

**STRATEGIC FACTORS INFLUENCING SUSTAINABLE  
COMPETITIVE ADVANTAGE OF MOBILE PHONE DEALERS  
IN NAIROBI, KENYA**

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## DECLARATION

I declare that this research project is my original work and has never been submitted to any other university for assessment or award of degree.

Signed..... Date.....

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

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## **DEDICATION**

I wish to dedicate this project to my family and friends for their support and encouragement in my academic journey.

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## **ABBREVIATIONS & ACRONYMS**

<b>CA:</b>	Communications Authority
<b>CCK:</b>	Communications Commission of Kenya
<b>IDC:</b>	International Data Corporation
<b>IT:</b>	Information Technology
<b>PCA:</b>	Principal Components Analysis
<b>SCA:</b>	Sustainable Competitive Advantage
<b>TQM:</b>	Total Quality Management

## ABSTRACT

This study explores the strategic factors influencing sustainable competitive advantage of mobile phone dealers in Nairobi, Kenya. The study used cross sectional survey design. The study targeted 155 dealers within Nairobi and simple random design was employed. A random sample of 80 dealers was surveyed. Data was collected using a questionnaire that was administered through drop and pick later method. The study used both primary and secondary data sources since the nature of the data was quantitative and qualitative. The respondents were picked randomly. The data was analyzed using descriptive statistics. Factor analysis was employed to determine factors affecting. Frequencies and percentages were used to describe the most pre-dominant SCA factors. The study found out that majority of the mobile phone dealers who had implemented sustainable competitive advantage practices ensured that they gathered and integrating customer information and display courtesy and also ensured business enter into one on one communication with customer, exhibiting high level of trustworthiness and reliability. The study also found out that majority of the mobile phone dealers adopted various strategies to a great extent in order to achieve competitive advantage; they included: market strategy, products reputation, customers' differentiation, product pricing, cost control, technology, quality of the product, product and service innovations and customer service strategies. The study concluded that strategic practices have a positive relationship with sustainable competitive advantage of the organizations and that mobile phone dealers adopted the strategies in order to achieve sustainable competitive advantage. The findings of this research have important implications for the practice of SCA. It will help demystify the concept of SCA in mobile phone dealers within Nairobi. It was also concluded that implementation of sustainable competitive advantage practices ensured mobile phone dealers gather and integrate customer information and display courtesy and also ensured business enter into one on one communication with customer, exhibiting high level of trustworthiness and reliability. The study also concluded that, besides the implementation of SCA practices, businesses faced some challenges. These challenges include rapid rate of technological change, competitor's reaction, expensive rate of managing SCA systems, lack of qualified personnel to operate the systems especially when they are complex hence putting the organization on a task to educate staff so that they can proficiently operate the SCA practices. The study recommends that mobile phone dealers in Kenya should benchmark themselves with the best performing firms globally in order to find out the Sustainable Competitive Advantage practices that the firms use in enhancing competitiveness.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Sustainable competitive advantage is interrelated to organizations efforts in creating and retaining these advantages constantly and for a long time. The following three factors have an effect on sustainable competitive advantage; the size of the target market, better access to resource and clientele and an advantage over the competitor such that the advantage cannot be easily copied. Managers to a firm can easily create a sustainable competitive advantage if they come up with policies that are unique and cannot be copied by their competitors. Coombs (2010) states that in an organization with sustainable competitive advantage their products uniqueness should stand out from those of their competitors in the eyes of their customers. Vučetić (2012) considers four factors as essential to reach a sustainable competitive advantage: resources (heterogeneity within the business), ex post restrictions, deficient resource mobility, and current restrictions to competition (Prakash & Yogesh, 2011). Vučetić (2012) defines the concept of sustainable competitive advantage through a relational arrangement, reputation, originality, and premeditated assets (Prakash & Yogesh, 2011).

Theories pertaining sustainable competitive advantage concept have come up but they all sum up to Michael Porter efforts. These theories include; a resource based view of the company (Mukesh, Andy, & Louis, 2013), strategies created to maintain sustainable competitive advantage should not be easy to copy and should have uniqueness. According to (Porter 2008) from a competitive dynamics view, firms that take the initial action (first mover), those that merge and can beat entry barriers have sustainability potential.

On the other hand stakeholder view urges that when a firm addresses the concern of the investors, customers, suppliers and government organization sustainability is best realized. They should be able to differentiate between the firm's product and that of the competitors and at the same time get it at a lower price. Institutional theory, Schienstock (2009) draws concentration to legitimate benefits that a firm might accrue through sustaining-oriented normative social rule and belief systems established in the market.

The motivation for this study was driven by an attempt to investigate the factors that drive competitiveness and get an understanding whether mobile phone dealers can provide all the benefits offered by their rivals at competitive prices. Secondly, to understand whether dealers of mobile phone adopt and implement sustainable competitive advantage to remain at the top of the hostile market. The study will seek to investigate on the sustainability of competitive advantage in an organized fashion since limited attention has been given on this area.

Many businesses in Kenya have realized the importance of sustainable competitive advantage and it's prospective to help them attain new customers, maintain existing ones and take full advantage of their lifetime significance. The Telephone industries play a pivotal role in the advancement of Kenya through vast expansion in trade and industry by providing financial resources necessary for economic development. To succeed in the hostile marketplace the mobile phones dealers have taken up and put into practice sustainable competitive advantage. Total Quality Management (TQM) is one of the examples. Use of TQM has its own benefits which can attain by classifying general beliefs and practices as related to product and service industries.

### **1.1.1 Strategic Organizational Factors**

A strategy is defined as a plan to archive certain goals. However, Hrebiniak (2006) defined a strategy as a focused laid down measures set to direct an organization in attaining competitive advantage. An organization can choose to stick with a single strategy or have several which exists in three levels namely; the corporate level, business unit, and the functional business level.

A critical look at the strategic organization literature reveals that there are some key factors that are considered to be of great significance for the integration of strategy formulation and implementation to occur. These are internal factors which include organization structure, organization culture, leadership, company resources, strategies, rewards and staff motivation. We also have External factors like economic and political, ecological, technology and globalization, and government regulations. According to David (2003) many excellent strategies fail when attempts to implement them are made. The implementation stage involves identifying the necessary resources and putting in place the required organizational changes desirable to make the whole procedure a success.

Burnes (2004) states that the environment is influenced by factors which are either positive or negative and external or internal .The future is full of surprises, ambiguity, trend and trend breaks, irrationality and rationality, and it is varying and evading from our hands as time goes by (Bullock & Batten 2008 Today's environment is persistently changing and due to this change its evident that organization are struggling to exist. Organization need to plan for future environment changes by becoming future oriented and forecast change. Bullock & Batten (2008)) states that it's every manager's roles to become a significant part of facilitating change in a firm.

### **1.1.2 Concept of Sustainable Competitive Advantage**

Gaining a competitive edge requires a firm to be better than other players. Such a firm is able to maximize on its strengths to offer the best in terms of quality and value addition (Taneja, Pryor & Zhang, 2010). SCA is based on distinctive traits and competencies. These traits are based on, skills, knowledge, experience and creativity. Koutroumanis (2011) observes that competitiveness is critical if it has an impact in the market on account of the value addition and satisfaction that consumers get from products and services offered by a firm. Firms opt to imitate their rivals to try and compete with them in the market to be the best (Baker, 2010).

Ren, Xie & Krabbendam (2009) posit that a firm can obtain SCA over its competitors by making use of internal strength as a strategy, by being able to retort to environmental prospect and minimize on internal costs. Ren, Xie & Krabbendam further clarify that, a firm can only gain SCA when such firm has a particular exclusive resource only accessible to it, and if it can get better its competence and effectiveness in ways for example using human capital resource, physical capital resources, organizational capital resources and corporate entrepreneurship.

