

Full Length Research Paper

Creating a sustainable competitive advantage at a high performing firm in Kenya

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Accepted 2 May, 2013

This article examines the role of both resource- and activity-based views of a firm in creating a sustainable competitive advantage. The research design is a case study of a consistently high-performing firm in the motor service industry in Kenya. To collect data, in-depth, semi-structured, face-to-face audio-taped interviews with senior managers including the chairman and CEO were employed. This study's key finding is that tangible resources should possess the characteristics of rarity, valuability, inimitability and unsubstitutability which create sustainable competitive advantage and include state-of-the-art modern showrooms, service workshops, financial resources, spare parts warehouses and human resources. This research contributes to the development of a new theory that integrates the resource- and activity -based view of management, it provides a new research methodology and has implications for policy makers and business in the motor industry. The activity-based view framework is integrated with the resource-based view to explain the actual value creation process by means of tangible resources.

Key words: Resource- and activity-based views, competitive advantage, activity drivers, Kenya.

INTRODUCTION

This article reviews the creation of sustainable competitive advantage by tangible resources of a consistently high-performing firm, in the motor service industry in Kenya, and, specifically, the actual process of value creation by tangible resources. The research study assumes that understanding the value creation process will help address a number of weaknesses and criticisms of the main theory of determining sources of competitive advantage (Armstrong and Shimizu, 2007; Barney et al., 2001, Hoopes et al., 2003; Kraaijenbrink et al., 2010; Newbert, 2007; Priem and Butler, 2001). The process of creating sustainable competitive advantage in this article is based on the theory of resource-based view of the firm (Barney, 2001, Wernerfelt; 1984, 1995). This article also introduces the activity-based view framework into resource-based view, with the assumption that a linkage

between these two theories explains the actual process of value creation for the customers by tangible resources. As it is the desire of every firm competing to be a market leader, the pursuit of superior performance in the industry remains a subject of focussed interest in strategic management. In the same vein, differences in firms' performance persist (Wiggins and Ruefli, 2002) even within the same industry. For instance, one motor manufacturing firm has been a consistently high performer for over ten years in the motor service industry in Kenya. This consistent superior performance has been a concern to competitors, scholars and investors in the motor service industry.

The main purpose of this article is to review the findings of a case study conducted at a motor manufacturing firm in Kenya. The article further sought to investigate how

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tangible resources create sources of sustainable competitive advantage for the case study firm, which, in turn, contribute to the firm's consistent superior performance. The study also sought to explain the actual process of value creation. In this article, the background and importance of the study will first be provided, followed by a literature review and theoretical framework. Thereafter, the research design and methodology of the study are outlined and the main results are discussed. Some conclusions and implications are also provided.

Background and importance of the research

Resource-based view is a theory in strategic management literature that has been applied in management research to analyse and explain resources of a firm that have the potential to create and sustain competitive advantage and, in turn, superior performance among firms (Barney, 2001; Barney and Arikan, 2001; Sheehan and Foss, 2007). However, the literature reviewed for the purpose of this study revealed that there was no empirical study that linked resource-based and activity-based views in strategic management. While the differences in firm market performance in Kenya is widely acknowledged, there has been no empirical research in the country to date that explains the persistent difference in the performances of firms operating in the same motor service industry and under the same competitive conditions and market environment. The unexplained firm performance differences prompted this study and informed the following research question to be addressed in this article:

Why do some firms within the motor service industry outperform others? What is the basis for the sustained competitive advantage?

Research objectives

The primary objective of this research study is to investigate how tangible resources create sources of sustainable competitive advantage, with specific reference to the high performing motor manufacturing firm in Kenya.

To achieve the primary objective of this research study, the secondary objectives are:

1. To undertake a detailed theoretical investigation regarding how tangible resources can create sustained competitive advantage for a firm.
2. To investigate a possible link between the resource-based view of the firm and the activity-based view framework and how this link helps in explaining the process of actual value creation for customers.
3. To provide general guidelines and strategic

implications for using tangible resources to create sources of sustainable competitive advantage for firms competing in the motor service industry in Kenya.

LITERATURE REVIEW

This literature review section starts by reviewing the key concept of sustainable competitive advantage, and follows with brief discourses of resource- and activity-based views, including criticisms. A link between resource- and activity-based views is then provided.

