

Distinctive Competencies as a Determinant of Organizational Performance: Evidence from Extant Literature

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ABSTRACT

The modern business environment is highly dynamic, marked by intense competition as organizations vie for market share, customers, and profitability. Globalization has further shortened product life cycles and heightened the pressure on organizations to secure a competitive advantage, making organizational performance a critical factor for survival and success in this challenging landscape. Competence is a notion that has existed since the dawn of time. Humans have always wanted to learn new talents and develop new approaches to tackle practical, professional, and scientific problems. The competitive climate in which organizations currently operate forces them to concentrate on distinctive strategies that provide them an edge. Globalization, technical advancement, and the quick spread of new technologies all contribute to the competitive business climate. Distinctive competence is a multi-dimensional concept critical to organizational performance, encompassing various capabilities across different functions. The portfolio perspective suggests that firms can leverage a range of competences—such as innovation, marketing, and operations—to gain a competitive advantage by adapting to market changes and aligning competences with corporate strategy. Competencies in areas like production, marketing, research and development, and human resources directly correlate to improved performance. The resource-based view emphasizes that unique, valuable, and non-replaceable competencies ensure long-term success. Key dimensions of competence include technological, operational, marketing, and human resource competencies, all of which contribute to sustained competitive advantage. Integrating these competencies into strategic management helps firms navigate changing environments, innovate, and outperform competitors. The purpose of this study is to explore the conceptual, theoretical, and empirical literature on the relationship between distinctive competencies and organizational performance. Gaps identified include understanding how different competencies interact with each other to jointly contribute to overall organizational performance. The study proposes a conceptual framework for further research, emphasizing the strategic importance of selecting the right competencies for improved performance and suggesting the inclusion of additional competencies in future studies.

Keywords: *Distinctive Competencies, Human Resource Competence, Innovation Competence, Marketing Competence, Research & Development Competence and Organizational Performance.*

1.0 Introduction

Businesses are currently operating in a dynamic environment that is marked by fierce competition as they vie for clients, market share, and profitability (Dirisu, Ilioya & Ibiduni, 2020). Product life cycles have shortened as a result of growing globalization, and businesses are under more pressure to gain a competitive edge in the marketplace. A number of goals and various objectives, which all revolve around holding large market share and ultimately bettering firm performance in relation to that of rivalry firms (Lin & Wu, 2020) are part of the guiding principles for the firms. Performance can be defined as the way in which a firm accomplishes its market-based objectives and additionally its financial objectives (Ahmed & Othman, 2017). According to Ahmed, Khuwaja, Brohi, and Othman (2018), an organization's performance is defined as the achievement of its long-term goals as specified in its strategic plans. It is the total of an organization's announced aims and actual results in relation to its stated objectives. According to Ali (2017), there are three different aspects of an organization's performance: shareholder return, commodity market performance, and financial performance. According to Samad and Aziz (2016), strategy implementation is the process of turning plans into action.

The principal goal of embracing successful processes of management is to make the organizational performance improve over time. The concept of firm core competence has emerged as a major concern area when it comes to the improvement of the performance in organizations (Yin, Chen & Zhao, 2019). Because of the numerous factors that businesses must contend with in a complex and dynamic environment, including globalization, technological advancement, and the rapid spread of new technologies, the modern business environment creates a more demanding situation (Marcusson & Lundqvist, 2019). The rationale behind strategic management, as outlined by Yang (2018), is to develop and sustain key assets and skills while selecting strategies that if transformational can lead to competitive advantages. Porter (1980) further emphasized that companies can achieve sustainable competitive advantage by adopting strategies that allow them to outperform competitors through niche specialization, product differentiation, or cost leadership.

Building on these perspectives, successful organizations tend to focus their strategies on leveraging their unique abilities, which enable them to excel in executing critical activities (Lin & Wu, 2019). These abilities, often referred to as "core competencies," represent the specific activities that firms engage in to gain a competitive edge (Marcusson & Lundqvist, 2019). Various authors have fronted various descriptions of organizational performance. As discussed by Akgün (2020) organizational performance is akin to a position of competitiveness often attained by achieving a high efficiency rank, which serves to make the organization's presence in the market maintained through strategic alignment. In an institution, performance measurement entails presentation of quantified outcome of the different activities that are carried out within the firm (Juma & Okibo, 2016).

Understanding the relationship between objectives, performance measurements, and organizational outcomes, as well as the importance of performance metrics, is beneficial for assessing organizational performance. Performance measuring from a strategic alignment standpoint of quantifiable results may be conducted using a variety of methodologies in many contemporary enterprises. One of the techniques is through the utilization of a balanced score which provides an organization with an opportunity to transform its corporate strategy into action by giving special focus to financial perspectives, customer perspectives, internal processes and learning and growth (Mokhtari, 2016). Another technique used to measure performance of an organization entails using the Deming model which gives emphasis to the recognition of differences in the process of

production and addressing those differences (Dao & Nguyen, 2020). The Deming wheel or cycle has four elements 'plan, do, act and study' that if organizations adopt will improve their productivity and performance. Another technique relevant to this study involves using the Baldrige model, which proposes that the guiding principles used for performance measurement in firms and should be brought from the business strategy. More importantly, the model proposes that the standards must be able to provide pertinent information (Mokhtari, 2019). The model measures performance using seven elements that cover customers, analysis, leadership, strategy, knowledge management, workforce operations and measurement of results. Riungu (2020) notes that for those firms that are entirely financially-based, performance metrics can be in terms of shareholders' value, market share, returns on investment and assets and overall profitability margins. Adnan, Abdulhamid and Sohail (2018) consider non-financial measures like customer and staff satisfaction, high retention rate of clients, efficiency of operations and growth in market share and customer numbers. But in some instances, the performance is measured in terms of financial and non-financial aspects and using different models. To measure performance, this study was guided by the measurement of both financial and non-financial measures.

A company's primary competence is its strategic strength. It is the company's strongest suit and should never be contracted out (Mascarenhas, 2018). Because every company has a different profile of its intangible and physical resources and capabilities, variations in these profiles may be the cause of shifts in each firm's competitive position and performance (Carmeli & Tishler, 2019). According to Johnson, Scholes, and Whittington (2020), an organization's core competences influence a range of products and services and serve as a foundation for improved market performance. Core competences allow a business to adjust to changing conditions and deliver more effective and efficient performance in a competitive setting (Srivatava, 2020). An organization's distinctive competencies are those that set it apart from its rivals (Snow & Lawrence, 2020). According to Kiechel (2022), performance could be enhanced by cultivating unique corporate-level competencies that are connected to success in a company's diverse business units.

A company's success can be significantly enhanced by a methodical organizational emphasis on the deployment of unique competencies. Effective customer service, high-quality goods and services, and seasoned top managers provide a company a unique edge. To put it plainly, possessing a resource or capability is insufficient. A business needs to use its resources or skills effectively. Finding the precise use and determining the goals or objectives that are connected to it are made possible by the strategy-making process. A strategic capability, or one with strategic worth, is a particular talent. The type of approach chosen is influenced by the possession of specific unique competencies. The strategy outlines which activities should be developed and which activities or functional areas are most important to the organization. It identifies the unique competencies that are critical to that approach (White, 2004).

Another way to think of distinctive competencies is as dynamic, changing processes that help a company acquire, grow, and use its resources to outperform rivals (Lado, 2021). By assisting resource components in achieving a strategic position, these capabilities play a critical role in connecting resources to competitive advantage and business performance (Ketokivi & Schroeder, 2004). A combination of tangible assets, intangible assets, and abilities support a company's unique competency, claim Zahra and George (2022). When the underlying resources are valuable, uncommon, hard to replicate, and non-replaceable, these key competencies result in a sustained competitive advantage. This aligns with resource-based theory, which highlights that a firm's

success and sustainability depend on the evaluability, rarity, inimitability, and uniqueness of its resources (Cool, 2021). Companies in the same industry may develop distinctive competencies in different areas, such as marketing or research and development. These core competencies are unique to each firm and are difficult to replicate because they are rare, firm-specific, and hard to replace. While the resource-based approach does not predict which firm will perform better in such a scenario, as Barney (1991) suggests, certain competencies may be more valuable in specific industry contexts. For instance, in industries where differentiation through marketing is more effective than product differentiation, firms with strong marketing capabilities are likely to outperform those with strengths in research and development (Schmidt, 2020).

