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Tangible Resources are the First Step in the Value Creation Process of Sources of Sustainable Competitive Advantage in a Services Firm: An Activity-Resource-Based View (ARBV) Theory?

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Tangible Resources are the First Step in the Value Creation Process of Sources of Sustainable Competitive Advantage in a Services Firm: An Activity-Resource-Based View (ARBV) Theory?

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Abstract- This paper postulates that tangible resources that are rare, valuable, inimitable and in substitutable, owned and controlled by a firm, are at the core of the value creation process that leads to the creation of sustainable competitive advantage for a consistently high performing firm in the motor service industry. The paper asserts that by integrating activity-based and resource-based views of the firm, through activity drivers of scale, location and capacity utilization, the value creation process by tangible resources is explained. A new framework, the activity-resource-based view (ARBV) is also generated.

Customer value is created through superior service efficiency, service process innovation, quality after sales service and effective spare parts support, leading to superior customer responsiveness and customer satisfaction.

The paper is based on an in-depth, semi-structured single case qualitative study, justified by recent strategic management and research literature. Key informants were interviewed and audio-taped. The nine key informants were to achieve broad based view, to enable case development and case interaction and to achieve data triangulation. The necessary data collection characteristics of integrity and rigour were built into the research design and methodology.

The paper is important, as its findings depart from previous literature, which exclude tangible resources among the sources for sustainable competitive advantage. In this way, the paper succeeds in bridging the gap in strategic management theory and research literature. The paper concludes with key findings, implications for literature and practice, limitations and recommendations for further research and theorising.

Keywords: tangible resources, source of sustainable competitive advantage, first step in value creation process, activity-resource-based view, sustainable competitive advantage.

I. Introduction and Background

This paper has three objectives. The first is to postulate that tangible resources that possess the characteristics of rarity, value ability, inimitability and in substitutability are sources of the creation of sustainable competitive advantage. The second is to state that tangible resources form the first step in the value creation process. The paper then explains how tangible resources create sources of sustainable competitive advantage for a consistently high performing firm in the motor service industry in Kenya.

This paper's assertion that tangible resources are the main source of the creation of sustainable competitive advantage, is contrary to a few prior literary works (see, for example, Bharadwaj 1993, Clulow *et al.* 2003, 2007, Fahy 2002) which exclude these resources as sources of competitive advantage.

The paper's objectives are supported by findings in a PhD thesis (Gaya, Struwig and Smith, 2013) that identified tangible resources as being the main source of creating and sustaining competitive advantage.

While every firm desires to be a market leader, differences in firm performance persist, even in firms competing in the same industry (Barney2001, Barney and Kitchen 2001, Lockett, Thompson and Morgenstern 2009, Peteraf and Barney 2003, Peteraf and Bergen 2003).In the Kenyan context, Toyota Kenya has been a consistently high performer firm in the motor service industry for over ten years. The superior performance has been of interest to competitors, scholars and investors in the industry.

This paper specifically seeks to explain how tangible resources owned and controlled by Toyota Kenya create sources of sustainable competitive advantage and hence, superior performance by the firm in the market. This paper then identifies tangible resources owned and controlled by Toyota Kenya that are source of sustainable competitive advantage.

The main assumption in this paper is that the tangible resources possessing the four main sustainability characteristics or attributes of being rare, valuable, in I mi table and in substitutable, qualify as sources of creating and sustaining competitive advantage. This assumption is supported by literature

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(Barney 2001, Peteraf and Bergen 2003, Peteraf and Barney 2003).

The second assumption is that there is parsimony in terminology used in the strategic management process of value creation by sources of sustainable competitive advantage. In this assumption, the terms resources, capabilities and competencies are considered as distinct and ought not be used interchangeably. This second assumption is also supported by recent literature (see, Gaya 2016, Porter 1991, 2004, Ray *et al.,* 2004, Sheehan and Foss 2007, 2009).

The third assumption in this paper is that by integrating the two main theories of analysing sources of sustainable competitive advantage, into a new model, the (ARBV), the actual process of value creation by tangible resources is clearly explained. The tangible resources combine with discrete firm activities to create competitive capabilities, which then act on activity drivers to generate core competencies. The core competencies are in turn, the direct sources of sustainable competitive advantage, through the creation of value to the firm, with the firm creating value to the customer (Hill and Jones 2009, Hitt *et al.,* 2007).

The paper recommends, justifies and adopts a qualitative case study research design and methodology, for similar in-depth single firm, single industry studies, where the ARBV framework is used in analysing and understanding how tangible resources create sources of sustainable competitive advantage. In order to meet study objectives, the use of in depth, semi-structured, face to face audio-taped interviews is justified by prior literature, with key interviewees or informants comprising of a number of top managers. The use of nine interviewees, as is the case in the study on which this article is based (Gaya *et al.,* 2013) is to achieve broad based views, to enable case development and case interactions and lastly, to achieve triangulation. This line of interviewing is recommended in a number of literature (Hyett, Kenny and Dickson-Swift 2014, Creswell 2013b, Yin 2002, 2009, 2012).

