance and the realization of objectives. In attempting to get the objectives, a case study research design was adopted. An interview guide was used to collect data on organizational capabilities used by the KNA in gaining realization of its objectives. The data obtained from the interview guide was analyzed qualitatively with the use of content analysis. The study established that KNA had several internal strategic capabilities that gave it a edge in being able to realize its objectives set in the strategic plans. The research found that KNA has developed and natured a number of organizational competences such as a qualified work force, advanced IT platform, a leadership with a long term view and also a good working relationship among both the internal and external stakeholders. Thus, in cognizance of the important role their employee play, the organization has endeavored to pursue the policy of recruiting staff from all backgrounds, developed an informative induction process and in addition remunerates the same staff competitively. The organization has been steadily increasing the budget allocation on training and development over the years and the respondents appreciated this move by the management. In addition, it was also found that for the organization to benefit more on its organizational competencies, a strong leadership is required since these resources on their own cannot combine to bring a competitive advantage. The study was able to clearly demonstrate the need to have organizations understands the concept of core capabilities and how to appropriately harness and leverage on these core assets to attain the organizations objectives. To improve on the core competencies emanating from the organizations human resources, the organization need to institute performance management system and train key staff on administration of the system, review the job descriptions, personnel policies and reward system.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations must enhance their competitive advantages in order to compete in these ever changing internal and external environments. In addition, competitive advantages can be based on organizational capabilities and the creation and preservation of competitive advantage is a core challenge for all strategic managers but political lobbying is often underestimated as a means of directly or indirectly creating and sustaining industry or market advantage. According to Ambrosini et al., (2009) the concept of dynamic capability has emerged as a primary construct for explaining how firms can improve efficiency and effectiveness and lay the foundations of competitive advantage. A key concern in the present day emerging business environment is the need for organizations to implement systems and frameworks that not only deliver performance, but also the ability to control them against top level targets (Chau and Witcher, 2008).

Fiol (2001) noted that both the skills/resources and the way organizations use them must constantly change and this move will lead to the creation of continuously changing temporary advantages. This therefore suggests that it is the way resources are configured and not the capabilities as such that is the source of competitive advantage. Realizing strategic direction requires organizational capability. It is increased capability ultimately that provides the bridge from current reality to the desired destination and is driven by individual competency. Corporate success is not the realization of visions, aspirations, and missions – the product of wish-driven strategy but it is the result of a careful appreciation of the strengths of the firm and the economic environment it faces (Newbert,

2007). Corporate success derives from a competitive advantage which is based on distinct capabilities, which is most often derived from the unique character of a firm's relationships with its suppliers, customers, or employees, and which is precisely identified and applied to relevant markets (Arikan and McGahan, 2010).

Public sector in Kenya is differentiated by the breadth of scope, impact and public accountability or political character. The public sector in serving the citizens with, high standards of professional ethics, efficient, effective and economic use of resources and responsive, prompt, effective, impartial and equitable provision of services. In Kenya, the National assembly is one of the three arms of government that plays an important role in the operations of the government. Kenya as a mixture of parliamentary and presidential democracy, there is need for parliament to play its watchful role by being people representative and playing an oversight role in the actions of the executive. In order for parliament to play its watchful role, there is every reason to ensure that they are given necessary tools to perform their function. Organizational capability need to be enhanced through the adoption of information technology, trained manpower and establishment of committees that are able to perform their duties successfully. Modern legislatures have created among other devices, committees through which they strive to achieve effective surveillance over the Executive arm of the government. Committees enable members of the public to participate in the legislative and governance processes by either appearing before the committees or sending memoranda to air their views on the government and give suggestions on how operations of government could be improved (Parliamentary center, 2001).

1.1.1 Organizational Capabilities

Dynamic capabilities are the antecedent strategic and organizational routines by which managers alter their resources base and to create new value-creating strategies, which are the drivers behind the creation, evolution and recombination of other resources into new sources of competitive advantage and the realization of its objectives (Eisenhardt and Martin 2000). This definition implies that the firm is better able than its competitors at learning from customers, more adept at changing core business processes and routines and continually reconfigures, enhances and deploys resources in a manner that creates superior customer value and hence superior performance in the marketplace. Organizational capabilities are an intrinsic evolutionary process that can help facilitate problem solving, improve decision making, stimulate creative ideals, and help members of an organization effectively implement organizational objectives(Helfat and Peteraf, 2003).

Johnson *et al.*, (2008), state that organizational capabilities are an organization's abilities to renew and recreate its strategic capabilities to meet the needs of a changing environment. A rapidly changing environment requires an organization to rapidly adapt to keep its competitive advantage. Teece *et al.*, (1997) argue that the strategic capabilities that achieve competitive advantage in such dynamic conditions are organizational capabilities. Focusing on increasing organizational capability requires developing the collective capabilities of various groups and teams in the organization. Corporate success is not the realization of visions, aspirations, and missions – the product of wish-driven strategy but it is the result of a careful appreciation of the strengths of the firm and the economic environment it faces (Newbert, 2007).

1.1.2 Organizational Objectives

Organizational objectives are those end results toward which the organizational activities are directed (Raman et al. 2006). They serve as the goals for management in achieving the organizational mission and hence, management is ultimately directed for the achievement of organizational objectives (as well as individual and group objectives of the people working in the organization). An organization's objectives offer specifics of how much of what will be accomplished by when. An objective is a desired result or outcome of what an organization do or intend to do. It is something connected with the future; what they want to achieve in the future. Effective organizational objective usually has the following characteristics: specific, measurable, achievable, relevant, and time framed (Teece, 2007).

To be able to achieve all objectives including the key objective, the organization needs to be properly managed. The organizational objectives cannot be achieved by themselves. The management needs to accomplish its management functions (planning, organizing, staffing, leading and controlling) and to be able to make decisions according to the organizational objectives. It is hypothesized that the strength of the organizational identity is related to the knowledge, attitude and behavior regarding the objectives of an organization. On the organizational level, if an organizational identity is the central, distinctive, and continuous core of a shared organizational scheme, it can improve the organizational effectiveness and performance and can act as a framing mechanism for organizational decision making (Barney and Stewart, 2000). These effects help the organization in achieving its objectives.

