

A new theory for sustainable competitive advantage in a motor services firm in Kenya

M STRUWIG *

(School of Management Sciences, Nelson Mandela Metropolitan University)
[miemie.struwig@nmmu.ac.za] * corresponding author

H GAYA

(School of Management Sciences, Nelson Mandela Metropolitan University)
[gaya@wananchi.com; gaya@media7groupkenya.com]

Abstract

This article advocates the extension of the resource-based view by proposing a new theory to understand the creation of sustainable competitive advantage, using a services firm in the motor industry in Kenya as a case.

The research question is: How has a consistently high-performing firm in the motor service industry managed to create and sustain competitive advantage over its rivals, thus achieving superior performance and gaining market leadership? A qualitative case study of a consistently high performing firm in the motor services industry in Kenya was used to answer the research question. To collect data, in-depth, semi-structured, face-to-face audio-taped interviews with nine senior managers including the chairman and CEO were employed.

This study's key findings include that tangible resources should possess the characteristics of rarity, valuable, inimitability and non-substitutable which create sustainable competitive advantage. The results further show how activities, through activity drivers, acted on tangible resources with unique characteristics to create sources of sustainable competitive advantage for the firm, generating consistently superior performance, thus enabling the firm to capture and retain a large market share. The empirical results show that tangible resources 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.

Key phrases

activity-based view; resource-based view; sustainable competitive advantage; tangible resources

1. INTRODUCTION AND BACKGROUND

Resource-based view is a theory of the firm which hold that firms differ because each firm possesses a unique bundle of internal resources and capabilities (Thompson, Peteraf, Gamble & Strickland 2012:98). Each firm develops core competencies from the combination of the resources and capabilities, which when identified, developed and deployed are able to create and sustain competitive advantages (Grant 2010:143). Where the resources are rare, valuable, inimitable and non-substitutable, the competitive advantage created can be sustainable.

The activity-based view on the other hand is an approach that acknowledges the role of a firm's activities in the creation of sustainable competitive advantage (Ray, Barney and Muhanna 2004:24, Sheehan & Foss 2007:452).

Porter (2004:234) contributed to the activity-based view of firms, including the concept of activity drivers as sources of competitive advantage. The literature of Ray *et al.* (2004:35) clearly delineated the role of activities in the creation of competitive advantage. Both Porter (2004:235) and Ray *et al.* (2004:35) acknowledge that the resources of a firm can generate value for customers only through the firm's activities. Porter (2004:247) adds that activity drivers such as capacity utilisation, location, and scale are levers that the firm can deploy to create value for the customer through lower costs and differentiation, which is then appropriated by the firm when satisfied customers pay a premium for the firm's services and products (increased performance). In the following paragraphs the problem investigated and objectives of this study are first outlined. Thereafter a literature overview of the key concept of sustainable competitive advantage and brief discourses on activity- and resource-based views are provided. The case study employed in the empirical study is discussed and the results assessed to make recommendations and conclusions

2. PROBLEM INVESTIGATED

For nearly three decades, the resource-based view has been considered one of the main theoretical frameworks for analysing the creation of sustainable competitive advantage in industries and in different firms in the same industry (Armstrong & Shimizu 2007:961; Barney 2001:41; Barney, Wright & Ketchen 2001:625; Hitt, Ireland & Hoskisson 2007:96; Hoopes, Madsen & Walker 2003:889; Kraaijenbrink, Spender & Groen 2010:350; Priem & Butler 2001:23). If a firm has a competitive advantage if it can produce more economically and/or

better satisfy consumer needs and thus enjoying superior performance relative to its competitors.

Activity- and resource-based views are two frameworks that are used in the analysis of a firm's performance, especially in understanding the sources of consistently superior performances of firms, including those in the same industry (see, for example, Barney 2001:52; Hitt *et al.* 2007:102). The study of McWilliams and Sigel (2011:1493) integrated the resource based view with corporate social responsibility. However, while there have been conceptual papers (see, for example, Sheehan & Foss 2007:450) there are few studies that directly link activity- and resource-based views in the strategic management literature.

The pursuit of superior performance by firms either in the same industry or in all industries has been a focal point in strategic management for several decades (Grant 2010: 92).

