EFFECTIVENESS OF STRATEGIC DRIVERS ON PERFORMANCE OF SELECTED CHANNELED PRODUCT ICT FIRMS IN NAIROBI, KENYA

BY

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DECLARATION

This dissertation is a product of my own work and is not the result of anything done in collaboration. It has not been previously presented to any other institution. I agree that this dissertation may be available for reference and photocopying at the discretion of the University.

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We confirm that this dissertation has been submitted with our permission as the university appointed supervisors.

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DEDICATION

This research project is dedicated my wife and children, parents, brothers, sisters, cousins and extended family members for their moral and financial support during the preparation of this research project. Their prayers and encouragement contributed to the completion of this research project within the stipulated timefram**e.**

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OPERATIONAL DEFINITION OF TERMS

Channeled Products involves products that penetrate into markets through recommended or direct channels which are recommended by the manufacturer or dealers of products (Flavián & Guinalíu, 2015).

Distribution Channels involves paths, routes or intermediaries through which goods or services produced move to the end user (Abraham &Taylor, 2013). Organizations and individuals may use direct and indirect distribution channels to obtain goods and more specifically ICT products from dealers or distributors (Alexander & Young, 2011).

Firm Performance is the degree to which an organization can achieve its financial and non-financial goals using the limited resources available which may include; people, money, technology and knowledge. Financial performance metrics involves, profits generated and costs of operation while non-financial performance metrics involves customer satisfaction, employee motivation, corporate image and change implementation (Alexander & Young, 2011).

ICT Products these are products that have the capability to store, retrieve, manipulate, transmit or receive information electronically in a digital platform (Hitt, Keats, & De Marie, 2012).

ICT Firms Are enterprises that deals with that have the capability to store, retrieve, manipulate, transmit or receive information electronically in a digital platform. ICT firms can be private or public entities operated to accomplish specific goals (Logan, Faught & Ganster, 2011)

Information and Communication Technology involves all devices that individual or organizational customers demand such as networking components, applications and systems that are linked to individuals to facilitate interactions in the digital world. Individuals and organizations may need a range of ICT devices such as computers, ipads, printers and cameras among others to achieve social and economic goals (Kamel, Rateb & El-Tawil, 2009).

Non-Channeled Products involves products that penetrate into markets through indirect or alternative channels of distribution apart from the recommended manufacturer channels of distribution (Kotler, 2012).

Strategy involves initiatives, plans or decisions organizations put in place to achieve short-term and long-term goals in the changing business environment (Flavián & Guinalíu, 2015).

Strategic Drivers these are critical factors that determines the success or failure of an organization in the competitive business environment. The selected strategic drivers of the study includes firm strategies, firm capabilities, market penetration and retailer-dealer partnerships (Ogwe, Nonye & Onwe, 2015).

ABBREVIATIONS AND ACRONYMS

HRM Human Resource Management

HP Hewlett-Packard

IBM International Business Machines Corporation

MBA Master of Business Administration

SPSS Statistical Package of Social Sciences

UK United Kingdom

USA United States of America

ABSTRACT

In the world of competition, change of consumer needs and wants, influence of technology and globalization firms operating in multiple sectors in developed and developing countries are embarking on embracing strategic drives to enhance their performance. Despite variation in product categories, ICT firms dealing with channeled products and more specifically in Kenya are experiencing deteriorating performance though limited studies have been conducted to establish the link between strategic drivers and performance of channeled product ICT firm thus formed the basis of this study. The study sought to establish the effectiveness of strategic drivers on performance of selected channeled product ICT firms in Nairobi, Kenya. The specific objectives that study sought to address were to determine the effect of firm strategies, firm capabilities, market penetration and retailer-dealer partnerships on performance of selected channeled product ICT firms in Nairobi, Kenya. The study was anchored on resource based theory and supported by dynamic capability and relationship marketing theories. The study adopted cross-section research design to establish the effectiveness of strategic drivers on performance of channeled product ICT firms in Nairobi, Kenya. The target population of the study comprised of 12 distribution companies dealing in channeled ICT products in Nairobi. Out of the 12 firms, a total population of 309 employees was selected. Using Yamane (1967) formula, a sample size of 174 was arrived. The respondents of the study included. Primary data was collected using structured questionnaires with open and closed ended questions. Secondary data was collected by the review sales records and financial statements, Validity of the instrument was tested using strategic management consultants and lecturers at St. Paul University in the department of Business Management Reliability of the instrument will be tested using Cronbach Alpha formula. Quantitative data was analyzed using descriptive statistics and inferential statistics such as multiple regression method. Multiple regression was conducted at 95% confidence level and 5% significance level. The analyzed data was descriptively presented using means scores, standard deviation and percentages. The study revealed there exist a significant positive relationship between firm strategies, firm capabilities, market penetration, retailer-dealer partnership and performance of selected channeled product ICT firms in Nairobi, Kenya. The study concludes that strategic drivers such as logistics, marketing and human resource strategies are crucial for organizational competitiveness if effectively embraced by top leadership. The study recommends that unless ICT firms dealing with channeled ICT products in Kenya recognize the essences of pricing decisions and product values, achieving competitive advantage would an uphill task. The findings of the study will help the management of ICT firms to develop appropriate strategic drives to enhance their competitiveness. Policy makers such as the government and related agencies in the ICT sector would use the information to develop policies that will regulate the ICT product sector and import of products. Further, academicians and scholars would use the information to enrich existing literature and identify research gaps to be addressed

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

In a world of competition, shrinking product cycles, accelerated technological breakthroughs, and progressively greater globalization, the business arena may best be described as being in a chronic state of flux, with continual variation in its external environment (Hitt, Keats & Marie, 2012). Given such ever changing environmental conditions, a firm's ability to change direction quickly and to reconfigure strategically is crucial to its success in achieving sustainable competitive advantage (Gilley & Rasheed, 2013). Nowadays with increasing competitive pressures and progressing globalization, public organizations have to exceed customer expectations via optimized strategic resources (Uzel, 2012).

The difficulty of these decisions has worsened in recent years stimulated by raised competitive pressures, the acceleration of technological change, and the distribution of knowledge across various organizations and geographic markets (Logan, Faught & Ganster, 2011). In uncertain business environment characterized by competition, strategic drivers such as firm strategies, firm capabilities, market penetration and retailer-dealer relationship are inseparable for any competitive enterprise. By extension, this study considers firm performance to be a function of strategic drivers which form the independent variables of the study.

Alexander and Young (2011) argue that strategic drivers are ways to work toward pre-defined goals or to deal with unforeseen circumstances that develop within the organization. Business goals often require change to take place at some level for the business to grow and develop. Organizational issues concerning; personnel, morale and high turnover rates can also warrant the use of business intervention strategy as a means for improving productivity and work relations (Maurice, 2014). Abraham and Taylor (2013) suggest that strategic interventions can be regarded as initiatives used to facilitate new changes in the organization with minimal resistance from employees. Technology, global competition, changing consumer demand, employee diversity and

lean management practices are driving competitive firms to adopt strategic interventions to gain competitive edge (Kamel, Rateb & El-Tawil, 2009).

Strategic drivers are unique for each business and organization (Scott, 2014). A strategy that delivers results for one business or organization environment, need not necessarily deliver same or similar results for another, even within same industry. Flavián & Guinalíu (2015) argue that strategic drivers have been sought by competitive firms as an initiative of trying to realize the long-term objectives of the organization. Firm strategies, firm capabilities, market penetration and retailer-dealer partnership are some of the strategic drivers adopted by organizations to achieve their goals (Hitt, Keats & Marie, 2012). Strategic drivers are the only ways to turn a business around or move it from good to fantastic (Abraham &Taylor, 2013).

1.1.1 Strategic Drivers

Strategic drivers are thought to be long term initiatives organizations adopt in order to improve overall organization performance or productivity (Hitt, Keats & Marie, 2012). Strategic drivers that are thought to influence performance of ICT firms dealing with channelled products in Kenya included firm strategies, firm capabilities, market penetration and retailer-dealer partnerships. Firm strategies are conceptualized to be a combination of strategies such as logistic, marketing and human resource that a firm adopts in order to enhance its performance in the changing business environment.

Ayele (2012) opine that logistic strategies involves strategies that firms adopt to move products from the point of production to the point of consumption. Firms and individual can use direct or indict strategies of distribution to obtain goods and services produced in a particular country (Efendioglu & Karabulut, 2010). The direct distribution strategy are recommended and to be the most effective from the manufacturer perspective even though many logistical challenges are experienced when dealing with multiple distributors from context to context (Moturi, 2010).

Further, Mohamud et al. (2015) argue that marketing strategies adopted by firms such as segmentation, product design, development, repackaging, pricing, promotion and can enhance organizational performance in terms of increased profits generated, market share, minimal operational costs, employee motivation, corporate image and customer

loyalty. Though marketing strategies adopted from context to context may differ, on a larger extent, it is observed that companies that seek to embrace marketing orientation always perform effectively compared to firms that do not (Mopeni, Sobi and Modi, 2014). Training service providers or sales people can lead to extended customer value and sustainable organization performance. Providing sales management team with adequate product knowledge and coaching on how to sell products not only enhances organizational profitability but also sustainable customer relationship management (Konzi, 2012).

Firm capability attributes such as product research, knowledge management and technology are thought to influence organizational performance (Kevin & Strickland, 2016). Firms committed in allocating funds for product research and development have a competitive edge in a market characterized by intense competition and changing consumer needs and wants (Waititu, 2016). Similarly, knowledge management is seen to be a strategic tool of organizational competitiveness despite internal challenges that hinder information management and employee development. Firms dedicated to develop knowledge and skills of workers not only promote creativity but also innovation of products and services (Gilley & Rasheed, 2013).

Technology integration in the systems not only enhances efficiency and effectiveness of the system but promotes enhanced service delivery and facilitates globalization (Ali & Şafak, 2012). With modern technologies, firms are able to market their products though alternative channels which may include direct or indirect channels (Yusufu, 2013). Using of market intermediaries such as agents, sales representatives, retailers and marketing agencies can lead to improved organizational performance. Synergies among market intermediaries facilitates effective flow of goods and services from one place to another despite challenges of maintain brand image (Hitt, Keats & Marie, 2012).

Market penetration is viewed to be the extent to which products of a company are accepted by users and regular consumed thus increased market share (Kotler, 2010). Companies can devise various strategies in order to penetrate global, regional and local markets. Segmenting markets generally gives a company an opportunity to identify individual needs that informs buying behaviours of different products in the market

(Nor, Khalid, Razali & Ramli, 2010). Segmenting markets enable firms to determine profitable and non-profitable market territories and make strategic decisions to enhance efficiency and effectiveness (Njuguna, 2014). Developing new products and extensing to new and existing markets in endorsed by the ability of the firm to position their products in the mind of consumers using various dimensions such as quality, cost, association, communication and product characters

Retailer-dealer relationships are thought to be a function of firm performance. Creating strong relationships between supply chain parties to a larger extent can result to firm competitiveness (Mueni, 2014). Partnerships established on common ideology of achieving a common goal enhances organizational productivity in terms of minimal costs of operation, information sharing, price control, product improvement, marketing, human resource development and industry bargaining power (Manani et al., 2013). Product dealers who have strong relationships with retailers in a market are likely to understand consumer insights thus effective positioning of products and services in the market (Hitt, Keats & De Marie, 2012).