1.1.3 The Public Sector in Kenya

The public sector in Kenya is controlled by national and county governments. Its mandate is to provide services and goods to the citizens. The public sector in Kenya delivers its services through different ministries currently 18 ministries. The public sector in serving the citizens with, high standards of professional ethics, efficient, effective and economic use of resources and responsive, prompt, effective, impartial and equitable provision of services (constitution of Kenya, 2010)

The public sector industry is rapidly transforming. Many reforms take place to anticipate on several challenges. At the moment several trends can be detected within the public sector. The origin of these trends can be found in the ongoing introduction of public management methods and tools within the public sector. The government of the future will be an effective, cost-efficient and accountable government that delivers high-quality services (Deloitte Touche, 2013). According to Deloitte Touche (2013) the public services face challenges as it performs its duties which affect its effectiveness. These challenges include increasing pace of change, technological developments, changing perceptions, increasing expectations, citizen empowerment, changing workforce and changing environment.

1.1.4 Kenya National Assembly

The modern parliament in Kenya began with the agitation by white settlers who, in 1906, petitioned the Secretary of State for Colonies demanding to be represented in the administration of Kenya. The British government responded by issuing an Order in Council in 1906 that established an Executive Council chaired by the Governor and later

the setting up of a Legislative Council (LEGCO). The LEGCO was reconstituted in 1958 to comprise thirty-six constituency elected Members of whom fourteen were Africans, fourteen were Europeans, six Asians, one Arab and such number of nominated Members to maintain Government majority. In the previous year (1957) the election of the first African Members of the LEGCO had taken place. Kenya attained independence in 1963 with a Bicameral Legislature, consisting of the House of Representatives with 129 Members and the Senate with 41 Members. In 1964 it became a Republic with Mzee Jomo Kenyatta as the first president. A constitutional amendment effected in 1967 saw the amalgamation of the two Houses to form the National Assembly of Kenya.

Pursuant to Section 30 of the Constitution of Kenya, the legislative power of the Republic is vested in Parliament, which consists of the President and the National Assembly. The Kenya Parliament plays three key roles, namely: Representation of the people; Legislation; and Oversight over the Executive. Members of Parliament are facilitated to discharge their mandates by staff employed by the Parliamentary Service Commission (PSC). The role of parliament in an emerging democracy like Kenya is vital due to various reasons as earlier stated hence the need to discharge its functions effectively in order to be relevant to the Kenyan people. The Kenyan Parliament according to the Constitution consists of 349 members of Parliament among them 337 of whom are elected directly by universal suffrage and 12 nominated by the political parties using parliament party strength as criteria. Parliament makes its decisions by way of resolutions reached most often by a simple majority after a vote. With such a large number, and considering the limited time available for debate, Parliament cannot engage in

meaningful deliberations in plenary as very few members will be able to contribute to debate at any particular sitting.

1.2 Research Problem

To meet the challenges of turbulent environmental change that surrounds firms, organizations must shift their existing management approaches and production service paradigms. The organizational environment has become increasingly complex and dynamic companies are continuously confronted with new problems. Such a situation requires a new organizational renewal approach. Companies can no longer aim at achieving long-term organizational solutions by establishing particular organizational structures in a top-down manner. Instead, they need to focus on the creation and continuous development of firm specific organizational capabilities that enable them to cope with organizational problems in a much more flexible way (Helfat *et al.* 2007). Due to the different strategies, firms differ based on organizational capabilities it has and that such capabilities are used to create and exploit external opportunities and develop sustained advantages (Ambrosini *et al.*, 2009). Therefore, the development of unique capabilities within an organization enables them to perform processes better and in a different manner compared with other firms.

The National Assembly plays a critical role in the country. The realization of objectives by the assembly depends to a larger extent on the utilization of capabilities that they have. The hurdles faced by the assembly needs to be dealt with accordingly as this will curtail the institution legislation and oversight role which are critical to the country's achievement of vision 2030. There had been a widespread view that the performance and

potential of the parliamentary committees were far from being realized and that their modest impact on the governance was yet to be evident enough for electorate to appreciate the important role played by committees. The question that had been asked many times is whether these committees perform their roles effectively. Parliament is an important institution where the will of the people is exercised and therefore the extent of capacity of this institution to undertake this important function is a source of concern to many people.

Studies that have been undertaken on the influence of organizational capabilities include Wanyanga (2007) who undertook a study on the utilization of organization's capabilities as an operation strategy in the hotel industry in Kenya and the findings were that most hotels in the country had not fully identified their capabilities and always scanned the external environment to identify the opportunities without identifying their internal non-imitable capabilities that will give them competitive advantage. Ngugi (2011) researched on the strategic capabilities for competitive advantage in British Broadcasting Corporation, Africa and found out that the strategic capabilities ranged from a strong human resource pool that is well trained, strong brand, credibility, technologically advanced equipment, wide audience coverage due to the presence of BBC Global News broadcasting in regional language. Muhura (2012) researched on how strategic capabilities have been utilized as a competitive advantage tool by Airtel Kenya. The findings of the study were that the company's strategic capabilities that gave it a competitive advantage over the other mobile companies was in the human resource, physical infrastructure and the distribution network, strong brand, technology, market research, innovation and manpower development and talent nurturing. Other studies that

have been undertaken on organizational capabilities are Bakhru & Grant (2009) study on measuring organizational capabilities in the engineering and construction industry and established that the benefits from capabilities audit were considered to be the increased knowledge about the strengths and weaknesses of the company and the ability to monitor frequently the overall performance and improve it.

The Kenya National Assembly is expected to play a major role in legislation that will ensure that will guide the implementation of the government reforms geared towards efficiency in the public sector. The achievement of these objectives however depends with the extent to which the assembly harness and utilize its capabilities. The studies above that have been undertaken have not dealt with the public sector and therefore the study will seek to determine the influence of organizational capabilities in the realization of Kenya National Assembly objectives. What influence do organizational capabilities have in the realization of Kenya National Assembly objectives?