Statistics from the Kenya Motor Vehicle Industry Association Report (2013: 15) indicate that there are 35 officially recorded vehicle brands in Kenya. Of these, four brands commanded 72% of new cars registered in 2013. Similar figures are available since 2003. These sales figures pose the question: Why, within this particular industry or motor vehicle market, do some firms outperform the competitors and what is the basis for persistent superior performance? There has been no empirical research in Kenya that explains the persistent difference in the performances of firms operating in the same industry, especially in the motor service industry, under the same market conditions and competitive environment. The research problem can therefore be formulated as a broad research question: "How has a consistently high-performing firm in the motor service industry managed to create and sustain competitive advantage over its rivals, thus achieving superior performance and gaining market leadership?"

3. OBJECTIVES OF THE RESEARCH

To address the broad research question, the primary objective of this research is to investigate how a firm in the motor industry in Kenya could maintain and sustain its competitive advantage. More specifically the focus will be to see whether an integration of the activity- and resource-based views into one new theory, the activity-resource-based view (ARBV) could be used to explain this possible high performance. To achieve the primary objective of the research, the following secondary objectives have been formulated:

- To undertake a theoretical investigation as to how tangible resources can create sustainable competitive advantage for a firm in the motor vehicle service industry in Kenya.
- To investigate a possible link between the resource-based view and the activity-based view framework theory and ascertain how this link helps to explain a sustainable competitive advantage.
- To examine a comprehensive case study of a high performing firm in the motor vehicle service industry, Toyota Kenya, on how tangible resources and activities can create sustainable competitive advantage.
- To provide general guidelines for using tangible resources to create sources of sustainable competitive advantage for firms competing in the motor vehicle service industry in Kenya.

4. LITERATURE REVIEW

This literature review section starts with a review of the key concept of 'sustainable competitive advantage', and brief discourses on activity- and resource-based views. Brief explanations are then provided of the integration of the activity- and resource-based views to create a sustainable competitive advantage.

4.1 The concept of sustainable competitive advantage

A number of scholars agree on the use and suitability of terms used in relation to sustainable competitive advantage. These scholars include Hill and Jones (2009:66) and Hitt *et al.* (2007:133), who postulate that core competencies are the direct source of sustainable competitive advantage, through competitive resources and competitive capabilities. Lynch (2009:102) specifically states that core competencies are special skills and technologies that enable a firm to provide customers with a specific value-added service or product, as the core competencies lay the foundation for the core products and services that ought to be at the centre of a firm's activities, if it is to create and sustain competitive advantage.

Porter (2004:250) considers the term 'sustainable' to encompass the protection of resources for longer periods of time into the future. Porter's viewpoint of sustainability (2004:251) is supported by recent literature, including Haberberg and Rieple (2008:10), Hitt *et al.* (2007:132), and Thompson *et al.* (2012:10).

According to Grant (2010:12) and Wheelen and Hunger (2010:5), the concept of sustainable competitive advantage is best understood through the dimensions of durability and imitability. Durability is also 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 (Gaya, Struwig & Smith 2013:2052). Wheelen and Hunger (2010:12) add that durability represents the pace at which a firm's underlying competitive resources, competitive capabilities, or core competencies depreciate or become obsolete or irrelevant because of new technology and innovations.

The durability dimension is further explained by Hill and Jones (2009:53), who state that the longer it takes for the competing firms in an industry to achieve imitation, the greater is the chance for the consistently high-performing firm to improve on its core competencies or to build new core competencies, thus staying a number of steps ahead of the competition in the market.

4.2 Resource-based view of the firm

The resource-based view became the dominant approach in strategic management after its introduction in the 1980s, but criticism of the approach did not emerge for a notably long period (Sanchez 2008:51). The first true wave of criticism of the resource-based view arose in the late 1990s and early 2000s from a wide range of researchers (Foss & Knudsen 2003:304; Priem & Butler 2001:22). The problems in the resource-based view include problems in defining what does or does not belong to the resource-based view (Foss & Knudsen 2003:293).

Armstrong and Shimizu (2007) posited that most research using the resource-based view as the theoretical framework, have primarily relied on intangible resources. This is also the position taken by Newbert (2007:144). Hitt et al. (2007:151) however, concluded that intangible resources would not sustain the firm's performance by itself, but that strategic tangible resources are necessary. Some literature (Clulow, Barry & Gerstman 2007:30) limit the sources of sustained competitive advantage of a service firm, to intangible resources and capabilities, clearly leaving out tangible resources. Kamasak (2015:179) on the other hand contents that although performance differences can be attributed to intangible resources as they are not easily acquired and replicated, firms have bundles of tangible resources that lead to superior performance.