1.1.2 Channeled ICT Products

Channeled ICT products comprise a wide range of a products such as laptops, ipads, desktops printers, monitors, scanners, cameras and their accessories which may penetrate, imported or exported to different countries using recommended channels of distribution contrary to indirect channels of distribution (Kamel, Rateb & El-Tawil, 2009). Market intermediaries consider non-channeled products to be of equivalent quality to channeled products regardless the distribution channels used to obtain them (Kotler, 2012) Information and communication technology firms in developing countries and more specifically in Kenya prefer non-channeled products because of specific features such as brand uniqueness, reasonable prices despite non-attachment of warrants and safety features to customer (Ali & Şafak, 2012).

Both in developed and developing countries of the world, non-channeled ICT products can be accessed by customers based on the legal trade regulations in place (Waruguru, 2012). However, non-channeled ICT products have been considered to take root in developing countries and more specifically in Kenya, regardless the attachment of the products with value added services such as warranties and safety features. In Kenya,

non-channeled ICT products occupies a larger market share as compared to chandelled products (Computer Societal of Kenya Report, 2016).

Information and Communication Technology firms dealing with channeled products have continued to face stiff competition from their counterparts who deal with non-chandelled products (Kimani, 2015). Based on the similarity of ICT products penetrating the Kenyan market through direct or indirect channels of distribution, majority (71%) of the customers largely depend on non-channeled ICT products that deem to be offer equal value like that of channeled ICT product. Majority of the ICT firms dealing with channeled products have not only experienced shrinking market share but also drastic decline in profits by less than 50% of the overall market share controlled (ICT Board of Kenya Survey Report, 2016).

1.1.3 Organizational Performance

Daft (2010), suggests that organizational performance is the ability of an organization to utilize its resources to achieve organizational goals in effective and efficient way. On the other hand, Boit and Kipkoech (2012) suggest that organizational performance can be defined as the way the organization carries its objectives into effect. In order to measure organizational performance, it can be seen from two perspectives, either financial or non-financial performance. Dimensions of financial performance can range from profitability, market value and also growth of organization. While, satisfaction of customer, employee satisfaction, innovation, quality and reputation are some aspects to measure non-financial performance (Baum & Oliver, 2011).

Melchorita (2013) asserts that performance management is commonly used today to describe a range of managerial activities designed to monitor, measure and adjust aspects of individual and organizational performance through management controls of various types. Performance management integrates the management of organizational performance with the management of individual performance. Organizational performance perspectives suggested by Norton and Kaplan (2010) include; financial perspective, that entails measuring whether the organization is generating profits from its core businesses; customer perspective, that entail customer satisfaction from goods and services; internal business processes that involves continuous improvement of services using modern technology and finally innovation and learning, that entails

ability of organizations to develop new products and services thus team learning and co-partnerships in the industry.

Performance of firms dealing with ICT channelled products in Kenya has continued to raise concerns from key industry stakeholders such as investors and employees working in the companies (Kinuthia, 2012). With intense competition from ICT firms dealing with non-channeled ICT products, ICT firms are embarking to rethink on embracing strategic drivers to influence performance. Even though limited studies have been conducted to examine the association of the variables of the current study among firms in the ICT sector in Kenya, it is observed that there is no clear understanding on the link of the consolidated variables of the study that constituted a sub-set of four strategic driver constructs and performance of ICT firms dealing with channeled products.

1.1.4 Information and Communication Technology Sector in Kenya

According to the Government of Kenya ICT report of 2017, Kenya is one of Africa's largest economies with a GDP of $32 billion (Sb2.5 trillion) and an average five per cent economic growth rate in the past five years. Information Communication Technology (ICT) in Kenya contribute significantly to this growth. The number of Kenyans using new forms of communication has increased rapidly in recent years, with mobile telephony providing the biggest gauge of penetration of new technologies. Ownership of mobile phones has risen from just 40,000 in 2000 to nearly 20 million. Although phenomenal, the mobile sector still has room for growth has just 34 per cent of the population has access to mobile phone services. The percentage of Kenyans using mobile phones is set to rise to 70 percent in the next five years (Organization for Economic Co-operation and Development, 2017).

Another sector set to experience exponential growth is the Internet. The advent of better international connectivity is going to be beneficial to Kenya's telecoms market and the Internet in particular (Kinuthia, 2012). It will also see the growth of new industries such as Business Process Outsourcing, software development and application development. Fibre connectivity has the added benefit of placing Kenya in a prime position to take a share of international offshore outsourcing business. This will provide significant opportunities for economic growth in line with the country's Vision 2030, which aims at making the nation a new industrializing; middle-income country providing quality life for citizen (GoK, 2017).

Kimani (2015) suggest that the key driver for business process outsourcing (BPO) is the quality of communication services, including the internet. The BPO plan for Vision 2030 is for Kenya to become one of the top three investment destinations in Africa. Fibre optic connectivity is a key component of this. Kenya's communication sector is ready to move and is already moving into the digital age. New technologies are shaping the economy and changing the way people work, spend their leisure time, access information and communicate (Waruguru, 2012).

While Kenya is far from providing equitable access to ICT systems, its efforts in building capacity skills and promoting stakeholder participation and partnerships is significantly influenced by the rate at which the citizens can access channeled and non-channeled ICT products for social and economic goals (Organisation for Economic Co-operation and Development, 2017). To promote international trade and best business practices, Kenya needs to reinforce regulations that control penetration of non-channeled products ICT products into the Kenyan market thus fair competition of among industry players. To sustain economic growth, appropriate regulations of importing and exporting ICT products and more specifically channeled products should be developed (UNESCO, 2017).

1.2 Problem Statement

In the world of competition, changing consumer needs and wants, influence of technology, firms in the ICT sector in developed and developing countries are embarking on strategic drivers in order to influence their competitiveness (Organization for Economic Co-operation and Development, 2017). Information and Communication Technology sector in Kenya has rapidly continued to grow since the year 2000 to date. Numerous developments in the have been associated to industry regulations and government interventions to promotes international trade and investments (Kimani, 2015). However, despite the developments in the ICT sector, firms dealing with channeled and non-channeled ICT product such as computers, cameras, printers, desktops and related accessories of ICT products have not only experienced challenges enhancing service quality but also sustaining their growth in the changing business environment.

Competition among ICT firms dealing with channeled and non-channeled products has heightened the curiosity of customers to search for products that conform to their social

and economic (Organization for Economic Co-operation and Development, 2017). With the rationality of consumer buying behaviours, majority (83%) of the ICT firms dealing with channeled products in Kenya have continued to experience deteriorating performance by recording meagre profits from daily and general annual sales. Further, some firms are experiencing high employee turnover and high costs of operation due to non-performance of their firms (ICT Board of Kenya Survey, 2016). With continued outcry from investors of ICT firms dealing with channeled products, the study sought to investigated the effectiveness of strategic drivers on performance of ICT firms dealing with channeled products though limited studies have been conducted in the ICT context (Computer Societal of Kenya Report, 2016).

Limited study which have been conducted globally, regionally and locally reveals contradictory findings that formed the basis of this study. Mohamud, Mohamud and Mohamed (2015) studied relationship between strategic management and organizational performance in Somalia. Rhumbi and Ghadh (2017) sought to examine the relationship between Strategic management policies and service quality in public and private hospitals in India. A study by Waititu (2016) sought to establish a relationship between strategy implementation and performance in commercial banks in Nairobi County in Kenya. Ofunya (2013) studied a relationship between strategic management practices and performance of post banks in Kenya.

Moturi (2010) examined the relationship between strategic practices on the performance of government ministries in Kenya. Mopeni, Sobi, Modi, (2014) studied the relationship between strategic management and organizational service delivery in Kenya. Kevin and Strickland (2016) studied the relationship between strategy implementation practices and performance of public universities in Australia. A study by Kimani (2013) sought to establish the relationship between strategic management practices on competitiveness of pharmaceutical companies in Kenya.

From the findings of the empirical studies conducted by Mohamud, Mohamud and Mohamed (2015); Rhumbi and Ghadh (2017); Ofunya (2013); Moturi (2010); Mopeni, Sobi, Modi, (2014); Kevin and Strickland (2016); Kimani (2013) and Waititu (2016), it was noted that the studies examined variables of this study partially and in isolation. Further some studies conducted focused different countries such as Turkey, Somalia and India. In addition, the studies were confined to different sectors such as

pharmaceutical, manufacturing, hospitality, higher education and government ministries but failed to focus on channeled products of ICT firms in Kenya. Moreover, it was noted that some of the studies adopted different research methodologies such as research designs, sample size, instruments of collecting data and data analysis methods that varied and resulted to inconsistencies in research findings. However, it is on this premise the study sought to investigate the effectiveness of strategic drivers on performance of channeled product ICT firms in Nairobi, Kenya in order to unfold research gaps in this area.

1.3 Research Objectives

1.3.1 General Objectives

The general objective of this study was to establish the effectiveness of strategic drivers on performance of channeled product ICT firms in Nairobi, Kenya.

1.3.2 Specific Objectives

The specific objectives that guided the study were:

(i) To determine the effect of firm strategies on performance of channeled product ICT firms in Nairobi, Kenya.

(ii) To establish the effect of firm capabilities on performance of channeled product ICT firms in Nairobi, Kenya.

(iii) To examine the effect of market penetration on performance of channeled product ICT firms in Nairobi, Kenya.

(iv) To determine how the retailer – dealer partnership on performance of channeled product ICT firms in Nairobi, Kenya.

1.4 Research Questions

The research questions that guided study were.

(i) What is the effect of firm strategies on performance of channeled product ICT firms in Nairobi, Kenya?

(ii) What is the effect of firm capabilities on performance of channeled product ICT firms in Nairobi, Kenya?

(iii) What is the effect of market penetration on performance of channeled product ICT firms in Nairobi, Kenya?

(iv) What is the effect of retailer – dealer partnership on performance of channeled product ICT firms in Nairobi, Kenya?

1.5 Significance of the Study

This study will benefit a number of interest groups starting with the management of the ICT businesses across the channel that is in distribution and reseller/ retailer. It would also serve as a reference material to provide recommendations on areas the ICT companies can improve on their strategy. To enhance their competitive advantage, managers in the ICT companies dealing with channeled and non-channeled products and other corporate entities would use the information to make competitive decisions to enhance organizational performance.

Policy makers such as the government would also benefit from the research since findings would provide an in-depth understand on the challenges faced by ICT firms in marketing their products. Other related agencies such as consumer federation of Kenya would formulate polices that would promote international trade relations thus appropriate mechanisms would be established to promote performance of channeled products.

On the other hand the government is a major client in the ICT businesses especially given the adoption of technology in efforts to achieve the vision 2030. Based on this the government would benefit from this research since it's an industry that employs most of its citizens and given its virtual nature where it's possible for the business to take place locally but everything else happens globally through the ever-increasing global market which would mean the government losing in terms of revenue.

Scholars also would benefit from this study as it would contributes to the increasing reservoir of knowledge and the application of the generic strategies. The study findings would present information to current and potential researchers to enrich strategic management literature and form a basis of future studies from the gaps identified from this study.

1.6 The Scope of Study

The study sought to investigate the effectiveness of strategic drivers on performance of channeled product ICT firms in Nairobi, Kenya. The independent variables of the study comprised of firm strategies, firm capabilities, market penetration and retailer-dealer

partnerships while dependent variable was performance of selected channeled product ICT firms in Nairobi, Kenya. The unit of analysis was ICT firms dealing with channeled products while unit of observation was employees of ICT firms dealing with channeled in Nairobi, Kenya. ICT firms in Nairobi, Kenya were considered appropriate based on the fact that in the current era of digital technology, economies of developing countries of the world are driven by the level of local and international trade. Since ICT sector is an equal opportunity employer and contributes to National Gross Product, it is necessary to unfold issues that affect the growth of channeled and non-channeled products of ICT firms.