In addition, this paper recommends the employment of the necessary strategies that ensure rigour, validity, credibility and reliability, in addition to adhering to the highest moral standards of ethics, responsibility and rationality in dealing with human subjects and in data analysis.

The first section gives the importance of the paper. The next section is the literature review, where brief outlines of the main theories and key terminology used in understanding the process of creating sources of sustainable competitive advantage by tangible resources is given. Characteristics of tangible resource sustainability are last in the literature review section. An ARBV conceptual framework follows next, that explains how discreet tangible resources of a motor services firm are integrated into activities, through activity drivers, to integrate the activity and resource-based view theories. The background of the research design and methodology used in the study follows. The findings of the study are then given and discussed. Conclusions, implications for literature and limitations are next. The paper ends with recommendations for future research and theorizing.

II. Importance of the Paper

This paper asserts that tangible resources possessing competitive characteristics of rarity, value, inimitability and in substitutability, are sources of sustainable competitive advantage. The paper asserts this through the integration of two leading strategic management theories, the activity and the resource-based views, to form a new framework, the activity-resource-based view. This integration contributes to bridging gaps in the eclectic strategic management theory as well as to guide future research by embedding empirical literature on firmer grounds (Porter 2004, 2008, Priem and Butler 2001, Priem 2007, Sanchez 2008, Sheehan and Foss 2007, 2009). Literature review is next.

III. Literature Review

The integration of the two main theories and the understanding of the value creation process has important implications to literature, through the generation of new knowledge. These implications extend into research design and methodology used in strategic management, as well as implications for policy and practice, as is found in the latter sections of the paper. An overview of the two main theories of analyzing the sources of sustainable competitive advantage is next.

a) Resource-based view

The question as to why firms differ within the same market and operating under the same competitive environment continue to persist. In mid 1980s and early 1990s, focus regarding the actual sources of sustainable competitive advantage shifted from the external perspective to search internally in the firms (Spanos and Lioukas 2001, Sheehan and Foss 2009).

Initiated in the mid-1980s by Werner felt (1984) Rumelt (1984) and Barney (1986) the resource-based view (RBV) slowly grew into one of the main frameworks for understanding sources of sustainable competitive advantage. The central premise of the resource-based view is that firms compete in the market on the basis of their internal resources, capabilities and competencies (Peteraf and Barney 2003). This inward-looking approach opened new lines of thinking and analysing about the actual sources of sustainable competitive advantage, according to Foss and Knudsen (2003). Over time, the resource-based view, became a victim of numerous criticisms by scholars and researchers in the

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realm of strategic management (Priem and Butler 2001, Priem 2007, Sanchez 2008).

Resource-based view holds that firms differ in performance because each possesses a unique bundle of internal competitive resources (Barney 2001, Grant 2010, Hoopes *et al.* 2003, Rumelt *et al.* 1994, Thompson, Peteraf, Gamble and Strickland 2012). Each firm develops core competencies from the combination of the competitive resources and competitive capabilities, which when identified, developed and deployed are able to create competitive advantages (Grant 2010, Hill and Jones 2009, Hitt *et al.* 2007). The resource-based view therefore, explains how firms may outperform their competitors, even for firms with the same resource set (Rumelt 1984, 1991, Werner felt 1984, 1995).

b) Activity-based view

According to Porter (2004), activity-based view of the firm is a comprehensive strategic framework which examines sources of competitive advantage at the firm level, using activities as the unit of analysis (Porter 1991, 2004, Ray *et al.,* 2004, Sheehan and Foss, 2007, 2009). Porter (2004) and Priem (2007) propose that the key to improving firm performance is to understand how value is created. This is explained in recent literature (Gaya *et al.,* 2013, Ray *et al.,* 2004

Other scholars consider the activity-based view as an approach that acknowledges the role of a firm's activities in the creation of sustainable competitive advantage (Porter 2004, 2008, Ray *et al.* 2004, Sheehan and Foss 2007, 2009). Ray *et al.* (2004) postulate that activities of a firm are the means through which a firm's competitive resources, competitive capabilities and core competencies create value for the customer and through low cost and differentiation competitive advantage, through the efficiency and effectiveness of the responsiveness of customers' needs and expectations.