Barney (2001:42) shifts the focus to the characteristics of strategic resources. Andersen (2011:89) added five criteria that must be present for any strategic resource to contribute to the generation of superior firm performance. These are fit with existing resource configuration, management and marketing capability, firm appropriation of profits and the absence of competitive disadvantages.

For the purpose of this paper, the resource-based view will be regarded as the theory that contends that a firm's internal resources and capabilities are the main sources of sustainable competitive advantage, as long as the resources and capabilities possess the four characteristics of being rare, valuable, difficult to copy and expensive to substitute (Peteraf & Bergen 2003:1028). This study thus focuses on tangible sources.

4.3 Activity-based view of the firm

Porter (2004:250) is supported by Sheehan and Foss (2007:455), assert that the activity-based view is based on the logic that firms are compensated for the activities they perform, which are to provide the services needed and expected by customers, and to respond to customers. In the case of the motor service industry, any firm that expects to compete effectively ought to be involved in performing a range of industry-specific activities, such as car sales, customer follow-up, after-sales service, and spare parts support and supply. It is these activities that generate lower operating costs for the firm and create value for the customers through low pricing and differentiation advantages (Porter 2004:255).

Porter (2004:256) adds that activity drivers such as capacity utilization, location and scale, are the firm's levers that can be deployed to create value for the customer through lower costs and differentiation, which is then appropriated by the firm when satisfied customers pay a premium for the firm's services and products.

There are two generic strategies that lead to superior performance by a firm. The first is to offer a service at lower cost than competitors, through efficiency in service and quality, while maintaining prices. The second is to induce customers to pay an above-average price without incurring costs that are larger than the price differential earned. The question then is how do firms achieve superior positions based on being a cost leader or earning price premiums? The answer to this question, as Porter (2004:263) suggested, lies in the firm's activity level. Porter (2004:272) argued that one can only understand a firm's competitive potential by looking at the core activities the firm performs in relation to the firm's core competencies. The sum of the cost and value generated by each firm's core activities

determine a firm's cost and differentiation position relative to its competitors, and hence the firm's sources of sustainable competitive advantage.

4.4 Integrating activity- and resource-based views

The activity-based view and the resource-based view frameworks share the common objective of gaining and sustaining a competitive advantage for a firm. With the activity-based view, firms achieve superior performance by configuring their industry-specific activities using activity drivers. The resource-based view should focus on tangible resources as a basis to sustain a competitive advantage. Sheehan and Foss (2007:459) confirmed that the creation of sustained competitive advantage can only result from the integration of activity drivers into strategic firm resources.

Drivers and activities can be incorporated into the resource-based view to analyse the firm's 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 & Jones 2009:78-79). 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, creates value to the customer and explains how competitive resources create value as well as competitive advantage which are the core of this study's investigation. The integrated understanding of the resource based view and the activity based view will be used to empirically test whether this integrated view can be used to create a competitive advantage for the firm and thus superior performance.

5. THE EMPIRICAL STUDY

In order to meet the objectives of this study a single firm, single industry, qualitative case study of a consistently high-performing firm in the motor service industry in Kenya was selected as the main research design. The qualitative case study has been identified as the most appropriate research design in the realm of strategic management research, especially where a new theory is to be generated or an existing theory is being extended (Armstrong & Shimizu 2007:966).

The study subsequently adopted the use of in-depth, semi-structured, face-to-face audio-taped interviews, based on a prior agreed interview schedule, with nine senior managers of the study firm.

5.1 Sampling

In this study, a total of nine top managers at the motor manufacturing firm were purposefully selected, to be the key informants (participants). 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.

5.2 The interview schedule

The interviewing schedule was adopted and modified from Fahy (2000:63) and was also used by Clulow *et al.* (2007:26). The interview schedule was however, modified to include the activities normally carried out in a typical motor vehicle service firm. The interview schedule is based on literature that informs and analyse sources of competitive advantage. Three questions were included to identify and rate tangible resources and how tangible resources create value for the firm. Four questions were further included elaborating on value, rarity, non-substitutability and inimitability.

5.3 Data collection

In this study 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. Yin (2009:112) 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, interview schedule, reflecting the broad issues generated from the resource-based and activity-based view frameworks assisted greatly in the development of converging lines of inquiry.