Sustainable competitive advantage

Competitive advantage is sustainable when rival firms give up plans to imitate the resources of the competitors (Barney 2001, Haberberg and Rieple 2008:286, Grant 2010:137) or when barriers to imitation are high (Hill and Jones 2009:98-101). When the imitative actions have come to an end without disrupting the firm's competitive advantage or when it is not easy or cheap to imitate, the firm's competitive strategy can be called "sustainable". Hill and Jones (2009:77) observe that the pursuit for sustainable competitive advantage has been the primary objective in the study of a firm's competitive strategy and generation of superior profitability. Porter (2004) considers the term sustainable as encompassing the protection of resources for longer period of time into the future (Haberberg and Rieple 2008:286, Grant 2010:136-138, Hitt et al. 2007:85-88, Thompson et al. 2012:147).

The concept of sustainable competitive advantage can also be understood along the dimensions of durability and imitability (Grant, 2010; Haberberg and Rieple, 2008; Wheelen and Hunger, 2010). Durability determines how long the competitive advantage is sustainable and is considered in terms of the ability of competitors to duplicate or imitate through gaining access to the competitive resources and competitive capabilities on which the competitive advantage is built. Wheelen and Hunger (2010) postulate that durability represents the pace at which a firm's underlying competitive resources, competitive capabilities or core competencies depreciate or become obsolete or irrelevant, owing to causes including new technology and innovations. Hill and Jones (2009) postulate further that the longer it takes for the competitors to achieve an imitation, the greater is the chance for the successful firm to improve on the core competencies or build new core competencies, to stay a number of steps ahead of the competition (Grant, 2010; Hill and Jones, 2009; Thompson et al., 2012). Thus, the firm's ability to delay imitations or duplication of its competitive resource base is essential to derive maximum benefit from any competitive advantage.

While other sources of sustained competitive advantage exist, core competencies are the direct source of

sustainable competitive advantage on which most scholars widely agree (Grant, 2010; Hill and Jones, 2009; Hitt et al., 2007). Lynch (2009) explains that core competencies are special skills and technologies that enable a firm to provide a specific value added to the customers, as they provide the foundation of core products and services which are at the centre of a firm's activities.

Resource-based view of competitive advantage in firms

According to literature (Grant, 2010; Hitt et al., 2007; Zubac et al., 2010), the resource-based view of the firm explains the variances in performance between firms. The resource-based view attributes superior performance to the ownership and control of unique bundles of competitive resources that create for each firm a source of sustainable competitive advantage (Barney and Arian, 2001; Hoopes et al., 2003). The origin of resource-based view is the work of Penrose (Barney and Arian, 2001; Hoopes et al., 2003; Wernerfelt, 1984) who described a firm as a "bundle of resources" the disposal of which between different uses and over time is determined by management decision making. Wernerfelt (1984) coined and introduced the term, "resource-based view" and argued that the difficulty facing a firm in owning a resource is comparable to difficulties facing the firm when entering an industry. As a result, the resource-based view developed as an explanation of performance differences between firms in the strategic management literature (Barney and Hesterly, 2008; Thompson et al., 2012). The resource-based view is currently used as a theory to analyze and determine whether the source of superior firm performance resides in a firm and not industry effects (Ruefli and Wiggins, 2003).

According to Zubac et al. (2010), the resource-based view is additionally used in determining whether the firm's initial bundle of resources and subsequent resource configurations are the sources of a particular firm's superior performance (Grant, 2010; Hitt et al., 2007; Priem and Butler, 2001; Thompson et al., 2012) and to what extent the process of customer value creation is resource dependent (Priem and Butler, 2001). In the customer value creation process adopted in this study and supported by literature as recent as Hill and Jones (2009) and Hitt et al. (2007), core competencies combine or recombine activities of a firm with the competitive resources to create value for the customer through process and service differentiation, low cost structure and superior customer focus through superior customer responsiveness (Hill and Jones, 2009).

The value created for the customers and appropriated by the firm is the source of competitive advantage, which is then sustained through the creation or presence of isolating mechanisms and other barriers to imitation. A firm enjoying sustainable competitive advantage records a consistent superior performance (Grant, 2010; Hill and

Jones, 2009; Hitt et al., 2007; Zubac et al., 2010). While the resource-based view is one of the most respected theoretical frameworks in strategic management, criticisms continue to be levelled against the resource-based view theory (Foss and Knudsen, 2003; Kraaijenbrink et al., 2010). These criticisms include definition and requirement criteria for resource sustainability (Priem and Butler, 2001; Teece 2007), possible inappropriate choice of research design and methodology (Armstrong and Shimizu, 2007; Newbert, 2007), generalisability of research findings determined by the resource-based view theory (Lockett et al., 2009) and, lastly, ascertaining the presence of chain of causality from the moment resources are deployed to the generation of firm performance (Newbert, 2007; Sanchez, 2008).

