

# **EVALUATION OF COMPETITIVE ADVANTAGE ON PERFORMANCE OF POSTAL CORPORATION KENYA**

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## **ABSTRACT**

The aim of the study was to evaluate the competitive advantage on performance of Postal Corporation Kenya. The specific objectives were to find out the effect of innovative technology on competitive advantage of postal corporation Kenya, to establish the effects of service quality on performance of postal corporation Kenya, to ascertain the effect of staff training on performance of postal corporation Kenya, and to find out the effects of leadership quality on performance of postal corporation Kenya. This study may be of help to the managers in identifying what in the external environment affects their organizations and the possible response/s to be adopted. The government and other policy makers may find the information useful in improving the regulation and operations of communication firms in Kenya. The study used a case study research design. The target population for this study was the staffs of Postal Corporation. This made a total target population of two hundred and fifteen (215) respondents. This study adopted the stratified sampling technique. The sample was forty three respondents. The study used a questionnaire as the instrument of data collection. The questionnaire consisted of both open and close-ended questions. In order to enhance the response rate, the respondents were assured of confidentiality. The data collected was coded, quantified and analyzed quantitatively. Quantitative

data was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. The data was then presented in the form of tables, graphs and pie charts. This provided for an easier analysis and interpretation of the data inputted. The findings of the study established that nature of innovative technology increases service delivery which increases the performance of the firm. Also the study found that quality of services increases the competitive advantage and the performance the organization. The study further established that qualification of the staff members helps in creating efficiency which improves the performance of the organization. The study concluded that experience of leaders increases their competency hence improving the performance of the organization. The study also concluded that number of employees increase organization performance and that expanding the product line has been adopted to increase competitive advantage which has an overall impact on performance of the firm. The study recommended that for the managers of Postal Corporation of Kenya, there is need to develop and adopt strategies that will ensure that they survive in the communication industry. Partners should cultivate a culture of scanning the business environment and adopting the appropriate competitive strategies applicable.

**Key Words:** *competitive advantage, performance, Postal Corporation Kenya*

## **INTRODUCTION**

In the present day business environment that is characterized by a high degree of uncertainty, organizational managers face increasingly dynamic, complex and unpredictable environment, where technology, globalization, knowledge and changing competitive approaches impact on

overall performance of the firm. Thus as Stopford (2015) point out, due to this complex and changing environment, managers in both small and large firms are ever in the process of seeking new ways of conducting business to create wealth and increase the shareholder value. Thus a key concern to any present day shareholder of a firm is the need of the management to develop systems and frameworks that not only deliver performance, but also the ability to control these systems against top level targets (Johnson, Scholes and Whittington, 2015). As a result, they note that more and more firms are turning to strategic approaches and internal resources that are valuable, scarce, inimitable and irreplaceable to increase the competitive advantage.

Organizations have come to the realization that in today's competitive market every investment ought to deliver returns either in the short run or in the long run. The allocation of resources to different aspects of business is informed by the ultimate competitive advantage that the business stands to gain in relation to its competitors. The benefits that accrue from such investment are usually expected to be in line with the overall purpose of existence of the firm (mission) that is expressed in a plan of action for allocating resources effectively (strategy). Organizations operate in a dynamic environment characterized by technological changes, competition, regulatory requirements, economic changes and opportunistic strategic decisions. The turbulent market conditions makes organizations settle on a specific area of strength to drive the earnings and ensure maximization of the owners' equity (Carroll, 1996). World over, participants in a given industry compete with each other, but they also must cooperate with one another in many respects.

Communication industry in Kenya is one of the most dynamic and important industries to the economy. The industry has recently experienced phenomenal growth and is one of the fastest growing industries in Africa. The growth has mainly been supported by the expansion of communication into new market segments and especially in East Africa, prudent risk management and enhanced economic prospects (Gamble and Strickland, 2015). The communication sector is set to continue on this growth and especially due to ongoing reforms and initiatives by the Government and itself that will serve to further propel the sector to new frontiers. This growth and investment opportunities have forced communication companies to re-examine their sources of competitive advantage and develop strategies that enhance service delivery and competitiveness in the industries. Such sources have been the reduction in cost of services, adopting green initiative, using the employee satisfaction model, and the recruitment of competent staff (Rosenkopf & Nerkar, 2013).

### **Competitive Advantage**

Walker (2015) describes competitive advantage as the goal of strategic thinking and the primary focus of successful entrepreneurial action. He adds that the drive for competitive advantage should motivate top management vision of the firm's future. All the managerial tasks including resource allocation and organizational design/structure should be directed at building the firm's market position and if they are not oriented towards this end, economic performance will reduce

competitive product markets, the firm will suffer and management itself will be at risk. Competitive advantage is attained when a company moves into a position where it has an edge in coping with competitive forces and in attracting customers (Porter, 2016). The positioning advantages include the highest quality product or services in the market, offering of superior customer service in comparison to rivals, having a product that does the best job in performing a particular function and offering the most value for money in terms of a combination of good quality, good service and acceptable price. Competitive advantages give a company an edge over its rivals and an ability to generate greater value for the firm and its shareholders.

The more sustainable the competitive advantage, the more difficult it is for competitors to neutralize the advantage. This the competitors accomplish either by copying that advantage thus nullifying it and leveling the playing field or by introducing a new, unique competitive advantage of their own (Gartner, 2015). It is worth noting that no competitive advantage can be sustained other than by ceaselessly pursuing new ways to compete, and changing one's culture/norm to match the new needs. The beauty about competition is that it creates a cycle that drives business and industry transformation. Competitive advantage is thus the single most powerful weapon needed by firms to win and prosper in today's world. As a lethal weapon, competitive advantage enables firms to enjoy unassailable position in the market through erecting barriers to small local rivals and new entrants (Greenwald and Kahn, 2014). Porter (2013) argues that competitive advantage can help firms to erect entry barriers through economies of scale, proprietary products, synergistic alliances and expected retaliation.