Due to the highly technical nature of the study, and the sensitivity of the findings, the researcher was the sole interviewer, while the key informants (nine managers) were the main interviewees.

5.4 Research rigour in this study

In the research process rigour means quality (Struwig & Stead 2013:136). There is no set way to determine rigour in qualitative research as it will vary depending on the qualitative approach. To ensure credibility, dependability, confirmability and transferability the research findings were submitted to the informants, who are top managers at Toyota Kenya, to verify the accuracy of information collected. This technique is referred to as respondent validation. Triangulation is another technique used in this study that enables the verification of findings through interviewing multiple informants or through literature. In addition, complete records were kept of all phases of the research process namely, selection of research participants, fieldwork notes, interview transcripts, and data analysis decisions. Interview transcripts, field notes and referenced documents are available for auditing.

6. DATA ANALYSIS AND RESULTS

Data analysis included data presentation, discussion, and interpretation.

6.1 Results on the identification and rating of tangible resources

The following tangible resources were identified by the five divisional managers, the CEO, the chairman and two supervisors (nine participants) as the key tangible resources that create sustained competitive advantage for their firm:

- modern showrooms for car sales that have good frontage, are accessible and offer convenience to the customers;
- well-equipped service workshop facilities;
- large warehouses holding adequate spare parts;
- financial resources; and
- motivated human resources that offer loyal and long term service, thereby positioning the firm ahead of competition.

The CEO ranked modern showrooms, workshop facilities and spare parts warehouse as very high and financial resources and human resources as high. The five divisional managers also ranked human resources as high.

The chairman ranked workshop facilities, spare parts warehouse and human resources very high as resources creating sources of sustained competitive advantage to the case study firm. Modern showrooms and financial resources were rated slightly lower. The two supervisors have similar ratings, except for human resources. *Supervisor 2* emphasises human resources among the tangible resources, and rated it very high in creating sources of sustainable competitive advantage: “...at Toyota Kenya, there is job security and most important people development..., so low human resources turn over...”

6.2 Results of how tangible resources create value

Table 1 outlines how the identified tangible resources that create and sustain a competitive advantage.

TABLE 1: How tangible resources create and sustain competitive advantage

Identified tangible resources	How sustainable competitive advantage is created
Sales showrooms	Enable superior responsiveness to customers through differentiating the study firm from competitors who do not have the facility. The superior responsiveness to customers helps to build customer loyalty and repeat purchases. Premium pricing is also enabled.
Service workshops	Size increases customer response time, and thus greater customer satisfaction, due to quick service and greater profit for the firm from the increased volume of cars serviced.
Spare parts warehouse	Large space enables adequate stock holding, improving availability and reducing cost, hence differentiating the study firm from competitors with less space or lacking it altogether.
Financial resources	Enable heavy investments that the competitors cannot afford. Financial resources also support the bulk purchase of spare parts, leading to low pricing. These raise barriers to imitation and substitution by competitors.
Human resources	Offer the base for knowledge, skills, culture, relationships that are not easy to imitate, substitute, or transfer. Human resources are also able to identify, develop, protect, and deploy the tangible resources, creating a role for management.

Source: Results from the interviews with the participants

Table 1 shows how each of the tangible resources creates core competencies for the firm, which in turn create sources of differentiation-based or lower-cost-based sustained competitive advantage for the customers and the firm. The results further showed the following:

6.2.1 Sales showroom

The five divisional managers were unanimous in their responses that the modern sales showrooms enabled responsiveness to customers, creating a differentiated advantage by enabling the firm to display a wide range of cars. In addition, the modern sales showrooms facilitated customer care by providing 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.

The high cost of land in Nairobi, the cost of building and equipping a state-of-the-art sales showroom, and the unavailability of land in the area occupied by potential customers, mean that the modern sales showroom is valuable, rare, inimitable, and difficult to substitute. The responses of the divisional managers were confirmed by the two supervisors. The competitive capability of the sales showrooms to handle different models reaffirms the importance of scale and capacity utilisation, two of the activity drivers included in the new theoretical model; and it is consistent with the literature (Porter 2004:256).