Armstrong and Shimizu (2007) posit that most research using the resource-based view as the theoretical framework have centered mostly on intangible resources. This is also the position taken earlier by Newbert (2007) and Clulow et al. (2003, 2007). Sheehan and Foss's (2007) critique is that resource-based views remain unclear and unsystematic, as there is no explicit explanation of how specific competitive resources actually contribute to the creation of sustained competitive advantage (Sheehan and Foss, 2007). Priem and Butler (2001) contend that the resource-based view provides little insight into the process of how value is actually created and appropriated. In a recent critique of resource-based view theory, Priem and Butler (2001) focus on the issue of value creation, by posing the question, "Is the resource-based view theory suitable for strategy research?" Priem and Butler's (2001) contention of the resource-based view is that, while it provides a theory of sustainability, it is not a theory of value creation.

Activity-based view of competitive advantage in a firm

Porter (2004) introduced the concept of activity drivers and Ray et al. (2004) recognized the role activities occupy in the creation of competitive advantage. Both Porter (2004) and Ray et al. (2004) postulate that activities are the processes through which resource value and ability to generate competitive advantage are realized (Ray et al., 2004). Sheehan and Foss (2007) and Porter (2004) state that activity drivers such as capacity utilisation, location and scale, are the levers that managers employ to achieve the firm's value creation. The process of value creation involves using activity drivers to improve efficiency, quality, innovativeness and effectiveness of response of individual firm activities (Hill and Jones, 2009). Secondly, the process of value creation is to ensure that the activities are core to the firm's operations (Hitt et al., 2007). In the case of the motor service industry, as in this study, being present in any market segments necessitates the firm's involvement in performing variety of discrete activities such as car

Table 1. Drivers to improve efficiency and effectiveness of activities.

| Type of driver | Question to be addressed |
|----------------------|---|
| Scale | Should the firm increase or reduce the size of its after-sales activities? |
| Capacity utilisation | Can the firm increase the utilisation of after-sales resources or reduce fixed costs? |
| Interrelationships | Can the firm increase the level of coordination between the strategic business units? |
| Location | Should a firm re-locate or increase its after-sales activities? |
| Accumulated learning | How can the firm leverage its knowledge base and/or protect others from profiting from it? |
| Linkage | Can the firm improve coordination between related activities? |
| Integration | Should the firm be outsourcing more or less? |
| Policy choices | If the firm's after-sales activities are too complex, can the firm lower costs by simplifying operations? |

Source: Adapted from Sheehan and Foss (2007).

sales, customer follow-ups, car after-sales service and spare parts support and supply. According to Porter (2004), it is the specific activities that generate costs to a firm and create value for the customers. Activities are, therefore, the units of examining the creation of a firm's competitive advantage. Sheehan and Foss (2007) adopt activities as the unit of analysis at the firm level and add that the activity-based view is based on the logic that firms are compensated for the activities performed, to provide services needed and expected by customers and responsiveness to customers (Sheehan and Foss, 2007).

An activity-based view is also at the core of analysing a firm's competitive advantage as it provides a means of conceptualising the firm in a way that explains the foundations of competitive advantage and its sustainability. Porter (2004) additionally describes strategy as an internally-consistent outline of activities that offer low cost structure and differentiation of a firm from its competitors. Barney (2002) postulates that the activity-based view provides direction for configuring activities and drivers to achieve profitable positions. Activity drivers are levers that managers often deploy to improve firm value creation by enhancing the functions of specific core activities. Accordingly, managers can improve their operational costs and create customer value by addressing several issues as indicated in Table 1.

From Table 1, it can be concluded that drivers and activities can be incorporated into the resource-based view to analyze the firms performance and to explain how the strategic resources actually create customer value, resulting in competitive advantage and hence, superior firm performance. The activity drivers provide the effectiveness, quality, customer responsiveness and efficiency through which respective activities, such as after-sales service and spare parts support, are conducted (Hill and Jones, 2009). This then translates into lowered costs of activities or differentiation in service through superior customer responsiveness and performance. Any of these four core competencies, namely, efficiency, quality, innovation and customer responsiveness, create value to

the customer and explain how competitive resources create value as well as competitive advantage which is the core of this study's investigation.