Competitive advantage is affected by various factors which include innovative technology, quality service, staff training, and quality leadership. Innovation is known as a critical factor for firms to create value and sustain competitive advantage in today's highly complex and dynamic environment. Firms accepting the innovation, in response to environmental changes and develop new capabilities that will help them to achieve higher performance will be more successful. Over the past two decades, quality service has been heralded as the source of competitive advantage. Quality has gone through an evolution process, from an operational level to a strategic level, and some scholars have given strong support for the view that quality must be adopted as a strategic goal in organizations.

Adequate number of employees and effective staff training strategies that focus on an organization's intangible assets will have significant impact on the competitive advantage of any organization (Brown 2014). The reduced cost and increased capabilities of computer technology has triggered significant increases in the delivery of knowledge, which includes computer based training, web-based training, multimedia learning environments and e-learning (Brown, 2013). Luthans ( 2005) holds that in order to attain competitive advantage of an organization the leadership more especially the top management should perform various functions: they should create a strategic imperative acting in unison to showcase the need for change and involving middle managers in the choice of fast projects and secondly they should manage the organization

context by choosing project leaders who are likely to be successful while able to balance power and monitoring of the projects , providing protection to the teams, and managing the expectations of the rest of the organization.

### **Organization Performance**

According to Griffins (2014) organizational performance refers to organization's aptitude to obtain and exploit resources to meet its set firm objectives. Organization performance is a display which measures how well an initiative attains their goals. According to Robbins and Coulter (2013) to measure firm performance, the firms' competencies and accomplishment of the set goals is assessed. On the other hand, Ricardo and Wade (2014) indicate that firm performance is the meeting of the set organizational goals and objectives for a given period of time which is equivalent to efficiency, effectiveness and economy, quality, consistent behavior and normative measures. Measuring firm performance can also be achieved using the balanced scorecard which measures firm's learning and growth, internal business processes, financial performance and customer performance (Kaplan and Norton, 2013). The triple bottom line performance measurement also focuses on the corporate economic, environmental and social performance (Norman and MacDonald, 2014). Performance is a function of several factors key among them competitive strategies, but this can also be influenced by information system and supply chain management practices.

### **Communication Industry**

The communications sector in Kenya made good progress after the unbundling of the Kenya Post and Communication Corporation. The overall government objective for the communication industry is to optimize its contribution to the development of the Kenyan economy as a whole by ensuring the availability of efficient, reliable and affordable communication services throughout the country (Congden, 2015). The current communications Act received Presidential assent in December 1998 after being amended twice to remove flaws pointed out by the industry, including providers of services and major users. In December 1999, the unbundling of Kenya Posts and Communications Corporation into three entities took place. They are Telkom Kenya Limited, Postal Corporation and the Communications Commission of Kenya. Communications companies are an essential tool for economic regeneration. Communication industry has a dramatic impact on Gross Domestic Product and lead to an increase in foreign direct investment. The challenges faced by the markers of communications policy in Kenya are exceptionally demanding. To meet the economic objectives it will be necessary to expand the network, enhance the quality of services and features and upgrade operational efficiency (Gloria & Ding, 2015).

## **Postal Corporation of Kenya**

Postal Corporation of Kenya (PCK) is a government Parastatal created by Postal Corporation Act 1998, after the split of KPTC into three separate entities. The three entities are: Postal Corporation of Kenya (PCK), Telkom Kenya and Communications Authority of Kenya (CA) to provide postal, telecommunication and industry regulation services respectively. PCK offers postal services which are Mpost, post liner, mail, financial, agency and courier services in the domestic and international market in competition with other players in the market (Harrington, 2015). It however retains a monopoly in postal rental boxes and mails weighing less than three hundred fifty grams in an attempt to help it offer universal Postal services and still be commercially viable. Other players are required by law to charge five times the cost PCK charges to qualify for this class of mail. CA was mandated to enforce the law but has been unable due to inadequate capacity.

The postal Statistics (2003-2007) indicate that PCK operates a network of sixty one head post offices, four hundred and eighteen departmental offices and three hundred ninety two sub post offices. It has 388281 private letter boxes, 1014 private letter bags 1134 private letter posting bags 1356 public counter positions, 312 stamp vending machines and 4061 stamp vending licenses. It has a Board directors appointed by the minister for Information and communication to oversee the activities of the organization (Hill, 2014). Top management is comprised of a Postmaster general (PMG) who is the chief executive officer, eight General Managers responsible for Human Resource Development, finance and Strategy, Information and Communication Technology, Mail, Courier, Financial and Agency services, Corporation Secretary, Logistics and Facilities, Research and one head of department in charge of Marketing.

There are one hundred nineteen Middle level managers and one hundred and sixty seven lower level managers. Total staff complement as at June 2009 was four thousand two hundred According to postal statistics (2003-2008) mail contributes 75% to total Revenue. However in the same period PCK has registered an average of negative six percent growth in domestic mails posted, negative five growth in international letters posted and negative three percent growth in domestic parcels posted. International parcels posted registered an average growth seventeen percent. PCK is facing competition from both international and domestic service providers. A recent study by PCK (2016) identified the following competitors as posing the biggest threat: G4Securicor Courier, Bus and freight companies, UPS, and Aramex both in the local and international market. The study also estimated PCK's market share to be 3% in courier and 60% in ordinary mail. According to CA 2015 statistics, the mobile subscriber numbers have risen to 16million to date and there is marked increase in electronic mail and commerce usage with an estimated penetration level of 33.3 %.