Toshev & Takala (2010) describes sustainable competitive advantage as the ability of firm to have stretched out unique strategies, organizational capital and capabilities that cannot be copied by their competitors. (Stevenson, 2009) for SCA to yield high economic returns the advantage has to be unique and difficult to be copied by the competitors. They are distinctive skills which yield competitive advantage and once developed, they should be exploited. It should be renowned that some firms tend to see sustainable competitive advantage as the enabler of better profitability (Pavlou, 2010).

### **1.1.3 Strategic Organizational Factors and Competitive Advantage**

When a product or service is unique or has better quality than that of its rivals in the market it is said to have a competitive advantage. It's a recipe for failure if a firm adopts the wrong organizational strategies. Strategies adopted should enable the organization to seize all the opportunities presented to the market. A firm's attempt to create a competitive advantage is based on one of these standard strategies according to Grant (2002), the competitive strategies dependent on differentiation which caters for customers with a different distinctive taste of a product. Porter (2008) was of the thought that competitive advantage is at the mind of any strategy for a business to thrive. Indeed to accomplish competitive advantage any organization has to create an option about the category of competitive advantage, it pursues to achieve and the range within which it will accomplish it (Barney, 2008).

Daft (2011) states that the following organizational characteristics are related to a successful competitive advantage; developing and using knowledge of a customer, an organizational relationship orientation and effectively combining side to side the internal and external processes. He continues further and emphasizes on the importance of having customers' information as a major organization data because such information is what enables the firm to adopt and in implementation of sound strategies. Collecting the correct customers' information is the starting point of creating sound strategies for triumphant competitive advantage.

Competitive advantage collision on strategic organization focuses on three key characteristic of customer relationship outcomes. These are consumer contentment, customer retention, and sales growth. Competitive advantage provides managers with enhanced means to put together superior levels of customer contentment by allowing them to deliver product performance that exceeds the customer's expectations.

Competitive advantage can also boost customer retention charge through the development of modified loyalty programs which can elevate customer switching price tag and create entrance barriers for rivals. Since one of the initiatives, competitive advantage is an excellent preference to handle their customer and organization's strategy. Stevenson (2009) stated that one of the competitive advantage's objectives is to retain and maintain the customers, giving the best and when customers satisfy with the quality offered by management, it will enhance the organization's performance.

#### **1.1.4 Telephony Industry in Kenya**

Telecoms in Kenya began early in the 20th century with the British telecommunication. After independence in the three East African countries that is Uganda, Kenya and Tanzania between 1961 and 1963, the British telecommunication gave way to the multi East African posts and telecommunication (EAPST). When the East African community broke in 1977, the East Africa Telecommunication (EAT) gave way to the then giant monopoly Kenya Posts and Telecommunication Company (KPTC). The government through the Communication Commission of Kenya (CCK) gave license to two mobile phone provider companies namely Safaricom and Kencell. In 2003 CCK gave licenses to a third mobile subscriber network the ECONET communications (GoK, 2011).

Currently, the Kenyan telecommunication industry has four main players that includes Safaricom, Airtel, Telkom Kenya (Orange) and Yu. The main players are the Safaricom, Airtel, Telkom Kenya (Orange) with market share of 75%, 12% and 9% respectively. The sector has over 17 million active subscribers. Before, technological progression and regulatory reformation have distorted the industry.

Markets that were previously different, discrete and vertical have coalesced athwart their old limitations with an enormous investment of capital-much of it originating from the private sector participants. The telecommunications sector in Kenya has faced massive environmental changes in the last decade. Liberalization, technological change and competition are the notable changes in this industry (CCK, 2015).

### **1.1.5 Mobile Phone Dealers in Nairobi**

Dealers of Mobile phones in Kenya have made fundamental steps in product and service offering. This has made remarkable contribution towards expansion and product growth to support economic development. The rate of growth of dealers of mobile phones has been tremendous due to competition and technological advancement. Hence, this has developed a need to maintain consumers through brand equity and retention. According to CCK (2015), there is an amplified necessitate for mobile phones dealers to distinguish themselves from their rival at the unique product level. This is achieved through emphasizing on ways to keep and maintain customer buy buying their loyalty. Communications Authority of Kenya (CA), (2015) the number of mobile users in Kenya were more than 32.2 million in 2015. Adoption and use of modern technologies, has shaped the regulatory reforms and transformed this industry. Markets that were isolated previous and upright have merged to create a strong capital base, mostly in the private.

The Kenyan mobile phone market is growing promptly with several brands of mobile phones in the market. Most of the mobile phones utilized locally are imported by common distributors such as Samsung, Nokia, Alcatel, Infinix, Techno, HTC, Huawei, and LG. There are many others and a variety of models of the above phones. These then sell the handsets to the other distributors in the supply chain such as the wholesalers and retailer who deal in more than one brand of handsets (CCK, 2015).

## **1.2 Research Problem**

Firms' success in grasping presented market opportunities to increase performance; ability to protect its self from already present competitive advantage and ability to shield itself from competitors' actions present SCA (Heene & Sanchez, 2010). Porter (2008) observes that SCA is viewed as a way in which the firm develops resistance from its rivals. When this persists for a long duration; it is considered as sustainable competitive advantage.

Kenya's mobile phone dealership has experienced significant growth from increased use of mobile phones in Kenya which is related to expansion of regional networks especially in East Africa. This has led to competition in an attempt by the market players to create brand equity and buying loyalty from their customers (CCK, 2015).

In Kenya, efforts has been made to fulfill sustainable competitive advantage that requires the firm to develop major features that improve the success of the related activities which is aimed towards the realization of quality products and services to cater consumer wants. Irrespective of the efforts made by firms to successfully cope with competitiveness, firms still face challenges to realize the gains of being competitive in the market. Asava (2010) found that knowledge management and business intelligence were essential tools of enhancing competitiveness.

However, the study did not study dealers of mobile phones in Kenya and other strategic factors that drive sustainability in competitive benefits. Musia (2013) found that technological innovations and value addition influenced competitive abilities of East African breweries limited. Nduta (2012) found that competitive staff and a perfect distribution system gave Sigison Freight Limited a competitive edge. Wambugu (2012) showed that lower prices and differentiation of products gave Microfinance institutions a competitive gain over their rivals.

Sizeable studies have attempted to investigate sustainability of competitiveness in the service industry in particular, the banking sectors. Limited emphasis has been given on the Mobile Phone dealers in Nairobi County. Hence, the study sought to find rejoinder to the question: What are the strategic factors influencing sustainable competitive advantage of Mobile phone dealers in Nairobi?

### **1.3 Research Objective**

The objective of this study was to determine the strategic factors influencing sustainable competitive advantage of Mobile phone dealers in Nairobi, Kenya.

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

The results realized in this research would be significant in policy formulation. It would be of great interest and importance to the government since it would help in the formulation and (or) modification of the various policies. This policies would assist improve any hindrances to boosting confidence among mobile phone dealers operating in Kenyan market.

In practice, this study would be of importance to the mobile phone dealers because they would know how much they are gaining through improved sustainable competitive advantage. The study would provide information to the public and all players; customers, mobile phone dealers and the regulator. This would help them understand the effects of sustainable competitive advantage in the Kenyan market.

The study would also serve as a point of reference to the researchers. This is because it might contribute to both theoretical and practical knowledge on the effect of competitive advantage for mobile phone dealers. Scholars would consider the study to be worthwhile to enrich the body of knowledge and as a platform to do more research. Findings obtained from this research could shape conceptual conversations concerning sustainable competitiveness.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

Reviewed in this chapter include earlier studies from scholars matters that are linked to the study objective. The gist of this section is identifying the gaps and enhancing the reader's understanding of competitive sustainability and external elements that contribute to this.