Theoretical frame work

The theoretical frame work in Figure 1 incorporates the characteristics that must exist for tangible resources to create and sustain competitive advantage, for a consistently high-performing firm in the motor service industry.

In Figure 1, the modification is also informed by resource-based view literature (Barney, 2001, 2002; Ray et al., 2004; Sheehan and Foss, 2007) and the activity-based view frame work (Peteraf and Barney, 2003; Porter, 1991). Figure 1 illustrates the activities of a typical motor service industry structure extracted through the firm's value-chain analysis, as recommended in literature (Hill and Jones, 2009; Porter, 1991).

The core activities of a typical motor service firm includes car sales, a spare parts warehouse and a service workshop for providing the much needed after-sales back up, a requirement that is often crucial in car ownership as customer-value adding and often the main activity that makes the competitive difference between firms in the motor service industry (Hill and Jones, 2009; Hitt et al., 2007; Sheehan and Foss, 2007).

RESEARCH DESIGN AND METHODOLOGY

This research study followed the most appropriate research design and methodology (Armstrong and Shimizu, 2007; Hoopes et al., 2003; Newbert, 2007). A qualitative case study of single firm in a single industry of a consistently high-performing firm in the motor service industry in Kenya was used (Siggelkow, 2007). In order to meet the study's objectives, the study subsequently adopted the use of in-depth, semi-structured, face-to-face audio-taped interviews, based on a prior agreed study rationale, with nine senior managers of the study firm, including the chairman and CEO, as key informants, to collect data.

