THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Mediating Role of Competitive Advantage on Organisational Resources and Performance in Telecommunication Industries in Kenya

Dr. Jane Gakenia Njoroge
Lecturer, Department of Public Policy and Administration,
School of Humanities and Social Sciences, Kenyatta University, Nairobi, Kenya

Abstract:
An Industry's performance is a function of how well managers strive to gain competitive advantage by building the organizational resources within their reach. Resource Based View regards a firm's specific resources as the fundamental source of superior performance. Resources must be valuable, rare, inimitable, and lack of substitutes to give competitive advantage and hence superior performance. Empirical studies indicate that the telecommunication industry has been dominated by one player for the last six years. Despite strategies and effort of other players such as lowering tariffs, coming up with cheaper money transfer, other attractive offers like free calls and messages, they have not managed to get a competitive edge leading to one company continuing to dominate the market. For this reason, homogeneity in performance for the companies operating in similar competitive conditions and industrial environment has not been explained. This study examined the mediating role of competitive advantage on organizational resources and performance of telecommunication industries in Kenya. To achieve the objectives, the study used a combination of explanatory design and descriptive survey research design, specifically cross sectional design. The target population consisted of 381 respondents and the sample size was 170 respondents from the telecommunication industries in Kenya. The research adopted stratified random sampling technique. The study used mainly primary data which was collected using self-administered questionnaires. Data was analyzed using descriptive and inferential statistics. Descriptive statistics was used to summarize data while inferential statistics, specifically multiple linear regression was used to test hypotheses. The analysis used strata statistical package version 11.0 to aid data analysis. The results were presented using tables. Competitive advantage had a partial mediating effect on the influence of organizational resources on performance. Finally, the study recommended that further research be done by replicating the same study in other companies or industries like banks.

Keywords: *Competitive advantage, organizational resources, performance and telecommunication industry*

1. Introduction

1.1. Background of the Study

The conditions of performance and competitive advantage constitute a major research theme in strategy and management, which has been going through a major shift from 1990s to date. Further the research argued that a firm is said to enjoy higher performance than competitors when it puts into practice a value creating strategy that gives an organization competitive advantage and hence, the process of creating superiority in performance is consistent with the Resource Based View theory of the organization (Njoroge, Muathe and Bula, 2016) . The Resource Based View perspective puts emphasis on firm specific resources and capabilities as elementary sources of competitive advantage (CA) which results to high performance (Barney& Hesterly, 2010).

According to the Resource Based View theory, performance results from competitive advantage (CA) which originates from the possession of distinctive resources and capability that must fulfill the conditions of evaluability, rareness, inimitability and non-substitutability (VRIN). Valuable resources add to improving the firm's performance. Rareness creates perfect competition since resources are possessed by fewer firms. Inimitable resources are costly to copy and non-substitutable, meaning that there is no alternative to fulfill the same function immediately (Arend & Levesque, 2010, Njoroge et al., 2016 & Barney, 2011).

Barney and Hesterly (2010) came up with the argument that evaluability, rareness, inimitability and organization (VRIO) gives competitive advantage. An organization puts in place policies and processes to facilitate use of VRIN resources. The study concluded that resources satisfying all the above criteria are known to be unique and they are the tools that enable a firm to gain above average profit and retain market leadership. Superior performance and market leadership exist when a firm's competitive advantage overcomes erosion by competitors' behavior over a period of time through imitability and non-substitutability (Kenneth, Anderson & Eddey, 2011).

Barney (2007) speculates that competitive advantage contributes to superior performance, by the fact that firms concentrates their competitive strategy in the direction of enhancing their resource pool. In addition, Barney (2007) has argued that a firm's resources which include all its assets, capabilities, organizational processes, the firm's attributes, is information and knowledge that is owned and controlled by the firm will eventually enable the firm to conceive and implement strategies that will develop its efficiency and effectiveness, giving it superior performance. Empirical evidence indicate that reputation gives the firm a competitive advantage than competitors if and only if it has an inimitability base and it is created when the firm's constituencies recognize it to be more attractive than other firms (Rose & Thomasen, 2009). Agawal, Barney, Foss and Klein (2009) identified a firm's organizational culture as contributing factor to advanced performance since they are heterogeneous and specific to the firm.

Rouse and Daellebach (2009) argued that for a firm to advance its performance, it must comprehend and ascertain its main resources that will improve its competitiveness and sustainability. The study established that a firm's skills, strategic positioning and intangible resources results to superior performance and that they aid the firm in formulating and implementing strategies that can improve effectiveness and efficiency of the firm. Barney and Hesterly (2010) advanced that intangible resources are more sustainable than tangible resources which can be acquired and duplicated by competitors. In addition, Kenneth, Anderson and Eddy (2010) pointed out that a firm has an advanced performance when it has the capability of maintaining VRIN resources for a number of years.