### **2.2 Theoretical Foundation**

Described in this section includes the theoretical source in relation the conceptual arguments guided by research goal. Theories discussed are Porters Theory of Competitive Advantage, Resource Based theory and Neo-Institutional Theory.

#### **2.2.1 Porters Theory of Competitive Advantage**

Porter (2008) states that competitive advantage is created when the firms cost of producing a product is less than the value that the firm is capable of generating to its buyers. Value is price paid willingly by buyers and value is achieved by offer a price that is less than competitors for similar value. In most instances, the way firms position and organize themselves in the industry highly determines their competitive position. Realization of national advantage is determined by the strategies laid down by firms to gain competitiveness.

Organisational approach and composition depicts the set goals of a firm and individual goals. This includes national image and dominance (Porter, 2008). Company goals are well realized by how well the management is, motivation of senior managers, debtors to the firm, leadership and personality of the corporate governance.

### **2.2.2 Resource Based View**

This theory analyzes long-term associations with a group of key suppliers on the basis of a win-win philosophy, which can result in a long-term competitive advantage than provided by a coordination of competitive bidding (Mukesh, Andy, & Louis, 2013).

This theory recognized exclusive organizational resources as the foundation of organizational competitiveness. According to (Cakmak & Tas, 2012) viewing relationships are resources satisfies all four resource criteria in the resource based view outlook, namely Barney (2008), value; scarce; inimitability; cannot be substitute. Capabilities can't be bought; rather, they must be built; with internal capabilities and combined with external partnerships.

Sustainable competitive advantage in an organization is shaped thorough a proportionate and distinctive amalgamation of the organization's resources and skills. According to the resource-based approach, organizations must put together their strategies in harmony with their resources and skills so that they can be the most excellent in that business and create the most degree of significance for customers; a value not to be created by others. The theory conforms to the argument that competitive gains are achieved through intangible and tangible resources of the organisation (Mukesh, Andy, & Louis, 2013).

### **2.2.3 Neo-Institutional Theory**

The neo-institutional theory states the main perspective used to identify the organizational behavior as it is and how it is affected by other organizations as well as social forces. This theory is fed by ideas in sociology and management, subsequently neo-institutional theory extend to change of institutions and heterogeneity infield practice, because of these constrains by non-economic institutions Creation of

competitive advantage can be explained as the constrains forces to change the organizational behavior prompting it to seek an economic and social fit. Differentiation is one way of dominating the market until the competitors imitate the uniqueness of the product, but this can quickly be restored by opting for new opportunities that will lead to new competitive advantage as well as create new entry barriers (Abou-Moghli et al., 2012).

In our context where we have mobile phone company A and company B competing managers to both firms will be forced to accord to institutional pressure while making their decisions. Eventually, this leads to creativity where each tries to beat the other through differentiation and isomorphism and legitimacy, which, following the resource-based view of the firm can, add to the likelihood of creating a competitive advantage through heterogeneity in resources and capabilities. Institutional theory further emphasizes that external- social pressures like government regulations, reduce disparity in firms' and structures and strategies

### **2.3 Strategic Organizational Factors and Sustainable Competitive Advantage in Organizations**

Firm product; adopting essential simple strategy such as having unique customer service ,exclusive products or being the initial in the market can result to firms having a brand identification and customer loyalties. Because better-quality tend to improve customer trustworthiness firms that have succeed in maintaining their customers through differentiation, this enables a firm to sell their products at any given market condition because they have their customers loyalty (Moghavvemi, Hakimian & Feisaal, 2012).

Firms inimitable resources: inimitable resources provide a continuous SCA if the resources are scarce, precious, unique and cannot be substitute. For a resource not to lose its value it needs not be easily available, needs to be of better quality and should be cheap. To prevent other firms from entering the market with the same resource, resource ought to be unique, cannot be copied and has no substitute (Greenwood et al., 2013). Although an explicit resource or capability may be found to demonstrate a strong affiliation with competitive advantage or performance in a particular environment, that resource or capacity may merely not fit with the enterprise level of all forms operating in that environment.

Resources of a firm needs to not only achieve the competitive position but also should be in a position to be incorporate in strategy that will help achieve the common goals and ambitions set. Therefore managers should seek out for resources that archive both firms' competitive position as well as carter for other set to archive goals. Firm's competitive edge is based on how well the firm can utilize available resources to realize maximum gains. Organization with valuable resources and capabilities yields sustainable advantage and insignificant resources yields competitive advantage (Toshev & Takala, 2010).

Learning or Experience: unit cost of production tends to decrease with increase of producing experience. When workers learn they become efficient, advance their producing methods, opt for specialization as well as use of the right tools for the right job this in turn results to cut in production cost (Porter, 2008). Tapping production techniques that rival competitors have not discovered may make a firm to have competitive cost. These production techniques may vary from; better technology to lower priced inputs (Mukesh, Andy & Louis, 2013).

Management expertise and Human Resources: Management has an never ending role to focus on human resources in the firm. Management need to learn the human resource behavior in the environment as that information helps to control all the resources at all levels. Saha & Gregar (2012) in any industry there is scarcity of particle strategic configurations because of organizational and environmental distinctiveness which is important to competition.

Managers can fit into strategic groups with the following characteristic; member of the same organizational but different groups with unique traits that cannot be easily copied by other members in different groups and targeting a market gap in the industry by creating barriers and putting limits (Saha & Gregar, 2012). Development of competitive advantage can also be achieved by supervision of employees with unique skills. Human capital advantage is create through training and development, retaining or maintain the best employees in the firm (Thompson, Strickland & Gamble, 2010).

Brand and pricing: consumers who have had a constructive familiarity with a firm's brand will be unwilling to change to competing brands if there is a chance that the competing brands will not work. Buyer hesitantly coupled with reputational effects can make a firm's brand name a powerful separating system (Reguia, 2014). Consumers often place high value on a product if other consumers also use it. The set-up effect arises because consumers can speak with other users in the network. Pricing determine the manner in which the firm gets value through market transaction. A firm's capability to set the right prices is a significant means of appropriating value and therefore an important determinant of the ability of the firm to generate rents (Felipe, Abdon & Kumar, 2012).

Government policy and Regulation Pressure: government knows how to limit or even exclude entry into industries with such controls as licensing requirements and limits on access to raw materials (Porter, 2008). Corporate strategy needs to be intensely aware of the benefits and problems connected with government policies. Influencing major political decisions is part of corporate strategy as long as this is done openly and with integrity. Any corporate strategy that does not take account of the history and drive of politics is ignoring an essential element of the environment (Haugen & Davis, 2010).

Regulatory pressures restrain heterogeneity by prescribing consistent resource standards, competencies and ways of deploying resources across given industries and by defining what resources are socially suitable or acceptable as inputs. These pressures limit variety by constraining the range of firms' permitted resource options and by impressive common societal expectations across competing firms about how inputs should be combined and deployed in production. Political processes and legislation influence the environmental policy with which industries must comply; as with many factors in the general environment, modify can benefit or damage an industry (Haugen & Davis, 2010). Thompson, Strickland & Gamble (2010), government regulatory measures can often force noteworthy changes in industry practices and strategic approaches. Deregulation has proven to be pro-competitive force in the airline, banking, natural gas, telecommunications and electric utility industries. Governments can coerce competitive changes by opening their domestic markets to foreign partaking or closing them to protect domestic companies.