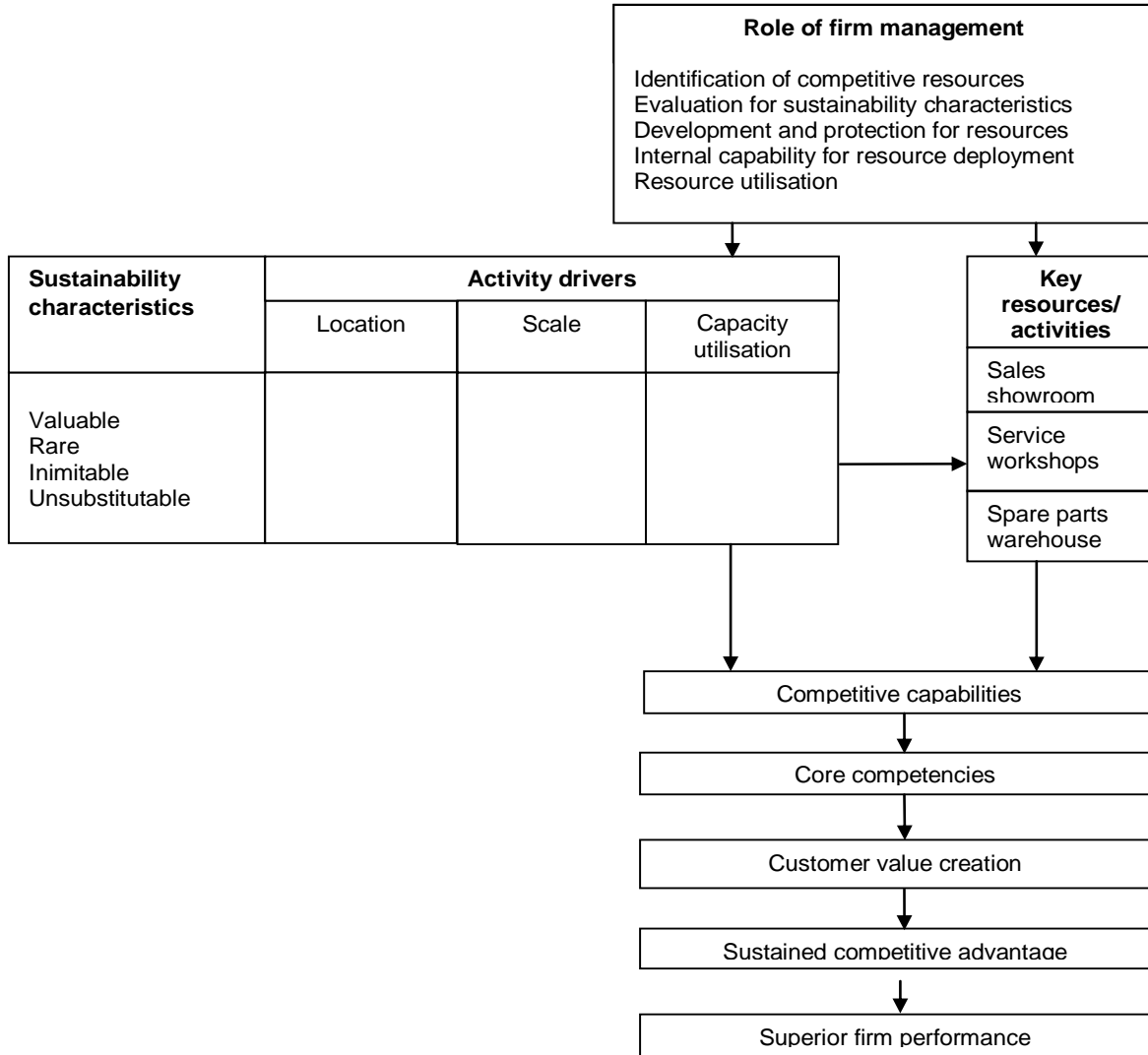


Figure 1. Theoretical framework. Source: own construction.

Sampling

In this study, a total of nine top managers at the motor manufacturing firm were purposefully selected, to be the key informants. These informants were the chairman, CEO, five divisional managers and two senior managers holding supervisory roles. These top managers were selected based on the perception that from their senior positions at the motor manufacturing firm, the informants are reliable and knowledgeable about the competitive and market conditions in which the motor manufacturing firm operates. These managers were also selected particularly owing to their long experience at the motor manufacturing firm and the motor service industry in general.

Data collection

According to Merriam (1998), face-to-face in-depth interviews are the most regular source of data in case study research. Although observations are important, they are highly-subjective data source whose use must be carefully considered. In this study, as supported

by Yin (2009), rigorous data collection followed carefully-linked steps, including: in-depth, face-to-face interviewing of nine top managers of the motor manufacturing firm to ensure the use of multiple sources of evidence, the creation of a study database including attaching the study transcripts, and the maintenance of a chain of evidence, through the use of the theoretical framework for the study design, data collection, data analysis, discussion of findings and study final reporting. In particular, Yin (2009) supports the use of multiple sources of data which enables the coverage of a broader range of views and issues and facilitated triangulation. The use of a pre-determined, semi-structured interview schedule and rationale, reflecting the broad issues generated from the resource-based and activity-based view frameworks assisted greatly in the development of converging lines of inquiry which was aided further by the process of triangulation.

Data analysis

For the data analysis, this study followed the recommendation of Yin (2009) who proposes general strategies for data analysis, as

well as noting Merriam's (1998) list of a number of data-analysis strategies within a study, such as ethnographic, narrative, phenomenological, constant comparative, content analysis and analytic induction. The study incorporated Yin's (2009) recommendation that data should be systematically recorded and managed through a data base, and that analysis should include constructing of categories or themes, naming the categories and sub-categories, and developing systems for placing the data into the categories.

RESULTS AND DISCUSSION

This study's key finding is that tangible resources possess the characteristics of rarity, valuability, inimitability and unsubstitutability which create sustainable competitive advantage. However, this study's findings do not support similar previous studies (Clulow et al., 2003, 2007) which found that tangible resources did not satisfy the criteria for being sources of sustainable competitive advantage. Guided by the theoretical framework (Figure 1), the next section discusses the results of the data as represented in the framework.

Sales showroom

All the five divisional managers were unanimous in their responses that the modern sales showrooms enabled customer responsiveness leading to the creation of a differentiated advantage by enabling the study firm to display a wide range of cars. In addition, the modern sales showrooms facilitated customer care through the provision of a place to offer soft drinks, Internet access and a waiting area. In addition, the physical presence and the ambience contributed to creating confidence in the firm and peace of mind. Owing to the high price of land in Nairobi and the costs of building and equipping a state-of-the-art sales showroom, coupled with the unavailability of land in an area occupied by potential customers, the modern sales showroom is valuable, rare, inimitable and not easy to substitute. As already posited in Hill and Jones (2009), modern showrooms, as tangible resources, formed the sources of service-process innovation and superior responsiveness to the customers, which are core competencies that created and sustained competitive advantage, through the creation of customer value in the form of utility and satisfaction. The concern for the location of sales showroom was also expressed and this response was triangulated by the two supervisors. The capability of the showroom to handle different models reaffirms the importance of scale and capacity utilisation which are two activity drivers included in the theoretical framework.