## **PROBLEM STATEMENT**

A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player (Clulow et al., 2013). Competitive advantage signifies the ability of a firm to stay ahead of present or potential competition, thus ensuring superior market leadership. It also provides the understanding that resources held by a firm and the business strategy have a profound impact on generating competitive advantage. According to Powell, (2014) business strategy is a tool that manipulates the resources and creates competitive advantage; hence, viable business strategy may not be adequate unless it possess control over unique resources that has the ability to create such a unique advantage. The performance of communication organization in the Kenyan market is affected by a number of factors some of which include competition, government regulation and the economy. An organization performance can be evaluated based on the internal performance, and external performance (Harrington, 2015). Internal performance is based on the individual organization policies that are their goals, budgets technology, development of their employees and other internal factors. External performance on the other hand is based on the market share of the organization, regulatory compliance and public confidence in the organization. Despite this organization performance is determined by the level of competitive advantage possessed by the organization. If an organization has a high competitive advantage its performance will also be high and vice versa (Gloria & Ding, 2015). Several studies have been conducted to establish the competitive advantage of various organizations in Kenya. Kimari (2014) investigated the sources of a sustainable competitive advantage in the Kenyan mobile telephony sector and found out that a wider product range and network coverage were key in ensuring competitive advantage of the players in the sector and thus improved the performance of the organization. Milewa (2010), in his study found that the competitive strategies adopted by PCK in response to increased competition included; offering high quality services, introducing new products and services, use of latest information technology, regular market surveys for customer needs and keeping prices lower than competitors. Kimani (2009), studied on the strategies adopted by Postal Corporation of Kenya to gain competitive advantage in the mail sub sector in Kenya in the light of increased competition. The study found that though PCK has adopted various strategies to gain competitive advantage and improve its performance, they are slow in bearing fruit and hence indicating challenges in strategy planning and implementation. The above studies sight that business environment for PCK has changed over the years and the firm no longer enjoys the monopoly that it used to hence the need for strategizing. The previous study did not establish the effect of competitive advantage on performance of Postal Corporation Kenya thus creating a knowledge gap. This necessitates the need to do a study which focused to fill the gap by finding out the influence of competitive advantage on performance. It is in the light of this reason that the current study sought to fill the gap by investigating the influence of competitive advantage on performance of Postal Corporation Kenya.

## **GENERAL OBJECTIVE**

The general objective of the study was to evaluate the influence of competitive advantage on performance of Postal Corporation Kenya.

## **SPECIFIC OBJECTIVES**

1. To find out the effect of innovative technology on performance of postal corporation Kenya.
2. To establish the effects of quality service on performance of postal corporation Kenya.
3. To ascertain the effect of staff training on performance of postal corporation Kenya.
4. To find out the effects of quality leadership on performance of postal corporation Kenya.

## **THEORETICAL FRAMEWORK**

### **The Resource-Based View (RBV) Theory**

The Resource-based View of the firm is a contemporary theory that provides insights on both strategic and organizational issues. The proponents of the theory were Wernerfelt, B., Prahalad and Hamel and Barney, J. (2012). The assumptions of the theory are that a firm utilizes its resources and capabilities to create a competitive advantage that ultimately results in superior value creation. According to (Barney, 2012), a firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. This competitive advantage is sustainable if the advantage resists erosion by competitor behaviour (Bharadwaj et al., 2013). The theory strives to identify and nurture those resources that enable organizations to develop competitive advantage. The primary focus is on existing resources which are treated as being largely static and unchanging. Competitive advantage depends upon the match between distinctive internal capabilities and changing external circumstances (Penrose, 2013). The theory articulates the relationships among firm resources, capabilities, and competitive advantage.

The theory posits that competitive advantage can be sustained only if the capabilities creating the advantage are supported by resources that are not easily duplicated by competitors. A firm is a unique collection of resources and capabilities which possess various characteristics. According to the RBV the possession of key resources and their effective development and deployment provide a unique synthesis of elements that allows the firm to achieve and sustain competitive advantage. Resources include physical and financial assets as well as employees' skills and organizational (social) processes. A firm's capabilities result from bundles of resources being brought to bear on particular value added tasks. Collis and Montgomery (1995) provide a clear exposition of the RBV and its role in strategy and contend that resources must pass tests as to their inimitability, durability, appropriability, substitutability and competitive superiority in order to qualify for an effective role in strategy.



The theory was applicable for the current study in that it explained how firm resources become a source of competitive advantage to the postal corporation. The theory helps the researcher to explain how a resource such as the Innovative Technology helps the company achieve competitive advantage. Innovative technology is known as a critical factor for firms to create value and sustain competitive advantage in today's highly complex and dynamic environment. The resource based theory argues that firms accepting the innovative technology as a resource, in response to environmental changes will help them to achieve higher performance and be more successful. The theory points to a link between international competition and economic growth through firm resources. This implies that innovative technology is usually a key outcome of intensive competition. A company is positioned to succeed if it has the best and most appropriate stock of the resources relevant for its business and its strategy. The theory draws attention to the firm's innovative technology as a driver for competitive advantage and emphasizes the resources that firms have developed to compete in the environment.