According to Wade (2010), a firm's performance superiority is not from one source but from a package of resources both tangible and intangible. Tangible resources such as physical building and land would only result to a temporal competitive advantage which is inadequate in the long run since the competitors are in a position to obtain crucial resources through substitutes, hence eliminating above average profitability of a firm. Intangible resources are the only resources that are able to produce competitive superior performance since they are valuable, rare, inimitable and non-substitutable (Gamero, Patricinio, Enrique & Jose, 2011; Costa, Cool & Dierick, 2013).

2. Literature Review

2.1. Theoretical Literature

2.1.1. Resource Based View

How a firm controls its key resources will determine its performance (Wernerfelt, 1984). The focus of the RBV is on attributes of resources and capability from the source they are gained to clarify a firm's heterogeneity, performance and sustainability (Njoroge, 2015). Further, resources are substances of approach in that gaining dominance in an aggressive marketplace is dependent on firm capability to recognize, build up, position and safe guard meticulously resources that differentiate it from its competitors (Morheney and Pandian, 1992).

Barney, Wright and Ketchen (2001) noted that every firm owns a diverse outline of tangible and intangible resources. Barney is one of the late contributors of RBV who studied and established the existence of key firm resources for superior performance. The theory of RBV assumes that individuals are inspired to make maximum use of economic resources available and rational choices that a firm makes which are shaped by economic framework (Barney, 2007). Resource Based View Theory in this study played a role of evaluating and explaining resources and capability of a firm that have the capability to create and maintain a firm's advantage and thus higher performance among the mobile phone industries in Kenya (Sheehan & Toss, 2007).

Complex packages of skills, obtained knowledge, ability and experience that facilitate the company to manage activities of the firm and make use of resources to create performance through coordinating and putting resources into proper production use is what defines capability (Amit and Shoemaker 1993; Barney, 2007 and Mckelvie and Davidsson, 2009). According to Lockett, Thompsons and Morgensrern (2009) on strategic management, RBV scrutinizes the resources and abilities that facilitate how the firm will produce above the ordinary rates of return and higher performance benefits.

The theory of RBV contributes in enabling the firm managers to check whether factors relevant to superior performance exist or not. This enables them to be in a position of exploiting market imperfection to advance their performance. That way, managers are put in a place where they can combine resources to sustain their performance advantage. Resource Based View theory provides the benefit to the firm specifically highlighting factors that creates superior performance for a firm (Locket, Thompson and Morgenstern, 2009). Resource Based View allows executives of the organization to choose the most important strategic factors to invest in from a given range of probable strategic factors in the mobile telecommunication industry.

Barney and Hesterly (2010) advanced that resources in general include the following key constructs: resources, capabilities and competences. In strategic management literature, resources are defined as stocks of accessible things that are possessed by the firm. Competencies are the firm's strengths that enable it to better differentiate its products or service quality by building technological system to respond to customers' needs, hence allowing the firm to compete more efficiently and successfully than other firms (Defillippi, 1990; Arend and Levesque, 2010 and Anderson, 2011). Resource Based View has contributed in strategic management through its emphasis on firm-specific resources as bona fide source of CA and high performance (Mckelvie & Davidsson, 2009).

For a firm to have CA and superior performance, resources and capabilities have to qualify as exceedingly valuable, rare, inimitable, and non-substitutable. Resources that are valuable add to advancing the firm's performance. Rareness creates ideal competition in view of the fact that resources in that category are possessed by fewer firms. Inimitable resources are costly to duplicate and non-substitutable, meaning that there is no alternative to accomplishing an equal function instantly available to competitors (Barney 2007, Barney and Hesterly, 2010). Tangible resources are physical substances that an organization possesses such as facilities, raw materials and equipment. Intangible resources include corporate brand name, organizational values, networks and processes that are not included in normal managerial-accounting information. Intangible resources are more likely to generate competitive advantage and superior performance as compared to tangible resources (Rouse & Daellenbach, 2009 & Kenneth *at el.*, 2011).

2.2. Empirical Literature Review

2.2.1. Organizational Resources and Firm's Performance

In the view of Liqin, Xie and Koos (2009) a firm can increase the number of customers it is serving or market share and profitability by cost leadership and differentiation by making their cost and products special to the firm and by applying the concept of casual ambiguity to them. The study used secondary data which has a major weakness, but the current study used both primary data and secondary data to have it sufficient current. Furthermore, the study used profitability and market share as financial measurement for performance, which was also applied for the current study. Liqin *et al*. (2009) used descriptive survey and analyzed the data using factor analysis, whereas the current study adopted descriptive survey but the analysis was done using multiple regression.

Previous studies on performance in most cases have conceptualized performance using non-financial and financial approach, such as customer satisfaction, market-share and profitability which were used in the current study (Njoroge et al, 2015). A study by Grahovac and Miller (2009) noted that competitive advantage will not always result to superior performance because it is a relational perception and it is also context-specific. The argument was further supported by Rose and Thomasen (2009) who stated that reputation as a competitive advantage does not lead to superior firm's performance, and that superior firm's performance can be realized without achieving competitive advantage position first. The study through the correlation method of analysis concluded that there is a direct relationship between reputation and performance.