The activity-based view postulates that resources have to be placed in activities to understand how competitive advantage is created and sustained, usually through the activity drivers such as capacity utilization, location and scale (Ghemawat 2008, Hoopes *et al.* 2003, Porter 1991, 2004, Ray *et al.,* 2004, Sheehan and Foss 2007, 2009). The Activity-based view holds that the unit of analysis of a firm's competitive advantage is in the discrete or core activities the firm undertakes to create customer value and isolated through the firm's value chain analysis (Porter 2004, Ray *et al.,* 2004). For instance, capacity, location and scale are listed as main activity drivers of differentiation and cost (Ghemawat 2008, Ray *et al.,* 2004, Sheehan and Foss 2007, 2009).

In supporting Sheehan and Foss (2009) this paper considers activity drivers as the key link between competitive resources, competitive capabilities and core competencies of a firm to the firm's core activities. This consideration is the rationale for integrating the activity and resource-based views into a single framework, the activity-resource-based view (ARBV) framework, which is the new theory hypothesizing the integration of a firm's discrete core activities and its tangible resources and competitive capabilities, through activity drivers of location, scale and capacity, to generate core competencies (Porter 2004, 2008, Ray *et al.* 2004, Sheehan and Foss 2007, 2009).In the interest of parsimony of terminologies recommended for use in the realm of the concept of value creation by tangible resources, key terminology used follow in the next section.

IV. Definitions of Key Terminologies

a) Resources

Resources are inputs of a firm's production process, such as capital equipment, the skills of employees, finances and skilled managers, owned and controlled by the firm (Grant 2010, Haberberg and Rieple 2008, Hitt et al. 2007). Resources in this study are physical, financial, social or human, technological, plant, equipment and other factors that allow a firm to create value for the firm's customers (Hill and Jones 2009). In general, a firm's resources can be classified into three categories: physical, human and firm capital. Resources are either tangible or intangible in nature.

For the purpose of this paper, resources do not include capabilities and competencies and the terms cannot be used interchangeably (Hill and Johnson 2009, Hitt *et al.,* 2007).

b) Capabilities

Capabilities are the skills, abilities and ways of combining resources, people and processes that a firm utilises to convert inputs into outputs. Capabilities are also the capacity for a set of resources to perform a task, a set of tasks or an activity. Critical to the building of competitive advantages, competitive capabilities are based usually on developing, carrying and exchanging information and knowledge through the firm's human capital. Consequently, competitive capabilities are developed over time (Grant 2010, Hitt *et al.,* 2007, Thompson *et al.,* 2012). In this study, capabilities are those that the study firm possesses or has the capacity to carry out.

c) Competencies

Competencies, sometimes referred to as core competencies, are firm-specific strengths that enable a firm to differentiate its services and or achieve substantially lower costs than the firm's competitors and therefore gain a sustainable competitive advantage (Haberberg and Rieple 2008, Hill and Jones 2009, Thompson *et al.*, 2012). Core competencies are created from a combination of competitive resources and

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competitive capabilities, through activity drivers such as capacity utilization, location and scale (Hill and Jones 2009, Hitt *et al.,* 2011). Core competencies distinguish a firm competitively and represent its personality in the competitive industry (Hitt *et al.,* 2007). Core competencies are the building blocks of competitive advantage, are listed by Hill and Jones (2009) as service efficiency, service process quality, process innovation and superior customer responsiveness (Hill and Jones 2009).

V. Characteristics of Resources Sustainability

The resource-based view theory of the firm proposes key guidelines that help determine what constitutes a competitive resource. In terms of sustainability characteristics, these are valuability, rarity, inimitability and in substitutability (Haber berg and Rieple 2008, Hill and Jones 2009, Hitt *et al.,* 2007). These characteristics are described below.

a) Valuableness

Resources that enable the creation of competitive capabilities which generates core competencies that better respond to customers' needs and expectations than the competitors, are categorised as valuable or competitively superior. For example, where car service workshops offer similar routine services but one is located more conveniently and accessible to motorists, the convenient location enables superior customer service responsiveness and hence creates value through a differentiation advantage.

b) Rare

When a resource is in short supply, the resource is termed rare or scarce. When a firm possesses a rare or scarce resource and only few competitors do, and the rare or scarce resource is central to fulfilling customers' needs, the rare or scarce resource forms a core competence for the firm. Resource rarity or scarcity creates value for the customer when the rare or scarce resource is sustainable over time (Grant, 2010, Hitt *et al.,* 2007, Thompson *et al.,* 2012). In this study, a resource that cannot be easily obtained due to being short in supply or not available is accepted as a rare resource.

c) Inimitable

A resource is inimitable when the resource is not easily copied or easily and cheaply acquired in the resource market. A resource that competitors can easily copy or acquire or replicate only generates temporary value and cannot generate a long-term competitive advantage. Inimitability does not last forever. For the purpose of this study, the resources bearing the following four characteristics will be difficult to imitate or duplicate:

- Physical uniqueness

Physically unique resources are always hard to imitate. A real estate situated in a location that is no longer available, as the location of the after sales service facility in this study, are examples of tangible resources that cannot easily or cheaply be imitated (Pearce and Robinson 2011, Thompson*et al.*, 2012).