1.3 Research Objectives

This study had two objectives. These were:

- i. To determine organizational capabilities at National Assembly.
- ii. To determine the influence of organizational capabilities in the realization of Kenya National Assembly objectives

1.4 Value of the Study

The findings of the study will contribute to current academic debate in resource based view by providing empirical evidence on organizational capabilities that is contextualized in a given policy environment. This study will be relevant to the

management practice as it will allow the top management of National Assembly to know the capabilities that will ensure that the Assembly achieves its objectives. The management and staff of National Assembly as they will find an invaluable source of material in developing and harnessing their organizational capabilities This study will provide insight on some of the challenges that may be faced in the development and implementation of their strategic plans and how they can avoid them. The authorities will strive to avoid the pitfalls and capitalize on the strengths. Other government institutions will be able to understand the role which organizational capability play in an organization thus putting in place measures which will ensure that they achieve the mandate which have been tasked to undertake.

The government will also find invaluable information in how organizational capabilities can be adopted in order to realize organizational objective and as a result put in place policies that will guide and encourage other organizations in identifying the role which organizational capabilities plays in their respective institutions. For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Scholars will find it important as the study will increase the body of knowledge in this area.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section of the study will seek to review academic research carried out on the subject of organizational capabilities in organizations and the influence of organizational capabilities in the realization of organizational objectives. It will focus on data relating to theoretical as well as empirical theories on the topic.

2.2 Theoretical Foundation of the Study

The theoretical perspective in a research reflects the researcher's theoretical orientation, which is crucial to interpreting the data in a qualitative study, irrespective of whether it is explicitly or implicitly stated (Kilbourn, 2006). Theories underpinning the study are the resource based view theory and the dynamic capability theory.

2.2.1 Resource-Based View Theory

The resource-based view theory regards the firm as a cognitive system, which is characterized by idiosyncratic and context-dependent competences that are core to strategic purpose. These are conditioned by hierarchical capabilities, or sets of routines, involved in the management of the firm's core business processes that help to create value. Competences typically involve the development of specialist expertise, and firms may become locked into a trajectory that is difficult to change effectively in the short to medium-term (Tushman & Anderson, 2006). The premises of the resource-based view is that successful firms develop distinctive capabilities on which their future competitiveness will be based; which capabilities are often idiosyncratic or unique to each firm, and may also be tacit and intangible in nature.

In order for firms to gain competitive advantage, they need to develop resources that are casually ambiguous, socially complex and difficult to imitate over time (Barney, 1991). One way to create such a resource according to Barney and Hansen, (1994) is through effective interaction with primary stakeholders. For example firms which are able to engage stakeholders beyond market transactions create socially complex, resources that are not time barred but based on reputation and trust. Similarly, Jones and Price, (2004) point out that firms which develop relationship with primary stakeholders based on mutual cooperation and trust is in a better position to gain advantage over firms that do not. This is because the process of developing trust and cooperation between the firm and stakeholders take time, which in turn lead to mutual beneficial value exchanges. Such exchanges to the firm lead to improved performance.

The resource based view proponents argue that, it is not environment but the resources of the organization which should be considered as the foundation of the strategy (Boxall and Steenveld, 2009). Despite the apparent differences, these approaches to strategy have one thing in common; they all aim at maximizing performance by improving one organizations position in relation to other organizations in the same competitive environment and that is how the organization is differentiated from its competitors. Every business develops its own configuration of capabilities that is rooted in the realities of its competitive market, past commitments and anticipated requirements (Song and Benedetto, 2007). The resource-based view of the firm explains how firms allocate their scarce resources to obtain and exploit competitive capabilities. Therefore, the firm that has the resources and abilities to put its capabilities to best use, and that invests in

capabilities that complement the existing capability structure will be able to exploit its distinctive competences (Song and Benedetto, 2007).

2.2.2 Dynamic Capability Theory

Dynamic capabilities are the firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments (Teece *et al.*, 1997).

Both the skills/resources and the way organizations use them must constantly change and this move will lead to the creation of continuously changing temporary advantages. This therefore suggests that it is the way resources are configured and not the capabilities as such that is the source of competitive advantage. Configuration is specific to each organization and will relate to their corporate strategic thinking. Dynamic capabilities provide an important interface for the evolution, creation, and recombination of resources, and may help renew organizational capabilities and improve competitive strength. Dynamic capabilities include organizational systems involving the specific processes of integrating, reconfiguring, gaining, and releasing resources and may help lead to new resource configurations (Eisenhardt and Martin, 2000).

Organizational capabilities are an intrinsic evolutionary process that can help facilitate problem solving, improve decision making, stimulate creative ideals, and help members of an organization effectively implement organizational objectives. In particular, organizational dynamic capabilities such as implicit knowledge articulation and the accumulation of experience must evolve by distinctive routines or specific processes. Thus, organizational capability development has the potential to be unique. Roper (1997) state that the presence of organizational capabilities in an organization is not enough, instead to achieve a desired performance levels, a firm's capabilities and the resources

available to it must interact positively with the requirements of the firm's markets. Both capabilities and market requirements need to be clearly defined and explicit. Arguably, both need active consideration during the strategy formulation stage.

2.3 Organizational Capabilities in Organizations

Organizational capabilities emerge when a company combines (and delivers on) individuals' competencies and abilities. An employee may be technically literate or demonstrate leadership skill, but the company as a whole may or may not embody the same strengths. Additionally, a company's organizational capabilities enable it to turn its technical know-how into results. It may possess a core capability in marketing, but if the organization does not have what it takes to make change happen, that capability does not add value. Hence, capabilities are seen as the ability to coordinate and deploy resources in order to achieve the firm's goals (McKelvie and Davidsson, 2009). The main organizational capabilities are learning capability, competence of employees, managerial capability, strategic intent and technical capabilities. These capabilities are described in the next section.