Service workshop

The responses from the five divisional managers, and confirmed by the CEO and the chairman, points out that

the availability of a service workshop extend the total customer experience. The customer experience starts with the purchase of a vehicle and includes the customers' expectations and needs for efficient service coupled with quality after-sales service and support, so that customers can enjoy vehicle ownership. The presence of superior responsiveness to the customers directly contributed to a sense of security and peace of mind by the customer, which further created a feeling of reliability when owning Toyota cars and having a promise of availability of efficient service and quality after-sales service and support, when required. The feeling of security and increased reliability also contributed to customer satisfaction, resulting in trust and loyalty. The capability to make customers feel satisfied as a result of the presence of facilities that guarantee superior responsiveness to customers is core competence that creates and sustains competitive advantage (Hill and Jones, 2009).

Spare parts warehouse

All the nine informants stated that presence of spare parts warehouse was one of the most important facilities contributing to superior customer responsiveness. Spare parts supported the service workshop activities, spare parts availability enhanced road safety and reduced car repair down time. In the literature, repair down time is described as customer response time when vehicles are in the work shop waiting for the spares to be ordered urgently, often by air (Hill and Jones, 2009). The spare parts warehouse, when big, enables the holding of more regular stock of spares, thereby reducing the parts pricing and lead time. Spare parts availability also enhances the resale value of the vehicles as well as the image of the study firm.

Financial resources

Most managers scored the ownership of substantial financial resources high, but not as high as the physical resources. The presence of financial resources, through Tsusho Capital, created sustained advantage, by offering car purchase loans to the car buyers, especially individuals and small micro-enterprises that do not normally qualify for loans from commercial banks. The offering of finances and insurance services are an additional response to customers' needs, as well as being innovations for car purchase processes, thereby adding more value to what the physical tangible resources of modern showrooms, service workshops and spare parts warehouses are already creating.

Human resources

The importance of human resources was also captured

by all nine key informants and rated as very high in terms of being a source of sustained competitive advantage. All the key informants stated that employees were treated extremely well, with management skill training being important. When coupled with a good, creative and rewarding environment, the motor manufacturing firm has managed to retain nearly all top-performing employees. Also owing to the motor manufacturing firm's Kaizen philosophy, which means constant improvement, employees worked as a team, developing lifetime career culture and exemplary work ethics.

This path, which is dependent on a process of employees' development and deployment, made it difficult for employees to leave and join the firm's competitors. Those few who left were often not good performers, and eventually left the firm though their inability to be productive. These human resources practices create a source of sustained competitive advantage, through increased and self-supervising productivity which is part of the total quality management concept model. This concept of quality on competitive advantage comes from the greater efficiency and the lower unit costs associated with reliable service. According to Hill and Jones (2009), when customer service is reliable, less time is wasted making defective workshop repair service or providing substandard services and less time has to be spent fixing mistakes, which translates into higher employee productivity and lower unit costs. Therefore, high service quality not only enables a firm to differentiate its services from that of competitors, but if the service is reliable, it also lowers costs, hence lower pricing for customers and more profitability for the firm enjoying the lower costs.

Activity drivers

This case study further included the concept of activities and activity drivers in an attempt to address the perceived shortcomings of the resource-based view theory. Porter's activity drivers (2004), captured in the case study model and the subsequent data collected during the interviews in this case, are levers that managers at the high performing firm have been able to employ to improve value creation in two ways.

The first method involved the activity drivers to improve the efficiency and effectiveness of individual firm core activities. Among the activity drivers cited were economies of scale in spare parts purchase and stocking, which afforded parts at affordable prices to the firm's customers. The size of the warehouse for spare parts enabled customer responsiveness, facilitated adequate inventory holding that improved availability to customers, resulting in customer confidence, satisfaction, trust and loyalty.