Market Conditions: Cakmak & Tas, (2012) market enlargement pace is important because markets that are growing rapidly offer more opportunities for sales than lower growth markets. Speedy growth is less likely to involve stealing share from competition and more likely to come new buyers entering the market. To develop a competitive strategy one has to distinguish and accurately understand the market signs as stated by Porter (2008) who asserted the importance of analyzing the behaviour of competitors in the market while interpreting signals accurately one needs to develop a baseline competitor analysis. It is a prerequisite to know about the competitors' future goals, current strategies and abilities, and how they take about themselves and the market.

Competitors are more likely to observe their future capacity as opposed to external changes, the industry environment as well as forecast of future demand and prices. When a firm is trying to get into a new market it's faced by prevailing market uncertainties. These uncertainties include technological changes, distribution channels, market share to concentrate on as well as time and funds required to overcome all these challenges. If a firm is seen to be in a competitive position if it thrives in marketing their products and services to a wider market segment, has low unit cost and excellent product differentiation by use of a new way of marketing (Thompson, Strickland & Gamble, 2010).

First Mover Advantage: pioneers are in a better position to prevent the followers from gaining the prevailing resources. This is because they already have the knowledge (advantages and disadvantages) of the market environment, technology available and the geographical. First movers are able to use this knowledge to better place their services and products gaining a competitive advantage.

Geographical knowledge helps in creating unique distribution channels that will save on cost translating to low product pricing. All this helps the firm to capture customers' loyalty and ensures repeated purchase from them (Thompson, Strickland & Gamble, 2010). If the firm sets a low value, consumer gets more value for quality goods. The firm might make more sales in this case. Contrary, if the firm sets a price too high, then the quantity sold will be too low.

Although it's an advantage to be a pioneer, one is also required to be a fast learner and be able to grasp all the advantages of the position Thomposon et al. (2005). Besides being a first mover one needs to have the following to achieve maximum competitive advantage; be financially sound, have competitive potential and effective management. To be a fast mover is not enough if the company does not value its customers and has economics profit gains that put it above its rivals in the market. Strategic alliance, when firms merger they acquire what the other company has to offer that they didn't have these include tangible and intangible assets such as a good reputation and expertise. Due to this a firm can spew out into time compression diseconomies and the past dependent companies that are difficult to trade in strategic factor markets (Porter, 2008). States that rivalry among competitors can yield out a range of positive strategic functions that will add unto the sustainable competitive advantage of the market structure. Right competitions with the right rivals can improve firms' competitive position (Toor & Ofori, 2010).

Organization adopts the strategic alliance in order to be in a better position financially, be able to gain new inaccessible markets, cushion against political pressure, gain technological and manufacturing capabilities for more competitive advantage. For companies to get a market segment in the future they require to have diverse skills, resources, technological knowhow and capabilities that only they can achieve and control. The already existing firms that are struggling to be in the market they need to show their full potential by forming alliances with similar or better firms to gain competitive capabilities. (Thompson et al., 2010)

## **2.4 Empirical Studies and Knowledge Gap**

Discussed in the literature review are the factors that influence sustainable competitiveness. In support of this, three theories have been put forward; they are Porters Theory of Competitive Advantage, Resource Based theory and Neo-Institutional Theory (Barney, 2008). These chapter further shows internal factors contributing to sustainable competitive advantage which include: firm product, Firms inimitable resources, learning or experience, management expertise and human resources, and brand and pricing. Moreover external factors contributing to sustainable competitive advantage have been explored, they include: government policy and regulation pressure, market conditions, First mover advantage and strategic alliances.

Employees are a vital resource to an organization and for competitive advantage to be achieved employees performance should be adhered to as it translate to organizational effectiveness Gamble (2010). The knowledge and experienced an employee possess portrays companies image and most important helps in attaining the competitive advantage. Employee commitment to the firm should be rewarded as their output is completely related to the final performance of the firm; this is humanizing competitive advantage (Haugen & Davis, 2010).

Finally, Regardless of existing theories competitive advantage keep changing frequently hence a once off study may not be sufficient hence it may need reviews. Studies have been done in relation to the previous local studies by Musia (2013), Nduta (2012) and Wambugu (2012) have concluded that sustainable competitiveness shape policies that allow firms to deliver high value for their services and products offering. However, none of the studies have addressed factors influencing sustainable competitive advantage for mobile phone dealers in Nairobi, thus this study investigates and intends to fill the study gap.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

The chapter provides an outline of the approaches utilized by the researcher to gather and analyze data. Analysis had been guided by the study objectives, descriptive and inferential statistics have been applied.

### **3.2 Research Design**

A descriptive cross sectional survey design was used for this study. With such study information was obtained to meet the underlying purposes and objectives of the study. A descriptive design seeks to draw existing links between variables while explaining the present and existing conditions.

Brown, Venkatesh & Bala, (2013), define the research design as the essential parameters of a study project including factors such as its basic approach( qualitative or quantitative), the sample or target to be interviewed or observed, numbers of interviews or observations, research locations, questionnaires and materials to be introduced. Descriptive survey was useful in investigating the existing relationships among the variables that was captured in this study.

### **3.3 Population of the Study**

Population consists of units or objects that possess related traits (Mugenda & Mugenda, 2006). Cooper and Schindler (2008) a population is a collection of elements that can utilized to make inferences. Communication commission of Kenya (CCK) comprises of a list of one hundred and sixty two licensed dealers in low power equipment. Several of them dealt in distribution of mobile phones. The population of interest was Nairobi County consists of 155 dealers as per the list of CCK authorized dealers.

Simple Random sampling design was implemented for sample selection. Simple random sampling implied that all subjects of the sample size had equal chances of being selected. A random sample of 80 dealers was surveyed.

### **3.4 Data Collection**

Raw data and documented sources were utilized since the nature of this research was quantitative and qualitative. Random picking of respondents was executed from their locations. Cluster sampling was utilized to select the respondents from their dealers as provided in the list of CCK authorized dealers (Mugenda & Mugenda, 2006).

Raw data was collated using semi structured questionnaires. The questionnaire was administered through a drop and pick later method, also emails were used depending on availability of the respondents. Phone calls were used for the sake of expedition and guidance to respondents who faced difficulties. Secondary data was sourced from communication commission of Kenya and International Data Corporation (IDC).

### **3.5 Data Analysis**

The questionnaire was edited for completeness and consistency then coded for analysis. The coded responses were analyzed by means of descriptive statistics. This uses such statistics as the mean and standard deviations to review the general trend of the responses. Standard deviation and mean values were utilized to depict the relative factors influencing sustainable competitive advantage of mobile phone dealers. Frequencies and percentages were used to describe the most pre-dominant SCA factors.

In determining the factors, Principal Components Analysis (PCA) was used where the researcher sort a linear combination of variables. Through this, the maximum variance was extracted to determine factors affecting SCA of Mobile phone dealers in Nairobi. Factor analysis yielded distinct and reliable factors with a value of 0.899 which is higher than the value of 0.7 making it the most appropriate (Table 4.10).

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

### **4.1 Introduction**

The drive for the study was to explore the strategic factors influencing sustainable competitive advantage of Mobile phone dealers in Nairobi, Kenya. The finding was intended on answering the research questions. Data composed was collated and reports were produced in form of tables and qualitative analysis done in prose form.

### **4.2 Response Rate**

The study aimed at collecting questionnaires from eight four respondents only sixty four respondents completed filling and returned the questionnaires. This represents 80 percent response that was considered satisfactory. Sixteen of the other respondents cited busy schedules as the reasons as to why they were not interviewed. Mugenda (2003) notes that a 50% return rate is adequate, 60% good and above 70% rated very good. This also collaborates with Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion; the response rate in this case of 80% is very good. The questionnaire was self-administered to the respondents who completed them and these were picked shortly after.