2.3.1 Learning Capability

Learning capability can be conceived of as a principal means of attaining strategic renewal. Renewal requires that organizations explore and learn new ways while at the same time exploit what they have already learned. Teece et al. (1997) argue that learning is a very important process which through experimentation and repetition leads to the better and quicker resolution of specific problems and at the same time enables firms to identify new production opportunities. Learning processes are dynamic and multi-level. Although insight and innovative ideas may occur to individuals, the individually

generated knowledge is shared within the organization's context and then some of it becomes institutionalized as organization artifacts.

Organizations generate new ideas through benchmarking, experimentation, competence acquisition (hiring or developing people with new skills and ideas), and continuous improvement. Such ideas are generalized when they move across a boundary of time (from one leader to the next), space (from one geography to another), or division (from one structural entity to another) (Teece, 2007). The link between required and acquired competencies/capabilities must be correctly and completely described, in assuming that the transfer and the learning of the competencies/capabilities are made without loss (the design is robust enough to take into account the context of use, and the transfer is independent from the learning entity and the local context where the entity acquired these competencies/capabilities)

2.3.2 Human Capability

Competent employees have the skills for today's and tomorrow's business requirements; committed employees deploy those skills regularly and predictably. Competence comes as leaders buy (acquire new talent), build (develop existing talent), borrow (access thought leaders through alliances or partnerships), bounce (remove poor talent), and bind (keep the best talent). If a resource or capability yields the potential to enable a firm to reduce costs and/or respond to environmental opportunities and threats, it is valuable, and to the extent that a firm is able to effectively deploy such a resource it will attain competitive advantage (Barney, 1991). Employee skills as core assets are vital and often require continual internal development. A core employee can be considered to be the worker who is specifying the core activity in the firm and performs the organization's

base operations related to making the product or providing the service (Lopez-Cabrales *et. al.*, 2006). These skills must somehow contribute toward consumer-based perceptions of value. Thus employees can add value if they can help firms offer lower costs or provide increased benefits to consumers (Lepak and Snell, 1999).

Development of human capital consistently enables superior performance (Gimeno *et.al.*, 1997). Firms which attract highly educated and/or highly skilled workers provide skill-development and cross-training develop difficult to trade and imitate, scarce and appropriable specialized human capital assets (Amit and Shoemaker, 1993). Attracting and retaining high-quality personnel is considered a critical innovation strategy, particularly for high-tech firms (Branzei and Vertinsky, 2006). The human resource component of organizational capabilities usually includes the knowledge, expertise, talents, creativity, and skills of a firm's personnel.

2.3.3 Managerial Capabilities

Managerial capabilities were defined as possessing the ability to create a strategic vision and identity for the company, communicate these throughout the organization, and encourage the workforce to achieve them (Lopez-Cabrales *et al.*, 2006). Recent theoretical developments suggest that organizational capabilities evolve over time, and several organizational and environmental levers contribute to their founding, development, maturation and alteration. Managerial decisions are acknowledged as some of the most critical antecedents of capability transformation (Helfat and Peteraf, 2003). Suitable strategic choices help firms overcome the constraints of their existing resource endowments by guiding the development of extant skills and by facilitating the emergence of new capabilities (Branzei and Vertinsky, 2006).

The effective and efficient realization of coordination processes by the firm management is of particular importance. Coordination capabilities enhance the coordination and integration of tacit and codified knowledge allowing firms to more cost effectively deliver their products and acquire more information about their customers' needs (Branzei and Vertinsky, 2006). Coordination capabilities are often related to new product development, where teams belonging to different firm departments work together combining their varied skills and backgrounds in order to design and develop the specific product. The implementation of new configurations of functional competences lies in the effective coordination of a variety of tasks and resources and the synchronization of different activities (Helfat and Peteraf, 2003).

2.3.4 Strategic Intent

Strategic intent refer to the combination of strategic vision and performance aspirations which envisions a desired leadership position and establishes the criterion the organization will use to chart its progress (Hamel and Prahalad, 2009). Strategy is seen by many as the main driver of competitive advantage (Larsen *et al.*, 2008). A strategy, in essence, is the articulation of the means by which an organization endeavours to convert its intentions into organizational capability in order to take advantage of its external opportunities and to minimize the threats that it faces. This involves configuration of resources as well as the development of an environment capable of supporting the intentions articulated in the strategic plan. Organizational capability is the outcome of the implementation of the strategic plans(Dess and Lumpkin, 2003).

Strategic competitive response capability is based on the extended definition of dynamic capabilities to include the creation of market change as well as the response to exogenous change (Helfat et al., 2007). This capability can be conceptualized as the ability of the firm to scan the environment, identify new opportunities, assess its competitive position and respond to competitive strategic moves. Even when a well-established firm is aware of a need for change to address shifting environmental requirements, it is often difficult to respond effectively. The capability to sense and strategically respond to environmental challenges is of utmost importance as it enables the firm to reconfigure certain competences before they become core rigidities (Eisenhardt and Martin, 2000). The external environment in which a company operates influences its strategic development in many ways by creating both opportunities and threats. In addition to this, successful strategies are also dependent on the company having the strategic capability to perform at the level that is required for success.

2.3.5 Technical Capabilities

Technical capabilities concern the manufacturing processes, technology, new product development, production facilities in the industry. These skills are contained within the organization and are activated by market, competitor, and external challenges. These are organizational capabilities that contribute at the time of turning inputs into outputs. They refer to the technological aspects of the creation, production, and development of products and services. The technical capability is key to carrying out new combinations of resources, methods, systems and processes to generate new products and services (Lopez-Cabrales et al., 2006).

Technologically competent firms develop systems and processes that allow them to engage in shared problem solving, implement and develop prototypes, and import and absorb technological knowledge from outside the firm (Leonard-Barton, 1995). Firms that fail to advance their technological capabilities may find that the product functions and features that embody these capabilities fail to create commercial success. The ability to scan the environment and evaluate markets' and competitors' moves may have a significant impact on the firm's capacity to redefine its technological and marketing competence and in consequence, result in an improved or refined product portfolio (Helfat, 2007).