The second method involved improving the fit at the level of the firm's activity set. Managers at high performing firm in Kenya have been able to identify

potentially rewarding competitive tangible resources, such as locations and positions of the after-sales service complex. They then used the competitive capabilities ensued to build core competencies such as timely repairs to the vehicles and easy access by customers to the facilities to create competitive advantage. Managers sustain this through a continued improvement philosophy to generate superior firm performance. The creation of customer value through customer responsiveness and subsequent provision of customer service to create sustained competitive advantage is also supported by Hill and Jones (2009) and Lynch (2009) who stated that some firms deliberately seek to provide superior levels of service that competitors are unwilling or unable to match or cannot afford to support.

Conclusion

The conclusion is that the study firm, which has consistently performed at a higher level than competitors in the same motor service industry, owns a bundle of tangible resources, which are identified as state-of-the-art modern showrooms, service workshops, financial resources, spare parts warehouses and human resources. In addition, the research study concludes that these five key tangible resources possess the characteristics of resource sustainability, which is rare as tangible resources value is uncertain. The physical after-sales service is complex and the service workshop and spares parts warehouse is immobile, inimitable and unsubstitutable.

This research study's finding is inconsistent with literature (Clulow et al., 2003, 2007) by adding tangible resources as the main source of sustained competitive advantage. Clulow et al.'s (2003, 2007) studies limited the sources of sustained competitive advantage of a service firm, to intangible resources and capabilities, clearly leaving out tangible resources. This study also suggested that the reasons for this inconsistency could be one or several of the following:

Firstly, the Clulow et al. (2003, 2007)'s studies were conducted in Australia, while this study was conducted in Kenya, representing a different economic and social environment. The possibility that the differences in the findings can be attributable to country effects as confounding factor is supported in literature (Armstrong and Shimizu, 2007).

Secondly, the Clulow et al. (2003, 2007)'s studies were conducted in banking and financial services industries while this study was conducted in the motor service industry. Industry competitive dynamics and different key success factors between the two types of industries could have contributed to the differences in the study findings (Priem and Butler, 2001; Barney, 2001).

Thirdly, the cause of differences emanated from the value creation process and the meaning given to the

resource creating terminologies. In the current research study, core competence is construed to emanate from competitive capabilities, competitive capabilities are construed to emanate from combination of competitive resources and firm capabilities, as supported by Hill and Jones (2009), Hitt et al. (2007), Hoopes et al. (2003) and Newbert (2007) among other resource-based view literature.

Fourthly, a single key informant was interviewed in the research methodology adopted by Clulow et al.'s (2003, 2007) case studies. In the current study, multiple key informants were interviewed, which Yin (2009) refers to as multiple sources of evidence, which could have influenced the findings, as the nine key informants formed multiple sources of data and obvious sources of differences, adding reliability and data validity. The informants were also considered as industry experts.

IMPLICATIONS OF THE STUDY

This study suggests different implications as indicated below.

Distinct contribution to new knowledge

First, an emphasis that firm performance differences are attributable to the unique competitive resources, competitive capabilities and core competencies owned, developed, protected and deployed by the firms, through strategic choices made by the top management, to meet customer needs and expectations. This is explained by the resource-based and activity-based views of firm approach (Armstrong and Shimizu, 2007; Grant, 2010; Hitt et al., 2007). Second, is that to understand the process of creation of sustained competitive advantage, the distinct differences and meaning of the terminologies used in the creation of sustainable competitive advantage, ought to be understood and used in literature (Grant, 2010; Hill and Jones, 2009; Hitt et al., 2007; Wheelen and Hunger, 2010).

Distinct contributions to research methodology

This study uses multiple key informants in a resource-based view study, as opposed to a single key informant, which was the case in previous similar case studies (Clulow et al., 2003, 2007). This is an improvement in research methodology which gives credence to Yin's (2009) recommendation by positing that the use of multiple sources of evidence, which encourage convergent lines of inquiry during data collection, increases construct validity when carrying out case studies. The use of multiple key informants also introduces the concept of data triangulation, through multiple sources of data, which increases this study's validity and the reliability of

data collected (Yin, 2009). Contrary to a number of criticisms (Hoopes et al., 2003; Kraaijenbrink et al., 2010; Priem and Butler, 2001; Sanchez, 2008), this research study finds that the resource-based view has a role for a firm's management and is, therefore, of value as a strategic management tool.

Implication for policy makers

The need for understanding the unique operating environment in Kenya, as compared to the developed countries, as Australia, where similar studies were conducted (Clulow et al., 2003, 2007) is emphasized. This study concludes that the state-of-the-art modern customer service complex is central to the creation of the firm's sources of sustained competitive advantage. This is because the tangible resources identified created value for the customers by enabling superior customer responsiveness in providing customer service by offering efficient and effective after-sales service and spare parts supporting following car purchases. The impact of the findings of customer responsiveness in this study requires the building of a customer service complex, as a minimum requirement for investing in the motor service industry. The setting up of a customer service complex is a key requirement to ensure success.