1.7 Limitations of this study

The information required for this study was acquired from people in all levels of management including the technical team and so most of them were not willing to share the information and in some instances, some could not share any information at all. This limitation was overcome by clearly explaining the objective of the study to respondents and assuring them of confidentiality of the information given. Some of the ICT businesses who have not strategic plan were not willing disclose much details since they looked at the researcher as a potential client. The limitation was overcome by informing the respondents the benefits of the study towards the growth of their possesses. Most of this companies are managed by non-management professionals so most of them were not willing to cooperate. However, the limitation was overcome by introduction of authorization letter from relevant authorities such as St. Paul University. Challenges of accessing relevant and current information on the area of study were minimized by using information of related studies conducted in Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter two highlights the theoretical review, empirical review, summary of literature review and critique of literature, research gaps and conceptual framework.

2.2 Theoretical Review

The study was anchored on resource based theory and supported by dynamic capability and relationship marketing theories.

2.2.1 Resource-Based View Theory

Resource Based View Theory emerged in the 1980s after the works published by Wernerfelt in (1984) (Bustinza, Aranda, & Gutierrez, 2010). According to resource-based theory, organizations wish to maintain a distinctive product (competitive advantage) and will plug gaps in resources and capabilities in the most cost-effective manner (Chakrabarty, 2015).This theory emphasizes that resources internal to the firm are the principal driver of a firm's profitability and strategic advantage. It rejects traditional economic assumptions that resources are homogeneous and perfectly mobile. Instead, it argues that resources are heterogeneously distributed across firms and are imperfectly transferred between firms. Further, the theory proposes that resources can be categorized into three groups: physical resources such as plant, human resources and organizational resources (Ghikas, 2013).

According to Federico and Magdalena (2011) resources enable a firm to conceive of and implement strategies to improve its efficiency and effectiveness. Organizations can obtain above-normal returns if they can use their existing resources to sustain competitive advantage by exploiting opportunities in the market or neutralizing threats from competitors' strategic resources (Ghodeswar & Vaidyanathan, 2011). Resources might be imperfectly imitable if they involve unique history, causal ambiguity, or social complexity. Similarly, resources are non-substitutable if another organization is not able to implement the same strategies by using alternative resources (Gilley & Rasheed (2013).

The resource-based view of the firm provides one of the most powerful frameworks for explaining the reasons for business process outsourcing (Hayes, Hunton & Reck, 2010). This approach suggests that an organization must invest in the activities comprising its core competencies and outsource the rest. The exchange of organizational routines and skills between the company and the specialist can give it the competitive advantage since their combined capabilities can generate additional rents. In this sense, business process outsourcing certain operations that do not generate core competencies can generate additional rents for the business when performed by a specialist supplier that has an advantage in those operations (Hitt, Keats & Marie, 2012).The applicability of this theory in this study is based on the notion that firm strategies, firm capabilities, market penetration and retailer-dealer partnerships can influence performance of ICT firms dealing with channeled products.

2.2.2 Dynamic Capabilities Theory

The Dynamic-Capabilities Theory was established by Teece *et al.* (1997) that was an extension of the resource-based view theory of the firm. It examines how firms integrate, build, and reconfigure their internal and external firm-specific competencies into new competencies that match their turbulent environment. The theory assumes that firms with greater dynamic capabilities will outperform firms with smaller dynamic capabilities. The aim of the theory is to understand how firms use dynamic capabilities to create and sustain a competitive advantage over other firms by responding to and creating environmental changes

Hitt, Keats and Marie (2012) argue that capabilities are a collection of high-level, learned, patterned, repetitious behaviors that an organization can perform better relative to its competition. The aim of the theory is to understand how firms are called zero-level capabilities, as they refer to how an organization earns a living by continuing to sell the same product, on the same scale, to the same customers. Dynamic capabilities are called first-order capabilities because they refer to intentionally changing the product, the production process, the scale, or the markets served by a firm. The resource base of an organization includes its physical, human, and organizational assets. Dynamic capabilities are learned and stable patterns of behavior through which a firm systematically generates and modifies its way of doing things, so that it can become more effective (Scott, 2014).

Yusufu (2013) suggests that an organization has dynamic capabilities when it can integrate, build, and reconfigure its internal and external firm-specific capabilities in response to its changing environment. Whereas organizational capabilities have to do with efficient exploitation of existing resources, dynamic capabilities refer to efficient exploration and implementation of new opportunities. A firm has a capability if it has some minimal ability to perform a task, regardless of whether or not that task is performed well or poorly.

However, on average, firms have to use their capabilities in order to sustain their ability to use them (Nor *et al*, 2010). A dynamic capability is the capacity of an organization to purposefully create, extend, and modify its resource base. This theory is applicable in the proposed study because it shed light on the ideology that KPLC to likely to enhance quality of service delivery if they invest in employee training, technology integration in the service process (Choi & Eboch, 2008).

2.2.3 Relationship Marketing Theory

Relationship Marketing Theory was developed by Berry (1983). It argues that organizations operating in the dynamic business environment should adopt strategic marketing initiatives like consumer centric culture to survive (Kotler, 2010). Firms should strive to adopt marketing practices that can sustain them in the changing business environment. Maintaining long term relationships with customers is dependent on technology integration in the system thus enhanced customer service delivery. Improvement of management styles, review of business policies and continuous dedication to serve customers better is the ultimate goal of strategically oriented firms in the modern business environment

The fundamental principles of relationship marketing is the retention of customers through value creation thus enhanced repeat purchase behaviour (Muremi, 2015). Extensive classic marketing theories center on means of attracting customers and creating transactions rather than maintaining them, the majority usage of direct marketing used in the past is now gradually being used more alongside relationship marketing as its importance becomes more recognizable. Increased profitability associated with customer retention efforts occurs because of several factors that occur once a relationship has been established with a customer (Ward *et al,* 2008).

2.3 Empirical Review

2.3.1 Firm Strategies and Firm Performance

Strategies are initiatives, plans or decisions that firms decide to pursue to achieve short and long term intended goals using limited resources available (Gilley, & Rasheed, 2013). The selected firm strategies that are conceptualized to influence firm performance of this study includes logistical, marketing and human resources management strategies. Wanjiku (2016) and Ofunya (2013) found out that organizations that established alternative channels of distributions are experiencing increased profits attributed to a larger market share. Large and small firms in multiple sectors not only need to involve market intermediaries in the chain of distribution but also should establish direct links of accessing customer beyond local borders. Technology has remained to a competitive driver of sustainable performance. Online channels of distribution can make a company to minimize costs of marketing and distributing products.

Further, Kilui (2015) established that recruitment of distributors, dealers, agencies and sales representatives can influence organizational performance. However, the study concludes that manufacturers should seek to minimize the number of market intermediaries in the chain of distribution in order to maintain and sustain long term relationships with key stakeholders of the firm. Mulinge (2014) indicated that there is a positive relationship between employee training and organizational performance. Employee skill development is a tool that managers can utilize to service standards and their desired level of performance. The challenge for the organization is to design training options that give employees the information or skills they need and then measure whether those training options were effective in producing desired outcomes.

Otwoma (2016) established that organization having much better skilled and creative employees can easily avoid wasteful investment to improve efficiency and performance of organization. Training is the most important part of human resource management function on the effective use of human resources. Training enhances knowledge and information about a certain field and also adds advantage to networking for efficiency and performance of employees. Kwamboka (2013) on the other hand argues that employee training is considered as the process of improving the existing skills,

knowledge, exposure and abilities in an individual.

Kemboi (2016) suggests that the goal of employee training is to enhance the organization effectiveness. It also demands an influence on employee's performance, as well as in relation to organizational performance which is mediated by means of employee's performance. Training is a driver organizational development and competitiveness. In this competitive world, training is the key strategy to achieve the organizational objectives. Training benefits employees' performance and organizational effectiveness.

Attractive employee's performance is highly demanding in this competitive world for achieving the organizational performance. Flavián and Guinalíu (2015) argue that satisfied employees are likely to adapt to changes more easily compared to dissatisfied workers. Institutionalization and operationalization of strategy in any organization is based on empowering staff with relevant skills to perform the task with less difficulty. Though, it is observed that majority of the studies conducted did not examine variables of this study in a consolidated approach thus formed conceptual and contextual gaps which the study sought to address.

2.3.2 Firm Capabilities and Firm Performance

Firm capability is regarded as the ability of the firm to allocate resources more effectively and efficiently to achieve a desired (Hitt, Keats & De Marie, 2012). The selected firm capabilities that are thought to influence firm performance includes product research, knowledge management and technology. Ali and Şafak (2012) found out that there exist a relationship between firm capabilities and firm performance even though performance is interpreted from different perspectives from one organization to another. Yusufu (2013) observed that organizations that embraced technology in service delivery associated with customer satisfaction.

Wanjiku, (2016) posits that unique resources possessed by a firm such as employee skills, technology, customer development and new product development can influence organizational performance. Effective management of resources and capabilities in a firm not only can enhance efficiency and effectiveness bust also demonstrate how a firm is conscious on the changing business environment. Nor, Khalid, Razali, and

Ramli (2010) pointed out that in unpredictable business environment characterized by competition and changing consumer needs, firms need to identify unique resources that can give them a competitive advantage against other competitors.

Nyaboke (2016) noted that with the advent of new technologies from one sector to another, firms can automate or digitize their systems in order to serve local and global customers. Despite challenges of embracing technologies from one from to another in developing and developed countries, it is conceptualized that top leadership should institutionalize the culture of technology through training workers and investing in modern equipment. Mueni (2014) suggests that information sharing and development of employee kills in an organization can stimulate organization performance in terms of quality services, new product development, increased market share and minimal costs of operation.

Knowledge is thought to be blend of experience, insights, expertise, intuition, judgment that exist in the mind of the knower, while knowledge management is the practice of creating, acquiring, capturing, sharing and using knowledge to enhance learning and performance in an organization (Logan, Faught & Ganster, 2011). Nevertheless, it was noted that the studies conducted examined variables of this study partially and in isolation thus conceptual and contextual gaps that the study sought to address.

2.2.3 Market Penetration and Firm Performance

Market penetration is thought to be the extent to which company products and services are accessed by consumers in a given market without difficult (Gowan, Seymour, (Ibarreche & Lackey, 2010). Penetrating markets can be facilitated by a number of factors ranging from market intermediaries, communication channels, pricing strategies and quality of the product. The selected market penetration strategic thought to influence firm performance includes market segmentation, product development and positioning.

Nkirothe (2015) observed that developments of new products that exceed customer expectation can enhance organizational performance. Efficiency and effectiveness of the system is enhanced by research and development activities. It was concluded that

with changes in the business environment, firms should emphasize in research and development activities in order to achieve to exceed customer. Digitization of services and investment in technologically advanced equipment always can contribute to improved organizational performance. However, it was noted that the study was confined to research and development and growth of manufacturing firms in Kenya thus posing conceptual and contextual gaps.

Manani, Nyaoga, Bosire, Ombati and Kongere (2013) opines that organizations that develop new products and services are likely to performance effectively and vice versa. Furthermore, they pointed out that since services are intangible in nature, service providers in both private and public organization should strive to exceed customers' expectations. Despite the individual perceptions to quality, organizations need to research and give customers solutions rather that unfulfilled promises. However, it was noted that the study was restricted to service quality on customer satisfaction at Kenya Airways that was.