**Table 4.1 Response Rate**

	<b>Frequency</b>	<b>Percentage</b>
Questionnaires administered	80	100
Questionnaires filled & returned	64	80
Not respondent	16	20

**Source; Research Data (2016)**

### **4.3 Demographic Characteristics of the Respondents**

In this section, the general information of the respondents' issues such as gender, type of business, role they play in the mobile phone market and duration of operation of the Company since it forms the basis under which the study fairly access the important information.

#### **4.3.1 Gender of the Respondents**

The gender of the respondents was determined to establish if there is gender balance participated in business and also to establish which gender is much engaged in sustainable competitive advantage.

**Table 4.2 Respondents Gender of the Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	53	82.8
Female	11	17.2
<b>Total</b>	<b>64</b>	<b>100</b>

**Source; Research Data (2016)**

As shown in the Table 4.2, majority indicated 53 (82.8%) were male respondents with 11 (17.2%) being females. This implies that there were more males in mobile phone Market than females therefore males' respondents' pre dominate the market.

#### **4.3.2 Type of Business**

The type of the business run by the respondent was determined by asking the respondents to tick appropriately.

**Table 4.3: Respondents Type of Business**

<b>Type of Business</b>	<b>Frequency</b>	<b>Percentage</b>
Sole Proprietor	27	42.2
Partnership	23	35.9
Private Limited Company	12	18.8
Public Company	2	3.1
<b>Total</b>	<b>64</b>	<b>100</b>

**Source: Researcher (2016)**

From the Table 4.3 42.2% of the respondents indicated Sole Proprietor, 35.9 % indicated Partnership 18.8% indicated Private Limited Company , whereas 3.1% indicated Public Company, this implied that majority of the respondents featured in this study were sole proprietors.

### **4.3.3 Role they play in the Mobile Phone Market**

The respondents were required to indicate the responsibility they undertook in mobile phone market. Presented below is the outcome;

**Table 4.4: Classification of Respondents by the role they play in the Mobile Phone Market**

<b>Type of Business</b>	<b>Frequency</b>	<b>Percentage</b>
Retailer	33	51.6
Wholesaler	21	32.8
Distributor	10	15.6
<b>Total</b>	<b>64</b>	<b>100</b>

**Source: Researcher (2016)**

From the Table 4.3, 51.6% indicated the retailer role, 32.8% indicated wholesaler role, whereas 15.6 % indicated distributor duty, this is an indication that the study consulted different stake holders with retailers firming the majority in this study.

#### **4.3.4 Duration of Operation of the Company**

The respondents were asked to indicate, the time they have been in operation. This had a direct influence on the information given by the respondent. The results are as shown in table 4.5 below.

**Table 4.5: Duration Companies have Operated**

<b>Duration</b>	<b>Frequency</b>	<b>Percentage</b>
Less than one year	0	0
1-5 Years	34	53.1
6-10 Years	17	26.6
11-15 Years	11	17.2
Over 15 Years	2	3.1
<b>Total</b>	<b>64</b>	<b>100</b>

**Source: Researcher (2016)**

Table 4.5 shows that majority of the respondents (53.1%) reported that their respective companies has been in operation for more than one years, while 26.6% revealed that they had been in operation for 6-10 years, others of the respondents (17.2%) confirmed that their companies have been in operation for a between 11-15 years while a few of the respondents notes that their respective companies has been in operation over fifteen years.

#### 4.4 Sustainable Competitive Advantage Practices

The respondents were asked to indicate the extent to which their business implemented SCA practices. They agreed with the following statements on the SCA used by mobile phone dealers in Nairobi using a five point Likert scale. Below are the findings as provided:

**Table 4.6 Sustainable Competitive Advantage Practices**

	<b>Mean</b>	<b>Std. Dev</b>
Gathering and integrating customer information	4.55	1.102
Undertaking data mining to identify important customers who warrant special attention.	3.6	1.143
Seeking to know customers complaints and compliments	4.06	0.802
Entering into one on one communication with a customer	4.06	0.236
Display courtesy while serving customers	4.45	0.102
Offer queries in form of frequently asked questions	3.16	1.094
Exhibiting high level of trustworthiness and reliability	4.11	0.323
Manage customer portfolios	2.91	1.442
Conducting customer surveys	3.26	1.067
Storing customer transaction history in computer databases	4.03	0.707

As shown in Table 4.6, the respondents indicated that gathering and integrating customer information was implemented in their business to a very large extent with a mean of 4.55. In addition, the respondents indicated that displaying courtesy while serving customers was implemented in their business to a very large extent with a mean of 4.45. Further, the respondents indicated that exhibiting high level of trustworthiness and reliability was implemented in their business to a large extent with a mean of 4.11. Consequently on the same scale others reported that seeking to know customers complaints and compliments and entering into one on one communication with a customer was implemented in their business to a large extent with a mean of 4.06.

Additionally, the respondents indicated that storing customer transaction history in computer databases was implemented in their business to a large extent with a mean of 4.03. From the findings some respondents perceived that undertaking data mining to identify important customers who warrant special attention was implemented in their business to some extent with a mean of 3.60. Other respondents were of the opinion that conducting customer surveys and offer queries in form of frequently asked questions were implemented in their business to some extent with a mean of 3.26 and 3.16 respectively. Also the respondents indicated that manage customer portfolios were implemented in their business to a small extent with a mean of 2.91.

#### **4.5 Challenges of Sustainable Competitive Advantage**

The respondents were asked to indicate the extent to which their business face challenges of SCA practices.

**Table 4.7 Challenges of SCA**

	<b>Mean</b>	<b>Std. Dev</b>
Cost of managing SCA systems is expensive	4.11	1.132
There's necessitate for enhancing training of staff to competently operate the SCA practices.	4.34	1.162
Chances of SCA failure are possible.	1.69	0.932
Lack of financial strength to inhibit your implementation of SCA?	3.49	1.314
Proficient operation of SCA practices is hindered by organization structural barriers.	3.23	1.497
There is rapid rate of technological change.	4.86	0.355
Competitor's reaction	4.17	0.822
Implementation time frame	3.69	1.051
You do not understand Sustainable Competitive Advantage practices	1.86	0.494

From the Table 4.7, the respondents strongly agreed that there is rapid rate of technological change with a mean of 4.86. In addition, the respondents also strongly agreed with mean of 4.34 that there's necessitate for enhancing training of staff to competently operate the SCA practices. Also, the respondents agreed that competitor's reaction and cost of managing SCA systems is expensive with a mean of 4.17 and 4.11 respectively. Additionally, the respondents were neutral on implementation time frame with mean of 3.69. Further, the respondents strongly disagreed that lack of financial strength to inhibit your implementation of SCA and proficient operation of SCA practices is hindered by organization structural barriers with a mean of 3.49 and 3.23 respectively. The study also found some respondents disagreed that they do not understand sustainable competitive advantage practices and chances of SCA failure are possible with a mean of 1.86 and 1.69 respectively.

#### **4.6 Strategic Practices**

This study here sought to establish the extent to which the organizations adopted the various strategic practices in order to achieve sustainable competitive advantage. The respondents were then asked to indicate to what extent their organizations adopted various strategic practices to attain sustainable competitive advantage as shown below

**Table 4.8 Strategic Practices**

	<b>Mean</b>	<b>Std. Dev</b>
Market strategy	4.909	0.089
Products reputation	4.001	1.987
Customers differentiation	3.897	1.8965
Product pricing	4.09	0.094
Cost control	3.896	0.0982
Technology	3.981	0.987
Quality of the product	3.902	1.024
Product and service innovations	3.879	1.097
Customer service	4.098	1.098
Extensive Advertising	3.475	0.919

As shown in Table 4.8, majority of the respondents indicated that they had adopted market strategy to a very great extent in order to achieve sustainable competitive advantage with a mean of 4.909; consequently on the same scale others reported that their organization had adopted customer service, products reputation and product pricing with a mean of 4.098, 4.090 and 4.001 respectively. Further, the respondents agreed to a great extent that they had adopted strategies to enhance technology, quality of the product, customer’s differentiation, cost control, and product and service innovations in order to achieve sustainable competitive advantage with a mean score of 3.981, 3.902, 3.897, 3.896 and 3.879 respectively. The respondents agreed that their organization had adopted extensive advertising to a moderate extent with a mean of 3.475.