According to the study findings, no make of car should be introduced into the motor service industry in Kenya before investment is made in the setting up of tangible resources in building an after-sales service complex, complete with modern showrooms, service workshops and spare parts warehouses. These study findings, therefore, inform strategic policy formulation and implementation by all firms expecting to or already competing in the motor service industry in Kenya (Armstrong and Shimizu, 2007; Grant, 2010). The new knowledge on the activity-resource-based view, therefore, forms the basis for strategy formulation and implementation, and is at the core of solving the research problem of persistent performance differences in the motor service industry in Kenya. This conclusion is supported in literature (Grant, 2010). The activity-resource-based view, therefore, offers solutions to the research problem of poorly-performing firms in the motor service industry in Kenya.

Implications for practice

First, it is important to recognise that the performance differences between firms in the motor service industry in Kenya is attributable to the unique competitive resources, competitive capabilities and core competencies owned, developed, protected and deployed by each individual firm in the motor service industry in Kenya.

The second implication is to recognise that identification and acquisition of competitive resources and capabilities are strategic choices available and made by

the top managers, to meet customer needs and expectations and that this can be understood through the activity-resource-based view approach of firm strategy (Grant, 2010; Hitt et al., 2007). The study also concludes that the top management has a role in acquiring tangible resources and their subsequent development, leveraging and nurturing of the tangible resources into new competitive capabilities and core competencies to sustain competitive advantage and subsequently achieve superior firm performance. The other implication for practice is that where the existing tangible resources of a firm are not adequate to facilitate the expected market share and competition in the motor service industry, there is need for the managers to acquire new and develop current tangible resources to a level that enable the firm to be competitive. This means that firms competing in the motor service industry in Kenya should exploit existing competitive capabilities using the present tangible resources, while generating and developing a new set of competitive tangible resources and competitive capabilities, to sustain the firms' competitiveness (Armstrong and Shimizu, 2007).

Lastly, the study's contribution to practice has answered another critique that the resource-based view theory has no managerial implications or operational validity (Priem and Butler, 2001). The study findings informs managers to develop and obtain rare, valuable, inimitable and unsubstitutable resources, develop an appropriate firm capabilities, but also points out how value is created for the customer. Lastly, the firm must have internal capability to deploy and fully utilise the competitive resources possessed (Barney, 2002).

Limitations of the study

One of the main criticisms of resource-based view research is the definition of the term resource (Hoopes et al., 2003, Newbert, 2007). In this study a very broad definition was used. The other limitation is that this study is conducted in a single firm, in a single industry in the motor service industry, in a developing economy like Kenya. The generalisability of the study findings is, therefore, limited although analytic generalisation informs and contributes new knowledge known as activity-resource-based view theory of the firm (Lockett et al., 2009; Sanchez, 2008).

Suggestions for future research

The results of this study, coming from a single firm in a single industry, present an opportunity for further research to replicate this study in other firms and in different industries and country environments. Further studies of this nature within different firms in the motor service industry would allow an opportunity for contrast and comparison. While there are no similar past studies

in Kenya on which to compare these study findings, the study is significant as it provides a benchmark upon which future local studies in similar firms and industries in Kenya can be based. Future research would be well served to examine if there are further characteristics that influence a firm's tangible resources to create and sustain competitive advantage in different firms, in different industries and under different country settings.

The key findings of this study present significant implications for further activity-resource-based view (ARBV) theory development, especially the role of tangible resources in creating and sustaining competitive advantage in high-performing firms, in order to agree with, extend or disagree with the study findings. Of particular interest for scholars and researchers for future theorising and empirical research, to extend further the activity-resource-based view theory, is the need to have a universally-accepted definitions and demarcations of the terms *competitive resources*, *capabilities* and *core competencies* (Kraaijenbrink et al., 2010).

Lastly, the literature suggests that the strategic and services marketing management interface is direct, especially as regards to value creation for customers using tangible resources. This study, which is based on resource-based and activity-based view theories illustrates that the strategic management and services-marketing management interface are more complex than current literature suggests and this position sets an urgent foundation for further research regarding this interface.

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