- Path-dependency

Path-dependent resources can be hard to imitate because of the complexity of the path another firm has to take to create the competitive resource. Path-dependent resources cannot be easily acquired as they need time to create and invariably are very expensive. Creation of path-dependent resources cannot be speeded up (Haberberg and Rieple 2008, Pearce and Robinson 2011).

- Causal ambiguity

Causal ambiguity refers to cases where difficulty is encountered in understanding exactly how a firm creates and sustains the competitive advantage it enjoys. Competing firms are unable to discern exactly what the competitive resource is, or how the firm's resources are combined and coordinated to create and sustain the competitive advantage(Hitt *et al.,* 2007, Pearce and Robinson 2011).

- Economic deterrence

Economic deterrence occurs when a large capital outlay has been expended in resource acquisition needed to create and sustain competitive advantage for the acquiring firm (Grant 2010, Pearce and Robinson 2011). Economic deterrence occurs where the price of acquisition is extremely high or unaffordable in comparison to future returns. Inimitable resources are considered to be protected by a barrier to resource mobility. This is also called isolating mechanism and shields the resource from being imitated or duplicated through acquisition (Foss and Knudsen 2003).

d) In substitutable

In substitutable is a term used when other alternatives for a product, service or resource are difficult to obtain at a low cost. Economic deterrents and time compression are conditions that render a resource not cheaply or easily substitutable. In general, the strategic value increases as the resource becomes more difficult to substitute (Haber berg and Rieple, 2008, Hitt *et al.*, 2007, Thompson *et al.,* 2012). For the purpose of this study, a resource will be in substitutable when rivals do not possess other types of competitive resources that can combine with competitive capabilities from core activities to generate core competencies.

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VI. Activity Drivers

In supporting Sheehan and Foss (2007, 2009) this paper considers activity drivers, as the key link between competitive resources, competitive capabilities and core competencies of a firm to its core activities.

Manipulation of activity drivers forms the basis for successfully positioning the firm as low cost or giving higher value at the activity levels compared to the firm's rival (Porter 1991, 2004, Ray *et al.,* 2004, Sheehan and Foss 2007, 2009). Managers of the firms can either reconfigure their core activities, which imply new and different ways of doing things. Alternatively, managers of competing firms can improve coordination of current core activities through manipulation of activity level drivers including capacity utilisation, location and scale (Ghemawat 2008, Porter 1991, 2004, Priem 2007, Sheehan and Foss 2007, 2009)).

VII. Conceptual Framework

The need for a conceptual framework is justified by several researchers, who postulate that ideal research ought to be anchored in theory, in order for the findings to easily fit in the existing body of knowledge (Stake 2000, 2005 and Yin 2002, 2009, 2012). The conceptual framework used in this study illustrates a modification of Fahy's (2000) model to include the activity-resource-based view (ARBV) framework, obtained by the integration of the activity-based and the resource-based views, to form the activity-resource-based view conceptual framework to guide the study (see Figure 1).