1.1 Statement of the Problem

While the concept of distinctive competencies has been widely discussed in strategic management literature, there remains a significant gap in understanding the specific ways these competencies influence organizational performance across different industries and competitive environments. According to Barney (1991) for a competence to offer a sustained competitive advantage, it must be valuable, rare, inimitable, and non-substitutable. However, many organizations struggle to fully identify and leverage these distinctive competencies to drive long-term success. Despite extensive theoretical discussions, empirical research exploring how distinctive competencies directly impact performance is limited. Prahalad and Hamel (1990) assert that an organization's ability to integrate and apply its competencies effectively is critical to gaining and maintaining a competitive edge. However, many organizations face challenges in translating these competencies into tangible performance outcomes.

As organizations operate in increasingly dynamic and complex markets, they must continuously adapt and refine their distinctive competencies to respond to changing competitive pressures (Teece, Pisano, & Shuen, 1997). Failing to do so often leads to stagnation and underperformance in rapidly evolving industries. Moreover, the relationship between distinctive competencies and organizational performance may vary significantly across industries, market conditions, and organizational structures (Hafeez, Zhang, & Malak, 2002). While some firms may excel due to strong competencies in research and development, others might gain competitive advantage through distinctive marketing or operational capabilities. However, the specific mechanisms through which these competencies contribute to performance remain underexplored. Additionally, many organizations fail to align their distinctive competencies with strategic objectives, leading to missed opportunities for performance improvements (Eisenhardt & Martin, 2000). This calls for a more granular analysis of how distinctive competencies can be harnessed to align with organizational goals and deliver sustained performance improvements.

In a quest to investigate the relationship between distinctive competencies and organizational performance Davis et al. (2022) notes that there has not been an exploration on how HR competencies interact with other functional areas such as marketing and R&D to influence overall organizational performance. Similarly, studies like Nakibuuka and Ssemakula (2021) and Li and Zhang (2020) focus on production competence and its impact on operational efficiency but overlook the potential for integration with R&D and marketing strategies. Moreover, Wilson et al. (2021) focused on NPD competencies in large tech firms but did not address their impact on small and medium-sized enterprises (SMEs). Schmidt and Wagner (2022) explored the importance of production scalability and flexibility but did not assess how these competencies interact with new product development processes.

This study seeks to explore how organizations can identify, develop, and strategically apply their distinctive competencies to achieve sustained competitive advantage and enhanced performance. By examining this relationship in various contexts and industries, this research will contribute to a deeper understanding of how distinctive competencies can be leveraged for long-term organizational success (Barney, 1991; Prahalad & Hamel, 1990). Furthermore, this study will provide valuable insights for managers looking to align their firm's distinctive competencies with their strategic goals to thrive in competitive and fast-paced business environments.

1.2 Objective of the Study

The purpose of this study is to examine conceptual, theoretical, and empirical literature on the relationship between distinctive competencies and organizational performance, with the goal of identifying knowledge gaps so as to inform future research efforts.

2.0 Concept of Distinctive Competences

Competence as a concept has a plethora of definitions and denotations suitable for practical junctures. These definitions incorporate knowledge, understanding, skills, abilities, and attitudes, and varies from a representation of competence in the context of ability and skills developed via training to a comprehensive overall view that involves the combination of knowledge, comprehension, capabilities, skills, and behaviours. Because the notion of competence has been applied to a lot of different things, various authors have been compelled to conceptualize it. Christen (2015) explains that competences indicate what the organization can or cannot do and this is related to the organization's resources, processes and value it intends to create. Schilling (2013) considers competence as a set of integrated and harmonized abilities that distinguish an organization in the marketplace. Hagger (1994) gives us an integrated conception approach in which he describes competence as knowledge, skills, abilities and attitudes displayed in the context of carefully chosen realistic and professional tasks which are at an appropriate level of generality.

The concept of distinctive competence goes beyond basic competence by referring to the unique strengths and capabilities that differentiate a organization from its competitors. Distinctive competences are often difficult for competitors to imitate or substitute, making them a source of sustainable competitive advantage. These competencies are integral to an organization's ability to sustain long-term success and are typically aligned with the firm's strategic goals (Snow & Hrebiniak, 1980). Distinctive competencies differ from core competencies in that they are firm-specific capabilities that provide a organization with a competitive advantage. According to Selznick (1957), distinctive competence refers to "what a organization can do particularly well," and these capabilities are often difficult for competitors to imitate or substitute. These competencies arise from a combination of both tangible and intangible resource that the firm develops over time, such as technological capabilities, brand reputation, superior customer service, or innovative capacity (Barney, 1991).

Distinctive competencies allow firms to better respond to market changes and competitive pressures. For example, companies with distinctive competencies in innovation and research and development can consistently bring new products to market, which improves their competitive positioning and drives financial success. Firms that cultivate distinctive competencies in operational efficiency are able to lower costs and increase productivity, leading to higher performance metrics such as profitability and market share (Grant, 1991). Lado (2021) expands on this by defining distinctive competencies as dynamic, non-finite processes that enable a firm to acquire, develop,

and utilize resources in ways that surpass its competitors. These competencies help organizations achieve higher levels of performance by enabling them to execute their strategies more effectively. A organization with distinctive competencies in customer relationship management may achieve better customer retention and satisfaction, directly contributing to its market success.

The Resource-Based View (RBV) of the firm, as discussed by Barney (1991), highlights the importance of distinctive competencies in gaining and maintaining a competitive advantage. According to this theory, an organization's ability to perform better than its competitors is linked to the development and exploitation of valuable, rare, inimitable, and non-substitutable (VRIN) resources. These resources, which often form the basis of distinctive competencies, enable organizations to outperform competitors in terms of innovation, operational effectiveness, or strategic decision-making (Peteraf, 1993). Moreover, distinctive competencies often lead to sustainable competitive advantage, particularly when they are difficult for competitors to copy or replicate.

Organizations that have developed a strong reputation for brand loyalty or product quality may experience enduring success, as these competencies are embedded deeply within the firm's operations and culture (Teece, Pisano, & Shuen, 1997). By leveraging such distinctive competencies, organizations can improve their overall performance in areas such as market share, profitability, and customer satisfaction (Schmidt, 2020). In conclusion, distinctive competencies are essential to an organization's performance as they provide the foundation for creating value, gaining competitive advantage, and ensuring long-term success. These firm-specific capabilities enable organizations to execute key strategic initiatives more effectively than their competitors, leading to superior organizational performance.

2.1 Perspectives of Distinctive Competences

Several perspectives in relevant literature help to explain the role of distinctive competence in organizational performance. The portfolio perspective proposed that organizations should develop, manage, and leverage a variety of competences to achieve a sustained competitive advantage. By cultivating multiple distinctive competences across different functions, such as innovation, marketing, and operations, to respond effectively to varying market conditions they will be able to create synergies where different competences complement each other, enhancing overall performance (Prahalad & Hamel, 1990). An organization with a strong competence in product innovation might combine this with operational efficiency to bring new products to market more quickly and at lower costs ultimately leading to improved performance outcomes (Teece, Pisano, & Shuen, 1997).

The portfolio perspective emphasizes the importance of flexibility and adaptability in a competitive business environment. As the market changes, organizations with a portfolio of competences can shift focus and prioritize the use of competences that align with current opportunities, allowing them to maintain their competitive advantage (Barney, 1991). This flexibility helps mitigate the risk of relying on a single competence, ensuring that if one area becomes less relevant due to market shifts, other competences can support the firm's continued success (Grant, 1991). Therefore, the portfolio approach to managing distinctive competences not only enhances an organization's ability to innovate and adapt but also provides a more resilient foundation for long-term performance.

According to recent data, several businesses that use the portfolio method have seen a fall in performance. According to Kiechel (2012) and Yavitz and Newmam (2012), performance could be enhanced by creating unique corporate skills that are connected to success in a company's many businesses. A company's success can be significantly enhanced by a methodical organizational emphasis on the deployment of unique competencies. From this viewpoint, distinctive competences are not isolated capabilities but rather form a system of interconnected and mutually reinforcing strengths that enable the organization to achieve sustainable competitive advantage (Prahalad & Hamel, 1990). A key aspect of this perspective is that an organization must align its core competences with its overall corporate strategy, ensuring that these competences support the organization's long-term goals and adapt to the evolving business environment (Barney, 1991). This alignment ensures that competences are not only valuable and rare but are also continuously nurtured, refined, and applied in ways that maximize organizational performance (Grant, 1991).

In a systematic approach, firms are encouraged to systematically assess and build their competences across domains such as technology, human resources and customer relationships to create a robust and adaptable foundation for growth (Hamel & Prahalad, 1994). By developing a coherent set of competences that work synergistically, organizations can better navigate challenges, capitalize on opportunities, and differentiate themselves from competitors (Teece, Pisano, & Shuen, 1997). Moreover, this perspective underscores the importance of embedding competence management within the firm's organizational culture and decision-making processes, ensuring that distinctive competences become deeply ingrained in the firm's operations (Amit & Schoemaker, 1993). Therefore, corporate strategy should demonstrate which activities an organization actively strives to develop and which activities or functional areas are most important to the organization. It identifies the unique competencies that are critical to that approach (White, 2018).