6.2.2 Service workshop

The responses from the five divisional managers, and confirmed by the CEO and the chairman, point out that the availability of a service workshop extends the total customer experience, leading to customer satisfaction and subsequent customer loyalty. The customer experience starts with the purchase of a car, and includes customers' expectations and needs for efficient customer care, coupled with a promise of quality after-sales service and support, so that customers can enjoy their car ownership.

The presence of superior responsiveness to customers directly contributed to a sense of security and peace of mind on their part, which further created a feeling of reliability when owning the firm's cars. The promise of the availability of efficient service and quality after-sales service and support, when required, created a feeling of security.

The availability of an efficient after-sales service and of parts increased the cars' reliability, greatly contributing to customer satisfaction, resulting in trust and loyalty. The competitive capabilities to make customers feel satisfied, the presence of facilities that guarantee superior responsiveness to customers, are core competencies that create and sustain competitive advantage. This finding is supported in the literature (Hitt *et al.* 2007:97).

6.2.3 Spare parts warehouse

All the informants stated that the presence of a spare parts warehouse was one of the most important facilities contributing to superior customer responsiveness. The informants said that the availability of ample spare parts and supply at affordable cost was a key requirement for success when competing in the motor service industry. Spare parts supported the service workshop's activities, 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 workshop and awaiting spare parts that have to be ordered urgently, often by air, at extra cost (Hill & Jones 2009:88). The spare parts warehouse, when large, enables a stock of the more common spare parts, thereby reducing their prices and the order lead time. Spare parts availability also enhanced the resale value of the vehicles and the image of the study firm.

6.2.4 Financial resources

Most managers scored the ownership of substantial financial resources high, but not as high as they scored the physical resources. The presence of financial resources created sustained competitive advantage for the firm by offering well-priced car purchase loans to car buyers, especially to individuals and 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.

6.2.5 Human resources

The importance of human resources was also captured by all informants, and rated as very high as 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 firm has managed to retain top-performing employees.

This path, which is dependent on a process of employee 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 through their inability to be productive. These human resource practices create a source of sustained competitive advantage

through increased and self-supervising productivity, which is part of the total quality management concept. This concept additionally contributes to sustainable competitive advantage by providing greater efficiency and lower unit costs associated with reliable service.

According to Hill and Jones (2009:124), when customer service is reliable, less time is wasted on providing 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 those of competitors, but – if the service is reliable – it also lowers costs, enabling lower pricing for customers and more profitability for the firm (Hill & Jones 2009:125).

The empirical results and the literature discussion enable the development of a new theoretical model that incorporates both the activity-based and the resource-based views of competitive advantage for a firm. This theoretical model is shown in Figure 1.

From literature, the core activity drivers of scale, location, and capacity are identified. Literature further showed that the tangible resources that possess the four criteria of being rare, valuable, costly to imitate and not easy to substitute create sources of sustainable competitive advantage. The creation of sustainable competitive advantage begins with enabling the generation of competitive capabilities from the tangible resources, through activity drivers acting on the specific industry activities, to forming core competencies that produce superior efficiency, quality aftersales service and spare parts support, service process innovation, and superior customer responsiveness.

These distinct core competencies enable the firm to differentiate its products and service offering, thus extending more utility to the firm's customers, and lowering the firm's cost structure.

Figure 1 therefore represents an integrated new model of the activity- and resource-based view on the creation of sustainable competitive advantage.

The results of the empirical study show the answer to the main research question: *'How has a consistently high-performing firm in the motor service industry managed to create and sustain competitive advantage over its rivals, thus achieving superior performance and gaining market leadership?'*