### **Customer Service Theory**

Customer Service Theory was established by Hovland, Harvey and Sherif, in 1987. The theory states that customer service is based on identifying and satisfying your customers' needs and exceeding their expectations. A company must be totally committed to delivering consistently high standards of service to gain and retain customer loyalty. The assumptions of the theory is that everyone from top management on down must be tuned into what the customer wants. Creating a customer service culture within a company can help build success (Gloria & Ding, 2005). Customer satisfaction and loyalty are inextricably linked to the quality of customer service and, ultimately, to the company's profitability. The theory states that for a company to remain competitive it should indoctrinate new employees into the customer service culture immediately. Provide comprehensive training programs that make them experts in their field. Emphasize how providing excellent customer service is the cornerstone of your business.

Ensure the front-line customer service team is personable, friendly and knowledgeable. Empower employees to make decisions that lead to customer satisfaction. Reward outstanding employee performance with recognition in the company newsletter, celebratory dinners, prizes and other benefits. Set realistic expectations for your customers about your products and services (Hill, 1988). Well-informed marketing and exaggerated claims might attract customers, but the service must always accurately meet customer expectations. Deliver on every promise to win customer loyalty. When customers are happy, they recommend your business to their friends and family. Increased levels of customer satisfaction also mean increased expectations that lead to increased competitive advantage.

The theory was applicable to the study as it helped the researcher to identify the various quality services that are provided to the customers to improve the competitive advantage of the firm. For a company to remain competitive appropriate quality services should be provided to the customers and which would in turn impact on the performance of the firm. The company should

provide comprehensive training programs that make the employees experts in field of customer satisfaction. Emphasize how providing excellent customer service is the cornerstone of your business. Thus theory serves the purpose to the organization who are in the process of providing quality service satisfaction to their customers and aiming to improve their performance.

### **Human Resources Theory**

The human resource theory was established by Professor Elton Mayo in the early 1920's during the industrial revolution. The assumption of the theory is people desire to be part of a supportive team that facilitates development and growth. If employees receive special attention and are encouraged to participate, they perceive their work has significance, and they are motivated to be more productive, resulting in high quality work. While the specific HR objectives will vary between organizations depending on their particular needs and composition of the workforce, several major, overarching objectives are generally seen to be important (Klerck, 2013). One of the most important objectives of human resources theory, but perhaps one that is often overlooked, is the HR role in managing cost-effectiveness for the organization. While the finance and accounting function of a business is ultimately responsible for balancing the budget and controlling expenses, HR policies play a large role in managing the business's outgoing costs.

When hiring employees, a business should be cognizant that its pay rates are competitive in order to attract skilled workers, but that they are not excessive and therefore end up costing the company more than they should (Johnason, 2014). Part of managing this process is working to minimize staff turnover, because the recruitment and hiring of employees takes valuable time and money away from the business. The HR function can also measure the cost-effectiveness of employee benefit programs, the availability of training and the efficiency of the time employees take to complete their jobs. All of these areas impact on competitive advantage of the company in that for it to remain competitive it should manage its employees in order to produce the required output (Collings, & Wood, 2015).

The theory is applicable in the current study as it helps the researcher to show the relationship that exists between staff training and competitive advantage of the firm. Staff training is an incentive that makes the employees to feel there are valued in the organization. This acts as a motivation which translates into improved productivity and thus creates a competitive advantage that improves the performance of the firm. The increase in productivity will increase due to relationships through staff training and being part of a supportive group where each employee's work will have significant effect on the team output.

### **Contingency Theory of Leadership**

The contingency theory of leadership was proposed by the Austrian psychologist Fred Edward Fiedler in his landmark 1964 article, "A Contingency Model of Leadership Effectiveness." The contingency theory emphasizes the importance of both the leader's personality and the situation

in which that leader operates. The contingency approach to leadership was influenced by two earlier research programs endeavoring to pinpoint effective leadership behavior (Barney, 2012). During the 1950s, researchers at Ohio State University administered extensive questionnaires measuring a range of possible leader behaviors in various organizational contexts. Although multiple sets of leadership behaviors were originally identified based on these questionnaires, two types of behaviors proved to be especially typical of effective leaders: consideration leader behaviors that include building good rapport and interpersonal relationships and showing support and concern for subordinates and initiating structure leader behaviors that provided structure (e.g., role assignment, planning, scheduling) to ensure task completion and goal attainment (Coff, 2013).

About the same time, investigators from the University of Michigan's Survey Research Center conducted interviews and distributed questionnaires in organizations and collected measures of group productivity to assess effective leadership behaviors. The leadership behavior categories that emerged from the University of Chicago were similar to the consideration and initiating structure behaviors identified by the Ohio State studies. The University of Michigan investigators, however, termed these leadership behaviors relation-oriented behavior and task-oriented behavior (Hamel, & Prahalad, 2014). This line of research was later extended by Robert Blake and Jane Mouton in 1964 to suggest that effective leaders score high on both these behaviors.

The assumptions of the theory is that there is no single way of leading and that every leadership style should be based on certain situations, which signifies that there are certain people who perform at the maximum level in certain places; but at minimal performance when taken out of their element (Lawrence, 2013). Organizations are open systems that need careful management to satisfy and balance internal needs and to adapt to environmental circumstances; there is no one best way of organizing. The appropriate form depends on the kind of task or environment one is dealing with, management must be concerned, above all else, with achieving alignments and good fits, and that different types or species of organizations are needed in different types of environments. To a certain extent contingency leadership theories are extensions of the trait theory, in the sense that human traits are related to the situation in which the leaders exercise their leadership (Seyranian, 2012).