The performance of a corporation is greatly influenced by its internal competencies, which include marketing, manufacturing, research and development, and human resources. Each of these skills and the overall performance ratings are directly correlated. Many companies in the manufacturing industry believe that the four functional skills of production, marketing, research and development, and human resources are essential to the successful operation of their enterprises (Hill & Jones, 2017). The objective of earlier research has been to ascertain the proportional contributions that each functional area makes to various business performance metrics (Li, 2019). Core competences that are essential to a business's value proposition enable companies to stand out in the marketplace and offer long-term competitive advantage, claim Prahalad and Hamel (1990).

According to the internal competencies perspective, an organization's long-term performance depends on its capacity to develop, preserve, and enhance these competencies throughout time. The Resource-Based View (RBV), which Barney (1991) expands on, contends that a company's internal resources and competencies, when unique, valuable, and non-replaceable, can result in a long-term competitive advantage. Additionally, Grant (1991) suggests that effective organizational performance hinges on the firm's ability to identify its key internal capabilities and align them with strategic objectives to maximize performance outcomes. By focusing on internal competencies organizations can ensure they possess the necessary skills and resources to navigate challenges and capitalize on opportunities, ultimately achieving superior performance. Teece, Pisano, and Shuen (1997) also highlight the importance of dynamic capabilities in this context, emphasizing that firms must continuously adapt their internal competencies to align with changing market conditions and evolving competitive landscapes.

The skills and knowledge needed to create new products or modify existing ones are referred to as production competences. To be able to generate commodities, certain competences are necessary (Morgan, Kaleka & Katsikeas, 2018). All of the skills and information needed to create and deliver goods employing labor, money, and transportation resources are included in production competence. An essential stage is moving goods and materials into and out of a production system. Working with suppliers, assembling supplies and raw materials ahead of time, assembling machinery, and maximizing the use of commodities while generating the least amount of waste are all part of it. Managing international networks, increasing total material effectiveness, and coordinating manufacturing goals with those of other crucial functional areas are the main obstacles (Gaither & Frazier, 2019).

Innovation and intellectual property management are examples of research and development abilities (Fischer & Henkel, 2010). The goal of generic research & development is to have a variety of goods licensed and ready for sale (Sommerfeld, 2017). Research and development are a crucial part of a company's overall strategy because the introduction of a new product frequently causes an 18% increase in the market value of the company (Pattikew, 2017). Because of the quick changes in the market and technology, the increased competition, and the shorter product life cycle, managers in many different companies deal with the need for flexibility and innovative abilities inside the firm (Lin et al, 2017). According to Ferdows and De Meyer (1990), the development of production competencies, including the ability to rapidly introduce new products, scale operations efficiently and maintain high-quality standards is crucial for sustaining a competitive advantage.

These competencies enable firms to manage costs while maintaining high quality, which is a fundamental driver of organizational performance. Furthermore, Grant (1996) highlights that a firm's production competencies can enable it to exploit economies of scale and scope reduce production cost and deliver high-value products all of which contribute to its long-term success. The importance of production competencies is also stressed by Hamel and Prahalad (1994) who argue that firms must leverage their unique production capabilities to innovate and adapt to changing market demands thereby securing a lasting competitive edge. In this view, production competencies not only support operational excellence but also contribute significantly to the firm's overall strategy and ability to maintain superior performance over time.

The term "marketing capabilities" refers to a complex collection of firm-specific marketing knowledge and skills that are exercised through organizational procedures to allow organizations to coordinate marketing resources and activities in response to opportunities and problems that have been identified. Three types of capabilities are distinguished by Perry, Stott, and Smallwood (2013): essential capabilities, value-added support capabilities, and core capabilities. While value-added support capabilities enable the core capabilities, fundamental capabilities immediately result in competitive advantage. Essential competencies, on the other hand, are required to maintain the business's continuity but do not generate advantage. Day (2014) provides a different viewpoint on capabilities by distinguishing three categories of marketing capabilities: spanning, inside-out, and outside-in capabilities. Outside-in capabilities are competencies and talents that assist a company in comprehending market shifts. Internal resources are represented by inside-out capabilities. Conversely, spanning capabilities are used to combine outside-in and inside-out capabilities. According to Vorhies and Morgan (2015), the formulation and implementation of marketing strategies as well as the processes involved in the marketing mix are two important interconnected marketing competencies.

Human resource competencies, as defined by Nigam (2013), emphasize the contribution of both individual and collective knowledge as "inputs" to the production process. This information was acquired within the company through collaboration and experience. It is difficult to obtain this type of "experiential" information from outside an organization since it is developed gradually within it. It is also challenging to standardize because it is deeply embedded in professional relationships. These traits dictate the connections between the ideas of asset, skill, competence, and knowledge (Wade, 2017). According to Nigam (2013), the company's operations consistently provide new, useful knowledge. This data is then used by managers to develop new operating systems, which in turn provide new experience knowledge. In this context, development is defined as the production and use of knowledge that results in particular paths or trajectories depending on each organization's experiences.

2.2 Dimensions of Distinctive Competencies

Distinctive competence is considered a multi-dimensional concept because it encompasses various capabilities within an organization that collectively contribute to its competitive advantage and superior performance. These competencies are not limited to a single area of business but span across different operational, strategic, and managerial functions, making them multifaceted and interdependent. As a composite of several interrelated capabilities across different organizational domains making it a multi-dimensional concept firms can be able to develop and leverage these competencies, firms can create unique competitive advantages that are difficult for competitors to replicate.

One dimension of distinctive competencies is technological competence, which focuses on the organization's ability to innovate, develop new products, and improve processes through advanced technologies. Technological competence enables firms to create unique products or services that stand out in the market, thus creating differentiation and competitive advantage (Hamel & Prahalad, 1990). Another key dimension is operational competence, which relates to the firm's capacity to efficiently manage its production processes, quality control, supply chain, and overall operational efficiency. Strong operational competence allows organizations to provide high-quality products or services at lower costs, creating value for customers while achieving profitability (Porter, 1985). Marketing competence is another crucial dimension, as it involves the organization's ability to understand customer needs, market trends, and competitive forces. Effective marketing competencies enable firms to build strong brand equity, segment markets effectively, and create lasting customer relationships, which are essential for sustainable competitive advantage (Day, 1994).

The dimension of human resource competence emphasizes the organization's capability to attract, develop, and retain skilled talent, which is crucial for achieving a competitive edge. This competence involves not only identifying and recruiting individuals with the right skills but also fostering an environment that promotes continuous learning and professional development. Effective recruitment strategies ensure the organization hires the best talent, while robust training programs equip employees with up-to-date knowledge and skills that drive both personal and organizational advancement. Performance management systems are integral to aligning individual goals with the organization's strategic objectives, fostering accountability, and recognizing high achievers. Leadership development plays a key role in nurturing future leaders, ensuring a pipeline of talent that can lead innovation, improve decision-making, and maintain organizational agility. Together, these human resource practices enhance employee engagement, reduce turnover, and

contribute significantly to the organization's innovation, productivity, and long-term growth (Ulrich, 1997).

2.3 Adoption and Outcomes of Distinctive Competence in Strategic Management

By integrating distinctive competencies into strategic management, organizations are able to align their core strengths with long-term goals, adapt to changing environments, and outmanoeuvred competitors (Barney, 1991; Hamel & Prahalad, 1990; Teece, Pisano, & Shuen, 1997). Incorporating distinctive competence into strategic management ensures that firms not only develop unique capabilities but also sustain these capabilities through continuous learning, innovation, and strategic alignment. According to Barney (1991), resources and competencies that are valuable, rare, inimitable, and non-substitutable are essential for firms to maintain long-term competitive advantage. This concept highlights the critical role of distinctive competencies in resource-based views of strategy, where strategic management focuses on leveraging internal capabilities to exploit external opportunities.

The adoption of distinctive competencies also encourages organizations to focus on developing unique strengths that are difficult for competitors to replicate, whether through technological innovation, superior customer service, or operational efficiency (Peteraf, 1993). This strategic approach enables organizations to differentiate themselves in the market and achieve sustained success. Moreover, the integration of distinctive competencies into strategic planning allows firms to create a dynamic fit between their internal capabilities and external competitive environments, ensuring long-term viability and profitability (Teece, Pisano, & Shuen, 1997). In essence, distinctive competencies provide a roadmap for strategic management by identifying the critical capabilities that enable a firm to achieve competitive advantage. By adopting and nurturing these competencies, organizations can create value for customers and stakeholders while continuously adapting to market shifts.