2.4 Organizational Capabilities and the Realization of Objectives

Realizing strategic direction requires organizational capability. It is increased capability ultimately that provides the bridge from current reality to the desired destination and is driven by individual competency. Focusing on increasing organizational capability requires developing the collective capabilities of various groups and teams in the organization. Corporate success is not the realization of visions, aspirations, and missions the product of wish-driven strategy but it is the result of a careful appreciation of the strengths of the firm and the economic environment it faces (Newbert, 2007). The strategy of successful firms is adaptive and opportunistic. Yet in the hands of a successful company an adaptive and opportunistic strategy is also rational, analytic, and calculated. Corporate success derives from a competitive advantage which is based on distinct capabilities, which is most often derived from the unique character of a firm's relationships with its suppliers, customers, or employees, and which is precisely identified and applied to relevant markets (Kay, 2003).

Deploying resources into separate activities of the organization and into the processes of linking these activities together creates competence. The emphasis is on the activities of an organization and the processes within the organization and overlapping organizational boundaries, not so much on resources (Johnson and Scholes 2002). Bessant et al., (2000) argue that competencies are made up of abilities which are results of behavioral routines. These routines create and are reinforced over time by artifacts such as organizational structures, procedures and policies. Thus, competencies are highly firm-specific combinations of behavioral routines and artifacts. For an organization to be successful, its leaders must not only act as architects of the strategy, setting the best course for the company in the marketplace, but must also continually work to implement strategic directives while also acting as translators of the strategy to the rest of the organization the leaders who will actually be the doers of the work.

During the founding stage of the capability lifecycle, Helfat and Peteraf, (2003) emphasize the need for a team organized around a central objective, the achievement of which entails the creation of a new capability. These points to the need for managerial leadership to span two domains: cognition and action. Winter, (2003) suggests that a capability comprises a large chunk of activity that enables outputs that clearly matter to the organization's survival and prosperity. Fiol, (2001, p. 692) agrees and remarks that both the skills/resources and the way organizations use them must constantly change, leading to the creation of continuously changing temporary advantages. This suggests that it is the way resources are configured and not the capabilities as such that is the source of objective achievement. Configuration is specific to each organization and will relate to their corporate strategic thinking. Accordingly, firms can achieve temporary

objectives, which can achieve a longer time frame by constant resource reconfiguration to meet the changing markets demands.

The ability to build effective capabilities is a significant driver of organizational objectives (Teece *et al.*, 1997). Capabilities are nurtured and developed within a firm in order to enhance its objectives. They can also be used to react or anticipate market movements. Accordingly, this paper examines organizational capabilities in terms of overall organizational objectives. An effective performance measurement system ought to cover all aspects of performance that are relevant for the existence of an organization and the means by which it achieves success and growth (Hillman & Keim, 2004). Andersen *et al.* (2001) suggest that linking strategic objectives with performance helps with the articulation of causality. They state that this approach has clear advantages such as helping small- and medium-sized organizations to gain a thorough understanding of strategy by raising the awareness of strategy throughout the entire organization and by providing a focus to enhance the achievement of the strategic objectives. To achieve desired performance levels, a firm's capabilities and the resources available to it must interact positively with the requirements of the firm's markets. Both capabilities and market requirements need to be clearly defined and explicit. Arguably, both need active consideration during the strategy formulation stage.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology that was applied in carrying out the study. It describes the proposed research design, data collection and the techniques for data analysis that will be used.

3.2 Research Design

The research design was a case study. Cooper and Schinder (2005) stated that case studies place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. The merit of using a case study is that it allows an in-depth understanding of the behavior pattern of the concerned unit. Additionally a case study allows a researcher to use one or more of the several research methods depending on the circumstances. The study will be used to identify the role of organizational capabilities in the realization of organizational objectives.

The study used a case study as a strategy research in order to understand or explain the phenomena, which is the role of organizational capabilities in the realization of organizational objectives. The reason for this choice is based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships and also they provide a holistic understanding of the phenomena.

3.3 Data Collection

The study used primary data. The data was collected using an interview guide. An interview guide is a set of questions that the interviewer asks when interviewing. In-depth interviews reduce the "distance" between interviewer and interviewee. This method

should be considered more often by researchers since it provides more qualitative information, more depth, more representation, more efficiency, more statistics, and more value (Stokes and Bergin, 2006). The interviews will be semi-structured so that some questions can be omitted or added if some new and useful information come up through the whole procedure.

The respondents to be interviewed were four members of speaker's panel, clerk of the National Assembly, directors in charge of information technology, human resource and research. The respondents were eight in total. These were considered to be key informants for this research. Key informants are also a source of information that can assist in understanding the context of an organization, or clarifying particular issues or problems. The choice of the respondents is very important, as senior executives are the head of the organization and the ones who can foster organizational objectives. Furthermore, they may provide access to more significant and useful secondary data as documents, and other valuable information.

3.4 Data Analysis

The data obtained from the interview guide was analyzed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Hsieh and Shannon, 2005). It involves observation and detailed description of objects, items or things that comprise the object of study.

Content analysis, as a class of methods at the intersection of the qualitative and quantitative traditions, is used for rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley, 2003). This approach is more appropriate for the study because it allowed for deep, sense, detailed accounts in

changing conditions. This is relevant because organizational objectives usually occur in myriad of circumstances. Furthermore, one of the unique characteristics of qualitative research is that it is usually conducted in the environment where the events occurred. This provides the ideal opportunity to trace the process and sequence of events in the specific settings. Thus the qualitative method is suitable for this research because this research will be conducted within the environment where the implementation initiatives occurred.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to establish the influence of organizational capabilities in the realization of organizational objectives at Kenya National Assembly (KNA). In addition, the research sought to establish the influence of organizational capabilities in the realization of Kenya National Assembly objectives. This chapter presents the analysis, findings and discussion.

4.2 Background Information

This part of the interview guide was intended to assess the capacity of the respondents to answer the questions on the interview guide and also whether they are versed with the subject matter of the study. The demographic information considered in this study included the respondents' present job cadre at the National Assembly, length of continuous service, education level and the number of years that the respondents had been working with KNA.

The respondents comprised the top and middle level managers of KNA. In total; the researcher interviewed all the eight respondents targeted. This represented 100% response rate. All the respondents interviewed had university degrees and consisted of directors of finance, ICT, Chief Constituency Liaison Officer, deputy directors and PRO. Their work experienced span a total of 63 years in various departments the National parliament.