The theory is applicable to the study in that it will enable the researcher to show how quality leadership enhances competitive advantage has influencing the performance of an organization. In relation to competitive advantage, the theory argues that leaders should ensure that they associate well with the employees of an organization. This will ensure smooth running of the organization that improves its performance in all the aspects of the organization.

## **EMPIRICAL REVIEW**

### **Innovative Technology and Performance**

According to White (2014), Product innovation is the development of new products, changes in design of established products, or use of new materials or components in the manufacture of established products. This link suggests that innovation is indeed related to products and processes. However, Daneels and Kleinsmith (2016) defined product innovativeness as “product that possesses newness or a degree of newness”. Accordingly, the innovation-based view of a firm must take into account the firm’s ability to develop a new or improved product and processes and equipment for the creation and production of the product newness. Therefore, the dimension of product innovativeness is critical to sustain the firm’s competitive advantages. White (2014) suggested that product innovation could be divided into two categories of innovation: development of new products and improvement of existing products.

Furthermore, White (2014) suggested that the process of product innovation and product development that brought a new product or service to market might also be a process of launching or improving products to meet customers’ needs. Furthermore, the impact of product innovation on the market had been studied by Kleinschmidt and Cooper (2013), who argued that product innovativeness did not have a major impact on the rate of success in the marketplace. Kleinschmidt and Cooper (2013) also concluded that the relationship between product innovativeness and commercial success was still unknown. This could imply that both high and low product innovativeness are likely to be more successful than those in-between. The finding of Kleinschmidt and Cooper (2013) shows that moderate innovation is less likely to succeed. This means that small improvement or incremental improvements of the existing products could lead to a substantial return on investment.

Analysis of the industry innovativeness requires understanding the sources of innovation ideas and design. According to White (2014), not all product innovation starts within the firm. Ideas and designs can be acquired from outside, from customers, or suppliers. Furthermore, Hippel (2012) identified three distinct sources of innovation, namely, users, suppliers, and manufacturing companies. Industry innovativeness may be dependent on the type of industry, i.e., whether it is manufacturing industry or service industry. Innovativeness of the manufacturing industry may be interrelated to the innovativeness of product creation and making, while the innovativeness of the service industry may be more focused on finding innovative ways to reach and deal with customers and suppliers.

Abecassis-Moedas (2016) in his research points to the influence of the firm innovativeness on the industry innovativeness. In other words, the industry innovativeness may be linked to or dependent on the firm innovativeness. A significant factor in industry innovativeness is the degree of knowledge exchange or transfer in the industry. The significance of the culture of exchange of knowledge between the innovative firm and its suppliers and customers had been

studied by Hippel (2012), who had considered innovation activities to be a user-driven innovation, which encompassed knowledge diffusion activities that were central for industry innovativeness. According to Soliman (2015), this attribute of exchange of knowledge is also the key attribute of good innovations. The finding of Soliman is consistent with the earlier study of Cavusillag (2014), who highlighted the significance of the external knowledge transfer by stating that “Some works sought to analyze the sources of innovations, or even innovative stimulus external to companies.

The market innovativeness has been referred to by Labahn (2015) as “the newness of approaches that companies adopt to enter and exploit the targeted market with emphasizes the novelty of market-oriented approaches, while market innovativeness has been considered by Smith (2016) as activities related to market research and identification of new market opportunities. Wang and Ahmed (2014) considered market innovativeness as new approaches that firms could adopt to enter and exploit new markets. These definitions tend to differentiate between product innovativeness that focuses on product newness and the market innovativeness which is mainly concerned with the newness of marketing approaches. It should be noted that Huang (2016) argued that market innovativeness might be difficult to define due to inconsistencies in the definition of innovativeness by various scholars, while Hilmi (2014) proposes that “Market innovativeness is highly connected to product innovativeness, and often studied as product-market innovativeness.

### **Quality Service and Performance**

Over the past two decades, quality has been heralded as the source of competitive advantage, quality has gone through an evolution process, from an operational level to a strategic level, and some scholars have given strong support for the view that quality must be adopted as a strategic goal in organizations (Adam, 2012). Porter (2015) categorized quality as a primary basis for differentiation strategy. He contends that firms adopting this strategy will uniquely position their products based on several attributes leading to a premium price. He specifically suggests that quality creates a differentiation point which separates, even insulates, a firm from competitive rivalry by creating customer loyalty as well as lowering price sensitivity. In this way, the firm will be protected from competitive forces that reduce profitability. Similarly, Philips et al. (2013) noted that among the many sources of differentiation, quality was the approach that most often characterizes a differentiation strategy. They also noted the conventional wisdom which suggests an incompatibility between high quality products and low cost for the reason that quality usually requires more expensive materials and processes, which is not supported under a cost leadership regime. This school of thought, however, does not totally negate the link between high quality and low cost. Rather, it suggests that high quality products will eventually result in lower costs after the firm attains benefits on economies of scale via higher market share (Philips et al., 2013).

A second line of argument supports the link between quality and low cost. Deming (2012), with his quality improvement chain concept, argued that organizations can enhance their

competitiveness by improving quality. This will result in cost reduction through eliminating scrap and rework. The concept of quality costs developed by Crosby (2013), provides explanations on the link between quality performance and cost reduction. The idea of quality cost suggests that any defective products (i.e. poor quality) will incur costs, commonly labeled as failure costs, which include the costs of rework and scrap. In the light of the link between quality performance and quality costs, firms need to devote their efforts on controlling processes to minimize defects in their outputs, which will also reduce the failure costs. In turn, this reduction will result in lower production costs and overall operation costs (Millar 2012). This is because the improvement of quality performance will not only impact on one particular functional area (i.e. production) but also inter-functional areas within organizations (Mandal, 2014).