#### **4.7 Influence of SCA Practices on Customer Satisfaction.**

The respondents were asked to provide information in relation to agreement on influence of SCA practices on customer satisfaction.

**Table 4.9 Influence of SCA Practices on Customer Satisfaction**

	<b>Mean</b>	<b>Std. Dev</b>
Provision of quality and up to date products and services	3.71	0.667
User friendly technological interfaces that are not overwhelming to the customer	3.66	0.765
Speed and efficiency in dealing with customers’ requests and orders	3.89	0.718
Proximity of your business to your customers	3.97	0.785
On time delivery of product and services	3.97	0.954
Have operating hours convenient to all your customers	3.54	0.852

Table 4.10, represents the study finding on the extent of influence of SCA practices on satisfaction. From the findings, majority of the respondents’ indicated that there is proximity of their business to their customers and there is on time delivery of product and services to a very large extent with a mean of 3.97.

The respondents also purported to a large extent that; there is speed and efficiency in dealing with customer’s requests and orders, there is provision of quality and up to date products and services and there is user friendly technological interfaces that are not overwhelming to the customer with a mean of 3.89, 3.7 and 3.66 respectively. Other respondents were of the opinion that they have adopted operating hours convenient to all their customers to some extent, with a mean of 3.54.

#### **4.8 Strategic Organizational Factors affecting SCA**

In order to analyze the strategic organizational factors affecting SCA, factors had to be extracted from the data set. Principal component factor analysis was used to determine the factors. To achieve this, data were arranged in rows and columns and each score for the variable tabulated. The correlation matrix was analyzed to determine if there were any variables that would be measuring the same thing or were highly correlated. The correlation matrix indicated that most of the variables were correlated. This is because most of the correlation coefficients were above 0.7, from the rule of the thumb.

There was need in determining whether the factor analysis would yield distinct results. The Kruskal Wallis Test measures of sampling adequacy tests were done so as to determine whether factor analysis will bring out appropriate factors.

**Table 4.10 Kruskal Wallis Test**

	<b>Firm Product</b>	<b>Firms Inimitable Resources</b>	<b>Learning or Experience</b>	<b>Management expertise and Human Resources</b>	<b>Brand and pricing</b>	<b>Government policy and Regulation Pressure</b>	<b>Market Conditions</b>	<b>First Mover Advantage</b>	<b>Strategic Alliances</b>
Chi-square	13.3	12.9	12.5	9.27	11.6	8.89	11.9	11	8.79
Df	2	2	2	2	2	2	2	2	2
Asymp.sig.	0.00	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00

**Grouping Variable: knowledge on research development**

From Table 4.10 Kruskal Wallis Test measure of sampling Adequacy indicates that the patterns of correlations are relatively compact hence factor analysis should yield distinct and reliable factors. This is because it has a value of 0.899 which is higher than the value of 0.7 making it the most appropriate. The analysis also considered the table of commonalities.

Table 4.11 shows Reliability Indicator/Table of Commonalities resulting in an initial commonality of one for all variables

**Table 4.11 Reliability Indicator/Table of Commonalities**

	<b>Initial</b>	<b>Extraction</b>
Firm Product	1.000	0.895
Firms Inimitable Resources	1.000	0.944
Learning or Experience	1.000	0.873
Management expertise and Human Resources	1.000	0.841
Brand and pricing	1.000	0.923
Government policy and Regulation Pressure	1.000	0.905
Market Conditions	1.000	0.895
First Mover Advantage	1.000	0.91
Strategic Alliances	1.000	0.901

Table 4.11 shows that PCA assumes that all variables have a common variance resulting in an initial commonality of one for all variables. The "extracted" commonalities are the % of variance in a given variable explained by the extracted factors, which will be less than all the possible variables, resulting in coefficients less than one. The average commonality being 0.899, meaning the extracted factors are able to explain on average 89.9% of each item.

## 4.9 Discussions

From the above analysis, it was discovered that the most popular sustainable competitive advantage practices among mobile phone dealers in Nairobi were: gathering and integrating customer information, displaying courtesy while serving customers, exhibiting high level of trustworthiness and reliability and seeking to know customers complaints were implemented in respondents' business to a very large extent. Further, the analysis indicated that the challenges the firm faces included rapid rate of technological change competitor's reaction, cost of maintaining SCA systems is high and there was necessitate for further training of staff to efficiently operate the SCA practices.

The study results also indicated that majority of the businesses adopted various strategies which include: market strategy, customer service, product pricing and products reputation Cost control. The results tally with what was advanced by Lynch (2000) that a successful strategy takes into consumer wants, pricing and value for goods and services offered. Equally, Porter (2008) observes that a firm that aspires to be a market leader must conform to the needs of their customers and outdo its rivals through providing more competitive prices.

Several companies carried out external analysis and internal analysis to know the strategies to adopt. The study also indicated that the respondents agreed that customer satisfaction is a measure of performance in their mobile phone dealers and SCA practices have impacted positively on their performance. Factor analysis yielded distinct and reliable factors with a value of 0.899 which is higher than the value of 0.7 making it the most appropriate.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

Conversed in the chapter are major results that are aligned to the objective including summary of the study, conclusion, recommendations, limitations of the study and areas that future researchers should consider studying.

### **5.2 Summary**

The return rate was found to be 80%; this was considered satisfactory to make generalization. Concerning respondent's gender, majority was found to be male respondents and few were female respondents, this implied that male respondents dominated the market. About the respondents' responsibilities in the mobile phone market, it was found 42.2 of the respondents operated as sole proprietors, 35.9 % were in partnership, 18.8% were in private limited company while 3.1% operated in a public company.

The study sought to determine the type of the business run by the respondent, majority of the respondents reported that they played role of retailer (51.6%), followed by wholesaler (32.8%) and then distributors (15.6%). Majority of the respondents reported that their respective companies has been in operation for more than one years, others of the respondents alluded that their companies have been in operation for a between six to 10 years other respondents reported they have been in operation for a period between eleven to fifteen years while a few of the respondents notes that their respective companies has been in operation for a period over 15 years.

On the implementation of sustainable competitive advantage (SCA) practices, majority of the respondents agreed that gathering and integrating customer information and display courtesy while serving customers was implemented to a very large extent. Implementation of SCA has ensured business to enter into one on one communication with customer, exhibiting high level of trustworthiness and reliability, seeking to know customers complaints and compliments and also help them to store customer transaction history in computer databases to a large extent. According to the respondents SCA practices had also enabled the company to undertake data mining to identify important customers who warrant special attention to increase customer service effectiveness, conduct customer surveys, and also enabled companies to offer queries in form of frequently asked questions. To a small extent the respondents purported that they manage customer portfolios.

The study revealed that among the challenges the firm faces included rapid rate of technological change competitor's reaction, rate of maintaining SCA systems is high and there was necessitate for further training of staff to competently operate the SCA practices. The respondents further agreed that there is lack of implementation time frame. Respondents also agreed that there is proficient operation of SCA practices is hindered by organization structural barriers and there is lack of financial strength to inhibit their implementation of SCA. They also disagreed that the chances of SCA failure are possible and companies do not understand SCA practices.