Anderson (2011) in a correlation research noted that the performance of a firm keeps on changing due to factors like competitive environment, firm's resources, technology and strategies used in the industry; therefore, the firm ought to persistently meet changes that affect it and change the structure of the industry to meet the forthcoming market demand and thus retain its superior performance. According to Andersen (2011), competitive advantage and performance are constructs that are argued to have a complex relationship since most studies use them interchangeably as a dependent variable. The study found out a positive relationship between resources and performance and recommended further research on mediated relationship between strategic resources and performance; therefore, the study integrated organizational resources, competitive advantage and performance to analyze the relationship.

While the majority of the studies explored the impact of firm-specific resources on firm's performance, the study by Kumar, Jones, Venkatesan and Leone (2011) adopt CA as an important dependent variable in place of firm's performance. Hoq and Chauhan (2011) conceptualized performance measurement system in terms of market share and financial profitability, manager performance and development, worker performance. Market share and financial profitability were adopted as performance measures for the current study. In addition, the study found out that there is a significant relationship between organizational resources and performance of organizations. Further, the study made use of multiple regression, which was adopted for the current study.

A research by Costa, Cool and Dierickx (2013) clarified that, resources that are possessed by other firms who are either present or future competitors cannot achieve above average profitability unless they are made hard to obtain, implying that they are rare. The study concluded that resources, skills and techniques applied by a firm can only result to sustainable profitability if, and only if, competitors cannot duplicate them. Costa *et al.* (2013) recommended further research on the relationship between resources and performance; therefore, this study related the organizational resources and performance.

2.2.2. Competitive Advantage and Performance

Hill and Jones (2004) pointed out that a firm is viewed to attain a CA when it is in a position of sustaining above-average profit for a number of years, which is in line with Porter's (2008) definition. Nkatha (2004) specified that in Kenya, there is customer switch from inimitable products to more unique ones. Network providers should therefore try as much as possible through research to develop unique elements in their services to maintain their competitive advantage.

For a firm, to maintain its competitive advantage, it ought to understand and determine to keep its organizational perceived reputation and culture that will enable it to attain above-average profit so; they should be difficult to copy (Johnson, Scholes & Whittington, 2006). However, Barney (2007) had a different view, arguing that the term 'sustainable' does not only stand for time but also for the firm's capability to have a tactic in place that is easy to be duplicated by present or future potential opponents. Firms, that center on differentiation of products and services, coming up with what is entirely unique but which customers are ready to pay for, are capable of sustaining CA.

Porter (2008) pointed out that industrial attractiveness is the basic determinant of a firm's profitability and it can be clarified by the following five competitive forces: Threat to new entrants, bargaining power of the buyer, bargaining power of the suppliers, threat of substitute product, and rivalry among the existing firms. Buyers' power to bargain determines the firm's profitability, thereby affecting the cost of investment. With more players in the telephony industry, various options are available for the customers (CCK, 2013). This affects the firm's profitability by the customer reducing the purchasing price or asking for high quality product at a relatively low price. The bargaining power of the customer is more influential when products or services are not differentiated, as a result of which buyers can seek for options. However, Porter (2008) cautions that the strategy can be destabilized by competitors' imitation and customer price sensitivity. In this case, mobile phone companies firms should be innovative to develop distinctive products and services that will draw more precious customers and retain the existing ones.

Grahovac and Miller (2009) noted that if a company needs to gain a competitive advantage over their competitors, then the company must provide customers with unique and value-adding products by carrying out business activities more effectively and efficiently. Nonetheless, Grahovac and Miller's (2009) study looked at competitive advantage as an independent variable and therefore recommended the expansion of the model by interplaying competitive advantage as a mediator; hence, the current study filled the gap.

Maria, Jose and Enrique (2009) indicated that for a competitive advantage to act as a mediator variable, then it must be combined with resources to influence performance. Further, the study recommended areas of further research by testing mediation role of competitive advantage and resources separately; therefore, the current study attempts to fill the gap by taking organizational resource as an independent variable and competitive advantage as a mediating variable. Nonetheless, Xiaobu, Shuai and Wei (2010) in a survey of 65 firms stressed that competitive advantage has been proven to work as a mediator if, and only if, it is linked to resource, but if it is related directly to performance, it should work as an independent variable.

Li & Zhou, (2010) and Kinyua, Njoroge and Kiiru D (2015) recommended that a firm should differentiate itself to gain competitive advantage by offering products that have innovative features, creating good corporate reputation, having superior culture and developing strong brand names and networks. In addition, other previous studies appear to be in agreement that competitive advantage influences performance (Nham *et al.,* 2010), Xiaobu *et al.* (2010) and Raduan *et al.* (2011). Dess, Lumpkin and Eisner (2010) clarified that competitive advantage is temporal, since competitors can copy or develop similar physical resources, but SCA can be maintained indefinitely.