4.3 Organizational Capabilities

The set of question under this area of the interview guide were tailored in establishing whether KNA has in place effective mechanism of identifying, developing and maintaining its organizational capabilities in a sustainable manner and therefore help the organization in the realization of the organizations objectives. This is in the recognition of the role that an organizational capabilities play in the present changing operating environment. The section also sought to establish the adaptation of the existing capabilities to the changing environment and requirements of the society.

4.3.1 The Capabilities Present at Kenya National Assembly

In order to proactively manage the changing external environments, organizational capability and technological innovation are crucial to any entity. The section sought to establish the different types of capabilities that are currently being utilized by KNA in the realization of its objectives. The respondents pointed that at present KNA has a well diversified pool of organizational capabilities that include a well endowed human resource base that is equipped with the necessary training and development to manage the affairs of the institution. The qualified human resource base come from different backgrounds that include finance, legal, HRM, Economists, organizational structure (Directorates). They pointed that the level of competence that the staff have has come about due to a deliberate effort that the institution has taken to equip its staff through appropriate training and development programs. There exist memorandums of understanding with other countries legislative bodies for exchange programs to develop the staff competence level. The respondents gave examples of countries where there exist such arrangement to include India, USA, Britain, South Africa and all the countries that

form the East Africa Community. They appreciated the existence of such programs which has increased the ability of staff under the Parliamentary Service Commission to offer the necessary support to the people's representatives. It was also pointed that the staff development budget has been increasing every financial year to the present Ksh 425M.

The backbone of the present day organizations, both public and private is the state of information and communication technology it is employing in its operations. Embracing technological innovation strategy facilitates the integration of internet-based systems with core business potentially affecting the whole institution. The respondents by majority pointed out that by the KNA automating its operations; it has been able to cut costs, increase efficiency and interconnectivity with its customers and partners. In cognizance of this important role that IT plays, the respondents pointed out that KNA has over the years invested in a state-of-the-art information system that has given it the ability to match the demands of the market and the challenges that come with it. They pointed out that the administration cost for example before fully automating its operation in the year 2000 was around Ksh 2.45B p.a and yet this has reduced to around Ksh 1.43B p.a despite the institution increasing its work force and the number of members of parliament increasing over the years. It was noted by the respondents that whereas market strategies involve decisions such as product positioning and pricing, non-market strategies, in institutions such as parliament, are actions taken by the organization in its political, regulatory and social environments for the purpose of increasing the realization of its objectives.

Lobbying capabilities was identified as yet another important resource that KNA has. The respondents acknowledged that the institution members have to be lobbied for various business and international relations agreements. The Kenyan members of parliament and

staff have been trained on aspects relating to lobbying by corporate entities on matters relating to business-government relations, political inducements and contributions. The resulting benefits to the institution include reduced environmental uncertainty in the country, reduced transaction costs and increased long-term sustainability of local firms in the face of competitive pressures from other markets. Respondents pointed that in the current negotiation taking place between European Union and the East African Countries that export horticulture products, it was noted that parliament parliamentary Committee on Agriculture has been playing a critical role in the conclusion of the same negotiations aimed at making the Kenyan horticultural products enter the EU markets without being taxed. The export market represent major sources of uncertainty for local firms because they often control critical opportunities that shape industry and competitive environments at any given point in time and consequently, parliament has endeavored to increase its lobbying capability: proactive or reactive actions to affect the public policy environment in a way favorable to the Kenyan firms.

The respondents appreciated the position that organizational capabilities reflect an organization's ability to fit substantial tangible and intangible resources one to another in a cohesive manner, in order to perform a coherent set of tasks for achieving a specific outcome. The respondents noted that at KNA, the institution has put in place routines and processes aimed at acquiring, applying and sharing knowledge to produce dynamic organizational capabilities. These processes include the establishment of in-house department collaboration, employees exchange programs with other Houses, elaborate induction programs for new employees and members of parliament.

Efficient knowledge management processes, that has been adapted by KNA were found to include processes as h as knowledge acquisition, application and sharing of IT implementation success.

4.3.2 Steps Taken To Enhance the Institutions Capabilities

Organizational capabilities are not static nor can't they be copied or acquired by other organizations. In cognizance of this, KNA has come up with what is considered an elaborate mechanism to recruit and retain staff with these skills who will in turn help it to maintain and foster the capabilities. One of the respondents did observe that organizational capabilities within KNA are structures which have been developed over a long period and while they may be replicated elsewhere, they may not be easily copied. These structures have become part of the organizations culture and perhaps the best way of passing such skills to other institutions is to have transferrable skills. This view was shared by other respondent who noted that much of the strategic capabilities within KNA is within the culture of the organization. As a result of the possibility of the organizations strategic capabilities being used in realization of the institutions objectives, the respondents were in agreement that both the skills and resources and the way the organization use them must constantly change, leading to the creation of continuously changing temporary advantages. The Parliamentary Service Commission current reforms to gradually interrogating structures with the aim of better improving employee performance and as a motivating factor, to members and staff are coordinated and evaluated through various committees of the commission.

The respondents also highlighted the steps being taken by KNA in embracing modern technology and in the process improve the speed and relevance of information being processed for better decision making. They noted that PSC has employed ICT is mainstreamed parliamentary operations which is facilitated through the computers, laptops, Ipads and establishment of the website for to increase wide access to parliamentary information. Thus, the PSC has invested in both equipments, Human Resource both Locally and abroad to avail technology all round. The finance department has also adopted the integrated financial management information system (IFMIS) in payments of products and services. The introduction of member's login/attendance through a biometric system and live based costing of cheaper proceedings has been introduced in the last two years in which members' participation in parliamentary affairs can be monitored by members of the public. However, some respondents noted that investments need to be put in place for acquisition of better and modern technology to increase flow of information and operation.