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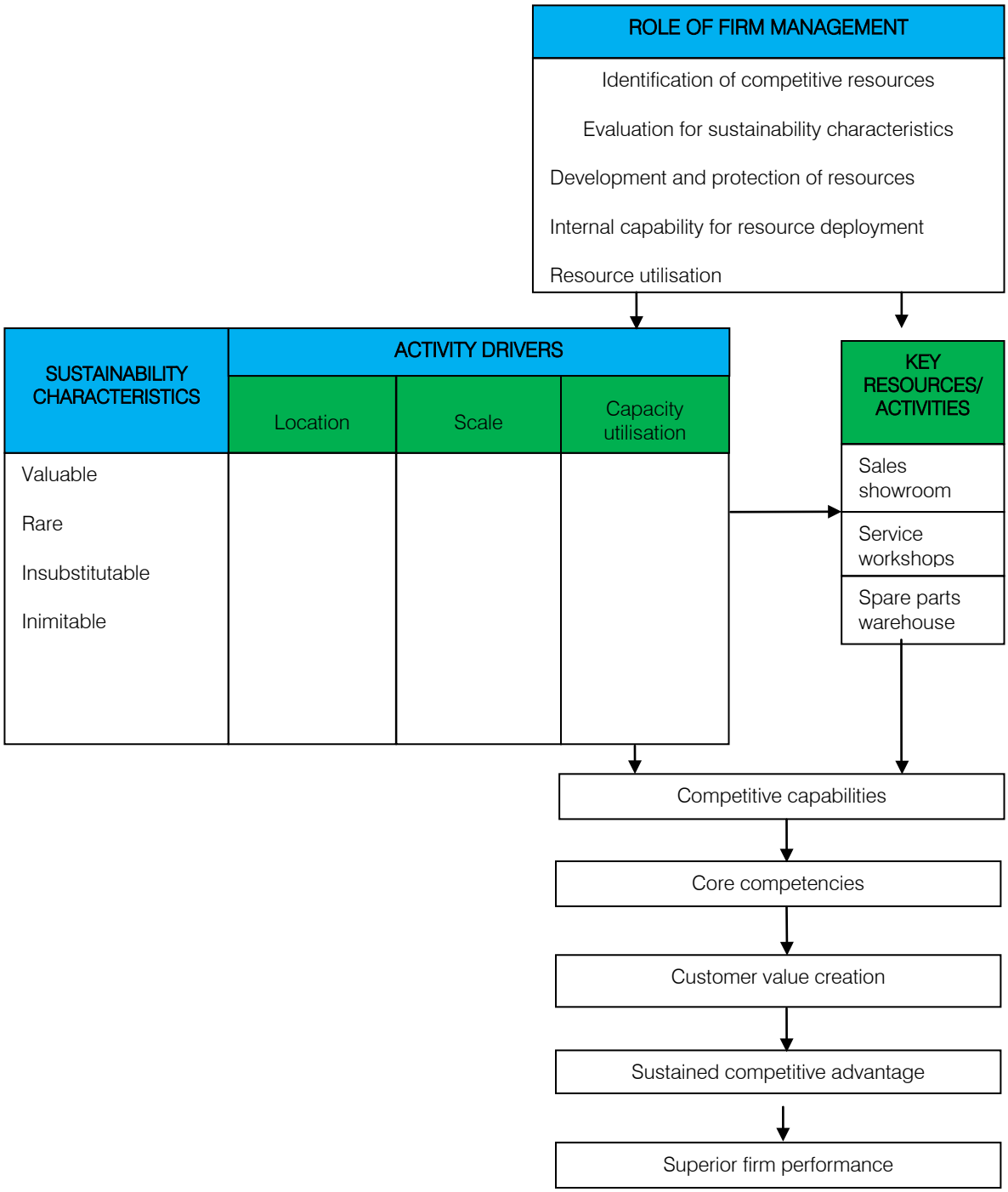

Figure 1: Activity-resource-based-view (ARBV) conceptual framework for creating sources of sustainable competitive advantage

Figure 1 illustrates the contribution of a number of scholars and researchers. Fahy (2000, 2002) contributed towards the original framework. Sheehan and Foss (2007, 2009) contributed to the conceptual framework through the introduction of the activity concept, including the activity drivers. Porter (2004), Ray *et al.,* (2004) and Sheehan and Foss (2007, 2009) listed the specific activity drivers of capacity utilization, location and scale, alongside the core firm activities of sales, service and spares parts, isolated through the value chain concept. Barney (1991, 2001) proposed a framework using four primary characteristics of resource sustainability. These are value, rareness, inimitability and in substitutability.

Sheehan and Foss (2007, 2009) recommended further research to show a link between Porter's (1991, 2004) activity-based and Werner felt's (1984, 1995) resource-based views. The study under review (Gaya *et*

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al. 2013) is the first attempt to empirically integrate the activity-based with the resource-based views using a theoretical and conceptual framework built on both the activity-based view and resource-based view literature.

This paper posits that the resultant framework, the activity-resource-based view (ARBV) framework explains how competitive capabilities generate core competencies that are the direct sources of sustainable competitive advantage. Most importantly, this paper postulates that the core competencies of service efficiency, service quality, service process innovation and superior customer responsiveness create customer value and customer satisfaction through low cost and superior service differentiation advantages. The low cost and service differentiation advantages subsequently result in superior firm performance; hence market leadership (Gaya and Struwig 2016, Hill and Jones 2009, Porter 1991, 2004, Priem 2007).

VIII. Research Design and Methodology

The study under review followed a qualitative single case study where the combined research methodology is used successfully to generate a new theory; the activity-resource-based view (ARBV) theory of a consistently high performing firm in the motor service industry in Kenya (Gaya *et al.,* 2013, Siggelkow 2007). In Gaya *et al,* (2013) the activity-based view and the resource-based view theories were integrated through additional theory and a conceptual framework, to explain how competitive resources actually created and sustained competitive advantage for the firm (Ray *et al.,* 2004, Sheehan and Foss 2007, 2009) was generated.

Among the findings in this study, is that a single case study and qualitative research design and methodology is one of the most appropriate methodology for consideration in the realm of strategic management research, especially when generation of theory or theory testing is envisaged (Creswell 2013b, Denzin and Lincoln 2011b, Eisenhardt 1989, Eisenhardt and Graebner 2007, Gaya and Smith 2016, Merriam 1998, 2009, Siggelkow 2007, Yin 2002, 2009, 2012).