Jones and George (2010) pointed out that differentiation can be achieved in the course of production through attractive features, building brand image, value chain activities and marketing. The study noted that due to price strategy, reputation offers a temporary competitive advantage which should be tested further to see whether it contributes to competitive advantage. A company's competitive advantage is generated when a company comprehends well its internal and external environment and if, and only if, it is unique for each company such that it is costly to copy. Furthermore, it has been concluded that competitive advantage does not play a mediating role between resources and performance in companies that have different resources which are managed differently (Raduan, Haslinda & Alimin, 2011). A study done in banks by Chowdhury (2011) concluded that competitive advantage heavily depends on core competencies and capabilities and thus mediate the relationship between core competencies and capabilities and performance.

Competitive advantage is a benefit over rivals, acquired by offering consumers superior value, either by reducing prices or by offering reputable services with distinctive value that justifies higher prices. If a firm is highly regarded, with products of lower cost than those of the competitors, then it will constantly enjoy a better competitive edge. Customers can contribute to a firm having a competitive advantage when they see specific attractive elements in the products the company offers (Chowdhury 2011).

3. Research Methodology

3.1. Research Design

The study adopted both descriptive and explanatory research design. According to Eriksson and Kovalainen (2008), descriptive research involves producing data that is holistic, contextual and with rich details to test hypotheses or answer questions concerning the current status of the subject of the study. Explanatory research attempts to clarify why and how there is a relationship between two or more aspects of a situation or phenomenon. The explanatory research design was the best to explain the characteristics of the variables and, at the same time, examine the cause-effect relationship between variables. Cross-sectional design allowed collection of quantitative data from a population in an economical way (Njoroge, 2015 and Saunders, Lewis & Thornhill, 2009).

3.2. Empirical Model

The study adopted regression model. Linear regression was used to access the combined effects of independent variables organizational resources and mediating variable on the dependent variable performance. The model was presented in a linear equation form. Using linear regression analysis, it was possible to calculate the values of the constant coefficient $(\boldsymbol{\beta}_0)$ and the slope coefficients $(\boldsymbol{\beta})$ from data already collected. To test the mediating role, three steps were followed to establish whether there was full, partial or no mediation.

The first model tested direct relationship between Independent and dependent variable as
Model 3.1 which was estimated as the base model to determine the relationship between the independent variable organizational resource and dependent variable organizational performance.

$Y_i = \beta0 + \beta1OR + \varepsilon$ ……………………………………………………………………..3.1

Where:
Y_i is Organizational Performance (Dependent variable)
OR is Organizational Resource (Independent Variable)
β_1 are beta coefficient
ε is error term

Model 3.2 estimated the relationship between the mediating variable (competitive advantage) and the independent variable organizational resources.

Regression equation of X predicting M

$M = \beta0 + \beta1OR + \varepsilon$ ………………………………………………………………………….3.2
Mis Competitive Advantage (mediating variable)
OR is Organizational Resource (Independent Variable)
β_1 are beta coefficient
ε is error term

Finally, Model 3.3 was estimated to determine whether there was complete, partial or no mediation between the independent variables and dependent variable by introducing a mediator in the direct relationship (model 3.1)
Regression equation of X and M predicting Y

$Y_i = \beta0 + \beta1OR + \beta2\ M + \varepsilon$ ………………………………………………………………...3.3
Y_i is Organizational Performance (Dependent variable)
OR is Organizational Resource (Independent Variable)
M refers to mediating variable (competitive advantage)
$\beta_{1,}$ and $\beta_{3,}$ are the parameters to be estimated
ε: Error term

To make decision on the type of mediation, a table adopted from Baron and Kenny (1986) was used.

	Outcomes	**Conclusions**
1	If $\beta_1$is significant in model 3.1	Complete Mediation
	If $\beta_1$is significant in model 3.2	
	If $\beta_{1,}$ is not significant and β_2 is significant in model 3.3	
2	If$\beta_1$is significant in model 3.4	Partial Mediation
	If $\beta_1$is significant in model 3.5	
	If $\beta_1$in model 3.5 is significant but β_1 not significant in model 3.6 and β_2 is significant in model 3.6	
3	If $\beta_1$is not significant in model 3.4	No mediation
	If $\beta_{1,}$ is not significant in model 3.5	
	If $\beta_1$in model 3.1is significant and equal to β_1 in model 3.3 and β_2 is not significant in model 3.3	

Table 1: Mediation Decision Making Criteria
Source: Baron and Kenny (1986). Pg. 1173-1182.