Kwamboka (2016) observed that product development and positioning can enhance customer experience locally and globally. The study pointed out the new products and brand management is attributed to firm profitability. Further, positioning products form dimensions of quality, price, country of origin and brand character can result to sustainable organizational competitiveness. The study concludes that extending a product line and regular consumer research can enhance customer loyalty and vice versa. Similarly, Mulinge (2014) established that technology integration in the service process, employee commitment and supplier integration are strategic management drivers that result to organizational performance. Nevertheless, it was noted that the findings of the study were limited to the influence of technology and performance of State owned corporations but failed to examine other variables of this study. Therefore, it is observed from the findings of previous studies that there exist contradictory findings on the link between market penetration strategies and firm performance thus forming the basis of this study.

2.2.4 Retailer-Dealer Partnerships and Firm Performance

Waiganjo, Mukulu and Khariri (2012) ascertain that relationship between retailers and other business partners is nurtured and maintained for a long period it is established on the philosophy of trust, commitment, communication, cooperation and powered. Industry competition can be beneficial if firms form partnerships that will lead to mutual gain and lead to customer satisfaction. Further, Kimani (2013) observed that though synergies among industry players and marketing intermediaries is viewed to be one of the best practices that helps firms to incur minimal costs of operation. Firms that do not embrace the spirit of cooperation may be disadvantaged in terms of knowledge, technology and product development.

Mohamud, Mohamud and Mohamed (2015) point out that firm performance is a function of relationship marketing. Partnerships between distributors and manufacturers can lead to customer lifetime value from context to context. Similarly, Mulinge (2014) acknowledge in unpredictable markets characterized by intense competition and consumer dynamics, firms needs to establish cooperative relationship that will lead to mutual gain. Dealers of products can equip sellers of manufacturer products with relevant knowledge on products and models of marketing them to target markets. Manani, Nyaoga, Bosire, Ombati and Kongere (2013) revealed that launching new products and obtaining manufacturer certification rights to deal with original products can lead to extend customer service delivery.

Lack of partnerships in industries has resulted to rivalry among firms, poor product quality (Uzel, 2012). Even though some industry parties to some extent perceive partnerships to be of less value in maximizing profits, it is noted that if effective frameworks are established in any sector, competitive advantage will be achieved. Further, Efendioglu and Karabulut (2010) observed that cooperation of companies in an industry is attributed to diffusion of knowledge, increased research and development, patent innovations and organizational capacity development.

Effectively coordinated supply chain activities not only add value to brands but also provide consistent information about improvement, marketing and after sale services (Ogwe, Nonye & Onwe, 2015). Dealers are likely to stock products of companies that are committed to provide support in marketing of the products and train the sales team on how to approach the target market (Kinuthia, 2012).Therefore, it is observed from

the findings of previous studies that there exist contradictory findings on the link between retailer-dealer partnerships and firm performance thus forming the basis of this study.

2.3 Summary of Literature Review and Research Gaps

It is observed from the findings of the studies conducted that there exist conceptual, contextual, theoretical and methodological research gaps which the study sought to address by examining the direct relationship between consolidated variables of strategic driver construct on performance of ICT firms dealing with channeled products in Nairobi, Kenya.

A study by Moturi (2010) examined the influence of strategic practices on the performance of government ministries in Kenya and established there exist a difference between strategic practices and performance though the study failed to focus on the relationship between strategic drivers and performance of ICT firms dealing with channeled products. Moreover, constraints of operationalizing and contextualization constructs of the adopted theories in relation the variables this study formed the basis of the study.

Wanjiku (2016) studied strategic dimensions of competitive manufacturing firms Kenya and examined variables of the study in isolation such as strategies and failed to examine the combined variables of the study in relation to firm performance. Further, it was noted that the study used a small sample size of 96 respondents and judgemental sampling technique that led to inconsistent research findings.

Ali and Şafak (2012) established that there exist a difference between strategic management tools and customer satisfaction in the hotel industry in Turkey but failed to examine the relationship of strategic drivers and firm performance of ICT firms dealing with channeled products in Kenya. Further, Uzel (2012) found out that there exist a significant positive relationship between strategic value-based management and performance of organizations in Coast Province, Kenya but failed to examine direct effect of the combined variables of this study on performance of ICT firms dealing with channeled products in Kenya. By extension, it was observed the study adopted factor analysis method in analysing data and failed to adopt multiple regression method which sought to establish the statistical effect of each independent variable on the dependent variables.

Manani, Nyaoga, Bosire, Ombati and Kongere (2013) established that there exist a positive relationship between customer satisfaction and performance of Kenya Airways but did not examine the relationship between market penetration on performance of ICT firms dealing with channeled products in Kenya. Further, it was noted that the study examined variables of this study partially on a single firm that was Kenya Airways but failed to focus on multiple firms such as ICT firms to test the relationship between strategic drivers and performance of ICT firms dealing with channeled products.

Melchorita (2013) studied the relationship between strategic management practices and competitive advantage on the organizational performance of higher education institutions and revealed that there exist a difference between employee training and competitive advantage of firms in the higher education sector in multiple countries that comprised of Zambia, Nigeria and Kenya. However, it is noted that the study was a comparative study that examined variables of the study partially and in isolation thus posing conceptual and contextual gaps which this study sought to address. Further, it was observed that the study adopted triangulation approach where interview guides and questionnaires were used to collect data contrary to the current study that sought to collect information using questionnaires for consistency of research findings quantitatively rather than qualitative approach which is subjective.

2.4 Conceptual Framework

Figure 2.1 depicts that a sub-set of four constructs that are thought to constitute organizational strategic drivers and influence firm performance are firm strategies that are measured in terms of logistical, marketing and human resource management strategies. Firm capabilities metrics comprise of product research, knowledge management and technology. Market penetration antecedents are market segmentation, product development and positioning in the market and retailer-dealer partnerships indicators are product knowledge, product launch and product certification. Moreover, metrics of firm performance are thought to be profits, costs, customer satisfaction, number of referrals and employee morale.

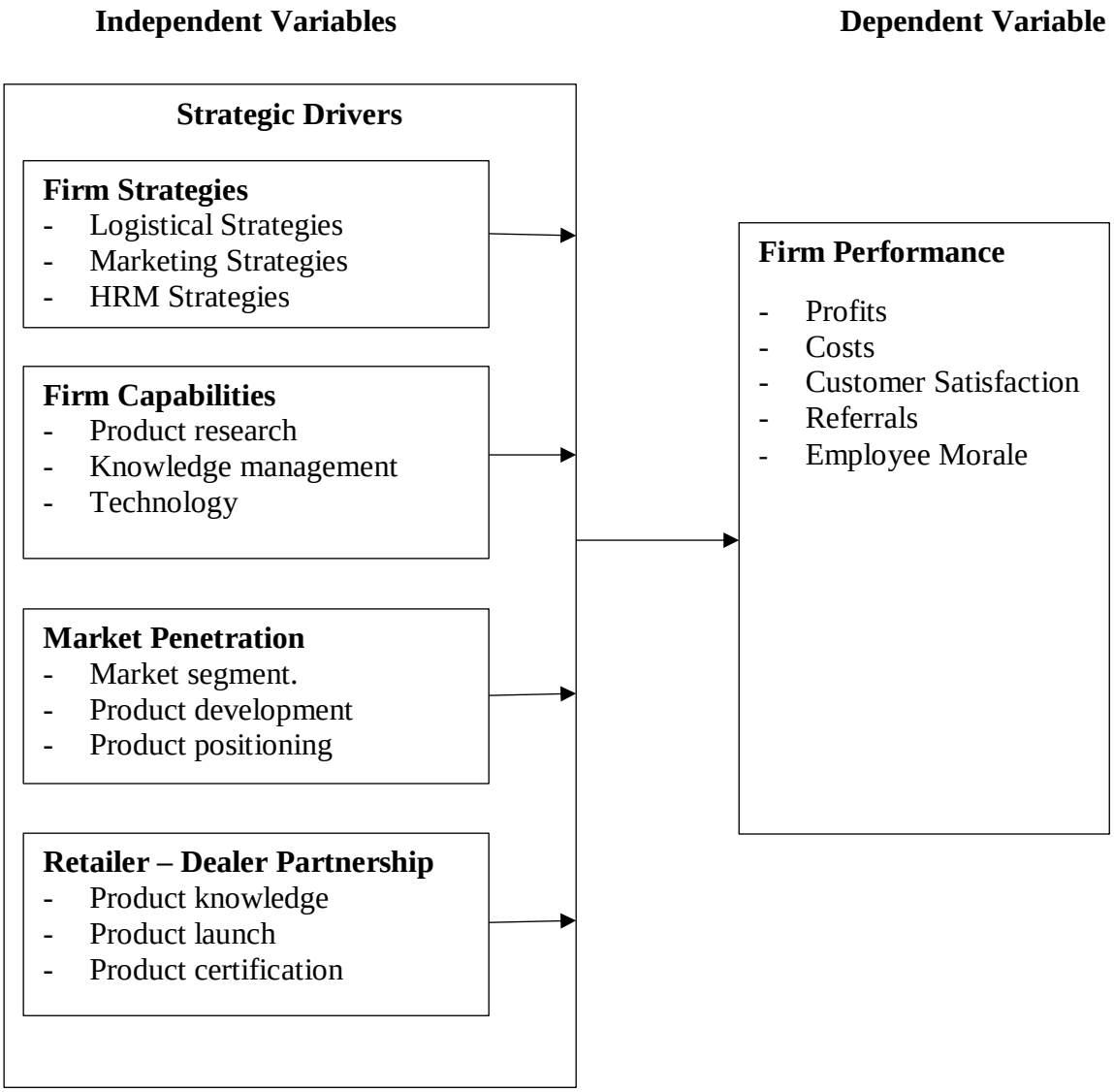


Figure 2.1: Conceptual Framework

Source: (Author, 2018)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research design, target population, data collection and methods, research quality, data analysis and ethical considerations.

3.2 Research Design

A research design is a plan or an approach that articulates principles of collecting, analyzing and interpreting data (Guest 2010). Fisher (2010) argues that descriptive research designs are effective in research based on the fact that it gives that opportunity to collect and analyze data without manipulation. The study employed a cross-sectional research design to investigate effectiveness of strategic drivers on performance of selected channeled product ICT firms in Nairobi, Kenya.

The design helped the researcher to collect quantitative data and test the relationship between variables. It provided the opportunity to collect, analyze and interpret data without manipulation. Further, the design provides the opportunity to analyze both quantitative and qualitative data and make recommendations and conclusions on the findings of the study objectively. Moreover, the design provides the opportunity to discover new knowledge concerning the problem under investigation thus prediction and control of the problem under investigation.

3.3 Target Population

Target population is regarded as the total number of respondents, units or objects which the researcher targets and considers appropriate in obtaining data concerning an issue of concern (Collis & Hussey, 2014). The target population constituted 12 selected ICT firms dealing with channeled products in Nairobi, Kenya. Further, from the 12 ICT firms selected, a total number of 309 respondents was obtained as it was reflected in human resource records at the time of collecting data. The unit of analysis was ICT firms dealing with channelled products and unit of observation was employees of ICT firms dealing with channelled products who comprised of top managers, business unit managers and technical team.

3.4 Sampling Technique and Sample Size

According to Fisher (2010), sample size refers to the number of items to be selected from the universe to constitute a sample. The size of sample should neither be excessively large, nor too small. It should be optimum. An optimum sample is one which fulfils the requirements of efficiency, representativeness, reliability and flexibility. According to Guest (2010), the aim of the research should be to recruit clearly identified individuals who could best address the purpose and goals of the research. Individuals who are invited to participate in a research must be able and willing to provide the desired information and must be representative of the population of interest.