From the study established that majority of the businesses adopted various strategies to a great extent in order to achieve sustainable competitive advantage. The various strategies adopted included market strategy, products reputation, customers 'differentiation, product pricing, cost control, technology, quality of the product, product and service innovations and customer service strategies.

On influence of SCA practices on customer satisfaction respondents to a very large extent agreed that there is proximity of their business to their customers and also agreed to a very large extent agreed that on time delivery of product and services. The study additionally established there is speed and efficiency in dealing with customers' requests and orders. On there is user friendly technological interfaces that are not overwhelming to the customer and provision of quality and up to date products and services was purported to a large extent. Other respondents were of the opinion that they have adopted operating hours convenient to all their customers to some extent.

Factors affecting SCA were extracted from a set of 9 test items borrowed from the field of SCA. The factors analyzed were related to SCA decisions in the field of Sustainable. The factors were then amended to suit determination of SCA in Mobile Phone Dealers. Marked differences in the way respondents view the factors were noted. This meant that each of the factors influence SCA in varied ways. Since the items were many, there was the need to reduce them to meaningful factors that affect SCA. This was achieved through the use of principal component analysis. Kruskal Wallis Test measure of sampling Adequacy indicates that the patterns of correlations are relatively compact hence factor analysis should yield distinct and reliable factors. Factor analysis yielded distinct and reliable factors with a value of 0.899 which is higher than the value of 0.7 making it the most appropriate.

### **5.3 Conclusion**

The findings of the research have brought into light issues regarding the adoption of SCA practices and their influence on customer satisfaction. Sustainable competitive advantage is becoming increasingly important over the next few years as companies experience greater price competition, pressure to drive down operating costs, greater complexity of products and services, and rising customer demands (Radcliffe, 2001).

From the study, it was established that implementation of sustainable competitive advantage practices ensured mobile phone dealers gather and integrate customer information and display courtesy and also ensured business enter into one on one communication with customer, exhibiting high level of trustworthiness and reliability. A well implemented SCA practices enable mobile phone dealers to seek to know customers complaints and compliments and also help them to store customer transaction history in computer databases. It also makes it capable for mobile phone dealers to gather and integrate customer information and undertaking data mining to identify important customers who warrant special attention.

The researcher concluded that, besides the implementation of SCA practices, businesses faced some challenges. These challenges include is rapid rate of technological change competitor's reaction, rate of managing SCA systems is expensive, there is lack of qualified personnel to operate the systems especially when they are complex and hence it puts the organization on a task to educate staff so that they can proficiently operate the SCA practices. Proficient operation of SCA practices is also hindered by organization structural barriers.

Strategic practices have a positive relationship with sustainable competitive advantage of the organizations. It was established that mobile phone dealers adopted various strategies in order to achieve sustainable competitive advantage. These strategies includes market strategy, products reputation, customers' differentiation, product pricing, cost control, technology, quality of the product, product and service innovations and customer service strategies.

The findings indicate that the respondents agreed that customer satisfaction is a measure of performance in their mobile phone dealers. Similarly, the results indicated that SCA practices have impacted positively on their performance. Overall, it could be concluded that, in spite of the variations among respondents with respect to the extent of adoption of SCA practices and their influence on customer satisfaction, the results indicated that mobile phone dealers in Nairobi have to a large extent shifted their focus from short-term profit oriented transaction marketing to long term knowledge based sustained competitive advantage as there is a need to retain a customer base that guarantee not only survival but also relationship marketing.

The research established and ranked factors influencing the application of SCA in mobile phone dealers as follows: firms inimitable resources, brand and pricing, first mover advantage, government policy and regulation pressure, strategic alliances, firm product, market conditions, learning or experience and management expertise and human resources.

## **5.4 Recommendations**

Mobile phone dealers should have a comprehensible vision of their preferred strategic position and should visibly recognize the strategic role that SCA has to take part in, as reflected in current investment levels, as well as the increased significance attributed to SCA in the future. At the same time, mobile phone dealers should know that the adoption of SCA will not be easy. Therefore the businesses are delegated with task of encouraging implementation of SCA.

The study also recommends that mobile phone dealers in Kenya should benchmark themselves with the best performing firms globally in order to find out the SCA practices that the firms use in enhancing competitiveness. This will shed more light on the best SCA practices to adapt to increase organizational performance.

## **5.5 Limitations of the Study**

As with any pursuit for information, the researcher had some shortfalls and factors that hindered access to information. The funds available to the researcher were limited to conduct an extensive study. The researcher found that he had exceeded the budget due to fluctuations in prices of commodities such as fuel and other amenities that were required. Insufficient funds to support research implementation plan resulted to limited information availed for the analysis. On the other hand, the time allocated for the research was not enough to have enough data collected and analyzed to give comprehensive results for the research. There was a limitation of the authenticity of the data received.

It was also not easy to establish whether or not the targeted respondents are the ones who participated in offering the data that was analyzed. Given that the questionnaires were delivered to the companies, it was not possible to ensure that the right respondents participated in the study. The study was limited to mobile phone dealers in Nairobi and may not apply to other organization.

## **5.6 Suggestion for Further Studies**

Future researchers and academicians should research on the strategic factors influencing sustainable competitive advantage in another sector for example the banking industry or the insurance industry then findings and conclusion can be achieved on account of hard facts.

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# APPENDICES

## APPENDIX I: INTRODUCTION LETTER



UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS

Telephone: 020-2059162  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE 7/10/2016

### TO WHOM IT MAY CONCERN

The bearer of this letter Elizabeth Wanjiku Thuru

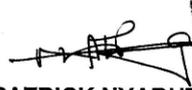
Registration No. D6164775/2013

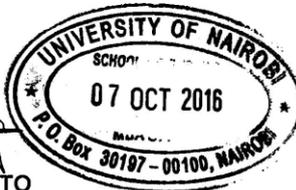
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

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

Thank you.

  
**PATRICK NYABUTO**  
SENIOR ADMINISTRATIVE ASSISTANT  
SCHOOL OF BUSINESS



## APPENDIX II: RESEARCH QUESTIONNAIRE

### Instructions

This Research is conducted with the authorization of the University of Nairobi, Faculty of commerce and School of Business. (Please tick responses as appropriate. where necessary tick as many items as you find relevant.)

### Section A: Personal Profile

1. Gender

Male [ ]

Female [ ]

2. What kind of business do you run?

Sole Proprietor [ ]

Partnership [ ]

Private Limited Company [ ]

Public Company [ ]

3. Please tick the appropriate role you play in the mobile phone Market

Distributor [ ]

Wholesaler [ ]

Retailer [ ]

4. How long have you been in operation?

Less than one year [ ]

1-5 Years [ ]

6-10 Years [ ]

11-15 Years [ ]

Over 15 Years [ ]

### Section B: Sustainable Competitive Advantage Practices

The following are Sustainable Competitive Advantage practices that are being implemented. To what extent have you implemented each of them?