Several researchers have highlighted the outcomes of distinctive competencies in strategic management by drawing reference to several aspects that have a significant impact on organizational performance. Distinctive competencies are seen as a crucial factor for gaining competitive advantage, improving market positioning, and driving profitability (Barney, 1991). According to Prahalad and Hamel (1990), organizations that effectively leverage their distinctive competencies can outperform their competitors by providing unique products and services that are difficult to replicate. In empirical studies, it has been demonstrated that firms with well-developed distinctive competencies tend to exhibit better financial performance, operational efficiency, and market share. For instance, a study by Hitt, Ireland, and Hoskisson (2012) found that firms with strong distinctive competencies in innovation and customer service achieved significantly higher market performance than their competitors. Furthermore, research by Grant (1996) showed that distinctive competencies in areas such as technological expertise and leadership led to sustained competitive advantage and long-term profitability.

In the context of small and medium-sized enterprises (SMEs), distinctive competencies have been shown to enhance resilience and adaptability in turbulent market conditions. Spanos and Lioukas (2001) found that firms with strong distinctive competencies were better able to adjust to environmental changes and maintain profitability. These studies collectively suggest that distinctive competencies are a key determinant of success in strategic management, influencing various

outcomes, including competitive positioning, financial performance, and organizational sustainability.

3.0 Concept of Organizational Performance

Organizational performance refers to how effectively an organization meets its objectives, encompassing various aspects such as financial success, operational efficiency, employee performance, and market competitiveness (Kaplan & Norton, 2022). It is increasingly viewed as a multidimensional concept, where organizations are evaluated based on more than just their financial outcomes, reflecting broader goals that align with long-term sustainability and stakeholder value (Meyer et al., 2020).

Financial performance remains a fundamental measure of organizational success, often assessed through metrics like profitability, revenue growth, and return on investment. These financial indicators offer insights into an organization's ability to manage resources and generate value (Lee & Kim, 2022). However, while financial performance is essential, it does not capture the full spectrum of what constitutes success, especially in today's dynamic business environment.

Organizations need to focus on operational performance as well, which relates to internal processes such as productivity, cost-effectiveness, and quality management. Efficient operations are crucial for maintaining competitiveness, particularly in industries where quality and innovation are key differentiators (Kovács et al., 2022). Operational excellence is tied to continuous improvement in processes, which can lead to better resource utilization and ultimately support financial growth. Employee performance plays an increasingly important role in determining organizational outcomes. High levels of employee engagement, productivity, and innovation contribute significantly to overall performance (Wang & Lee, 2023). Engaged employees are more likely to deliver high-quality work, enhance customer satisfaction, and drive organizational innovation. As such, human capital has become a crucial determinant of success in modern organizations, reinforcing the importance of fostering a positive organizational culture that supports employee well-being and development (Zhang & Bartol, 2021).

Market performance which evaluates an organization's position relative to its competitors is also critical in assessing organizational success. Measures such as market share, customer satisfaction, and brand reputation provide a clear indication of how well the organization meets customer needs and adapts to market changes (Porter, 2022). In a rapidly evolving digital landscape, organizations must focus on agility and innovation to stay ahead of competitors and meet shifting customer demands (Gartner, 2024). Digital transformation has thus become integral to organizational performance, allowing companies to leverage new technologies to enhance both operational efficiency and customer experience. Organizational performance in conclusion can be considered as a complex and evolving concept that requires a balanced approach to financial, operational, market and human resource metrics. By focusing on both tangible and intangible assets, organizations can optimize their performance and ensure sustainable growth in a competitive environment (Neely, 2020)

3.1 Perspectives of Organizational Performance

According to Madanchian et al. (2021), organizational performance is the organization's ability to achieve its goals. Waeni (2022) suggests that it is the measured organizational outcomes ranging from customer satisfaction; profits generated, and staff satisfaction. Božić and Andresen (2023)

suggested that organizational performance is a measure of how an organization effectively and efficiently utilizes its resources to achieve its mission and deliver value to its stakeholders. Organizational performance is the achievement of a specific objective, assessed based on precision, comprehensiveness, cost effectiveness, and efficiency (Diis & Kiiru, 2024). Fundamentally, organisational performance shows how well strategic goals are achieved (Kisimbo & Omondi, 2023). It includes making effective use of available resources, and improving the organization's efficiency to achieve the desired results (Conțu, 2020). Mwale (2022) asserts that organizational performance is actual results achieved compared with planned outputs, a position adopted for the purpose of this study.

Organizational performance is defined as the degree to which predetermined objectives are achieved. It's evaluated by comparing the actual results with the established targets (Costa, 2021). Poor organizational performance can be associated with inadequacies in strategy implementation practices which are important for the realization of goals (Mbui & Minja, 2023). According to Kaplan and Norton (2012), organizational performance is a collection of financial and non-financial metrics that can be used to evaluate how well an organization's goals and objectives have been met. Performance, according to Barney (2011), is the strategic results that businesses utilize to achieve their objectives, whether they are successful or not. The survival of a company is largely dependent on its organizational effectiveness. For academic researchers and working managers, assessing company performance in the current economic climate is crucial (Zulkiffli & Perera, 2011). Profit, return on investment (ROI), sales volume or clientele (Wood, 2016), design quality, and product enhancement (Laura et al., 2016) are common metrics used to assess business performance.

3.2 Measures of Organizational Performance

According to Norton and Kaplan's (1992) groundbreaking study, non-monetary metrics including quality, delivery time, flexibility, and creativity should form the foundation of performance evaluation. Family business financial goals of profitability, return on investment, and return on equity can be complemented by non-financial goals like intergenerational transition or continuity, brand presence, and family member satisfaction levels. When family and business goals are aligned, better results can be achieved for the family and the company (Craig & Moores, 2010, Carr et al., 2011).

For many years, financial metrics such as revenue, profit, return on equity, return on assets, net operating income, return on sales, and other metrics relating to revenue and profit have been the primary means of assessing the success of organizations (Novak, 2017). Nonetheless, a number of academics have argued in favor of using non-monetary metrics to assess and gauge an organization's performance (Norton & Kaplan, 2003). By incorporating the factors that influence future performance, the balanced scorecard model was developed to address the shortcomings of an excessive dependence on financial measurement and indication of organizational success (Kaplan & Norton, 1996; Niven, 2002). The use of lead or non-financial indicators, which are thought to be performance drivers and may have predictive value, was prompted by the incapacity of financial measures, commonly known as lag indicators, to forecast an organization's future performance. Traditional financial and cost-based statistics were ideal throughout the industrial period, but they are not well-suited to capturing the value-creating processes of contemporary corporate entities (Neely, 2002; Gica & Moisescu, 2021).

To make measuring the performance of an organization easier, various research streams have employed a variety of context-specific indicators (Peng & Yang 2014; Njoroge, Muathe & Bula, 2015; Galant & Cadez, 2017; Gitahi & K'Obonyo, 2018; Cho, Chung & Young, 2019; Ontita & Kinyua, 2020; Oketch, Kilika & Kinyua, 2020). At one extreme, Peng and Yang (2014) used factor analysis to create a composite index of different financial metrics, including cash flows to assets, return on equity, earnings per share, and return on asset. Similarly, Cho, Chung, and Young (2019) assessed the financial performance of companies listed on the Korea Exchange using Tobin's Q and return on assets as stand-in measures of firm value and profitability, respectively.

On the other end of the spectrum, Njoroge, Muathe, and Bula (2015) used a variety of non-monetary metrics, such as market share and profitability, to examine how human capital affects organizational performance in Kenyan mobile phone companies. Gitahi and K'Obonyo (2018) used market share, staff retention, and customer satisfaction to gauge how well Nairobi Securities Exchange-listed businesses were performing. In the context of commercial banks operating in Nairobi City County, Kenya, Ontita and Kinyua (2020) operationalized firm performance using market share, profitability, and stakeholder satisfaction. Turnaround time, customer retention, staff retention, lead time, and defect rate were all used by Muthoni and Kinyua (2020) as metrics for assessing the performance of businesses. Oketch, Kilika, and Kinyua (2020) used relevance, financial viability, efficiency, and effectiveness to assess state regulatory performance in Kenya.