The respondents of the study will be categorized into three groups or strata that will included top managers, business unit managers and technical team. Random sampling procedure was applied in each stratum to select subjects giving them equal opportunity of being sampled and a final sample size of 174 respondents was drawn using Isarel (2002) formular. Random sampling technique was used to select respondents from each strata. The formula adopted to determine the sample was of the form: $n = N / 1+N (e)^{2,}$ where: n represents Sample Size, N represents Population Size and α represents Confidence level (0.05). Using N that represents the total population of 309 who comprised of top managers, business unit managers and technical team, the sample size (n) was 174 employees of ICT firms dealing with channeled products in Nairobi Kenya.

$$n = \frac{309}{1+309\ (0.05)^2}$$

= 174 Employees

3.5 Data Collection and Methods

Primary data was collected using structured questionnaires with both open and closed ended questions. Fisher (2010) avers that questionnaires are instruments used to capture data in a structures manner concerning a particular issue of concern. Guest (2012) point out that questionnaires are preferred instruments of data collection based on the fact that they help to capture data in a consistent manner and provides an opportunity to collect data without interference of the researcher. The questionnaire was administered and items were measured using a likert point scale of 5-1 where, 5reprsented strongly agree, 4 represents agree, 3 represented moderately agree, 2 represented disagree, 1

represented strongly disagree. The questionnaires were administered using through drop and pick later method. To analyze data on time, follow-ups were made using phone calls and clarity was sought on specific items.

3.6 Pre-Testing of the Research Instrument

Prior to administration of the instrument on a larger scale, pilot test was conducted using three employees of ICT firms in Nairobi to test validity and reliability of research instruments and subsequently the respondents involved in the pilot testing were not part of the representative sample. Vague questions were removed from the instrument after testing the questionnaire using experts in finance and lectures at St. Paul University.

3.6.1 Validity Test

Validity is thought to be the meaningfulness and relevance of the inferences used by the researcher to measure what was intended to be measured (Guest, 2010). Face and content validity was determined using lecturers at St. Paul University and strategic management industry experts while criterion validity was tested using constructs of existing theories in relation to variables of the study. Relevant inferences that reflected the research objectives were maintained and irrelevant items were removed from the instruments.

3.6.2 Reliability Test

Reliability of the research instrument was enhanced through a pilot study that was done on 3 employees of ICT firms operating in Nairobi, Kenya. Cronbach's alpha method was used to test the reliability of the instrument and internal consistency of the instrument was measured using reliability coefficients. Cronbach's alpha value is therefore widely used to verify the reliability of a construct. Collis & Hussey (2014) note that acceptance value for Cronbach's Alpha is between 0.7 and 0.9. Therefore, this study adopted a loading of 0.7 as the acceptable value.

Table 3.3: Reliability Results

Variables	No. of Items	Cronbach Alpha	Remark
Firm Strategies	1	0.842	Reliable
Firm Capabilities	1	0.724	Reliable
Market Penetration	1	0.718	Reliable
Retailer Dealer Relationship	1	0.780	Reliable
Performance	1	0.795	Reliable

Source: (Research data, 2018)

As depicted in Table 3.3, reliability coefficients of all variables of the study were more than 0.07 indicating reliability of the study variables as recommended by Collis and Hussey (2014).

3.7 Data Analysis and Presentation

After data collection, cleaning to eliminate discrepancies was conducted and completeness of the information was confirmed before coding the information. Statistical Package for Social Sciences (SPSS version 21) was applied to analyze data. Data was analyzed using descriptive and inferential statistics. Multiple regression was considered appropriate because it provided an opportunity to test the strength of the relationship between variables. Multiple regression was conducted at 95% confidence level. The general multiple regression method adopted was of the form: $Y= \beta o+\beta_1 X_1 +\beta_2 X_2 +\beta_3 X_3 + \beta_4 X_4+\varepsilon$, where; Y represents financial performance of performance of channeled ICT firms in Nairobi, Kenya, β_0= Y intercept, β_1 to β_4 represents regression coefficients, X_1, X_2, X_3 and X_4 represents independent variables (Firm strategies, firm capabilities, market penetration and retailer-dealer partnerships) while ε denotes other factors not included in the model. The analyzed data was presented in form of tables and graphs.

3.8 Ethical Considerations

Permission was sought from the management on channeled product ICT firms in Nairobi, Kenya and St. Paul University before data collection. Further, respondent consent was sought, and the objective of the study was explained. Information collected was treated with high level of confidentiality and anonymity of the respondents was assured. Information obtained from published materials was acknowledged by quoting the references. Formal language was used during data collection to avoid biasness during and after data analysis. Respondents were assured of the publishing the study findings to help in managerial decision making.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the results and discussion of the study conducted to establish effectiveness of strategic drivers on performance of channeled product ICT firms in Nairobi, Kenya. The chapter discusses the descriptive and inferential statistics conducted and presented as per the study variables. Further, the chapter discusses the research findings in relations to findings of other previous studies on related issues to establish conformity or non-conformity of the results with that of previous studies.

4.2 Response Rates

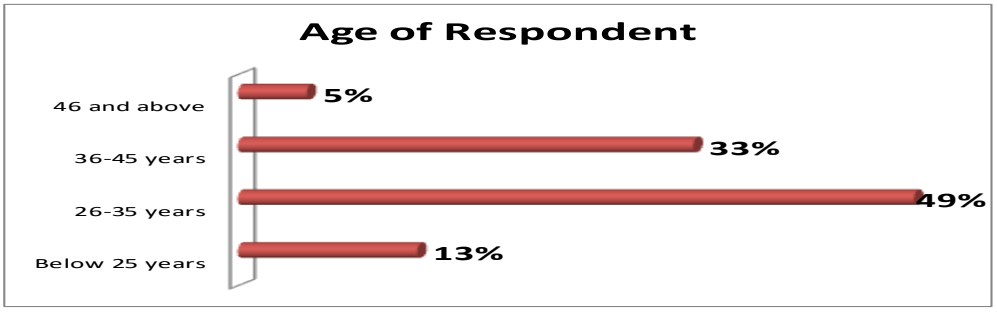
The questionnaires were administered to a sample size of 174 respondents whom comprised of top managers, business unit managers and technical team o selected from 12 ICT firms dealing with channeled products in Nairobi, Kenya. However, after questionnaire administration, only 113 questionnaires were returned duly filled. 61 questionnaires were incomplete, and others were not returned. This contributed to 65% response rate. This response rate was adequate for data analysis and conforms to Black (2012) who posits that a response rate of more than 50% is adequate for analysis and reporting.

4.3 Population Demographics

4.3.1 Age of Respondents

The study sought to establish the age of respondents and the following findings were summarized as shown in Figure 4.1.

Figure 4.1: Age of Respondent



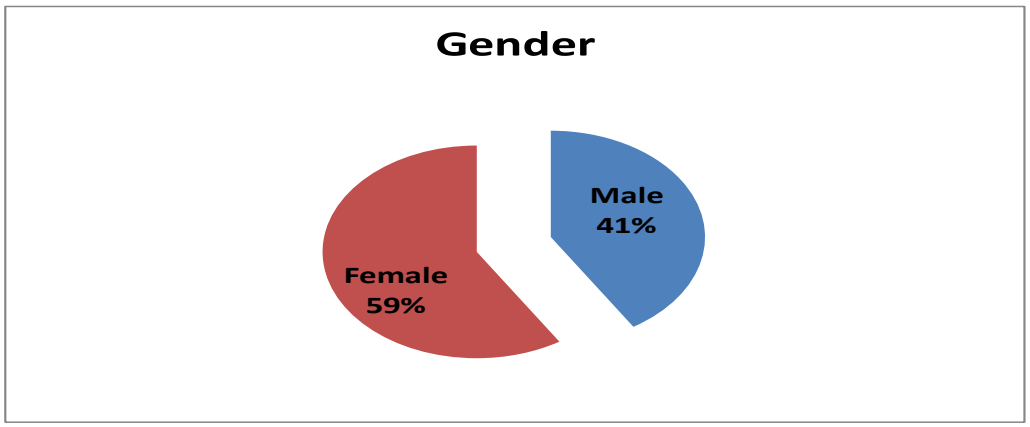
Source: (Research Data, 2018)

As shown in Figure 4.1, it was established that majority (49%) of the respondents or employees who worked in ICT companies dealing with channeled products were aged between 26-35 years, some (33%) were aged between 36-45 years, 13% of them were aged below 25 years and 5% aged above 46 years. The findings implies that majority of the ICT firms were a source of self-employment in Kenya which contributed to the general economic growth of the economy.

4.3.2: Gender of Respondents

The study sought to establish the gender of respondents and the following findings were summarized as shown in Figure 4.2.

Figure 4.2: Gender of Respondent



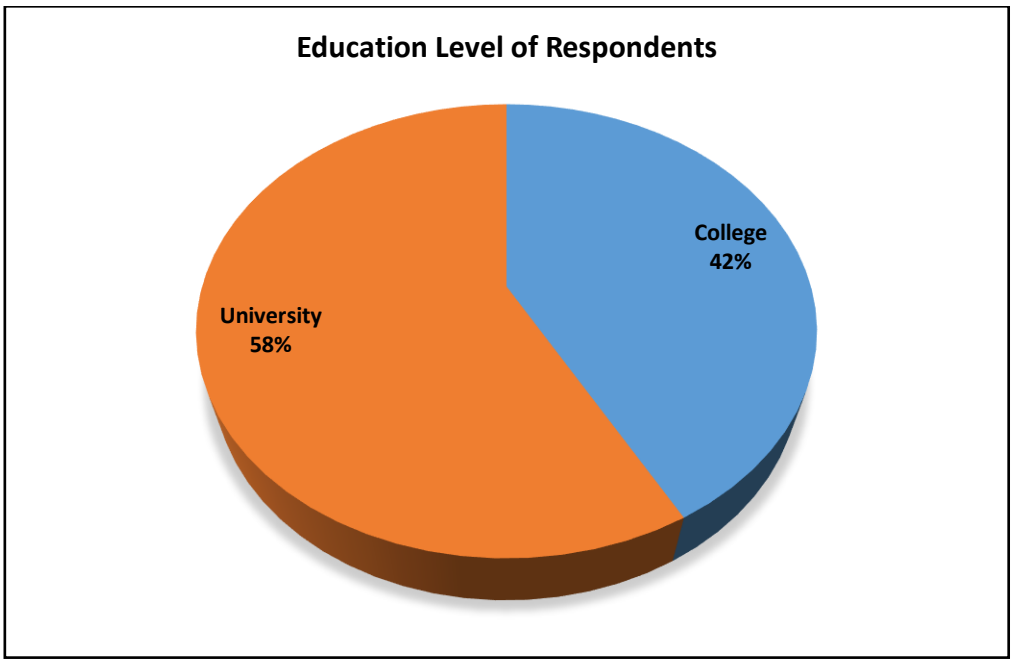
Source: (Research Data, 2018)

As illustrated in Figure 4.2, majority (59%) of the respondents of the study were female while 41% of them were male. The findings implies that majority of the ICT firms were operated by female employees who were wives and children of investors in the ICT sector. Further, some of the ICT firms were embracing formal human resources on a small extent during recruitment.

4.3.3: Education Level of Respondents

The study sought to establish the education level of respondents and the following findings were summarized as shown in Figure 4.3.