Effective management and utilization of strategic capabilities in an organization requires employee participation and willingness to participate in the whole exercise. All the respondents pointed out the important role that the organizations employees play in the enhancement of its core competencies and the realization of the objectives. However, two of the respondents observed that in some instances, the value placed by the institution on internal service providers by way of rewards has not been to par with other organizations in the same cadre though they at the same time noted that after review of terms of service two years ago, a good measure of improvement has been achieved. However, the respondents were in unanimity that for KNA to be able to deliver on its strategic results,

all the stakeholders will need to work together. They also noted that the PSC has lately been inviting staff input on how the same objectives can best be achieved.

4.4 Role of Organizational Capability in the Realization of Organizational Objectives

This section of the interview guide sought to establish how the capabilities at KNA were being utilized in the realization of organizational objectives. The researcher in the section sought to determine specific organizational objectives that have been realized, as a result of the organization identifying and harnessing its capabilities.

From the results obtained, the respondents showed that they understood the concept of organizational capabilities and its role in the realization of organizational objectives. They noted that KNA capabilities have kept on changing depending on the challenges that keep facing the institution. These changing demands include a more demanding public, civil society, development partners, and the other two arms of the government—judiciary and executive. With the change in constitution, there has been new demands made to the legislative arm of the government and there is need for the institution to adapt accordingly to the demands of the market. With this turbulent operating environment, KNA has been able to configure the adaptability of its resources to meet the above challenges. For example, the respondents pointed reduction in operational wastage and expenditure variance has in the last two years been favourable. The legislative ability of the institution has also been praised over the last year due to the speed taken to draft and pass the bills which has reduced. The respondents appreciated that this has been due to enhancement of the research department capacity in terms of manpower and training.

The respondents further identified that for the organizational competencies to successfully meet the strategic institution objective, the leadership of the institution should also be in a position to combine the resources in a manner that will lead to maximum benefit to the organization. Two of the respondents pointed out that KNA leadership can be described to offer strategic leadership, creativity; resilience and necessary direction to meet the institution challenges. It therefore came out from the study that for organizational capabilities to be used in achieving organization objectives, then the management should offer effective leadership since on their own, organizational capabilities cannot function in absence of the necessary leadership.

4.5 Discussion

Organizational capabilities, such as training available, technical expertise, adoption of technology based operations system and knowledge level, were found to significantly determine the success of an organization realizing its objectives. Organizations that provide continuous training and development programs to their employees are more likely to realize the potential and objectives of the institution. Owing to the inherent changes in an organization operating environment and changing demands of the stakeholders, training methods must enable employees to scale initial hurdles to acceptance and usage, realizing more from programs. This finding supports the resource based theory which notes that firm's competences typically involve the development of specialist expertise, and firms may become locked into a trajectory that is difficult to change effectively in the short to medium-term (Tushman & Anderson, 2006). The premises of the resource-based view is that successful firms develop distinctive

capabilities on which their future competitiveness will be based; which capabilities are often idiosyncratic or unique to each firm, and may also be tacit and intangible in nature.

Organizations with strong technical expertise and knowledge are most likely to realize business implementation success. These findings are consistent with previous studies that have reported that spending on IT human capital was more strongly correlated than spending on computer capital with firm performance (Ravichandran and Lertwongsatien, 2005). Moreover, firms that increase their knowledge of the changing dynamics in their operating environment are better placed to realize their objectives. The present investigation is consistent with Kaleka and Berthon (2006) in supporting the positive and significant link between organizational learning and differentiation strategy.

Since Acquah & Yasai-Ardekani (2008) proved that top management support and harmonious working relationship with the other employees is necessary for the dynamic capabilities to effectively be a stimulant to the realization of the organizations objectives, the research found that effective management and utilization of strategic capabilities in an organization requires employee participation and willingness to participate in the whole exercise. The important role that the organizations employees play in the enhancement of its core competencies and the realization of the objectives was reinforced.

This finding on the importance of the adoption of IT by an institution was found to be in line to the observation made by Abrosini (2003). Building on the resource-based view (RBV) of the firm and conscious of the difficulty in establishing causality with performance, the concept of dynamic capability has emerged as a primary construct for explaining how firms can improve efficiency and effectiveness and lay the foundations of

competitive advantage. Thus as Jiang (2002) pointed out , it is not enough for a firm to have only the capability of selecting strategic alternatives and organizing marketing resources to deliver a sustainable competitive advantage – these resources must be deployed to the right segment of an organization and managerial leadership comes in handy.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary, conclusion and recommendations of the study. The suggestion for further research was also highlighted.

5.2 Summary of the Findings

The results sought to determine the role of organizational capabilities in the realization of KNA objectives. The results show that KNA has over time appreciated the role that its organizational capabilities has been able to achieve to achieve and guide the institution to the realization of the set objectives. The role of the Kenya National Assembly was highlighted and includes exercising legislative power on behalf of the people, representing the will of the people and exercises their sovereignty, pass amendments to the constitution, and can delegate its law making power subject to stringent requirements. In order to perform the mandate, it is necessary that the institution identifies and develops appropriate organizational capabilities that will act as the channel to effective realization of the stated objectives.

The research found that KNA has developed and natured a number of organizational competences such as a qualified work force, advance IT platform, a leadership with a long term view and also a good working relationship among both the internal and external stakeholders. These organizational capabilities have helped the institution to achieve many of its objectives including increase in drafting and passing of bills, smooth transition from the old to the new constitutional dispensation, automation of the institutions processes and reduction in cost. Thus, in cognizance of the important role

their employee play, the organization has endeavored to pursue the policy of recruiting staff from all backgrounds, developed an informative induction process and in addition remunerates the same staff competitively. The organization has been steadily increasing the budget allocation on training and development over the years and the respondents appreciated this move by the management. In addition, it was also found out that for the organization to benefit more on its organizational competencies, a strong leadership is required since these resources on their own cannot combine to bring a competitive advantage.

It was also noted that the organizational capabilities currently in place need to change and adapt to the changing operating environment. The operating environment that KNA works on has continuously changed partly from the shifting demands of the Kenyan public as well as the County governments. As a result, there has been a need for KNA to be flexible enough and adjust to the changing demands that come with the new constitution and worldly demands. In addition towards the maintaining of the same organizational capabilities, KNA has maintained employee participation and encourages their willingness to participate in all the exercises of developing and maintain effective capabilities that will provide the attainment of organizational objectives. Technological advancement has also been pointed out as an area of strategic capability that needs to be updated continuously.