Non-financial indicators have their roots in the balanced scorecard model's tenets, which recognized the importance of internal processes, financial, customer, and innovation and learning perspectives in managing organizational performance (Kaplan & Norton, 2003; Kotane & Kuzmina-Merlino, 2015). Non-financial performance metrics, according to Kaplan and Norton (2007), are better suited for assessing both current and future firm performance than lagging financial measurements. Given that non-financial indicators are essential for assessing an organization's internal potential as well as its present and future operating perspectives, a firm's performance cannot be fully evaluated when it is solely based on financial indicators (Kaplan & Norton, 2004; Kotane & Kuzmina-Merlino, 2015; Lueg, 2015).

Furthermore, it has been suggested that financial indicators include comparatively less information than non-financial measures (Wiersma, 2006; Kaplan & Norton, 2008; Nørreklit, Nørreklit, Mitchell & Bjørnenak, 2012; Lueg, 2015). This assertion is supported by the compelling fact that financial indicators can only accurately depict the effects of current managerial decisions. In the same vein, it typically takes a long time for the effects of current actions to materialize into observable financial performance. thorough comprehensive perspective that incorporates knowledge, cognition, talents, skills, and behaviors.

4.0 Theoretical Literature Review

The theoretical literature provides frameworks that will explain the link between distinctive capabilities and organizational performance. Focus will be on Competitive Advantage Theory and the Resource-Based View (RBV) with the intention that they will offer a clearer understanding emerges of the mechanisms through which distinctive capabilities contribute to organizational success.

4.1 Resource-Based View

The concept that economic activity should be based on resources was first proposed by Edith Penrose in 1959. Penrose (1959) posited that an organization's internal resources are extremely valuable and should offer a long-term competitive advantage, thereby improving overall performance. For a firm to gain this advantage, its resources must not be easily accessible to competitors (Passemard, 2000). Barney (1991) extended this idea, arguing that organizations must implement strategies that create value to maintain a competitive edge. One technique to measure value creation, as proposed by Hill and Jones (2001), is to compare the value a product provides to the consumer with the cost of producing it. The RBV framework focuses on internal resources and competencies as critical factors in establishing a sustainable competitive advantage over competitors (Conner, 2002). La (2005) emphasized that internal competencies provide a greater competitive edge and influence performance more than external industry considerations. According to the RBV, a firm's resources are not inherently valuable but gain significance when strategically applied to address specific market challenges or opportunities (Wernerfelt, 2024).

Kyengo, Muathe, and Kinyua (2019) discussed the RBV as a theoretical framework that highlights how a firm's unique resources and capabilities can lead to sustainable competitive advantage and improved performance. They argue that resources that are valuable, rare, inimitable, and non-substitutable (VRIN) allow firms to respond effectively to market demands and competitive pressures, improving performance. In their study of food processing firms in Nairobi, they emphasized the role of marketing capabilities as a key resource under the RBV framework. Kinyua (2015) underpinned knowledge management and organizational performance on the theoretical lens of the resource based view of the firm. They argue that firms with a strong corporate reputation can leverage this asset to build customer loyalty, attract new customers, and improve financial outcomes, aligning with RBV's emphasis on unique and valuable resources.

Further supporting the RBV, La, Patterson, and Styles (2005) view organizational competencies as unique collections of resources and skills that give firms a competitive edge. According to Morgan et al. (2004), organizations that enhance their manufacturing capabilities are better at creating, identifying, and delivering customer value, leading to superior performance. Mugambi and Kinyua (2020) further explore the RBV in the context of commercial banks in Nairobi. They argue that innovation capability, as a strategic resource, enables firms to introduce new products, improve processes, and adapt to market changes. This enhances firm performance and strengthens their competitive position, in line with the RBV's central tenet.

More recently, scholars have emphasized the evolving relationship between RBV and organizational performance, especially in the context of global disruptions such as the COVID-19 pandemic (Chesbrough, 2021). Pereira et al. (2022) observed that firms with distinctive competencies in digital technologies or customer relationship management were better equipped to navigate disruptions and maintain performance. This suggests that strengthening core capabilities

and fostering agility are critical to driving long-term success (Teece, 2021). Ojiambo and Kinyua (2022) discuss the RBV in relation to product development strategy, arguing that this strategy enables firms to develop unique, valuable, and hard-to-imitate products, thereby improving performance. Their study of Shimo La Tewa Prison Enterprises in Kenya illustrates how product development strategies grounded in internal capabilities contribute to superior organizational performance.

4.2 Competitive Advantage Theory

The Competitive Advantage Theory, initially proposed by Michael Porter in 1985, argues that firms achieve superior performance by adopting strategies that deliver superior goods and services to the marketplace. Porter (1985) emphasizes the importance of increasing productivity through national planning, highlighting that competitive advantage stems from a firm's ability to outperform competitors within a specific industry or market. According to Porter (1980), competitive advantage can be attained through cost leadership, differentiation, or niche specialization, with distinctive competencies playing a key role by providing firms with the unique resources and capabilities needed to outpace competitors. Distinctive competencies allow firms to develop products, services, or processes that deliver superior value to customers, which is the core of achieving competitive advantage. For instance, a firm with a distinctive competency in technology or brand reputation can differentiate itself by offering innovative products, aligning with Porter's differentiation strategy (Barney, 1991). Similarly, organizations that achieve operational efficiency, a distinctive competency, can pursue cost leadership by producing at lower costs, enabling them to offer more competitive prices in the market (Porter, 1985). When companies adopt strategies that no other competitor is using, they gain a competitive edge (Clulow et al., 2003). These strategies, when effectively implemented, allow firms to outperform their rivals (Passemar & Calantone, 2000).

Competitive advantage theory has been relevant in various studies related to organizational performance. Research has focused on how firms can leverage unique competencies to enhance performance. Kyengo, Muathe, and Kinyua (2019) in their study on food processing firms in Nairobi, highlighted the role of marketing capabilities in gaining a competitive advantage. By leveraging valuable, rare, inimitable, and non-substitutable (VRIN) resources, firms were better positioned to respond to market demands, contributing to superior performance. Njuguna (2015) explored how innovation capabilities in commercial banks influenced organizational performance. He found that banks that focused on innovation, an essential distinctive competency, were able to develop new products and services that gave them a competitive advantage. This aligns with Porter's (1985) argument that firms can differentiate themselves through product development, innovation, and operational efficiency.

Another study by Wanjiku (2021) investigated the impact of leadership competencies on organizational performance in manufacturing firms in Nairobi. The findings suggested that firms with strong leadership competencies were better able to implement strategies that resulted in higher productivity and competitive advantage. This research ties into the competitive advantage theory, as effective leadership allows for better resource utilization and strategic decision-making, ultimately leading to superior performance outcomes. Rijamampianina (2003) and Lau (2002) further support the competitive advantage theory by asserting that firms that use resources efficiently are more likely to gain a competitive advantage. The effective use of resources not only improves performance but also allows firms to strengthen their market position. In this way, the competitive

advantage theory is crucial in guiding organizations on how to enhance their capabilities and performance through distinctive competencies.

5.0 Empirical Literature Review

A number of studies have been examined for confirmation that a relationship exists between distinctive competences and organizational performance. Each of the studies specifies their unique contexts, sample sizes and challenges as well as outcomes.

5.1 Distinctive Competences and Organizational Performance

Distinctive competencies in Human Resources (HR) have been shown to have a significant impact on organizational performance, especially within the context of employee engagement and retention. A study by Davis et al. (2022) investigated the relationship between HR competencies and organizational performance in the finance sector in New York City, USA, employing a mixed-methods design. The researchers surveyed 200 employees and conducted 15 interviews with HR managers to assess the strategic role of HR practices in improving productivity and performance. The findings indicated that firms with strong HR competencies, such as employee training programs and performance management systems, experienced a 20% increase in employee retention rates and a 15% increase in overall productivity (Davis et al., 2022).

The research underscores the importance of HR as a distinctive competence in enhancing organizational outcomes. However, there remains a gap in understanding how HR competencies interact with other functional areas, such as marketing and R&D, to jointly contribute to performance. This gap may be addressed by investigating the combined effects of HR competencies alongside marketing and R&D strategies, focusing on small and medium-sized enterprises (SMEs) across various industries. Through a comprehensive quantitative survey, this research can explore the synergistic impact of these competencies on critical performance indicators such as profitability, growth, and innovation. By broadening the scope to include multiple functions, there can be a more holistic view of how distinctive competencies in HR, marketing, and R&D interact to drive organizational success.