Figure 4.3: Education Level of Respondents



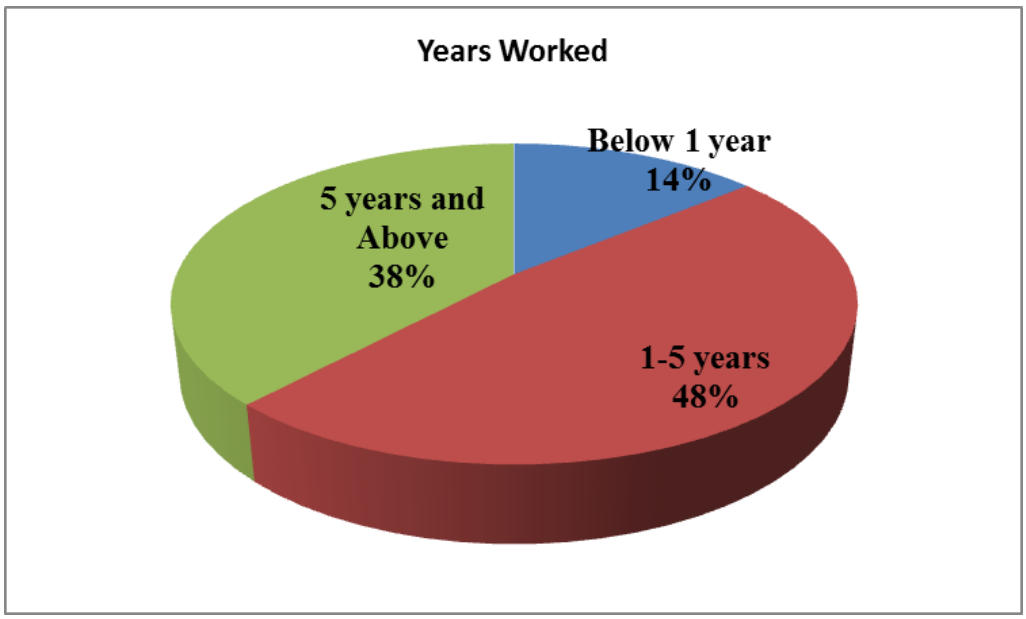
Source: (Research Data, 2018)

As illustrated in Figure 4.3, majority (58%) of the respondents were diploma and degree holders from private and public universities while 42% of them were certificate holders from tertiary level colleges in Kenya. The findings implies that majority of the ICT companies preferred to engage diploma and degree holders since it was cost effective to engage diploma holders as compared to degree holders who had high expectation on compensation.

4.3.4: Duration of Service

The study sought to establish the period respondents had worked for their companies and the following findings were summarized as shown in Figure 4.4.

Figure 4.4: Duration of Service



Source: (Research Data, 2018)

As shown in Figure 4.4, it was revealed that majority of the respondents 48% had worked for a period between 1-5 years, some 38% had worked for a period more than 5 years and 14% of them had worked for a period less than 1 year. This results implies that majority of the employees of ICT firms in Nairobi, Kenya had worked for a period more than 5 years indicating that they had experience about performance of their firms in terms of profits and volume of sales.

4.4. Strategic Drivers and Firm Performance

4.4.1 Firm Strategies

The study sought to investigate the effect of firm strategies on performance of ICT firms dealing with channeled products in Nairobi, Kenya and the following were the findings as shown in Table 4.1.

Table 4.1: Firm Strategies

Statements	N	Mean	S.D	%
Logistical Strategies				
My ICT firm ships products in large quantities to minimize logistical costs associated with small orders	113	4.98	.487	73%
My ICT firm has ways of managing old inventories on time to avoid selling them at reduced prices	113	4.33	.421	41%
My ICT company insures that all shipped goods are insured in case of any physical damage	113	4.26	.374	49%
My ICT firm has comprehensive records of the status of products stocked for timely information to customers	113	4.42	.343	48%
Marketing Strategies				
My ICT firm has employees trained on marketing skills	113	3.45	.623	42%
Customers are given first priority all the time	113	3.31	.584	47%
The quality of products stocked conforms with customer needs	113	2.96	.486	21%
My firm understand what motivates customers to buy products such as pricing, packaging and form of the product	113	4.73	.421	61%
My company has segments which are defined according to customer needs	113	4.56	.374	59%
Human Resource Management Strategies				
I am fairly compensated by my firm based on sales and commissions	113	2.73	.421	31%
My immediate supervisor recognizes my effort of securing new accounts	113	2.56	.374	39%
My supervisor delegates responsibilities	113	4.42	.343	68%
My firm employs workers with theoretical and technical skills	113	2.42	.343	38%
My firm involves workers in key decision-making process	113	2.88	.487	23%

Source: (Research Data, 2018)

As depicted in Table 4.1, the mean score for 4 of the statements of logistical strategies was more than 4.00 which mean that majority (48%) and above agreed with the statements while the rest either disagreed or were neutral. The findings implies that some of the respondents were of the contrary opinion because their ICT firms were not committed in shipping large quantities of products, had little knowledge of managing old stocks, did not insure products stocked and systems of managing inventories were not effective. The findings contradict with that of Logan, Faught & Ganster (2011); Gilley & Rasheed (2013); Abraham & Taylor (2013) who established that there exist a difference between logistical strategies and performance of firms. The findings of their studies revealed that knowledge and system supports are aspects that are attributed or endorses organizational performance.

Further, the mean score for 4 of the 5 statements of marketing strategies was more than 3.00 which indicates that majority (42%) and above agreed with the statements while he rest either disagreed or were neutral. The findings implies that a small number of the respondents were of the contrary opinion on the fact that their ICT firms did not have specific segments to serve and marketing budgets to promote their products. Further, it emerged that ICT firms rarely advertised their products in the print and electronic media due to high costs associated with the practice. The findings corresponds with that of Njuguna (2014); Mueni (2014); Mulinge (2014); Manani, Nyaoga, Bosire, Ombati and Kongere (2013) who revealed that marketing was directly correlated to organizational profitability, repeat purchase and number of referrals it effective practices are embraced such as pricing, repackaging and product redesign.

Moreover, the mean score for 4 of the 5 statements of human resource strategies was less than 2.00 which indicates that majority (23%) and above disagreed with the statements. The findings implies that a larger number of the respondents disagreed on the fact that their ICT firms were not embracing best human resources practices to motivate them perform effective. It emerged that most of the ICT firms dealing with channeled products did not delegate, train workers, involve workers in decision makers or pay commission after achieving set targets. The findings corresponds with that of Logan, Faught and Ganster (2011); Mulinge (2014); Wanjiku (2016) and Yusufu (2013) who established that employee motivation is correlated to organizational

performance even though most of the organization tend to ignore developing employee skills, promote, delegate and review salaries and wages.

4.4.2 Firm Capabilities

The study sought to investigate the effect of firm capabilities on performance of ICT firms dealing with channeled products in Nairobi, Kenya and the following were the findings as shown in Table 4.2.

Table 4.2: Firm Capabilities

Statements	N	Mean	S.D	%
My ICT firm conducts products research to have an in depth understanding of consumer needs	113	4.91	.544	55%
My firm has a customer database that reflects the sales	113	4.88	.487	53%
My firm has ICT literate workers	113	4.73	.421	61%
My firm electronic inventory management systems	113	4.42	.343	58%
The knowledge of employees enables them to predict consumer needs	113	4.73	.421	51%
My firm provides electronic services to customers	113	2.56	.374	59%
The strategic location of my firm facilitates customer attraction and retention	113	4.42	.343	68%

Source: (Research Data, 2018)

As depicted in Table 4.2, the mean score for 6 of the 7 statements of firm capabilities was more than 4.00 which mean that majority (51%) and above agreed with the statements while the rest either disagreed or were neutral. The findings implies that some of the of the respondents were of the contrary opinion based of the fact that their ICT firms dealing with channeled products were not utilizing some resources and capabilities such as knowledge of workers, money, technology and information to improve firm productivity.

It emerged that most of the ICT firms were managed or operated by investors or workers with little knowledge on how to use unique firm capabilities and resources such as size, age, information and technology to improve performance. The findings of the study corresponds with that of Mbaka & Mugambi, (2014); Mohamud, Mohamud & Mohamed (2015); Mopeni, Sobi & Modi (2014) who established that there exist a significant positive relationship between firm capabilities and firm performance though performance metrics can vary from one organization to another based on ownership status such as private or public.

4.4.3 Market Penetration

The study sought to investigate the effect of market penetration on performance of ICT firms dealing with channeled products in Nairobi, Kenya and the following were the findings as shown in Table 4.3.

Table 4.3: Market Penetration

Statements	N	Mean	S.D	%
My ICT firm has ways of attracting and retaining customers	113	2.91	.544	25%
My firm has various categories of customers with special needs	113	2.88	.487	23%
My firm sells products perceived to be of high quality	113	4.73	.421	61%
My firm uses other alternative channels to sell its products	113	4.56	.374	59%
My firm periodically reviews product prices to increase volume of sales	113	2.42	.343	38%
My firm advertises its products using multiple communication tools such as brochures, television, newspapers and radios	113	2.73	.421	31%
My ICT firm provides after-sale services to customers	113	4.56	.374	69%

Source: (Research Data, 2018)

As depicted in Table 4.3, the mean score for 4 of the 7 statements of market penetration was less than 2.00 which means that majority (25%) and above disagreed with the statements while the rest either agreed. The findings implies that majority of the respondents were of the opinion that their ICT firm did not embrace market penetration initiatives such as advertisements and understand customer needs. Further, it emerged

that attracting and retaining customer was a challenging task based on the fact that the channeled products were perceived to be expensive and ICT firms dealing with channeled product put little effort to review the product prices downwards due to high costs associated while shipping. The findings corresponds with the of Kimani (2013); Kilui (2015); Kinyanjui & Juma (2014); Rhumbi, & Ghadhi (2017) who revealed that there exist a significant positive relationship between marketing strategies and performance of organizations in terms of profits and customer loyalty.

4.4.4 Retailer-Dealer Partnerships

The study sought to investigate the effect of retailer- dealer partnerships on performance of ICT firms dealing with channeled products in Nairobi, Kenya and the following were the findings as shown in Table 4.4.

Table 4.4: Retailer-Dealer Partnership

Statements	N	Mean	S.D	%
My ICT firm has well established networks with retailers and other sales agents	113	4.10	0.526	79%
My firm helps retailers in marketing manufacturer products	113	4.02	0.524	91%
My firm periodically launches new products	113	4.56	0.478	77%
My firm ensures retailers deals with channeled products by issuing certificates	113	4.19	0.466	66%
My firm experiences repeat purchase from customers	113	2.79	0.345	14%
All market intermediaries of my firm have adequate product knowledge	113	2.88	0.237	19%
My firm critically analyze information collected from dealers to make informed decisions about market development	113	4.02	0.249	69%

Source: (Research Data, 2018)

As depicted in Table 4.4, the mean score for 5 of the 7 statements of retailer-dealer partnership was more than 4.00 which means that majority (66%) and above agreed with the statements while the rest either disagreed or were neutral. The findings implies that some respondents were of the contrary opinion based on the fact that ICT firms dealing with channeled products experienced deteriorating performance due to lack of repeat purchase and inadequate product knowledge of market intermediaries. Further,

it emerged that retailer-dealer partnerships were weakened by lack of trust and commitments to each other. The findings are corresponds with that of Ofunya (2013); Okibo & Agili (2015); Ombui & Mwende (2014) & Waiganjo, Mukulu & Khariri (2012) who found out that there is a statistical relationship between partnership of market intermediaries and performance of firms. It emerged that though maintaining sustainable relationship was a challenging task, to a larger extent trust and commitment of partners was a key determinant of organizational performance in terms of profits and repeat purchase.