Several other studies have exemplified the link between quality performance and cost reduction. For example, Maani et al. (2014) showed that quality performance (in terms of scrap, rework, and customer complaints) not only has a favorable impact on the operational variables but that its impact will also be apparent at the business performance level. The arguments for quality costs have been extended to the point where firms can achieve better financial performance by reducing failure costs rather than by improving sales (Harrington, 2013). This was evidenced in the 1980s when the lower price and higher quality of the Japanese products flooded global markets which had previously been dominated by Western companies (Raisinghani et al., 2015). This causal link between quality and cost, therefore, is different from that held in a classical economics theory, as was noted earlier. Here, quality is considered as directly inverse to cost. This seems to be compatible with a leadership quality strategy that seeks the lowest possible unit cost in production. The chain of reactions starts with quality improvement which results in cost reduction, which results in firms having the opportunity to offer high quality with low prices. In this way, firms will be rewarded with higher market share and a better competitive position in the market (Deming, 2012). In essence, this school of thought holds that there is no conflict between quality and cost as opposed the traditional view which suggests that higher quality means higher costs.

Aside from the opposing arguments outlined above, several scholars have suggested the unification of differentiation and cost leadership brought by quality. Belohlav (2013), for example, argued that attaining high quality performance allow firms to pursue not only a differentiation strategy, but also a leadership quality strategy. He further suggested that quality bridges the two different perspectives of strategy into one dimension called the value dimension. From a theoretical point of view, this argument allows the compatibility between cost leadership and differentiation strategies which has been extensively debated in strategic management literature (Hill, 2013).

Moreover, it is consistent with the demand for pursuing cumulative dimensions of performance (Noble, 2015). Specifically, Reed et al. (2016) show how quality simultaneously encompasses both differentiation and cost leadership. They argue that by focusing on customer needs, quality

is concerned with providing better products that satisfy customers' needs. This is associated with differentiation strategy. At the same time, by focusing on internal processes, quality also leads organizations to reduce cost as a result of the elimination of defects and waste. This makes it compatible to leadership quality strategy. The implication of this notion is that competing on quality will provide firms with double advantages by providing customers with both differentiated products and lower costs (Ho et al., 2015).

### **Staff Training and Performance**

Adequate number of employees and effective staff training strategies that focus on an organization's intangible assets will have significant impact on the competitive advantage of any organization (Brown 2014). Organization theory and person-environment fit research has consistently demonstrated the need for congruity or fit between organization structure, process, technology and environment as well as between people and their organization. The reduced cost and increased capabilities of computer technology has triggered significant increases in the delivery of knowledge, which includes computer based training, web-based training, multimedia learning environments and e-learning (Brown, 2013).

Hitt et al., (2014) hold that this advancement in technological training has provided organizations a unique opportunity to focus on increased training of the people in their different business functions while not sacrificing the abundant amount of resources required for training strategies in the past. This opportunity in technological innovation is now allowing organizations to provide more training across all boundaries of an organization. A greater commitment from department leaders in development of an innovative training strategy will allow organizations to ensure that knowledge creation, transfer and utilization is maximized and efficient at all levels of the organization.

Cegielski et al., (2015) suggest that the best practice in training includes moving resources around within sub-specialized areas, swapping application experts around to new applications, cross-training between the employees and outsourcing the improvement of existing applications to gain beneficial suggestions. There is also need to be careful not to do the outsourcing haphazardly to ensure the organization is building bench strength and giving opportunity for growth to its team. In addition, there is also need to find any opportunity to incorporate unique ways of sharing information where for instance the teams should hold internal training classes to the entire working force.

This will allow them to compile documentation, hone their presentation skills and share knowledge, which helps to break down knowledge silos. Liu and Barrar (2013) observe that organizations have gone so far as to teach a course at a state college that brings the students to their specific department, where they are imbedded in the department during the semester to learn about the processes and applications. This forces the training team to document information

and present it in a format that is ideal for training and also establishes a potential pipeline of future talent that is somewhat familiar with your environment.

### **Quality Leadership and Performance**

Different management writers have given several definitions of leadership. Schwartz (2012) describes leadership as the art of inspiring subordinates to perform their duties willingly, competently and enthusiastically. So a leader becomes one who by example and talent plays a directing role and commands influence over others. In simple terms leadership could be described as getting others to follow or getting others to do things willingly. In management, leadership could be seen as the use of authority in decision making. Leadership could be exercised as an attitude of position, or because of personal knowledge and wisdom, or as a function of personality. So leadership could be looked at from many perspectives but what is clear is that it is a relationship through which one person influences the behaviour of others towards the achievement of a common course.

Luthans (2005) holds that in order to attain competitive advantage of an organization the leadership more especially the top management should perform two major functions: Firstly, they should create a strategic imperative acting in unison to showcase the need for change and involving middle managers in the choice of fast projects and secondly they should manage the organization context by choosing project leaders who are likely to be successful while able to balance power and monitoring of the projects, providing protection to the teams, and managing the expectations of the rest of the organization.

Congden (2015) also contends that the roles of leadership in attaining competitive advantage include: Teaching while learning, enforcing strategic consistency, oversight of the process and focus on key questions. For instance the key questions leaders should ask include before investing in a new venture include: Do market characteristics justify the need, is the project technically feasible and if it is organizationally easy to implement. Characteristics of leaders who can create competitive advantage include ; credibility within the organization, well-honed tactical and implementation skills, sound knowledge of the organization and people within it and good relationship with the middle managers across the organization and other stakeholders.