The nine key informants were employed to ensure multiple sources of information, further case development, shaped by context and emergent data. The nine key informants also ensured triangulation, to guarantee study integrity, build rigour, validity, credibility and reliability, as recommended in Creswell (2013b) and Denzin and Lincoln (2011b). Though considered a motor service industry expert, the interviewing of the chairman and CEO were meant to guarantee unfettered accessibility to the consistently high performing case study firm, a key quality requirement in single case study research design and methodology (Eisenhardt 1989, Sig gelkow 2007, Creswell 2013b, Hyett *et al.* 2014, Yin 2009, 2012). The role of theory is next section.

IX. The Role of Theory in the Study

The role includes development of theory and generalising from case study to theory. Hyett *et al.* (2014) recommend that since theory development in the field of strategic management takes time and offers extreme challenges, qualitative case studies have to rely on existing literature, which provide a rich theoretical framework for the case study research design and collection of the needed rich data. Hyett *et al.* (2014) is supported by Yin (2009, 2012). Hyett *et al.* (2014) postulates that, *'the development of a well-informed theoretical framework to guide a case study improves and enhances rigour, consistency and credibility in qualitative case study research* (Hyett *et al.* 2014:3). This condition was met in this study through the use of the activity-resource-based view (ARBV) conceptual framework as the theory that guided the study, research design and methodology, including data collection, instrument design, data collection and analysis.

X. Data Collection

According to Creswell (2013b) Easterby-Smith *et al*. (2009) Hyett *et al.* (2014) Merriam (1998, 2009) and Yin (2009, 2012) face-to-face, detailed, in-depth interviews are the most regular sources of data in qualitative case studies. In the qualitative case study under review, the following recommendations of Eisenhardt and Graebner (2007) and Yin (2009, 2012) were adopted, to ensure a rigorous, extremely comprehensive and systematic research methodology in the conduct of the qualitative case study research: preparation was made for data collection, collection of evidence, analysis of the evidence and the composition of qualitative case study report.

In this study, rigorous data collection followed carefully linked steps, including in-depth face to face interviewing of nine top managers of consistently high performing firms to ensure the use of multiple sources of information, the creation of a case study database including attaching the study transcripts, and the maintenance of a chain of evidence, through the use of the conceptual framework developed from theory as recommended by Gibbert *et al.,* (2008) and Yin (2009, 2012) for data collection, data analysis, discussion of case study findings and final case study reporting.

XI. Data Analysis

This study followed the recommendations of a number of researchers (Easterby-Smith *et al*. 2009, Eisenhardt and Graebner (2007) Hyett *et al.* (2014) and Yin (2009, 2012) who propose relevant strategies for data analysis, as well as noting Merriam's list of a number of data analysis strategies within a qualitative case study research (Creswell 2013b, Merriam 1998, 2009). As recommended in Yin (2009, 2012) the rich

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data analysis, as well as noting Merriam's list of a number of data analysis strategies within a qualitative case study research (Creswell 2013b, Merriam 1998, 2009). As recommended in Yin (2009, 2012) the rich data was systematically recorded and managed, through a database. Data analysis included construction of categories or data themes, naming the categories and sub-categories, and developing systems for placing the data into these categories and data themes as recommended in literature (Yin 2009, 2012). The categorisation of data collected increased the quality of the data analysis.

Data analysis included data presentation, discussion and interpretation. Tables were used extensively to present the findings, illustrating the respective data themes and facilitating systematic analysis and reporting as recommended in the literature (Creswell 2013b, Hyett *et al.* 2014, Yin 2009, 2012). Working from the transcripts and guided by the data themes agreed upon earlier, the firm's activities formed the basis for the interpretation of the phenomena gleaned from the key informants' responses.

XII. Results and Discussion

This study's key finding is that tangible resources possessing the characteristics of rarity, value ability, in imitability and in substitutability when identified, developed, protected and deployed, do create value that generates sustainable competitive advantage for the case study firm. Of note, this study's findings are in disagreement with similar previous studies (for example, Clulow *et al.* 2003, 2007, Fahy 2002) which held that tangible resources do not satisfy the criteria for being sources of sustainable competitive advantage. Guided by the conceptual framework (see Figure 1) the next section discusses the results of the data as represented in the framework.

Table 1 offers a summary of how each tangible resource identified in this case study create and sustain competitive advantage for the case firm.