4.4.5 Measurement of Performance

The study sought to investigate the performance measurement parameters used by ICT firms dealing with channeled products in Nairobi, Kenya and the following were the findings as shown in Table 4.5.

Table 4.5: Measurement of Performance

Statements	N	Mean	S.D	%
Profits generated reflects performance of my ICT firm		4.78	0.82025	79%
The volume of sales reflects performance of my firm		4.32	0.69229	91%
The number of customers served reflects performance of my firm		4.54	0.73984	77%
Costs of operation reflects performance of my firm		4.44	0.83968	66%
Number of referrals reflects performance of my firm		4.46	0.77993	79%
Repeat purchase reflects performance of my firm		4.77	0.69928	74%
Employee creativity and innovative ideas reflects performance of my firm		4.34	0.80640	69%

Source: (Research Data, 2018)

As illustrated Table 4.4, the mean scores for all 7 statements was more than 4.00 which means that majority (66%) and above agreed with the statement. The findings implies that most of the respondents to a larger extent that their ICT firms were measured performance using parameters of profits generated, volume of sales, number of customer served, number of referrals, costs of operations, repeat purchase, employee

creativity and innovation. Similarly, the findings concurs with that of Mbaka & Mugambi (2014); Manani et al. (2013) & Melchorita (2013) who found out that performance can be measured using fiancial and non fiancial metrics such as profits, costs of operation, referrals, corporate image, customer satisfaction and volume of sales.

4.5: Inferential Statistics

To determine the statistical effect of each independent variables of the study on the dependent variable, Statistical Package of Social Sciences version 24 was applies to conduct correlation and multiple regression analysis of data.

4.5.1 Correlation Analysis

Pearson's product moment correlation analysis was conducted at 95% confidence interval and 5% confidence level 2-tailed to assess the statistical relationship between the each independent variable on performance of ICT firms dealing with channeled products in Nairobi, Kenya as shown in Table 4.6.

Table 4.6: Correlations Results Analysis

	Firm Strategies	**Firm Capabilities**	**Market Penetration**	**Retailer-Dealer Partnership**	**Performance**
	1				
Firm	.710				
Strategies	.0012	1			
Firm	.693	.027			
Capabilities	.0017	.799	1		
Market	.579	.560	.762		
Penetration	.0023	.000	.560	1	
Retailer-	.467	435	478	345	
Dealer	.000	.000	.000	.000	
Partnership					
Performance	543	.340	.234	456	
	.000	.000	.000	.000	.1

**p< 0.05

Source: (Research Data, 2018)

Table 4.6 indicates that there was statistical correlation between the firm strategies (0.710), firm capabilities (0.693), market penetration (0.579) and retailer-dealer partnerships (467). The positive relationship indicates that there was a correlation between the four variables of the study on performance of on ICT firms dealing with channeled products in Nairobi, Kenya. The Significance values of the four independent variables were less than 5% (0.0012, 0.0017, 0.0023, 0.0027 and 0.000) which indicated that a unit increase of firm strategies, firm capabilities, market penetration and retailer – dealer partnership resulted to a unit increase in performance of on ICT firms dealing with channeled products in Nairobi, Kenya.

4.5.2 Regression Analysis

To determine the predictive power of each independent variable on performance of on ICT firms dealing with channelled products in Nairobi, Kenya, multiple regression analysis was conducted to find out the linear relationship between all the independent variables and the dependent variable as shown in Table 4.7.

Table 4.7 : Regression Results Analysis

Dependent Variable	Independent Variables	Beta Value	T-Value	Sig
Performance of Channeled Product firms in Nairobi, Kenya	Firm Strategies	0.456	3.277	0.002
Performance of Channeled Product firms in Nairobi, Kenya	Firm Capabilities	0.244	3.217	0.000
Performance of Channeled Product firms in Nairobi, Kenya	Market Penetration	0.354	3.446	0.001
Performance of Channeled Product Firms in Nairobi, Kenya	Retailer-Dealer Partnerships	0.341	3.467	0.000

Source: (Research Data, 2018)

As shown on table 4.7, the multiple regression analysis indicated that there was a positive significant relationship between firm strategies, firm capabilities, market penetration and retailer – dealer partnership and performance of channeled product ICT firms in Nairobi, Kenya. The significance values of the four independent variables were; firm strategies (β=0.456, $p < 0.05$), firm capabilities (β=-0.244, $p < 0.05$), market penetration (β=0.354, $p < 0.05$) and retailer-dealer partnerships (β=-0.341, $p < 0.05$)

These results correspond with the view of Mbaka & Mugambi (2014); Manani et al. (2013) & Melchorita (2013) who found out that there exist a significant positive relationship between strategies, marketing practices and industry partnership and firm productivity.

Table 4.8: Correlation Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	**Std. Error**	**Beta**		
1	**(Constant)**	1.349	1.2235		0.930	0.000
	Firm Strategies	0. 787	0.3132	0.152	2.512	0.000
	Firm Capabilities	0. 752	0.3425	0.154	2.195	0.001
	Market Penetration	0.645	0.2178	0.116	2.961	0.002
	Retailer-Dealer Partnerships	0.578	0.321	0.234	2.567	0.000

Source: (Research Data, 2018).

As illustrated in Table 4.8, multiple regression analysis was conducted to determine the relationship between the consolidated variables of strategic drivers on the performance of ICT firms dealing with channeled products in Nairobi, Kenya. As per the SPSS generated Table (4.8) above, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$)) became: $Y= 1.349+ 0.787X_1+ 0.752X_2 + 0.665X_3 + 0.578X_4$. As depicted in Table 4.8, it is established that, taking all factors into account (firm strategies, firm capabilities, market penetration and retailer – dealer partnership) constant at zero, firm performance will be 1.349. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in firm strategies, firm capabilities, market penetration and retailer – dealer partnership will increase performance of ICT firms by a magnitude of 0.787, 0.752, 0.665 and 578. At 5% level of significance and 95% level of confidence, the significance values of all the four variables is less than the critical value of 0.05, indicating that there exist a significant positive relationship between independent variables (firm strategies, firm capabilities, market penetration and retailer – dealer partnership) and dependent variable (performance of channeled product ICT firms in Nairobi, Kenya).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summaries of the study findings as per the study objectives, provides conclusions based on those findings and recommendations which are based on both the study findings and other relevant literature considered necessary and vital to be used in future to improve the study situation.

5.2 Summary of Findings

After data analysis, quantitative figures were used to interpret the information according the study objectives. The study objectives that guided analysis and interpretation of data included determining the effect of firm strategies, firm capabilities, market penetration and retailer – dealer partnership on performance of channeled product ICT firms in Nairobi, Kenya. After analysis of information, the study concludes that there exist a significant relationship between firm strategies, firm capabilities, market penetration and retailer – dealer partnership and performance of channeled product ICT firms in Nairobi, Kenya regardless of challenges experienced by the ICT firms dealing with channeled products in Kenya.

5.2.1 Firm Strategies

The study established that there exist a significant positive relationship between logistical, marketing and human resources management strategies and performance of ICT firms dealing with channeled products in Kenya. However, the study observed that to a certain extent, some ICT firms dealing with channeled products found it difficult to establish alternative channels of distributing or selling their products due high costs associated with their products. Further, marketing of the products was affected by lack of awareness and differentiation of channeled and non-channeled products among consumers.

Moreover, it was established that the knowledge and skills of workers of ICT firms dealing with channeled products was not ICT oriented thus challenges of marketing the products. On the other hand, it was observed that the ICT firms dealing with channeled products were unable to pay workers competitively in terms of wages and commissions like that of non-channeled ICT firms due to minimal volume of sales associated with channeled ICT products. Inability of employees in achieving sales targets contributed to poor performance of employees.

5.2.2 Firm Capabilities

The study revealed that there exist a moderate significant relationship between firm capability and performance of ICT firms dealing with channeled products in Kenya. However, it was pointed out that to a larger extent, most of the ICT firms dealing with channeled products in Nairobi, Kenya were not utilizing firm capabilities effectively for the competitiveness of their firms. For instance, it was noted despite the fact that technology influenced efficiency and effectiveness of service delivery, most of the ICT firms were challenged to automate their systems such as logistics, marketing, financial and human resource. To some extent, most of the ICT firms were not embracing knowledge management practices such as employee training to boost performance of their firms. Costs associated with product research and employee turnover influenced performance of ICT firms dealing with channeled products negatively.

5.2.3 Market Penetration

The study established that there exit a positive significant relationship between market penetration and performance of ICT firms dealing with channeled products in Kenya. However, the study observed that most of the ICT firms dealing with channeled products did not put adequate resources to market products in different market segments thus a decline in the market share, volume of sales and profits. Further, the it emerged that penetration of channeled ICT products in the market was difficult due to unaffordable prices that were considers or perceived to be unreasonable by majority of consumers compared to non-channeled products that were considered or perceived to be affordable and provided equal value despite lack extended services such as warranties. It was further noted that majority of the distributors were willing to stock non-channeled products since there was overwhelming demand due price flexibility.

5.2.4 Retailer- Dealer Partnerships

The study revealed that there exist a significant positive relationship between retailer-dealer partnerships and performance of ICT firms dealing with channeled products in Kenya. Although, it was observed that retailer dealer partnerships was influenced by a number of factors ranging from trust, commitment and power of the players. To some extent, it was noted that ICT firms dealing with channeled products were less committed in training and sensitizing dealers of their products in the market thus deteriorating performance. Product certification requirements were perceived to be a barrier of stocking channeled products by majority of the dealers in the market. Further, majority of the dealers considered channeled products to be expensive in terms of stocking and lack of product knowledge by majority of consumers compared to non-channeled products. By extension, it emerged that most of the dealers of ICT products were not trustworthy in dealing with channeled products. Partnerships relations among retailers and dealers was weakened by lack of trust and commitment.

5.3 Conclusion

The study concludes that for effective competitiveness of ICT firms dealing with channeled products, firm strategies, firm capabilities, market penetration and retailer – dealer partnership are mandatory strategic drivers to be embraced. Top leadership of ICT firms dealing with channeled products should always seek to embrace strategic drivers that can distinguish the firm in the unpredictable business environment that is characterized by intense completion, changing consumer needs and wants, influence of technology and globalization.

To maximize profits, expand market share, enhance customer satisfaction and improve employee satisfaction, ICT firms dealing with channeled products not only need to review strategies, train workers, invest in modern technology, enhance stakeholder partnerships but also should scan the business environment in which they operate and understand forces that influence consumer buying behaviors such as income, level of competition, consumer knowledge and economic stability.

5.4 Recommendations

The study identified that to some extent ICT firms dealing with channeled products found it difficult to recruit new dealers of their products in the market. Therefore, the

study recommends that top leadership of the ICT firms should critically assess factors that can encourage multiple dealers to stock their products. Requirements associated with stocking channeled products need to be reviewed from time to time due to changing business trends. Further, the study found that marketing of channeled products was hindered by the price of the product and lack of appropriate marketing skills among employees. Therefore, the study recommends that top management of ICT firms should allocate marketing budgets to promote their business.

Advertisements and establishment of alternative channels of distribution and effective segmentation of market would not only boost volume of sales but also customer loyalty. In addition, the study revealed that despite the fact that employee motivation influenced performance, some ICT firms did not sponsor workers for further studies, delegate responsibility or involve employees in key decision making. Therefore, this study recommends that top management of the ICT firms dealing with channeled products should develop models that measure employee performance and set realistic goals that can stimulate workers to perform.