Indicate the extent to which do you practices the following on a scale;**5 to a very large extent,4 to a large extent,3 to some extent,2 to a small extent, 1 to no extent.**

No	Statements	1	2	3	4	5
1	Gathering and integrating customer information					
2	Undertaking data mining to identify important customers who warrant special attention.					
3	Seeking to know customers complaints and compliments					
4	Entering into one on one communication with a customer					
5	Display courtesy while serving customers					
6	Offer queries in form of frequently asked questions					
7	Exhibiting high level of trustworthiness and reliability					
8	Manage customer portfolios					
9	Conducting customer surveys					
10	Storing customer transaction history in computer databases					

### Section C: Challenges of Sustainable Competitive Advantage

Please indicate the extent to which you agree with the following statements on the: **5 strongly Agree, 4 Agree, 3 Neutral, 2 strongly Disagree and 1 Disagree**

No	Statements	5	4	3	2	1
1	Cost of managing SCA system is expensive					
2	There's necessitate for further training of staff to proficiently operate the SCA practices.					
3	Chances of SCA failure are possible.					
4	Lack of financial strength to inhibit your					

	implementation of SCA?					
5	Proficient operation of SCA practices is hindered by organization structural barriers.					
6	There is rapid rate of technological change.					
7	Competitor's reaction					
8	Implementation time frame					
7	You do not understand Sustainable Competitive Advantage practices					

#### Section D: Strategic Practices

Please indicate by ticking (√) the appropriate answer to what extent has your business adopted the various strategic practices to achieve competitive advantage?: **5 To a very great extent, 4 To great extent, 3 Moderate extent, 2 Little extent and 1 To no extent**

No	Strategies	5	4	3	2	1
1	Market strategy					
2	Products reputation					
3	Customers differentiation					
4	Product pricing					
5	Cost control					
6	Technology					
7	Quality of the product					
8	Product and service innovations					
9	Customer service					
10	Extensive Advertising					

### Section E: Influence of SCA Practices on Customer Satisfaction

In your view to what extent are the following customer satisfaction practices adopted in your business; **5 to a very large extent, 4 to a large extent, 3 to some extent, 2 to a small extent, and 1 to no extent.**

No	Statements	5	4	3	2	1
1	Provision of quality and up to date products and services					
2	User friendly technological interfaces that are not overwhelming to the customer					
3	Speed and efficiency in dealing with customers' requests and orders					
4	Proximity of your business to your customers					
5	On time delivery of product and services					
6	Have operating hours convenient to all your customers					

### Section F: Strategic organizational Factors

Please tick appropriately on the table below to indicate which Strategic organizational Factors influence the application of SCA in your business. The table uses a scale of 1 to 5 where **5 Very Important, 4 Important, 3 Somewhat Important, 2 Not very Important and 1 Corresponds to Not very Important**

No	Factors	5	4	3	2	1
1	Firm Product					
2	Firms Inimitable Resources					
3	Learning or Experience					
4	Management expertise and Human Resources					
5	Brand and pricing					
6	Government policy and Regulation Pressure					
7	Market Conditions					
8	First Mover Advantage					
9	Strategic Alliances					

### **APPENDIX III: LIST OF REGISTERED DEALERS**

1. Aarafa communications solutions limited
2. Afrikom Company limited
3. AfroEuro Limited
4. Aja limited
5. Al-Eman Technologies limited
6. Amazon motors Limited
7. Anchor Comm. Limited
8. Audio visual control Systems Limited
9. Authentec (K) Limited
10. Baobab Communications limited
11. Bestom Company Limited
12. Bright Technologies Limited
13. Broch Trading Company Limited
14. Burhani Engineers Limited
15. C- Com Communications
16. CMC Motors Group Ltd
17. Comag Electronics
18. Communications & Postal solutions Limited
19. Computer planet Limited
20. Datic Enterprises
21. Davids Satellite Limited
22. Diamond systems limited
23. Digital Africa Television
24. Divisible Communication
25. D- link international Pte Limited
26. Dolpin Stationers Limited
27. Dominion Digital Communications
28. Domobile (K) Electronics Co. Limited
29. Echosat Electronics
30. Eggs Investments East Africa
31. Electra supplies Limited
32. Elite Computers Limited

33. Encapsulated East Africa Limited
34. Enterprise Data Freedom Limited
35. Eurotech Solutions Limited
36. Extrack (EA) Limited
37. Factsays Stock Consultancy Limited
38. Fairtech Solutions Ltd
39. Fedel Investments Limited
40. Fones Direct Limited
41. Forme Communications Technology Limited
42. Frontier Trading Limited
43. Gecy Systems Limited
44. Global Digital Technology Ltd
45. Global Positioning System Africa Limited
46. GoodNews Broadcasting System
47. Grandvista Enterprises
48. G- Tide Communications ( Kenya) Co. Limited
49. Hasko International Limited
50. Headworld Links Limited
51. Holloway Traders Limited
52. Hongkong X- Tigi Technology Co. Limited
53. Horsebridge Network Systems (EA) Ltd
54. House Wives Paradise Limited
55. I Sight Kenya Limited
56. Icons Technologies
57. In Trading East Africa
58. Infocom Technologies Limited
59. Innos Company Limited
60. Jacob Solarize Limited
61. Jetweb Limited
62. Jo World Agenies Limited
63. Jp's Holdings Limited
64. Karod Limited
65. Kenloyd Sealand Limited
66. Krishna International

67. Lancia Media Limited
68. LG Electronics
69. Lost And Found Kenya Limited
70. Mantrac Kenya Limited
71. Mara Ison Technologies Kenya limited
72. Macot Enterprises
73. Mahudu Supplies Limited
74. Matsim Enterprises
75. Mayfox Digital Media Limited
76. Mbagu Enterprises Limited
77. Medibel Agencies Electronics & Accessories
78. Merrimack Power Systems Ltd
79. Microville Solutions Limited
80. Midcom Limited
81. Minni Inn Limited
82. Mobicom Kenya Limited
83. Mpower World International Limited
84. Multichoice Kenya limited
85. Mustek E. A Limited
86. Netcentric innovations limited
87. New Future Electronics
88. Next Generation Broadcasting
89. Nokia International oy
90. North Gate Investments
91. Online Technologies Africa Company Limited
92. Options Fashion Extreme
93. Oryx Communications East Africa Limited
94. Pacer systems Solutions
95. Pacifica Trading Company
96. Paraca Electronics Systems Services
97. Phoenix Investments Limited
98. Phone Experts (K) Limited
99. Phonelink Limited
100. Phonex Perts limited

101. Plum (K) Limited
102. Progressive Technologies Limited
103. Psitek (Proprietary) Limited
104. Quantum Cables Limited
105. Quejel Agency
106. Rapid Communications
107. Redington Kenya Limited
108. Rhyno International
109. Rimco Communications Limited
110. Riviera Communications
111. Rock plants Kenya Limited
112. Safari Kit Limited
113. Safaritel Limited
114. Sai Office Supplies limited
115. Samsung Electronics company Limited
116. Samsutech Corporation Limited
117. Samus Services
118. Satmat Services Limited
119. Sitech Systems Limited
120. Silva Blac International Ltd
121. Sinka Digital
122. Skyland Logostics Limited
123. Skyy Space Media Limited
124. Smadl Genaral Trading Company Limited
125. Soi Star Limited
126. Sound Solutions Entertainment Limited
127. Southern Connection Limited
128. Spatail Systems
129. Spotted Zebra
130. St. Austins Service Station Limited
131. Startimes media (Kenya) Company ltd
132. Sunberry Communications Limited
133. Superwave Enterprise Limited
134. Synergy Systems Limited

135. Tecno Telecom Ltd
136. The Talking Shop
137. Three GS Digital Bureau investment limited
138. Titan Avionics Limited
139. Triple Technologies Limited
140. United Communicate Mobile Limited
141. Unitop Product
142. Universal Gift Centre Limited
143. Upload Technologies
144. Vaizzer Limited
145. Vertex Communications Limited
146. Virtual Mobile
147. Voom Networks Limited
148. Wavelength Digital Technologies Ltd
149. Westcon Africa Kenya Ltd
150. Western International Limited
151. Wis Wis Agenies Limited
152. Yong Mobile Communications Limited
153. Zawadi Trading Limited
154. Zeddy Satellites Limited
155. ZTE ( Kenya) Limited

**Source as at December 2015: Communication commission of Kenya**