A study by Nakibuuka and Ssemakula (2021) focused on the impact of production competence on organizational performance in Kampala, Uganda, using a quantitative approach with a sample of 100 manufacturing firms. The study utilized structured questionnaires to assess the relationship between production efficiency, technology adoption, and firm performance. The results revealed that production competence significantly affected operational efficiency, with firms that adopted advanced technologies reporting a 30% improvement in output (Nakibuuka & Ssemakula, 2021). While this study highlighted the importance of production competencies, it did not account for the broader impact of other competencies, such as R&D and marketing, in enhancing organizational performance. This gap may be filled by analyzing how the integration of production competencies with R&D and marketing strategies influences overall performance. A mixed-methods design may be employed to understand the interplay between production, R&D, and marketing capabilities and their impact on business performance.

A study by Garcia and Fernandez (2023) explored the impact of R&D investments on organizational performance in Madrid, Spain, using a quantitative research design. The authors surveyed 180 R&D managers across 15 pharmaceutical companies and analyzed the data using regression analysis to determine the correlation between R&D investments and firm performance.

The findings suggested that companies with higher R&D investments achieved a 25% greater market share and a 20% improvement in profit margins compared to their counterparts (Garcia & Fernandez, 2023). However, this research focused exclusively on R&D without considering the potential interaction with other organizational competences, such as marketing or HR. The study will address this gap by examining how R&D competence, when combined with marketing strategies, affects overall performance. Proposal for future studies would be to utilize a survey-based methodology, targeting firms and will provide new insights into how these competencies complement each other in driving innovation and growth.

A study by Mwangi et al. (2021) analyzed the role of marketing competencies in enhancing organizational performance in Nairobi, Kenya, using a survey method with 120 participants from leading telecommunications firms. The results indicated that firms with strong marketing strategies, such as brand differentiation and customer relationship management, reported a 15% higher market share and a 10% increase in customer loyalty compared to their competitors (Mwangi et al., 2021). While the study emphasized the importance of marketing, it did not explore how marketing competencies interact with other functional competencies, such as HR and R&D, in contributing to performance. To fill this gap, the proposed study will examine how marketing competencies, when combined with HR and R&D practices, influence organizational performance. Proposed research may will utilize both quantitative and qualitative methods, surveying firms and conducting interviews with key executives to understand the synergy between these competencies in driving business success.

A study by Li and Zhang (2020) explored the role of production competence and technological innovation in improving organizational performance in the manufacturing industry in Shanghai, China. Using a sample of 250 manufacturing firms, the study employed structural equation modeling to analyze the data and found that firms with advanced production technologies reported a 35% increase in production efficiency and a 20% improvement in profitability (Li & Zhang, 2020). However, this study did not examine the combined effect of production competence with other strategic areas, such as marketing or R&D. The study will address this gap by exploring how the integration of production competence with R&D and marketing strategies influences organizational performance in the manufacturing sector. Through a survey of firms, future research may seek to provide a deeper understanding of how multi-functional competences impact performance.

5.2 Production Competences and Organizational Performance

A study by Wilson et al. (2021) examined the influence of NPD competencies on organizational performance in Silicon Valley, focusing on 150 technology firms. The study employed a mixed-methods approach, incorporating surveys and in-depth interviews with R&D and product development managers. The results revealed a strong correlation between advanced NPD competencies, such as cross-functional collaboration and market-oriented innovation, and improved organizational performance. Companies that invested heavily in NPD showed a 30% increase in market share and a 20% improvement in revenue growth compared to those with weaker NPD capabilities (Wilson et al., 2021). These findings suggest that NPD not only leads to innovative products but also drives overall organizational success by positioning firms as market leaders. However, the research primarily concentrated on large tech firms, leaving a gap in understanding how NPD competencies affect performance in small to medium-sized enterprises (SMEs). Future study may seeks to fill this gap by analyzing the impact of NPD competencies on organizational performance in SMEs across various sectors. The study can use a survey-based methodology,

targeting firms, to explore how NPD processes, when combined with other production competencies, influence growth, innovation, and profitability.

A study by Papadopoulos and Markakis (2020) explored the relationship between product quality and organizational performance in Athens, using a survey methodology. The study surveyed 100 firms in the food and beverage sector, collecting data on product quality standards, customer satisfaction, and profitability. The findings revealed that firms with higher product quality competencies, including stringent quality control systems and continuous improvement practices, achieved a 25% higher customer satisfaction rate and a 15% improvement in profitability compared to firms with weaker quality management (Papadopoulos & Markakis, 2020). This suggests that quality-focused production strategies are crucial for gaining customer loyalty and increasing competitive advantage. However, while product quality was a major focus, the study did not explore how these competencies intersect with other production processes, such as scalability and flexibility, in driving organizational performance. This gap may be addressed by investigating how product quality competencies, combined with scalable and flexible production processes, influence overall performance. A mixed-methods approach may be used when surveying firms and conducting interviews with key production managers to understand how these competencies work together to improve efficiency, customer satisfaction, and profitability.

A study by Schmidt and Wagner (2022) explored how these competencies affect organizational performance in Stuttgart, Germany. The researchers surveyed 200 manufacturing firms, focusing on their ability to scale production and adapt to market changes. The study revealed that firms with more scalable and flexible production systems achieved a 40% reduction in lead times and a 25% increase in overall production efficiency. Additionally, firms with these competencies were better positioned to meet fluctuating demand, resulting in a 30% improvement in customer satisfaction (Schmidt & Wagner, 2022). These findings highlight the importance of flexibility and scalability in enabling firms to respond quickly to market dynamics. However, while the study emphasized scalability and flexibility, it did not investigate how these competencies interact with other areas, such as new product development, in enhancing overall performance. Examining how scalability, flexibility, and new product development competencies collectively influence organizational performance using a quantitative survey of firms can explore how these competencies contribute to operational efficiency, innovation, and market competitiveness.

A study by Tanaka et al. (2021) examined the role of NPD and quality management competencies in driving organizational performance in Tokyo, Japan. The study used a mixed-methods design, surveying 120 firms in the electronics industry and conducting follow-up interviews with product managers. The results indicated that firms with robust new product competencies, such as cross-functional teams and customer-driven innovation, coupled with high standards for product quality, achieved a 35% increase in market share and a 25% improvement in profit margins over a five-year period (Tanaka et al., 2021). These findings suggest that both new product development and quality management are critical to sustaining competitive advantage and driving long-term growth. However, the study did not address how these competencies interact with other aspects of production, such as flexibility in production processes, to influence performance. Investigating how new product development, product quality, and flexible production competencies collectively affect organizational performance through research that will survey firms and conduct interviews to explore how these competencies complement each other in enhancing product innovation, operational efficiency, and overall market competitiveness can fill this gap.

5.3 Research and Development Competences and Organizational Performance

A study by Li and Zhang (2022) explored the relationship between R&D competencies, technology adoption, and performance in Shanghai, China, focusing on 200 technology firms. The study employed a quantitative approach using surveys and regression analysis to determine the impact of adopting advanced technologies on firm performance. The results showed that firms with strong R&D capabilities, particularly in the adoption of automation, AI, and IoT, experienced a 30% increase in production efficiency and a 25% improvement in profitability over five years (Li & Zhang, 2022). These findings emphasize the role of R&D in enabling firms to incorporate new technologies that drive operational efficiency and competitiveness. However, while the study highlighted the role of technology adoption, it did not fully address how R&D competences interact with other strategic capabilities, such as marketing or human resources, in boosting performance. Future study may address this gap by investigating how the integration of R&D competencies, especially in technology adoption, with other business functions impacts organizational performance. Mixed-methods approach can be used in surveying firms in different industries to explore the synergy between R&D, technology adoption, and overall organizational outcomes, such as market share and profitability.

A study by Pérez and González (2021) investigated the relationship between R&D capabilities and organizational performance in Buenos Aires, particularly within the agricultural biotechnology sector. The research used a mixed-methods design, surveying 120 firms and conducting interviews with R&D directors to explore how R&D investment in product improvement influenced firm performance. The study found that firms that invested in R&D to enhance existing products, such as genetically modified seeds and agricultural chemicals, reported a 40% increase in sales and a 30% increase in customer loyalty compared to firms with less emphasis on product improvement (Pérez & González, 2021). These findings suggest that R&D aimed at enhancing existing products not only drives sales but also strengthens customer relationships and market positioning. However, the study did not examine how such R&D practices might combine with other capabilities like marketing or production processes to optimize performance. Future studies can fill this gap by exploring how R&D competencies in product improvement interact with other strategic areas in Argentina's agricultural and pharmaceutical sectors to enhance overall organizational performance. The study may employ a survey firms, complemented by interviews with key R&D and marketing managers to assess the combined impact of R&D and other functional competencies on innovation, profitability and market share.