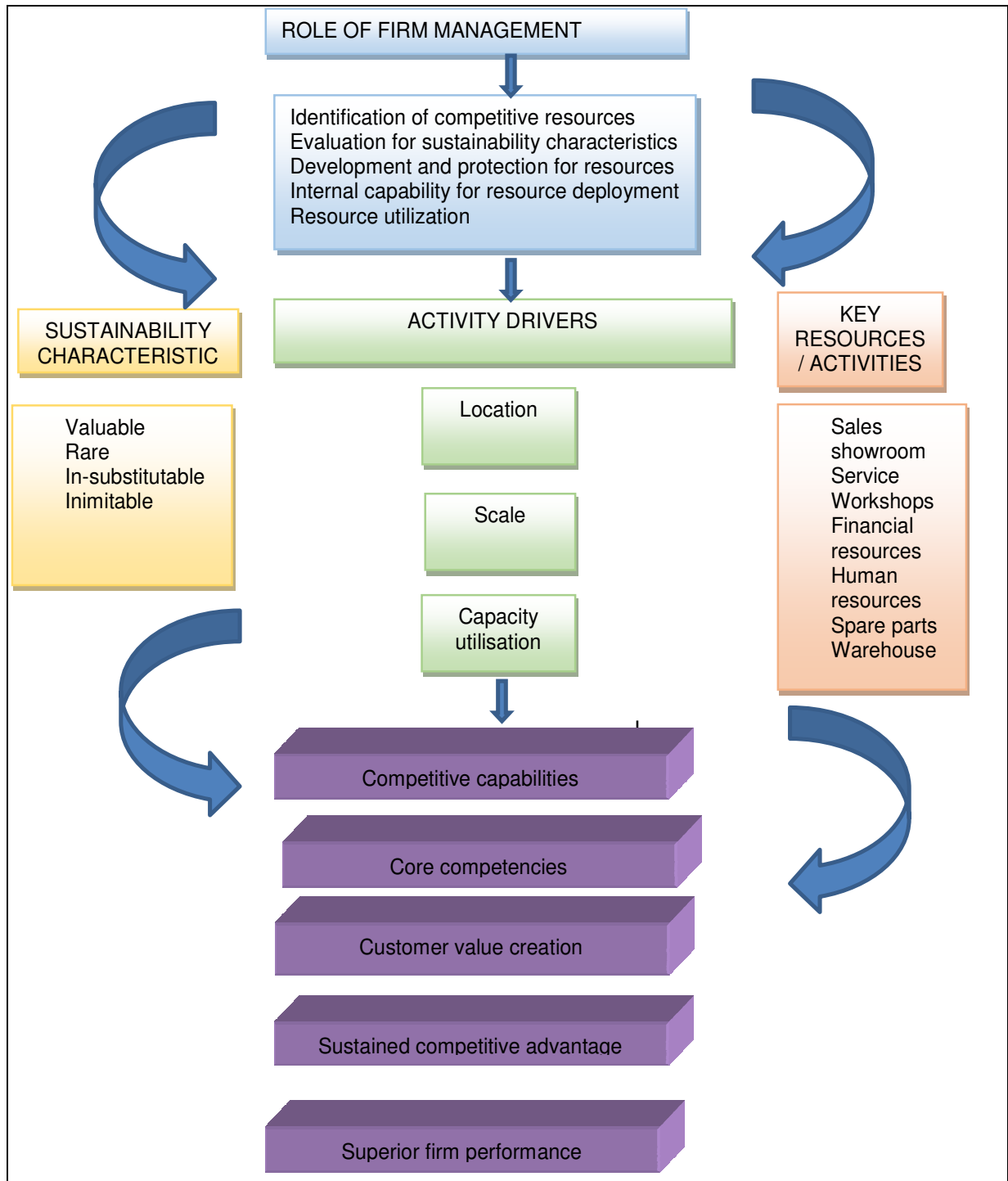


FIGURE 1: Activity- and resource-based view (ARBV) of creating sources of sustained competitive advantage

Source: Developed from the literature and modified from data analysis

The case study firm, which has consistently performed at a higher level than its competitors in the same motor vehicle service industry, owns a bundle of tangible resources, which are identified in the study as state of the art modern showrooms, service workshops, financial resources, spare parts warehouses and human resources. In addition, the five key tangible resources possess the characteristics of resource sustainability by being rare, as the tangible resources value is uncertain, the physical aftersales service complex that houses the showroom, service workshop and spare parts warehouse is immobile, inimitable and non-substitutable.

The introduction of the activity and resource based view (Figure 1) shows how competitive advantage is created leading to superior performance.

7. IMPLICATIONS OF THE PAPER

It is important to recognise that the performance differences between firms in the motor vehicle 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 vehicle service industry in Kenya.

The identification and acquisition of competitive resources and capabilities are strategic choices available and made by top management of the firm, to meet customer needs and expectations and it can be understood through the resource-based view approach of firm strategies. The study showed that top management is responsible for acquiring tangible resources and their subsequent development, leveraging and fostering new competitive capabilities and core competencies into a sustained competitive advantage and subsequently achieve superior performance.