In a complete mediation, $\beta_1$in model 3.1 and 3.2 must be significant but insignificant in model 3.3 and β_2 must be significant in model 3.3; For partial mediation, $\beta_1$in model 3.1 and 3.2 must be significant ,$\beta_1$in model 3.2should be significant but $\beta_1$insignificant in model 3.3and β_2 should be significant in model 3.3. In case for no mediation, $\beta_1$in model 3.1 and 3.2 must not be significant andβ_2 should be insignificant in model 3.3.

3.3. Sampling Design and Procedure

The study used proportionate stratified random sampling technique to select the required sample from the target population of 381 managers, drawn from the three strata of top-, middle and lower-level managers of the telecommunication in Kenya. Based on the total population of 381 managers, a sample of 170 was determined using Saunders *et al.,* (2009) sample size determination table at 95% confidence level.

3.4. Data Collection Instruments

The study used mainly primary data, which were collected using a self-administered structured questionnaire. This study also made use of secondary data obtained through document review of company's reports. Structured questionnaires were used in this study since they enabled the researcher to collect quantitative data (Gall and Borg, 2003).

3.5. Data Analysis Methods

Quantitative data was analyzed using descriptive and inferential statistics. Descriptive statistics was used to describe and summarize the data. Descriptive statistics of mean and standard deviation was necessary to access data characteristics and thus make it possible to interpret the information. Inferential statistic was carried out using linear regression models. Linear regression was conducted to determine which variables influenced the dependent variable most and determine the nature of influence. The adjusted coefficient of determination (R-squared) was used to indicate the percentage of variability of the variables that was accounted for by the factor**s** under study**.** This was followed by determination of standardization beta (β) coefficient which indicated the direction (+ or -) and the magnitude of the influence as well as compare the relative contribution of independent variable in the firm's performance (Hair *et al.*, 2006).

4. Research Findings and Discussion

4.1. Response Rate

A total of 170 questionnaires were administered to 57, 49, 38 and 26 managers in Safaricom, Airtel Orange and Yu respectively, Out of 170 questionnaires that were distributed, 143 were correctly filled and returned. This represented 84 percent. According to Mugenda and Mugenda (2003) and Saunders, *et al.,* (2007), a response rate of 50 percent is adequate, 60 percent is good, and 70 percent is very good. Therefore, the response rate of 84 percent is very good and hence acceptable for drawing conclusions on the current study.

4.2. Descriptive Analysis

4.2.1. Performance of Mobile Phone Companies in Kenya

The responses were on the level of 1 to 5. The results are given in Table 4.3.

Description	**Response Rate in Scale of 1-5**					**Mean**	**Std. Deviation**
	None	**Less than a million**	**1 million-10million**	**11million-20 million**	**Above 20 million**		
Profitability							
1st year	14.5	8.6	1.3	13.2	62.5	4.007	1.516
2nd year	14.5	4.6	1.3	1.3	78.3	4.243	1.496
3rd year	0	0	19.1	9.9	71.1	4.520	.797
4th year	0	1.3	5.3	15.1	78.3	4.704	.629
5th year	0	.7	3.3	.7	95.4	4.908	.436
Aggregate score						4.476	.975
Market Share							
Year	0%	1-25%	26-50%	51-75%	Above 75%	Mean	Standard Deviation
2009	9.9	78.9	3.3	7.9	0	2.092	.665
2010	6.6	58.6	25.7	9.2	0	2.375	.744
2011	3.3	63.8	9.2	23.7	0	2.533	.891
2012	68.4	68.4	29.2	1.3	0.7	2.342	.541
2013	0.7	7.7	3.3	24.3	0	2.513	.869
Aggregate score						2.371	.742

Table 2: Firm's Profitability and Market Share
Source: (Survey data, 2014)

The aggregate score for profitability after tax was M= 4.476; SD =0.975, this implies that on average the respondents affirmed that their service providers made profits of between 10 to 20 million shillings over the last five years. Different managers of different companies had divergent views on the profitability of their firms with a standard deviation of 1.516 since some companies were new and others were well established. A mean of 4.908 indicated that the profit after tax of above 20 million was achieved at the fifth year. The respondents across the five years stated that the market share increased by 1-25%. In the first year 78.9% of the respondents stated that market share increase was between 1-25% compared the fifth year which increased by 7.7%. There was no increase in market share of 75% and above apart from the fourth year which increased by 0.7%. The employees indicated that 68.4% of the market share increased by 0%.

4.2.2. H_{01}The firm's Competitive Advantage Has No Mediating Effect on the Relationship between Organizational Resources and Performance of Telecommunication Industry in Kenya

This hypothesis sought to investigate whether competitive advantage has a mediating effect on the influence of organizational resource on performance. Three models (3.1) through (3.3) were to be estimated and decision made as recommended by Baron and Kenny (1986) in Chapter Three. Step one shows the results from the estimates of model (3.1).