Table 1: Tangible resources creating sustainable competitive advantage for the case firm

Resource and component	How sustainable competitive advantage is created
Sales showrooms	Enable superior responsiveness to customers through differentiating the case firm and competitors who do not have the facility, hence building loyalty and premium pricing is enabled.
Service workshops	Size reduces customer response time therefore more customer satisfaction due to quick service and more profit for firm from increased volume of cars serviced.
Spare parts warehouse	Large space enables adequate stock holding, improving availability and reduces cost, hence differentiates case firm with competitors with less or without.
Financial resources	Enables heavy investments that the competitors cannot afford. Therefore, offers barriers to imitation and substitution by competitors.
Human resources	Offers the base for knowledge, skills, culture, relationships that are not easy to imitate or substitute or transfer.

Source: Study findings and literature (Gaya et al., 2013).

Table 1 illustrates how each of the tangible resources create core competencies for the case firm, which then create sources of differentiation based or lower cost based sustained competitive advantage for the customers and the case firm. The core competencies created, including, efficiency, quality, and innovation are all integral to achieving superior responsiveness to customers and satisfaction.The findings of the study under review are summarised by Figure 2 below.

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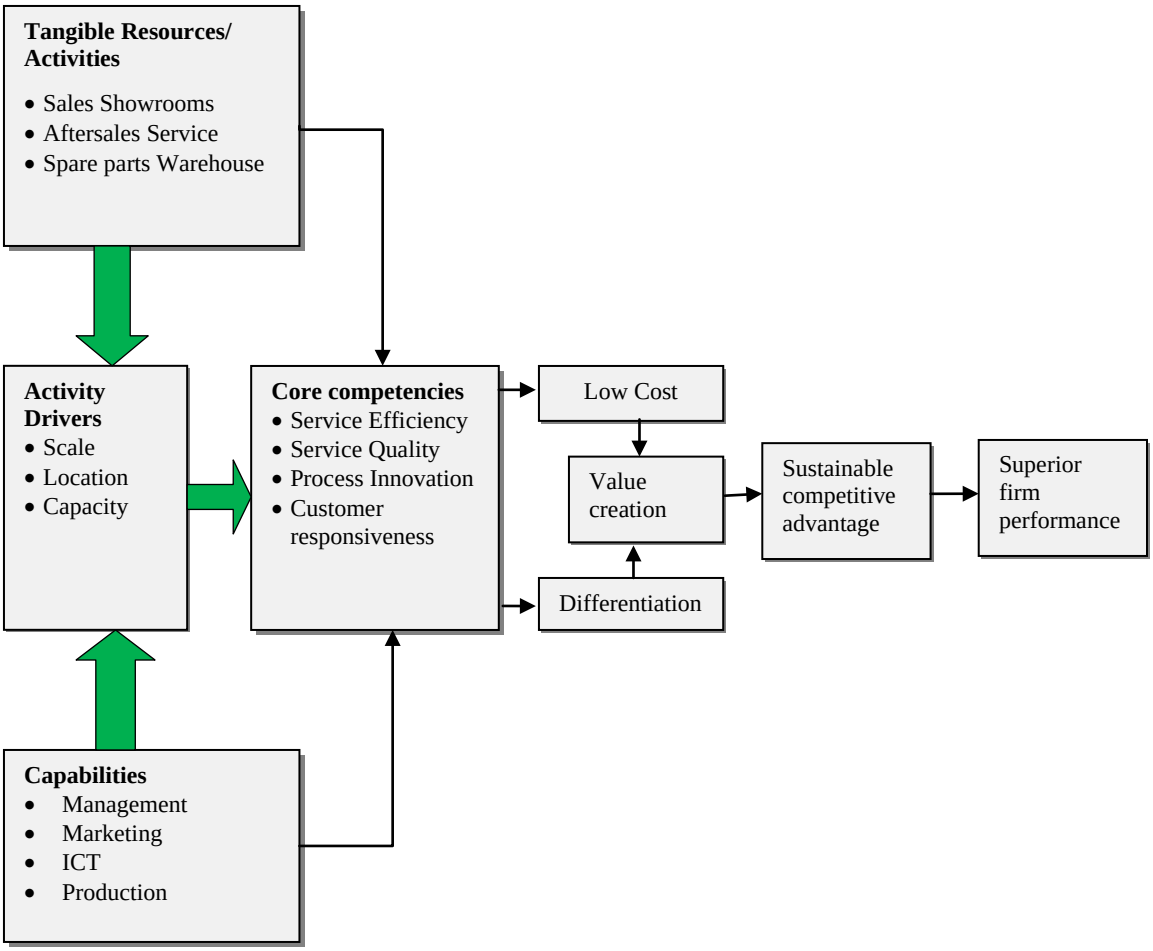

Figure 2: The actual process of value creation for sustainable competitive advantage

Figure 2 illustrates how core activity drivers of scale, location and capacity influence the efficiency of core firm activities of car sales, workshop service and spare parts availability when utilizing the tangible resources that possess the four criteria of being rare, valuable, costly to imitate and not easily substitutable, create sources of sustainable competitive advantage.