Where the existing tangible resources of a firm are not sufficiently adequate to facilitate the expected market share and competition in the motor vehicle service industry, there is need for management to acquire new and/or develop current tangible resources to a level that would enable the firm to be competitive. This means that firms competing in the motor vehicle service industry in Kenya should exploit existing competitive capabilities by using the present tangible resources, whilst generating and developing a new set of competitive tangible resources and competitive capabilities, to sustain the firms' competitiveness. Top managers need to be able to recognise in time, when a firm's resources are being eroded and ensure that the firms they manage invest in appropriate competitive resources.

The case study firm, at the time of the field interviews, was investing in another state of the art sales, service and spare parts service complex in a busy part of Nairobi City, to cope with a growing number of current and potential customers. In order to create and sustain competitive advantage, it is crucial to consistently develop resources that facilitate a firm's capability to prolong or extend the superior performance of the firm. The task to update resources on a continuous basis is an important responsibility of top management, since all market environments reflect highly unpredictable and uncertain competitive dynamics that easily render existing value creating resources economically obsolete.

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 aftersales service and spare parts support following car purchases.

8. CONCLUSION

Figure 1 represents a new theoretical model that adds to the existing body of knowledge and is entitled 'the activity- and resource-based view' (ARBV) of the creation of sources of sustainable competitive advantage. The new ARBV theory has been derived from literature and from an empirical investigation (case study).

This article cautions that the study under review was conducted in a single firm, in a single industry (the motor service industry), in a developing economy, Kenya. The generalisability of the study findings may therefore be limited. However, through analytic generalisation (Lockett, Thompson & Morgenstern 2009:22), the key findings of this study inform and contribute to new knowledge in the activity- and resource-based view (ARBV) theory of understanding the actual creation of sources of sustainable competitive advantage. The article suggests that the results of the study under review, coming from a single firm in a single industry, present an opportunity for further research to replicate it in similar firms and in different service industries and national environments. Further studies of this nature in different firms in the motor service industry would provide an opportunity for contrast and comparison. While there are no similar past studies in Kenya against which to compare the study findings, the study under review is significant, as it provides a benchmark on which future studies in similar service firms, markets, and industries can be based. Future research would do well to examine whether there are further characteristics that influence a service

firm's tangible resources in creating and sustaining competitive advantage in different firms, in different industries, and in different national settings.

Also, it would be of particular interest for scholars and researchers for future theorising and empirical research to extend further the activity-resource-based view (ARBV) theory, by developing universally-accepted definitions and demarcations of the terms used in the theory.

The key tangible resources of a firm competing in the motor service industry, in the form of modern showrooms, service workshops, and a spare parts warehouse, were included alongside the core activities of a typical motor service firm in Kenya, namely their car sales, workshop repairs and spare parts availability, as rendered in the new model and supported by theory (Ray *et al.* 2004:35). The effect of activity drivers of location, scale, and capacity utilisation on the industry-specific activities and tangible resources were also indicated and integrated in the new model (See Figure 1).

The four criteria needed for tangible resource sustainability – rarity, valuableness, inimitability, and non-substitutability, were also included alongside the isolated tangible resources to complete the new theory. The new theory also illustrates the process from identifying the tangible resources to building competitive capabilities, which in turn form the core competencies.

In the findings, additional tangible resources that create sustainable competitive advantage for the firm – financial resources and human resources – were identified. These, and the support the study findings obtain from the literature, are proof of the successful testing of the new theory.

This article is partly based on a PhD-thesis awarded by the Nelson Mandela Metropolitan University, South Africa entitled: Tangible resources to create sustainable competitive advantage: a case study of Toyota Kenya. The detailed comments of the reviewers need to be acknowledged as it contributed to a far better final article.

REFERENCES

- ANDERSEN J. 2011. Strategic resources and firm performance. *Management Decision* 49(1):87-98.
- ARMSTRONG CE & SHIMIZU K. 2007. A review of approaches to empirical research on the resource-based view of the firm. *Journal of Management* 33:959-986.