### **Competitive Advantage**

Sustainable Competitive Advantage is a long-term process that allows a business to remain ahead of its competitors. Unlike short-term advantages, such as being the first to market a new type of service, a sustainable competitive advantage may be built into the fabric of a business, and will help maintain its dominance over years and even decades. The development of such an advantage often takes dedicated effort, the ability to consistently innovate, and even some luck. According to Porter (2015), when a firm sustains profits that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals.



The goal of much of business strategy is to achieve a sustainable competitive advantage, which can be achieved through cost advantage. Cost leadership strategy is usually developed around organization-wide efficiency, therefore for firms implementing the cost leadership strategy to maintain a strong competitive position and sustain their profit margin for a considerable period of time; they have to place a premium on efficiency of operations in all functional areas (Porter, 2012).

Firms that implement a cost leadership strategy are able to secure relatively large market share by being the lowest cost producers and service providers in their industry or market. Thus, firms implementing the cost leadership strategy can obtain above-normal profits because of their ability to lower prices to match or even below those of competitors and still earn profits. By pursuing low costs, companies not only operate efficiently, but also become an effective price leader, undermining competitors' growth in the industry through its success at price war and undercutting the profitability of competitors, then the firm can offer lower prices, higher quality, or both (Spulber, 2013).

By innovating best-practice organizational processes, with careful monitoring on purchasing expenditures, application of computer and communications technology in a cost-effective way, trimming of overhead cost, and efficient operations, a firm can achieve the cost reduction. Sometimes, cost reduction can also be achieved by outsourcing manufacturing and services when outsider providers offer lower-cost alternatives. With the same quality level but lower cost, the low-cost firm could be able to undermine the price of competing firms. The reason for applying the strategy on cost leadership is to obtain the advantage by reducing economic costs amongst its competitors (Barney, 2012). This strategy highlights efficiency by producing qualified and standardized products or services, at the same time, with economies of scale and experience curve, the firm strives to gain sustainable competitive advantage among its competitors.

## **RESEARCH METHODOLOGY**

### **Research Design**

The research design was a case study. According to Kothari (2006) a case study design is a way of organizing data and looking at the object to be studied as a whole, a case study makes a detailed examination of a single subject or a group of phenomena. Case approach helps to narrow down a very broad field or population into an easily researchable one, and seeks to describe a unit in details, in context and holistically (Kombo and Tromp, 2006). The method was quite appropriate for the study because it assisted the researcher to investigate the competitive advantage and performance of Postal Corporation Kenya.

### **Target Population**

Researchers must choose their target population from which they wish to collect data, and a sampling strategy to select a sample from that population. Further, population as all people or

items (unit of analysis) with the characteristics that one wishes to study. The unit of analysis may be a person, group, organization, country, object, or any other entity that you wish to draw scientific inferences about (Bhattacharjee, 2012). The populations for this study were staffs of Postal Corporation at the headquarter in Nairobi County. This made a total target population of two hundred and fifteen (215) respondents.

### **Sample and Sampling Technique**

Sampling is the process of selecting the people who will participate in a study. It should be representative of the whole population. Sampling is hence the procedure, process or technique of choosing a sub-group from a population to participate in the study (Ogula, 2005). A sample is a smaller group or sub-group obtained from the accessible population (Mugenda and Mugenda, 2003). This study adopted the stratified sampling technique. The study grouped the population into three strata that is; top management, middle level management and low level management. From each stratum the study used simple random sampling technique to select 20% of the respondents in each stratum. From the possible 215 target population, stratified random sampling was employed to select a total of 43 respondents. This was 20% of the total population. Mugenda and Mugenda (2003) states that in stratified sampling where population within each strata is known, a sample of 10-30% is adequate representation for data collection. Therefore the population of 20% was adequate and representative of the study as it fell within the range recommended by Mugenda.

### **Data Collection**

The study used a questionnaire as the instrument of data collection. The questionnaire consisted of both open and close-ended questions. The close-ended were used in an effort to conserve time; while the open-ended questions were used to encourage the respondent to give more details in-depth without feeling held back in revealing of any information. In order to enhance the response rate, the respondents were assured of confidentiality. Secondary data was obtained from various books, journal articles, research reports, conference proceedings and relevant internet sources with data on the research topic.

### **Data Collection Procedure**

In order to guarantee a conducive setting when collecting data, the researcher was required to introduce herself to the respondents by explaining the purpose of the research before administering the instrument (Saunders et al., 2007). A close rapport was established between the researcher and the respondents. The questionnaires were administered on a 'drop and pick later' technique. Every effort was made to ensure personal delivery and administration of the instrument in order to ensure a higher return rate of the questionnaires. To collect this data, the researcher distributed the questionnaires to the respondents. The primary data was considered efficient to the research because it was reliable and accurate (Mugenda & Mugenda, 2003).

## Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected. It involves examining what has been collected and making deductions and inferences (Kombo and Tromp, 2006). The data collected was coded, quantified and analyzed quantitatively. Quantitative data was analyzed by the use of descriptive statistics using SPSS and presented through percentages, means, standard deviations and frequencies. The data was then presented in the form of tables, graphs and pie charts. This provided for an easier analysis and interpretation of the data inputted. In addition regression analysis was used to establish the relationship between competitive advantage and firm performance. In particular, the following regression model was used;

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + i$$

Where: Y= Firm Performance; X<sub>1</sub>= Innovative Technology; X<sub>2</sub>= Quality Service; X<sub>3</sub>= Staff Training; X<sub>4</sub>= Quality Leadership; a = constant;  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$ , and  $\beta_4$  = beta coefficients i= error term

## RESEARCH RESULTS

### Inferential Statistics

The researcher conducted a multiple regression analysis so as to test relationship among variables (independent) on the performance of Postal Corporation Kenya. The researcher applied the statistical package for social sciences (SPSS V 21.0) to code, enter and compute the measurements of the multiple regressions for the study. Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (performance) that is explained by all the four independent variables (innovative technology, quality service, staff training, and quality leadership)

**Table 1: Model Summary**

Model	R	R Square	Adjusted R	Std. Error of the Estimate
1	0.797	0.635	0.592	0.043

The four independent variables that were studied, explain only 63.5% of the effects of competitive advantage on the performance of Postal Corporation Kenya as represented by the R<sup>2</sup>. This therefore means that other factors not studied in this research contribute 36.5% of the effects of competitive advantage on the performance of Postal Corporation Kenya. Therefore, further research should be conducted to investigate the effects (36.5%) competitive advantage on the performance of Postal Corporation Kenya.

**Table 2: ANOVA of the Regression**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.335	5	1.267	9.475	.0031
Residual	76.791	33	2.327		
Total	83.126	38			

The significance value is 0.031 which is less than 0.05 thus the model is statistically significance in predicting how the factors (innovative technology, quality service, staff training, and quality leadership) influence performance of Postal Corporation Kenya. The F critical at 5% level of significance was 3.23. Since F calculated is greater than the F critical (value = 9.475), this shows that the overall model was significant. This agrees with a study by Hailin (2012) who argues that competitive strategies such as service innovative technology, quality service, staff training, and quality leadership strategies help in improving organizational structure and increasing the moderating effect on the relationship between competitive advantage and organization performance.

**Table 3: Coefficient of Determination**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.127	0.2235		5.132	0.000
Innovative technology	0.652	0.1032	0.1032	7.287	.000
Quality service	0.587	0.3425	0.1425	3.418	.000
Staff training	0.445	0.2178	0.1178	4.626	.000
Quality Leadership	0.339	0.1937	0.0937	4.685	.000

Multiple regression analysis was conducted as to determine performance and the four variables. As per the SPSS generated table below, regression equation ( $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$ ) becomes:

$$Y = 1.127 + 0.652X_1 + 0.587X_2 + 0.445X_3 + 0.339X_4 + \epsilon$$

According to the regression equation established, taking all factors into account (innovative technology, quality service, staff training, and quality leadership) constant at zero, performance of Postal Corporation Kenya will be 1.127. The data findings analyzed also showed that taking all other independent variables at zero, a unit increase in innovative technology will lead to a 0.652 increase in performance; a unit increase in quality service will lead to 0.587 increase in performance, a unit increase in staff training will lead to a 0.445 increase in performance, while a unit increase in quality leadership will lead to a 0.339 increase in performance. This infers that innovative technology contributes the most to the performance of Postal Corporation Kenya followed by quality service. At 5% level of significance and 95% level of confidence, innovative

technology, quality service, staff training, and quality leadership strategies were all significant on performance of Postal Corporation Kenya. This is in agreement with a study by Barney, (2002) who stated that by innovating best-practice in organizational strategies such as quality service, staff training, and quality leadership will help the firm to gain sustainable competitive advantage among its competitors which will have a significant increase in its overall performance.

## **CONCLUSIONS**

The study concluded that nature of innovative technology increases service delivery which increases the performance of the firm. Further the study concluded that international markets assist firms in expanding their production capacities and ultimately enhance their market innovativeness. Further the study concluded that quality of services increases the competitive advantage and the performance the organization. The study also concluded that qualification of the staff members helps in creating efficiency which improves the performance of the organization. The study further concluded that to a great extent that monitoring and evaluation enhance the success of staff training strategies and the overall performance of postal corporation of Kenya. The study also concluded that monitoring and evaluation enhance the success of staff training strategies and the overall performance of postal corporation of Kenya. Additionally the study concluded that experience of leaders increases their competency hence improving the performance of the organization. In order to attain competitive advantage of an organization the leadership more especially the top management should perform two major functions: Firstly, they should create a strategic imperative acting in unison to showcase the need for change and involving middle managers in the choice of fast projects and secondly they should manage the organization context by choosing project leaders who are likely to be successful while able to balance power and monitoring of the projects. Finally the study concluded that number of employees increase organization performance and that expanding the product line has been adopted to increase competitive advantage which has an overall impact on performance of the firm.

## **RECOMMENDATIONS**

The Postal Corporation of Kenya should invest more on current technology to ensure that the services are digitized which will ensure the organization remain competitive. This will be realized by the company stakeholders' engaging in research to ensure they adopt the best technology that will help in service delivery and to ensure the organization is always ahead of the others. The Postal Corporation of Kenya should realize on the necessity of quality service which promotes the growth of the organization. This will effectively ensure that other firms in the industry do not outdo them in the market. This will ensure their survival as they contribute to job creation, economic development as well as encouraging creativity hence competitive competition.

The staffs of the postal corporation need to be trained on new strategies that will ensure that the organization survive in the communication industry. Partners should cultivate a culture of scanning the business environment and training the employees on the appropriate competitive strategies applicable. The firms should know that customer satisfaction always comes first. The managers of Postal Corporation of Kenya should relook on their competitive advantage strategies in terms of business branches and assets in order to reach the consumer to their door step while they increase customer base as well as creating awareness of the service or product they deal with.

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