The superior responsiveness to customers in car sales, after sales workshop repair service and spare parts availability are core activities geared to achieving customer satisfaction, to build customer trust and loyalty, and in turn secure customer retention. This finding is supported by early literature, especially by Porter, when he asserts, 'resources are only valuable when placed into core firm activities, which generate lower cost or high value than rivals (Porter 1991, 2004). Porter is supported in recent literature by Sheehan and Foss (2009) who postulate that, ' it is when the activity-based view is integrated with the resource-based view that they together provide the most comprehensive explanation of firm value creation (Sheehan and Foss 2009:255).

XIII. Conclusion About Research Questions

Arising from the research problem, the study sought answers to the following specific research questions.

- Why does performance of firms in the same industry, operating under the same environment, persistently differ?

This question is answered by the finding of this study that the study firm, which has consistently performed at a higher level than competitors in the same motor service industry, owns a bundle of tangible resources, which were identified in the study as state of the art modern sales showrooms, service workshops, financial resources, spare parts warehouses and human resources. In addition, the question is answered by the study's conclusion that these five key tangible resources possess the characteristics of resource sustainability: being rare as the tangible resources value is uncertain, the physical after sales service complex that houses the showroom, service workshop and spares parts warehouse is immobile, inimitable and in substitutable.

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The conclusion is that this specific study finding is inconsistent with the literature (for example, Clulow *et al.* 2003, 2007; Fahy 2002) by selecting tangible resources as the original source of sustained competitive advantage. The previous Clulow *et al.* (2003, 2007:20-21) studies limited the sources of sustained competitive advantage of a service firm, to intangible resources and capabilities, clearly leaving out tangible resources.

- How do the identified tangible resources actually create value for a firm in the motor service industry and hence provide the firm with sources of sustainable competitive advantage?

This Primary objective and question was answered in the study by introducing resources into activities through the application of activity drivers on the discrete activities of the motor service firm, aided by the integration of the activity-based and resource-based views, into a new framework- the activity-resource-based view (ARBV) of the firm. This integrated framework also explained the process of value creation (refer to Figure 2). This process of value creation is consistent with literature in Hill and Jones (2009), Porter (2004) Priem (2007) Ray *et al* (2004) Sheehan and Foss (2007, 2009) who, places resources and activities together to form integrative models of sustained competitive advantage.

XIV. Implication for Literature

The implication for literature is given under different headings in this section.

a) Distinct contribution to new theory

First, is an emphasis that firm performance differences are attributable to the unique competitive resources, competitive capabilities and core competencies owned, developed, protected and deployed by the firms, through strategic choices made by the top management, to meet customer needs and expectations. This is explained by the integrated framework activity-resource-based views (ARBV) of firm approach (see, for example, Armstrong and Shimizu 2007:959, Grant 2010:122, Hitt *et al.* 2001:105, Porter 2004, Sheehan and Foss 2007, 2009).

Two theories, which were integrated in the study, informed this study: the activity and the resource-based views, working in tandem.

b) Distinct contributions to research methodology

The first contribution is achieved by the use of multiple key informants in a resource-based view case study, as opposed to a single key informant, as was the case in previous similar case studies (see, for example, Clulow *et al.* 2003, 2007, Fahy 2002). This contribution to knowledge, through an improvement in research methodology, lent credence to the recommendation in Yin (2009:42, 2012) by positing that the use of multiple sources of evidence, in a manner encouraging convergent lines of inquiry during data collection, is available to increase construct validity when carry out case studies.

The use of multiple key informants also introduces the concept of data triangulation, through multiple sources of data, which increases this study's validity and the reliability of data collected (see, for example, Yin 2009:42, 2012).

XV. Limitations of the Study

The main limitation is that this study is qualitative and conducted in a single firm, in a single industry in the motor service industry, in a developing economy like Kenya's. The generalizability of the case study findings is therefore limited, although an analytic generalization could inform and contribute new knowledge to the activity-resource-based view (ARBV) theory.

XVI. Recommendation for Further Research

There is need for survey research to generalize the findings, as the findings on tangible resources as creating sources of sustained competitive advantage, point to a new paradigm in strategic management empirical literature (see Clulow *et al.* 2003, 2007, Fahy 2002).

Further studies of this nature within different firms in the motor service industry, would allow an opportunity for contrast and comparison. Similar studies in other service industries would offer additional opportunity to explore the operationalization of the theoretical model developed in this study, the activity-resource-based view of value creation by sources of sustainable competitive advantage.

This thesis has therefore built on and added to the search for a link and an integration of the activity and resource-based view theories to generate a new theory and body of knowledge in the strategic management realm, in order to bridge the literature gap and also in order to offer guidance to future research (Barney 2007, Ray *et al* 2004, Sheehan and Foss 2007, 2009, Porter 2004, 2008, Priem 2007).

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