Goodness of Fit	Test Statistic	P-value	
Adjusted R-squared	0.5470		
F-statistic (4, 138)	43.86	0.000***	
Dependent Variable= Performance	Linear Regression Results		
	Coefficients	t-statistic	P-value
Organizational resources	0.458	2.35	0.020**
Dummy: Airtel	-4.511	-5.83	0.000***
Orange	-0.994	-01.19	0.236
Yu	-11.53	-12.44	0.000***
Constant	30.61	2.79	0.000***

Table 3: Regression Results for Organizational Resources and Performance
*** Significant at 1 percent
**Significant at 5 percent
Source: (Survey data, 2014)

Y = 30.61+0.458OR+ ε ……………………………………………………….……. 3.1

Table 4.12 shows that adjusted R squared is 54.70%. This shows that the model explains 54.70% variation in influencing performance. The rest are explained by the variables not fitted in the model. The F statistic is 43.86 and P = 0.000 where P < 0.05. Hence, organizational resources are jointly significant in explaining variations in performance. The organizational resources coefficient is positive and significant at 0.458, and P value = 0.020< 0.05. This implies that there is a positive relationship between organizational resource and performance. The findings are in line with Gamero *et al.,* (2011) findings that organizational resources result to high performance. In terms of performance, Airtel coefficient is negative and significant at -4.511 and P value = 0.000 < 0.05. Yu coefficient is negative and significant at -11.53 and P value = 0.000 < 0.05 meaning Airtel and YU affect Safaricom performance negatively. However, the coefficient comparison between Safaricom and Orange mobile company was inconclusive, as the coefficient was insignificant at 1 percent level.

4.2.3. Step 2: Test of the Relationship between the Mediating Variable (Competitive Advantage) and Independent Variable (Organizational Resources)

Goodness of Fit	Test Statistic	P-value	
Adjusted R-squared	0.4727		
F-statistic (4, 138)	32.82	0.000***	
Dependent Variable= Competitive Advantage	Linear Regression Results		
	Coefficients	t-statistic	P-value
Organizational Resources	4.474	11.37	0.000***
Dummy: Airtel	0.465	0.30	0.767
Orange	0.272	0.16	0.837
Yu	-0.849	-0.45	0.651
Constant	6.998	1.24	0.218

Table 4: Regression Results for Organizational Resources and Competitive Advantage
**** Significant at 1 Percent*
Source: (Survey data, 2014)

M = 6.998+4.474OR+ ε ………………………………………………….…… 3.2

Table 4 shows that the adjusted R squared is 47.27%.This shows that the model explains 47.27% variation in the mediating variable. The rest are explained by the variables not fitted in the model. The F statistic is 32.82 and P = 0.000 where P < 0.05. Hence, organizational resources are significant in explaining variations in competitive advantage variable. The organizational resources coefficient is positive and significant at 4.474 and P value = 0.000< 0.05. This implies that there is a positive relationship between organizational resources and the mediating variable. The findings are in line with Zarutskie (2010) findings that organizational resources such as human capital directly influence competitive advantage. The findings are also supported by Barney and Hesterly (2010) that there is a positive relationship between human capital as an organizational resource and competitive advantage. Further, the findings are corroborated by WEP (2010) that technology as an organizational resource is directly related to competitive advantage.

4.2.4. Step 3: Test of the Relationship between the Mediating Variable (Competitive Advantage), Independent Variable (Organizational Resources) and Performance

Goodness of Fit	Test Statistic	P-value	
Adjusted R-squared	0.6618		
F-statistic (5, 137)	56.57	0.000***	
Dependent Variable= Performance	Linear Regression Results		
	Coefficients	t-statistic	P-value
Organizational Resources	1.583	6.77	0.000***
Competitive advantage	-0.252	-6.92	0.000***
Dummy: Airtel	-4.394	-6.57	0.000***
Orange	-0.926	-1.28	0.202
Yu	-11.746	-14.65	0.000***
Constant	32.368	13.32	0.000***

Table 5: Regression Results for Organizational Resources, CA and Performance
*** Significant at 1 percent
Source: (Survey data, 2014)

Y = 32.368+1.583OR -0.252M + ε ……………………………………………………3.3

Table 4.14 shows that the adjusted R squared is 66.18%.This shows that the model explains 66.18% variation in the dependent variable. The rest are explained by the variables not fitted in the model. The F statistic is 56.57 and P = 0.000 where P < 0.05. Hence, organizational resources and competitive advantage are significant in explaining variations in performance as a dependent variable. The organizational resources coefficient is positive and significant at 1.583 and P value = 0.000< 0.05. This implies that there is a positive relationship between organizational resources and performance. The competitive advantage coefficient is negative and significant at -0.252 and p-value = -0.000 where P < 0.05. Airtel coefficient is negative and significant at -4.394 and P value = 0.000 < 0.05. Yu coefficient is negative and significant at -11.746 and P value = 0.000 < 0.05 in other words Airtel and YU affect Safaricom performance negatively. However, the coefficient comparison between Safaricom and Orange mobile company was inconclusive, as the coefficient was insignificant at 1 percent level.