- BARNEY JB.** 2001. Is the resource-based “view” a useful perspective for strategic management research? Yes. *Academy of Management Review* 26(1):41-56.
- BARNEY JB, WRIGHT M & KETCHEN DJ.** 2001. The resource-based view of the firm: ten years after 1991. *Journal of Management* 27:625-641.
- CLULOW V, BARRY C & GERSTMAN J.** 2007. The resource-based view and sustainable competitive advantage: the customer-based view of the firm. *Journal of European Industrial Training* 31(1):19-35.
- FAHY J.** 2000. The resource-based view of the firm: some stumbling-blocks on the road to understanding sustainable competitive advantage. *Journal of European Industrial Training* 24(2):94-104.
- FOSS NJ & KNUDSEN T.** 2003. The resource-based tangle: towards a sustainable explanation of competitive advantage. *Managerial and Decision Economics* 24:291-307.
- GAYA HJ, STRUWIG M & SMITH EE.** 2013. Creating a sustainable competitive advantage at a high performing firm in Kenya. *African Journal of Business Management* 7(21):2049-2058.
- GRANT RM.** 2010. Contemporary strategy analysis. Oxford, UK: Wiley.
- HABERBERG A & RIEPLE A.** 2008. Strategic management: theory and application. Oxford, UK: Oxford University Press.
- HILL CWL & JONES GR.** 2009. Strategic management: an integrated approach. Boston, MA: Houghton Mifflin.
- HITT MA, IRELAND RD & HOSKISSON RE.** 2007. Strategic management: competitiveness and globalization. Mason, OH: Thomson South-Western.
- HOOPES DG, MADSEN TL & WALKER G.** 2003. Guest editors' introduction to the special issue: why is there a resource-based view? Toward a theory of competitive heterogeneity. *Strategic Management Journal* 24:889-902.
- KENYA MOTOR VEHICLE INDUSTRY ASSOCIATION REPORT.** 2013. Kenya Motor Vehicle Industry Association: Kenya.
- KRAAIJENBRINK J, SPENDER JC & GROEN AJ.** 2010. The resource-based view: a review and assessment of its critiques. *Journal of Management* 36:349-372.
- KAMASAK R.** 2015. Creation of firm performance through resource orchestration: the case of ÜLKER, *Competitiveness Review* 25 (2):179-204.
- LOCKETT A, THOMPSON S & MORGENSTERN U.** 2009. The development of the resource-based view of the firm: a critical appraisal. *International Journal of Management Review* 11(1):9-28.
- LYNCH R.** 2009. Strategic management. Harlow, UK: FT-Prentice Hall.
- MCWILLIAMS A & SIGEL DS.** 2011. Creating and capturing value: strategic corporate social responsibility, resource-based theory and sustainable competitive advantage. *Journal of Management* 37(3):1480-1495.
- NEWBERT SL.** 2007. Empirical research on the resource-based view of the firm: an assessment and suggestions for future research. *Strategic Management Journal* 28:121-146.
- PETERAF M & BERGEN M.** 2003. Scanning dynamic competitive landscapes: a market-based and resource-based framework. *Strategic Management Journal* 24:1027-1042.
- PORTER ME.** 2004. Competitive advantage: creating and sustaining superior performance. Free Press. Reprinted in abridged form in: De Wit B & Meyer R (eds). Strategy, process, content, context: an international perspective. London, UK: Thomson.
- PRIEM RL & BUTLER JE.** 2001. Is the resource-based “view” a useful perspective for strategic management research? *Academy of Management Review* 26:22-40.

RAY G, BARNEY JB & MUHANNA WA. 2004. Capabilities, business processes, and competitive advantage: choosing the dependent variable in empirical tests of the resource-based view. *Strategic Management Journal* 25:23-37.

SANCHEZ R. 2008. A scientific critique of the resource-based view (RBV) in strategy theory, with competence based remedies for the RBV's conceptual deficiencies and logic problems. In Sanchez R(ed.). Research in competence based management: a focused issue on fundamental issues in competence theory development. Vancouver, WA: Emerald Group. pp. 3-78.

SHEEHAN NT & FOSS NJ. 2007. Enhancing the prescriptiveness of the resource-based view through Porterian activity analysis. *Management Decision* 45(3):450-61.

STRUWIG FW & STEAD GB. 2013. Research: planning, designing and reporting. 2nd ed. Cape Town: Pearson.

THOMPSON AA, PETERAF MA, GAMBLE JE & STRICKLAND AJ. 2012. Crafting and executing strategy: concepts and cases. New York, NY: McGraw-Hill Irwin.

WHEELEN TL & HUNGER JD. 2010. Strategic management and business policy. Upper Saddle River, NJ: Pearson Prentice-Hall.

YIN RK. 2009. Case study research: design and methods. Thousand Oaks, CA: Sage.