The study revealed that to some extent, ICT firms dealing with channeled products did not capabilities such as product research, employee knowledge, technology, size and location to improve performance. Therefore, the study recommends that utilization of unique resources and capabilities should be a top priority of ICT firms in Kenya. Development of employee skills and knowledge, investment in modern technologies and information sharing would not only enhance competitiveness of ICT firms dealing with channeled products but also create sustainable competencies in the changing business environment.

The study identified that to some extent most of the ICT firms dealing with channeled product did not embrace marketing tactics such as segmentation, consumer research, product development and positioning in the Kenya market. Therefore, this study recommends that top management of ICT firms dealing with channeled products in Kenya should ensure they have a framework of segmenting marketing, conducting consumer research, fixing prices and advertising their products in the print media and electronic media.

The study found out that retailer-dealer partnerships were not established on the philosophy of trust and commitment. Therefore, the study recommends that top management of ICT firms dealing with channeled products should recruit marketing and sales managers with adequate knowledge on customer relationship management and periodically assess the level of relationship commitment based on the new accounts established, volume of sales, customer referrals and repeat purchase behaviours.

5.5 Areas for Further Research

Since the study was limited to four variables which included firm strategies, firm capabilities, market penetration and retailer – dealer partnership. The study suggests that other researchers should seek to investigate other strategic drivers that may influence performance of channeled ICT products such continuous improvement, strategic marketing, strategic leadership and strategic human resource management. Further, similar studies should be replicated in other product categories such as smart phones and computer accessories to determine consistence of results. Moreover, comparative studies should be conducted in other countries to confirm consistency of results from context to context.

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APPENDICES

Appendix 1: Introductory Letter

AMOS MACHARIA KAMAU
MBA/NRB/2046/16
ST. PAUL UNIVERSITY

TO WHOM IT MAY CONCERN

Dear Respondent,

REF: MASTER OF BUSINESS ADMINISTRATION RESEARCH PROPOSAL

I am a student pursuing a Master of Business Administration, MBA at the St. Paul University. In partial fulfillment of the requirements to the award of the Masters degree, I am carrying out a study on ***"Effectiveness of Strategic Drivers on Performance of Channeled Product ICT firms in Nairobi, Kenya"***

The choice is based on your strategic importance in the achievement of organizational goals hence improved performance of your firm in terms of efficiency and effectiveness. I kindly request your assistance by availing sometime to respond to the questionnaire. A copy of the final report will be made available to you at your request. The information given will be treated with utmost confidentiality for the purpose of this study only. Your assistance will be highly appreciated.

Kind Regards

Appendix 2: Questionnaire For Employees of Channelled Product ICT firms in Nairobi, Kenya

SECTION A: POPULATION DEMOGRAPHIC

Please supply the required data by filling in the blanks where space is provided or by ticking [√] against the most appropriate answer.

1. **What position do you hold in Firm? _____(Optional)**

2. **Indicate your Age**
   a) Below 25 years [ ]
   b) 26-35 years [ ]
   c) 36-45 years [ ]
   d) Above 45 years [ ]

3. **Indicate your Gender**
   a) Male [ ]
   b) Female [ ]

4. **Indicate your Level of Education**
   a) University [ ]
   b) College [ ]
   c) Secondary level [ ]
   d) Primary level [ ]

5. **How long have you worked in the Firm**
   a) Below 1 year [ ]
   b) Between 1 - 5 years [ ]
   c) Above 5 years [ ]

SECTION B: STRATEGIC DRIVERS AND FIRM PERFORMANCE

PART A: FIRM STRATEGIES

6. Indicate your level of agreement or disagreement with the following statements relating to the effect of firm strategies and performance of your ICT firm **(scale 5= Strongly Agree(SA), 4= Agree (A), 3 = Moderately Agree (MA), 2= Disagree (D), 1 = Strongly Disagree (SD))**

S/N	Statements	1 SD	2 D	3 MD	4 A	5 SA
	Logistical Strategies					
1.	My ICT firm ships products in large quantities to minimize logistical costs associated with small orders					
2.	My ICT firm has ways of managing old inventories on time to avoid selling them at reduced prices					
3.	My ICT company insures that all shipped goods are insured in case of any physical damage					
4.	My ICT firm has comprehensive records of the status of products stocked for timely information to customers					
	Marketing Strategies					
5.	My ICT firm has employees trained on marketing skills					
6.	Customers are given first priority all the time					
7.	The quality of products stocked conforms with customer needs					
8.	My firm understand what motivates customers to buy products such as pricing, packaging and form of the product					
9.	My company has segments which are defined according to customer needs					
	Human Resource Management Strategies					
10.	I am fairly compensated by my firm based on sales and commissions					
11.	My immediate supervisor recognizes my effort of securing new accounts					
12.	My supervisor delegates responsibilities					
13.	My firm employs workers with theoretical and technical skills					
14.	My firm involves workers in key decision-making process					

PART B: FIRM CAPABILITIES

7. Indicate your level of agreement or disagreement with the following statements relating to the effect of firm capabilities and performance of your ICT firm **(scale 5= Strongly Agree(SA), 4= Agree (A), 3 = Moderately Agree (MA), 2= Disagree (D), 1 = Strongly Disagree (SD))**

S/N	Statements	1 SD	2 D	3 MD	4 A	5 SA
1.	My ICT firm conducts products research to have an in depth understanding of consumer needs					
2.	My firm has a customer database that reflects the sales					
3.	My firm has ICT literate workers					
4.	My firm electronic inventory management systems					
5.	The knowledge of employees enable them to predict consumer needs					
6.	My firm provides electronic services to customers					
7.	The strategic location of my firm facilitates customer attraction and retention					

PART C: MARKET PENETRATION

8. Indicate your level of agreement or disagreement with the following statements relating to the effect of market penetration and performance of your ICT firm **(scale 5= Strongly Agree(SA), 4= Agree (A), 3 = Moderately Agree (MA), 2= Disagree (D), 1 = Strongly Disagree (SD))**

S/N	Statements	1 SD	2 D	3 MD	4 A	5 SA
1.	My ICT firm has ways of attracting and retaining customers					
2.	My firm has various categories of customers with special needs					
3.	My firm sells products perceived to be of high quality					
4.	My firm uses other alternative channels to sell its products					
5.	My firm periodically reviews product prices to increase volume of sales					
6.	My firm advertises its products using multiple communication tools such as brochures, television, newspapers and radios					
7.	My ICT firm provides after-sale services to customers					

PART D: RETAILER-DEALER PARTNERSHIPS

9. Indicate your level of agreement or disagreement with the following statements relating to the effect of retailer-dealer partnerships and performance of your ICT firm **(scale 5= Strongly Agree(SA), 4= Agree (A), 3 = Moderately Agree (MA), 2= Disagree (D), 1 = Strongly Disagree (SD))**

S/N	Statements	1 SD	2 D	3 MD	4 A	5 SA
1.	My ICT firm has well established networks with retailers and other sales agents					
2.	My firm helps retailers in marketing manufacturer products					
3.	My firm periodically launches new products					
4.	My firm ensures retailers deals with channeled products by issuing certificates					
5.	My firm experiences repeat purchase from customers					
6.	All market intermediaries of my firm have adequate product knowledge					
7.	My firm critically analyze information collected from dealers to make informed decisions about market development					

PART E: MEAREMENT OF FIRM PERFORMANCE

10. Indicate your level of agreement or disagreement with the following statements relating to parameters that reflect performance of your ICT firm **(scale 5= Strongly Agree(SA), 4= Agree (A), 3 = Moderately Agree (MA), 2= Disagree (D), 1 = Strongly Disagree (SD))**

S/N	Statements	1 SD	2 D	3 MD	4 A	5 SA
1.	Profits generated reflects performance of my ICT firm					
2.	The volume of sales reflects performance of my firm					
3.	The number of customers served reflects performance of my firm					

4.	Costs of operation reflects performance of my firm					
5.	Number of referrals reflects performance of my firm					
6.	Repeat purchase reflects performance of my firm					
7.	Employee creativity and innovative ideas reflects performance of my firm					

Thanks for your time and Cooperation

Appendix 3: St. Paul University Board of Post-Graduate Letter

ST. PAUL'S UNIVERSITY

Private Bag 00217 LIMURU, KENYA
Email: bps@spu.ac.ke
Website: www.spu.ac.ke

Tel Office: +254(0) 20-2020505/10
Mobile: +254(0) 728- 669000
(0) 728- 062420
(0) 736- 424440

BOARD OF POSTGRADUATE STUDIES

6th March 2017

National Commission for Science and Technology,
P.O. BOX 30623-00100,
Nairobi.

Dear Sir/Madam,

Re: Recommendation for Amos Macharia Kamau to conduct a Masters of Business Administration (MBA) research.

This letter confirms the above named person is a second (final) year student of the MBA Programme at St. Paul's University.

The final year consists of a major research work leading to a dissertation comprising 20,000 words. The student's selected topic is '*Effects of non-channelled ICT products on performance of channelled ICT products in Nairobi'.*

The research will take place in Nairobi County from March 2017 to May 2017.

Kindly grant this student the required permit.

Yours Faithfully,

Dr. Sammy Githuku
Director, Postgraduate Studies

Appendix 4: National Commission for Science Technology and Innovation Letter



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax:+254-20-318245,318249
Email:dg@nacosti.go.ke
Website: www.nacosti.go.ke
when replying please quote

9th Floor, Utalii House
Uhuru Highway
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/17/18819/16159**

Date: **15th March, 2017**

Amos Macharia Kamau
St. Pauls University
P.O. Private Bag - 00217
LIMURU.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Effects of non-channeled ICT products on performance of channeled ICT products in Nairobi, Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **15th March, 2018.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

On completion of the research, you are expected to submit **two hard copies and one soft copy in pdf** of the research report/thesis to our office.

BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

The County Director of Education
Nairobi County.

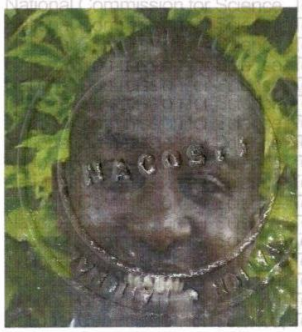
National Commission for Science, Technology and Innovation is ISO 9001:2008 Certified

THIS IS TO CERTIFY THAT:
MR. AMOS MACHARIA KAMAU
of ST. PAUL UNIVERSITY, 0-100
Nairobi,has been permitted to conduct research in *Nairobi County*

on the topic: *EFFECTS OF NON-CHANNELED ICT PRODUCTS ON PERFORMANCE OF CHANNELED ICT PRODUCTS IN NAIROBI, KENYA.*

for the period ending:
15th March,2018

Permit No : NACOSTI/P/17/18819/16159
Date Of Issue : 15th March,2017
Fee Recieved :Ksh 1000



.....
Applicant's Signature

.....
Director General
National Commission for Science, Technology & Innovation

ice, Technology and Innovation National Commission for Science, Technology and Innovation

Appendix 5: List of Channeled Product ICT Firms in Nairobi, Kenya

1. Mitsumi Distribution Ltd
2. Reddot Distribution Ltd
3. Redington Gulf
4. IT4Africa
5. Westcon Africa
6. Software Distributors Ltd
7. Tricontinental Distribution Kenya
8. Sai Office Supplies
9. Sunsystems
10. Niti Computers Ltd
11. Isol Solutions Associates
12. Synergy Systems

(Source: ICT Board of Kenya, 2018)