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

Kamau, A. M.,[*1] Kibuine, M. K.,[2] & Mugambi, H. N.[3]

[*1] MBA Candidate, St. Paul's University [SPU], Kenya
[2] St. Paul's University [SPU], Kenya
[3] PhD., St. Paul's University [SPU], Kenya

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ABSTRACT

The study sought to establish the effectiveness of strategic drivers on performance of selected channeled product ICT firms in Nairobi, Kenya. The specific objectives of the study were to determine the effect of firm strategies and firm capabilities on performance of selected channeled product ICT firms in Nairobi, Kenya. 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. 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 was 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 study revealed there exist a significant positive relationship between firm strategies, firm capabilities and performance of selected channeled product ICT firms in Nairobi, Kenya. The study concluded that strategic drivers such as logistics, marketing and human resource strategies are crucial for organizational competitiveness if effectively embraced by top leadership. The study recommended that unless ICT firms dealing with channeled ICT products in Kenya recognize the essences of pricing decisions and product values, achieving competitive advantage would be an uphill task. The findings of the study would 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.

Keywords: *Firm Strategies, Firm Capabilities, Performance of Channeled Product, ICT Firms*

INTRODUCTION

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).

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).

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).

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).

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.

Research 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. The specific objectives were:-

- To determine the effect of firm strategies on performance of channeled product ICT firms in Nairobi, Kenya.
- To establish the effect of firm capabilities on performance of channeled product ICT firms in Nairobi, Kenya.

LITERATURE REVIEW

Theoretical Review

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

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 and firm capabilities can influence performance of ICT firms dealing with channeled products.

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 sheds 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).

Empirical Review

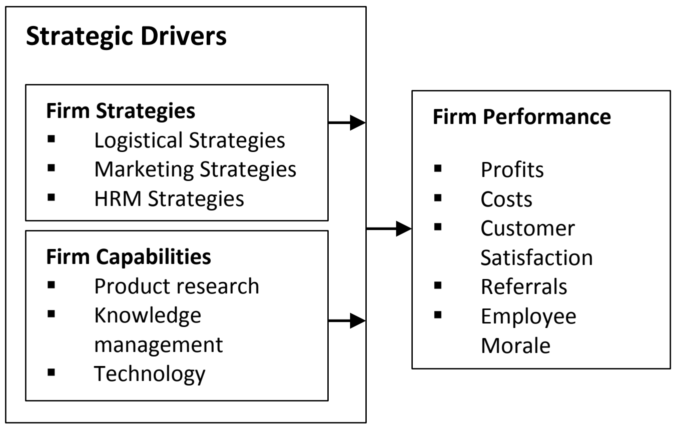
Firm Strategies and Firm Performance

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.

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.

Conceptual Framework



Independent Variables   Dependent Variable

Figure 1: Conceptual Framework

Source: (Author, 2018)

RESEARCH METHODOLOGY

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 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.

FINDINGS AND DISCUSSION

Strategic Drivers and Firm Performance

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 1.

Table 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 1, the mean score for 4 of the statements of logistical strategies was more than 4.00 which means that majority (48%) and above agreed with the statements while the rest either disagreed or were neutral. The findings implied 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 contradicted 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 indicated that majority (42%) and above agreed with the statements while the rest either disagreed or were neutral. The findings implied 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 corresponded 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 indicated that majority (23%) and above disagreed with the statements. The findings implied 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 corresponded 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.

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 2.

Table 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 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 implied 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 corresponded 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.

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 3.

Table 3: 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 3, the mean scores for all 7 statements was more than 4.00 which meant that majority (66%) and above agreed with the statement. The findings implied 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 concured 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.

CONCLUSIONS AND RECOMMENDATIONS

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.

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.

Conclusion

The study concluded that for effective competitiveness of ICT firms dealing with channeled products, firm strategies and firm capabilities 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 and train workers 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.

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 recommended 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 recommended 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.

Areas for Further Research

Since the study was limited to two variables which included firm strategies and firm capabilities, the study suggested 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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