According to Baron and Kenny (1986) decision Table 3.1, the model satisfies the three conditions of partial mediation where, according to Model 3.4, the coefficients are significant. Model 3.5 coefficients are also significant and in Model 3.6, the coefficients are greater than coefficients in Model 3.4.But whether significant or not, the mediating coefficient must be significant. This implies that competitive advantage have a partial mediating effect on the relationship between the independent variables and the dependent variable. Therefore, we reject the null hypothesis and state that there is a statistical effect of competitive advantage on the relationship between organizational resources and performance.

This implies that competitive advantage has a partial mediating effect on the influence of organizational resources on performance of mobile phone companies. This agrees with the findings of Nham *et al.* (2010) that competitive advantage partially mediates the relationship between organizational capabilities and performance. The findings also gain support from Chowdhury's (2011) findings that competitive advantage heavily depends on core competencies and capabilities and thus mediate the relationship between core competencies and capabilities and performance.

5. Summary, Conclusion and Recommendations

5.1. Summary

The performance of the mobile phone companies in Kenya seems to have been stagnated for a period of time despite the availability of better and modern organizational resources. Previous studied done on performance globally and in Kenya did not focus on the Telecommunication industry in Kenya. The current study sought to determine the extent to which Competitive advantage mediate the relationship between organizational resources on performance of the telecommunication industry in Kenya and analyze the strengths of the factors of organizational resources on performance.

This was achieved by the use of explanatory and descriptive survey design, which was cross-sectional by design. Primary and secondary data was collected using structured questionnaire. The data collected was analyzed using descriptive and inferential statistics. The descriptive analysis was used to describe and summarize the data. Simple regression was used to assess the effect of technology on organizations' performance.

5.2. Conclusions

The findings revealed that competitive advantage partially mediated the relationship between organizational resources and performance of telecommunication industry in Kenya. That is to say that competitive advantage plays a role by enhancing organizational resources to influence performance of mobile phone companies in Kenya. Therefore, the study concludes that corporate reputation and organizational culture results to competitive advantage.

5.3. Recommendations for Policy Implication

Competitive advantage was significant, implying that competitive advantage mediated the relationship between organizational resources and performance in mobile phone companies in Kenya. Therefore, the organization's management should be committed in creating strong and positive organizational cultural values which results to competitive advantage. The organization ought to ensure that positive corporate reputation is maintained to enhance competitive advantage.

6. References

i. Agarwal, R., Barney, J.B., Foss, N.J, & Klein, P. G. (2009). Heterogeneous resources and the financial crisis: implications of strategic management theory. *Strategic Organization journal* 7(4): 467- 484.

ii. Amit, R. & Schoemaker, P.J.H. (1993).'Strategic assets and organisational rent', and Planning Process in SME's. *The Irish Journal of Management,* 24(1): 154–171.

iii. Anderse´n, J. (2011), 'Strategic resources and firm performance', *Management Decision,* Vol. 49 No. 1, pp. 87-98.

iv. Arend, R.J. & Levesque, M. (2010), 'Is the resource-based view a practical organizational theory?', *Organization Science*, Vol. 21 No. 4, pp. 913-30.

v. Barney, J., Wright, M. & Ketchen, D. J. (2001). The RBV of a firm; Ten years after 1991, *Journal of management* 27 (6).625-641.

vi. Barney, J. B, & Hesterly, W.S (2010).Strategic management and competitive advantage concept. Upper saddle River, N.J: Pearson Prentice Hall.

vii. Barney, J. B. (2007) *Gaining and Sustaining Competitive Advantage*. (3rd Edition). Upper Saddle River, NJ: Pearson Prentice Hall

viii. Barney, J. B. (2011). *Gaining and sustaining competitive advantage* (4th ed.). Upper Saddle

ix. Baron, R. M. & Kenny, D. A. (1986). The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology, 51*, 1173–1182.

x. Cabrial, P. (2010). Quality reputation and performance. *Journal of economic perspective vol* 24 (5), pp 200-232.

xi. Chowdhury, M. M. H. (2011). Ethical issues as competitive advantage for bank management. *Humanomics, 27*(2), 109-120.

xii. Communication Commission of Kenya, (2013). Quarterly sector Statistics Report 2014. Retrieved on 13th December 2013. Available at www.cck.go.ke.

xiii. Costa, A. L., Cool, K. & Dierickx, I. (2013). Competitive implication of deployment of unique resources, *Strategic management journal* 34 pp 445-463.

xiv. Dess, G. G., Lumpkin, G. T., & Eisner, A .B. (2010). Strategic Management: Text and Cases. New York, NY: McGraw-Hill Irwin. Franchilla edition. Pearson Prentice Hall. edition. Pearson Prentice Hall. *Development Policy Review*27(5): 483-502.

xv. Eriksson, P. & Kovalainen, A. (2008). Qualitative Methods in Business Research, 1st ed, SAGE Publications Ltd., London.