A study by Al-Mahmoud and Hassan (2020) explored the relationship between R&D and core competence development in Baghdad, Iraq, using a mixed-methods approach. The study surveyed 100 firms in the oil and telecommunications sectors and conducted interviews with R&D managers to understand how the development of core competencies, such as specialized technical skills and process innovations, affected overall performance. The results indicated that firms that focused on R&D to develop core competencies saw a 20% increase in operational efficiency and a 15% improvement in profitability compared to firms without strong R&D focus on core competencies (Al-Mahmoud & Hassan, 2020). This suggests that R&D-driven development of core competencies enhances organizational capabilities and contributes directly to improved business outcomes. However, the research did not address how R&D competencies for core development interact with other organizational functions, such as marketing or HR. The study will address this gap by examining the intersection of R&D core competencies with other business functions to better understand their combined effect on organizational performance. Through a survey of firms, the

research will assess the role of R&D in fostering core competencies and its impact on innovation, efficiency, and market competitiveness.

A study by Mwangi et al. (2021) investigated how R&D investments in improving existing products influenced organizational performance in Nairobi, Kenya. The study used a quantitative research design, surveying 150 firms in the telecommunications and agricultural sectors. The findings revealed that firms that invested in R&D to enhance the quality of their products, such as mobile phone services and improved crop varieties, experienced a 35% increase in customer satisfaction and a 20% increase in revenue growth (Mwangi et al., 2021). This highlights the importance of R&D in improving product offerings to meet evolving consumer needs. However, while the study emphasized product improvement, it did not explore how these R&D competencies interact with other functional competencies, such as marketing or operations, to collectively drive performance. Future study can address this gap by investigating how R&D in product improvement, combined with marketing and operational efficiencies, enhances organizational performance in Kenya's telecommunications and agriculture sectors. A mixed-methods approach, surveying firms and conducting interviews with key managers to better understand the synergistic effects of these competencies on market success and organizational growth can be used.

5.4 Marketing Competences and Organizational Performance

A study by Owusu and Mensah (2022) examined how brand awareness influences organizational performance in Accra, focusing on 120 firms in the FMCG industry. The study utilized a quantitative approach with surveys and regression analysis to assess the relationship between brand awareness strategies and business outcomes. The findings revealed that companies with higher brand awareness reported a 25% increase in sales volume and a 15% improvement in market share, as consumers tend to favor recognized and trusted brands (Owusu & Mensah, 2022). This highlights the importance of brand awareness in driving sales and fostering long-term customer loyalty. However, the study primarily focused on brand awareness without addressing how other marketing competencies, such as customer relationship management and competitiveness, interact with brand awareness to influence overall performance. The study will fill this gap by investigating how brand awareness, combined with strong customer relationships and competitiveness, contributes to organizational performance. Future research can use a mixed-methods approach and conducting interviews with marketing managers to explore the synergies between brand awareness and other marketing practices in driving sales, profitability, and customer loyalty.

A study by Mwangi et al. (2021) explored how customer relationship management (CRM) practices influenced business outcomes in Nairobi, surveying 150 firms in both industries. Using a combination of surveys and interviews, the study found that firms with strong CRM systems, which focused on personalized customer service and loyalty programs, experienced a 20% increase in customer retention rates and a 30% boost in annual revenue (Mwangi et al., 2021). The findings underscore the importance of cultivating strong customer relationships for improving profitability and enhancing customer loyalty in highly competitive markets. However, the study primarily examined CRM as a standalone marketing competency, without considering its interaction with other competencies such as brand awareness or sales strategies. This gap may be filled by investigating how customer relationship management, combined with brand awareness and competitive strategies, influences organizational performance across Kenya's retail and telecommunications sectors. A mixed-methods design, and conducting in-depth interviews with

marketing professionals can be adopted to understand the interplay between CRM, brand building, and competitive positioning in improving sales and market share.

A study by Muthoni and Otieno (2021) examined how marketing strategies aimed at increasing sales volume impacted business outcomes in Machakos, focusing on 100 small and medium-sized agricultural businesses. The study used a quantitative approach, surveying farm owners and marketing managers. The results indicated that firms with targeted marketing campaigns, such as promotional discounts and seasonal marketing, achieved a 35% increase in sales volume and a 25% improvement in customer acquisition (Muthoni & Otieno, 2021). These findings suggest that effective marketing strategies can significantly enhance the performance of SMEs in the agricultural sector by increasing sales and expanding market reach. However, the study did not consider the role of other marketing competencies, such as customer relationships and brand positioning, in driving sales. Future study can bridge this gap by exploring how marketing strategies aimed at increasing sales volume, coupled with strong customer relationship management and competitive positioning, contribute to the overall performance of SMEs through use a survey and follow-up interviews to assess how these marketing competencies interact to enhance business growth and profitability.

In India, marketing competencies focused on competitiveness with other firms are essential for sustaining organizational performance in highly competitive industries such as retail and e-commerce. A study by Sharma and Gupta (2020) explored how competitive marketing strategies influenced organizational performance in New Delhi, India, surveying 200 firms in the retail sector. The study used a combination of quantitative surveys and qualitative interviews to assess how firms positioned themselves against competitors. The results showed that companies with strong competitive strategies, such as price differentiation and unique value propositions, achieved a 30% increase in market share and a 25% improvement in profit margins compared to firms with less robust competitive strategies (Sharma & Gupta, 2020). This highlights the importance of competitiveness in driving market leadership and profitability. However, while the study focused on competitiveness, it did not explore how this competency intersects with other marketing strategies, such as brand awareness and customer relationships, in influencing overall performance. This gap can be addressed by investigating how competitive strategies, when combined with strong brand awareness and customer relationship management, impact organizational performance. Methodology may include a survey and interviews with marketing executives to better understand how these competencies work together to boost market competitiveness and organizational growth.

A study by Koc and Yildirim (2021) examined how brand awareness and customer relationship management (CRM) practices impacted organizational performance in Istanbul, surveying 150 hotels and tour operators. The study found that firms with a higher level of brand awareness and customer loyalty programs saw a 40% increase in customer retention and a 20% improvement in revenue generation compared to their competitors (Koc & Yildirim, 2021). These findings suggest that strong brand recognition, coupled with effective CRM, contributes significantly to customer loyalty and business success. However, the study did not explore how these marketing competencies interact with other factors, such as sales volume or competitiveness, to influence overall organizational performance. To address this gap by examining the combined impact of brand awareness, customer relationship management, and competitive strategies on organizational performance various sectors. Using a mixed-methods approach, research can survey and conduct in-depth interviews with industry professionals to explore the synergy between these marketing competencies and their effects on profitability, customer satisfaction, and market share.

5.5 Human Resource Competence and Organizational Performance

Awad (2018) conducted a study on human resource competencies in 162 firms in Abu Dhabi, focusing on how leadership and marketing competencies influenced firm performance. Using a questionnaire-based survey of managers, the study found that HR competencies—particularly leadership management, communication, and skills development—contributed to higher organizational performance. HR competence was framed in terms of leadership skills, marketing skills, and personal attributes, all of which were critical to firm success. Additionally, HR practices such as identifying competencies during recruitment, effective training systems, and fostering organizational culture were found to be pivotal. The study concluded that proper leadership and skill-based HR practices, particularly in marketing, enhanced the overall performance of firms. However, the study primarily focused on the impact of marketing and leadership competencies in firms located in Abu Dhabi, leaving a gap in understanding how other HR competencies, such as job-related competence, impact performance across other regions in the UAE. This gap may be addressed by examining how HR competencies, including leadership style and job-related competence, influence organizational performance in other sectors. Future research may seek to survey HR managers from firms in order to assess the interaction of HR competencies with overall firm performance.

Njoroge, Muathe, and Bula (2015) investigated the effect of human capital resources on performance in mobile phone companies in Nairobi. The study employed an explanatory design with 170 respondents using structured questionnaires. Data analysis using STATA showed a significant positive relationship between human capital and firm performance, highlighting that skill development, training, and motivation were crucial to enhancing performance. The study emphasized the importance of HR competencies, such as leadership and communication, in fostering high employee performance. However, while the research focused on mobile phone companies, the results are limited to one industry, and there is a need to explore how HR competencies affect performance in other sectors. This gap can be handled by expanding the analysis to include a variety of sectors in Kenya, exploring how HR competencies, particularly skills development and communication, contribute to organizational performance. The study may survey firms in various industries, including manufacturing, agriculture, and retail, to assess the broader impact of HR competencies on performance across different sectors..