5.3 Conclusion

The organizational capabilities play an important strategic role of creating value and improve the attainment of a firm's objectives. As such the competitiveness of an

organization is no longer found from market position, but from difficult to replicate strategic capabilities and the manner in which they are deployed. The generated value is the result of an organization's ability to manage its business processes and, on the other hand, the effectiveness and efficiency of performing organizational processes based on organizational competencies. Management of organizational capabilities enables an organization to grow and develop the appropriate organizational competencies. Therefore, the fact that organizational competencies are based on the effective and efficient management of strategic assets puts it at the heart of business performance and value creation.

However, there is need to ensure that the organizational core capabilities may not become core rigidities and this will therefore require the organization to understand the processes of creation of capabilities and its development. At the same time, while implementing programmes on organizational capabilities, managers need to be aware of the challenges that might delay or affect the implementation of the same programmes. They need to consider what value the capabilities will generate, determine how the firm can exploit the special characteristic of the organization to obtain a niche in the market, establish how the firm can avoid being imitated by other firms and also establish how the firm can organize the exploitation of resources in order to utilize the organizations strategic capabilities.

5.4 Recommendation

The study was able to clearly demonstrate the need to have organizations understands the concept of core capabilities and how to appropriately harness and leverage on these core

assets to attain the organizations objectives. It was demonstrated that internal competencies is far much critical in determining the competitiveness of the firm than any external factors and therefore it is recommended that organizations should first look at its internal resources and be able to configure them in a way that it will generate maximum benefits.

The study found that for effective identification, development and harnessing of an institutions capabilities, it is important that the organizational structure and culture be aligned in a manner that will be able to effectively identify and harness its strategic capabilities. This therefore requires that an organization constructs an innovation-oriented organizational structure and an innovation friendly organizational culture to support and enhance their strategic capabilities. In developing a new business segment, an organization should transfer its staff from its existing core business to the new business unit and also by recruiting new personnel and forging a strategic alliance with an existing major player in the business.

At the same time, the process of harnessing the organizations capabilities should be backed by the support of the organizations top management and the staff level of awareness of knowledge management is critical to the success of implementing the same core competencies in an organisation. Further, to improve on the core competencies emanating from the organizations human resources, the organization need to institute performance management system and train key staff on administration of the system, review the job descriptions, personnel policies and reward system. All such steps are aimed at motivating the staff to get the best out of them in order to achieve the organizations objectives.

5.5 Limitations of the Study

This research had several limitations. The limited number of respondents to the case study prevented more advanced quantitative analysis. The case studies would have benefited from more interviewees. The study was also restricted to the organizations in a large, complex government set up, which may limit generalisability. However, the findings may have salience in the public, not-for-profit and voluntary sectors, where organizational capabilities is increasingly used as a lever to achieve competitive advantage, and in private sector firms keen to demonstrate organizational competitiveness.

Further, there are several aspects beyond the scope of this research which reveal considerable scope for further research studies. First, it would be interesting to study the country variables more deeply that relate to organizational capabilities, and to keep an eye on the evolution of the organizational capabilities. The findings should also be considered in light of a single-organization case sample. It would be useful to analyse National Assemblies from an expanded sample of entities with characteristics other than those investigated in this research. Future studies might also address other moderating variables related to these different capabilities settings.

5.6 Suggestion for Further Research

There are a number of limitations to this research. It is based on a single case study with a number of unique features, which therefore limit the direct generalisability of the results. Consequently, it is important to explore the appropriate balance between the technical and social variants of strategic capabilities for different types of business and at different stages of the organizational growth process.

Second, the nature of strategic capabilities merits further exploration through intensive and preferably longitudinal case studies. This is because much of the existing literature is based on secondary data, and there is need of fresh challenges from new data. Conducting a replication study with random sample selection can enhance the methodological rigor of the study and increase the possibility of having a better and a supported external validity. Also, another possible source of data could be the Kenyan public whose opinions, along with those of executives, can give a better insight of the relationship. Furthermore, taking into consideration certain factors that may have a moderating role in these relationships, such as the country culture, could enrich the research results.

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APPENDIX I: INTERVIEW GUIDE

The interview guide will seek to achieve the following objectives;

1. To determine organizational capabilities at Kenya National Assembly (KNA).
2. Establish the influence of organizational capabilities in the realization of organizational objectives at Kenya National Assembly (KNA).

Section A: Demographic Data

1. What is your designation at KNA?
2. For how long have you been holding the current position?
3. For how long have you worked at KNA?
4. What is the highest level of education you have achieved?

Section B: Organizational Capability

5. What organizational capabilities does KNA have?
6. Has there been a deliberate effort by the management of KNA to nature and develop human resource capabilities? Please explain further.
7. Does the organization attract and retain a well-trained labor force and managers whose knowledge, skills and abilities serve as a source of innovation?
8. Does the organization have effective and efficient coordination to ensure it delivers its services and acquire more information about the members of parliament needs?
9. Has the change in technology affected the organizations strategic capabilities?
10. How is the strategic intent (strategic vision and performance aspirations) of KNA?
11. Has the organization used its capabilities in order to improve its performance?

Section C: Organizational Capability and Organizational Objectives

12. Does the organization recognize existence of organizational capabilities that facilitates the achievement of the organizational objectives?
13. Does the leadership of KNA link strategic objectives with performance so that it helps with articulation of causality in order to achieve its objectives?

14. Does KNA replicate routines in order to achieve its organizational objectives?
15. Have the organization routines been reinforced by artifacts such as organizational structures, procedures and policies in order to achieve its objectives?
16. Does the KNA leadership guide the employees in pursuit of the strategic intent in order to achieve its objectives?
17. Does KNA constantly reconfigure its resource to meet the changing demands?
18. Does the organization capability coordinate the progressive learning of corporate good practices by all the organizational entities in order to achieve organizational objectives?