xvi. Gamero, D, M., Patrocinio, Z.Z., Enrique, C.C. & Jose F. M. (2011). Sustainable development and intangibles; Building sustainable intellectual capital, *Journal of business strategy* 20 pp 18-32.

xvii. Grahovac, J. & Miller, D.J. (2009). Competitive advantage and performance: the impact of value creation and costliness of imitation. *Strategic Management Journal* 30(11): 1192–1212.

xviii. Hair, J.F., Jr., RE., Anderson, R.L.T. & Black, W.C. (2004). *Multivariate data Analysis. 7th Ed. New Jersey*. Prentice-Hall International. Inc.

xix. Hoq, M. Z., & Chauhan, A. A. (2011). Effects of organizational resources on organizational performance: An empirical study of SMEs. *Interdisciplinary Journal of Contemporary Research in Business*, *2*, 373-385.

xx. Jones, G.R. & Hill, C. L. (2009). *Strategic management: An integrated approach*. Boston, NY: Houghton Mifflin.

xxi. Kenneth, S., Anderson, & Eddy, G. (2011). Creating SCA: RBV analysis of Ganzaga University Basket polarograms. *Journal of sport administration and supervision* vol 3 (1) pp 58-78.

xxii. Kinyua G, Njoroge J and Kiiru D (2015) Influence of Organization's Structure and Culture on Implementation of Strategies in Constituency Development Fund in Kenya. *International Journal of Education and Research Vol. 3 No. 11 November 2015*

xxiii. Kumar, V., Jones, G., Venkatesan, R & Leono, R.P. (2011). Market Orientation as a source of SCA or simply the cost of competing, *Journal of marketing* 75 pp 16-30.

xxiv. Li, J. J., & Zhou, K. Z. (2010). How foreign firms achieve competitive advantage in the Chinese emerging economy: Managerial ties and market orientation. *Journal of Business Research, 63*(8), 856-862.

xxv. Liqin Ren, Guangya Xie & Koos Krabbendam. (2009). Sustainable competitive advantage and marketing innovation within firms: A pragmatic approach for Chinese firms. *Management Research Review, 33*(1), 79-89.

xxvi. Lockett, A., Thompson, S. & Morgenstern, U. (2009), 'The development of the resource-based view of the firm: a critical appraisal', *International Journal of Management Reviews*, Vol. 11 No. 1, pp. 9-28.

xxvii. Mahoney, J. T. & J. R. Pandian (1992). 'The resource-based view within the conversation of strategic management', *Strategic Management Journal*, 13(5), pp. 363-380.

xxviii. Marı´a D., Jose, F., & Enrique, C. (2009). The whole relationship between environmental variables and firm performance:

xxix. Competitive advantage and firm resources as mediator variables. Journal of Environmental Management, (2009) 1–12

xxx. McKelvie, A. & Davidsson, P. (2009). From resource base to dynamic capabilities: an investigation of new firms. *British Journal of Management 20*(S1), S63-S80.

xxxi. Nham.P, Pahog.T. & Takahashi.Y. (2010). Organization capabilities, competitive advantage and performance in supporting industry in Vietnam. *An Asian Academic journal*. Vol 15.Pg 21-49.

xxxii. JG Njoroge (2015) Organizational Resources and Performance of Mobile Phone Companies in Kenya. *Unpublished PhD Thesis, Kenyatta University*

xxxiii. Njoroge J, Muathe SMA, and Bula H (2015) Human capital and Performance of Mobile phone companies in Kenya. *International Journal of Education and Research Vol. 3 No. 10 October 2015*

xxxiv. Njoroge J G, Muathe SMA, and Bula H (2016) Effects of technology on Performance of Mobile phone companies In Kenya. *International Journal of Education and Research Vol. 4 No. 2 February 2016*

xxxv. Nkatha, G. (2012). Competitive advantage and performance. *Business journal Africa* pp 30-50.

xxxvi. Raduan, R., Haslinda, A. & Alimin I. (2011). A review on relationship between organizational resources and performance. *A journal of social science research* Vol 3 Page 490- 550.

xxxvii. Rose .C. & Thomasen .S. (2009). The impact of corporate reputation on performance, *European Management Journal* vol 22 (2) pp 201-210

xxxviii. Rousse, M. J. & Daellenbach, U.S. (2009). Rethinking research methods for RBV perspective; Isolating the of SCA, *Strategic management journal* 20 (5) pp 487-494.

xxxix. Saunders, M., Lewis, P. and Thornhill, A. (2009). *Research Methods for Business Students* 5th Edition. London: Prentice Hall.

xl. Wernerfelt, B. (1984) ‘A Resource-based View of the Firm.’ *Strategic Management Journal*, Vol. 5(2), pp. 171-180.

xli. Xiaobu, S., Shuai, D. & Wei, P. (2010). Mediating role of competitive advantage on performance. *Strategic Management Journal,* 23: 90-115.