Ogaji (2019) studied the relationship between employee competence and business performance in the hotel industry in Keffi, Nigeria. Using a questionnaire survey of 105 employees across five selected hotels, the study found a positive correlation between employee competence and business performance. The analysis, which employed correlation and regression techniques, showed that training, job rotation, and skill development were key factors in improving employee competence, which in turn enhanced service quality and business performance. This research emphasizes the role of job-related competence in improving customer service and organizational success. However, the study was limited to hotels in Keffi, Nigeria, and the generalizability of its findings to other industries or regions is uncertain. Future researchers may consider examining the impact of job-related competence and other HR competencies across various service industries including retail, healthcare, and education. These studies survey employees from different sectors to determine how HR competencies, especially job-related skills, contribute to organizational performance.

A study by Muthoni (2020) examined how leadership style and communication competencies affected organizational performance among 100 SMEs in the region. The research used a

combination of surveys and interviews with SME owners and managers to explore how leadership style and communication practices influenced performance. The study revealed that effective leadership, characterized by participative and transformational leadership styles, along with clear and open communication channels, resulted in improved employee motivation, increased productivity, and enhanced business performance. However, the study focused primarily on SMEs in Machakos and did not investigate the role of other HR competencies such as job-related competence. To address this gap future research can include job-related competencies and examine their combined impact with leadership and communication on organizational performance. Consideration can also be given to SMEs and use interviews to explore how leadership, communication, and job-related skills contribute to performance improvements in local businesses.

Zaim et al. (2013) conducted a study on the impact of employee competencies on firm performance in the Turkish service sector, utilizing data from 30 firms and 3,000 respondents. The study applied exploratory factor analysis to examine the relationship between HR competencies and organizational performance. The findings indicated that leadership competencies and job-related skills were positively linked to higher performance, as employees with strong competencies contributed significantly to customer satisfaction and service quality. However, while the study focused on leadership and job-related competencies, it did not fully consider other HR factors, such as communication and skills development. This gap may be addressed by examining how leadership style, communication, and job-related competencies collectively impact performance in the service sector across different industries. The methodology to be used can be survey of service sector employees and use interviews with HR managers to explore the combined effect of these competencies on organizational success.

6.0 Proposed Conceptual Model

The conceptual structure provides a link between that exists among the predictor and dependent research variables. Distinctive competences namely product competence, Research & Development competency, market competence and Human Resource competence are the indicators for independent variables while firm performance represents the dependent variable of the study. The relationship is demonstrated in figure 1 below

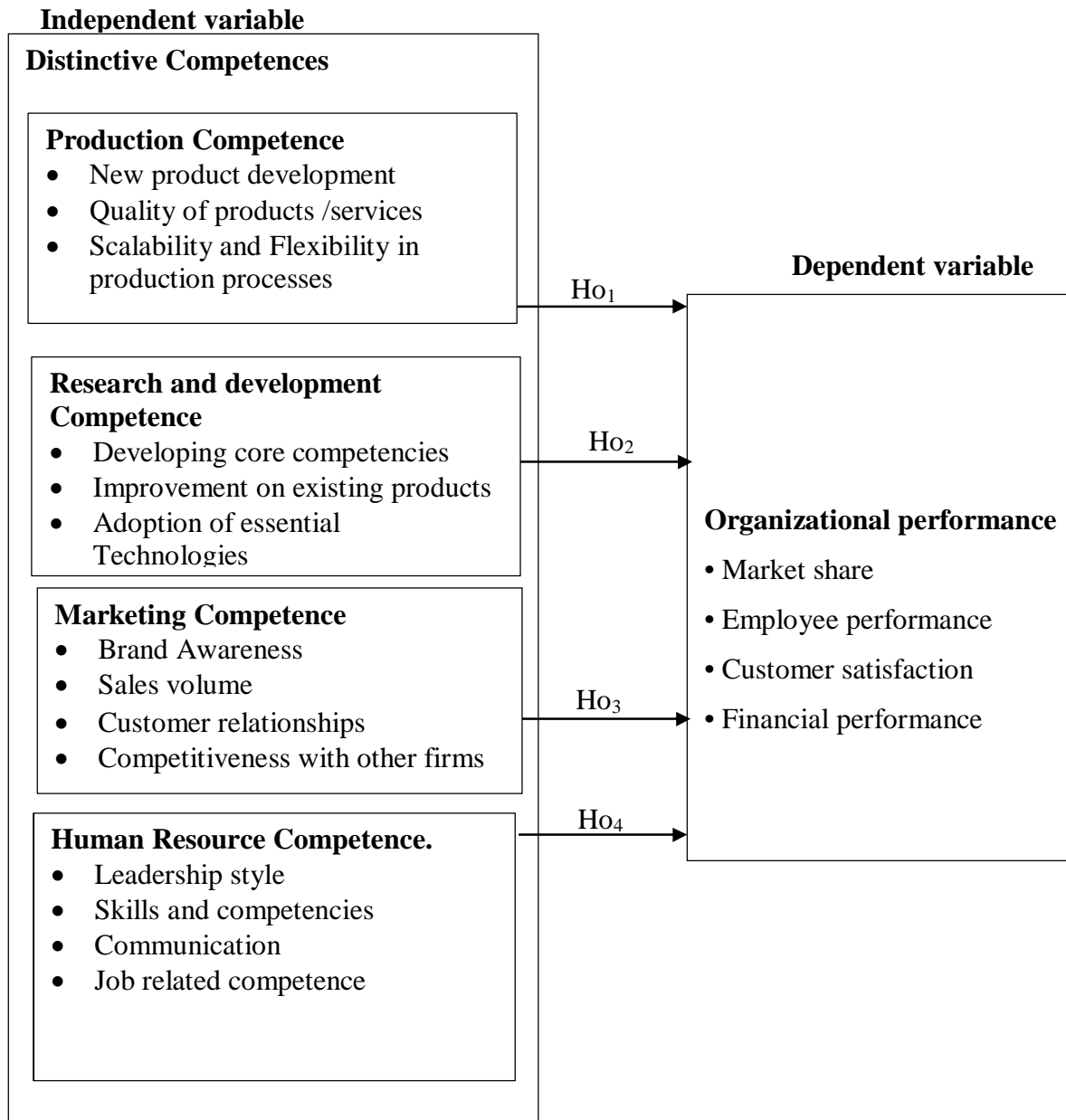


Figure 1: Proposed Conceptual Framework
Source: Author (2024)

Distinctive competences play a crucial role in driving organizational performance by providing companies with unique capabilities that set them apart from competitors and enable superior results across multiple performance dimensions. These competences, which emerge from the integration of various organizational functions such as research and development, production, human resources, and marketing, create a sustainable competitive advantage that directly influences key performance metrics including market share, employee performance, customer satisfaction, and financial outcomes. When organizations develop and leverage their distinctive competences effectively, they can achieve enhanced improved product quality, and stronger market positioning. For instance, through research and development competences, companies can develop innovative products and

services that better meet customer needs, leading to increased customer satisfaction and market share. Similarly, production-related competences in areas like scalability and flexibility enable organizations to respond more efficiently to market demands while maintaining quality standards, which positively impacts financial performance. The human resource dimension of distinctive competences, particularly in areas like leadership style and job-related competencies, contributes to higher employee performance and better organizational outcomes through improved workforce capabilities and engagement. Furthermore, marketing-related competences in brand awareness and customer relationship management help organizations build stronger market presence and customer loyalty, directly affecting their competitive position and financial results. The corporate culture, including knowledge sharing and communication practices, serves as a foundational element that supports the development and sustainability of these distinctive competences, ultimately creating a synergistic effect that enhances overall organizational performance. This interconnected relationship between distinctive competences and organizational performance demonstrates how organizations can leverage their unique capabilities to achieve superior results across multiple performance dimensions while maintaining a sustainable competitive advantage in their respective markets.

7.0 Conclusion

This study reviewed the literature to investigate the connection between organizational success and distinctive competencies. Finding theoretical and empirical gaps about the relationship between organizational performance and distinctive competency was another goal of the study. According to the examined literature, in order for an organization to attain high performance, it must select a hybrid of unique competencies based on the business environment. The examined literature also suggests that in order to enhance performance, a company needs to recognize and effectively leverage its unique competencies. A company with the appropriate unique competencies will achieve high performance. With more thorough backing from strategy theory, this research offers a framework for a more organized investigation of strategic distinguishing competencies.

For any avant-garde organization, attention and effort should be on choosing a strategic plan that heavily depends on distinctive competencies. An organization's effectiveness is significantly impacted by the kind of distinguishing competencies it selects. In all sense an organization that carefully chooses which hybrid of unique competencies to use for improved performance, depending on the type of environment. Future research may consider studying more intensely these unique mixes of competencies as well as other unique competencies not included in this study.

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