

STRATEGIC POSITIONING, EXTERNAL ENVIRONMENT AND SUSTAINABLE FIRM'S COMPETITIVE ADVANTAGE: A REVIEW OF THEORETICAL AND EMPIRICAL LITERATURE

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Abstract: Success of organizations, come about when organizations align themselves to the external environment. The paper reviews theoretical and empirical literature on strategic positioning for sustainable competitive advantage: The theory that underpins the concept of the study paper is Porter's Theory of Competitive Advantage which opines that for a firm to be successful it has to have both an attractive relative position as well as an attractive industry structure. The paper argues that the need to align an organization to its environment creates need for strategies, thus strategy is the working relationship between organizations and the environment. This however must be supported by organizational internal capabilities, unique to that organization. It is with all these knowledge in mind that will enable organizations to still outdo each other. Positioning is meant to give sustainable competitive advantage to an organization so as to increase its market share, shareholder value, profits and customer satisfaction. It is concluded that competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources. Further the paper concludes that new technologies such as robotics and information technology can provide competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business process for example, better identification and understanding of customers. The paper therefore recommends that before an organization undertakes proper strategic positioning endeavour, it should first scan the external environment in relation to its internal strengths and weaknesses. Organizations should further have a vision and mission, anticipate competition and place the organization or its products in a very strategic manner in the market. Therefore there is more evidence that successful strategic positioning starts with the building associations of the product based on their already existing strengths of the product.

Keywords: Strategy, Strategic positioning, External environment, Competitive advantage.

1. INTRODUCTION

Organizations cannot survive without the external environment; they are environment serving and dependant (Ansoff 1965). Success of organizations, come about when organizations align themselves to this external environment. The need to align an organization to its environment creates need for strategies, thus strategy is the working relationship between organizations and the environment (Bolo 2011). This means understanding the position of the organization in the environment, (Johnson and Scholes; Whittington 2005) and placing or positioning organizations strategically in the

market. This however must be supported by organizational internal capabilities, unique to that organization (Johnson and Scholes 2005). It is with all these knowledge in mind that will enable organizations to still outdo each other.

Many researchers and business people are always concerned about what distinguishes a successful organization from the rest (Ongeti et al 2012). How can two similar organizations start at the same time, with similar amounts of resources in the same industry but years down the line one totally outperforms the other? The question which needs to be answered is what is the secret of a successful company? For years researchers from all over the world have spend their efforts trying to find out why some companies are successful in the market and why others fail (Barakova 2010).

Different scholars agree that the reason for a successful performance in the market for many organizations is a sustainable competitive advantage brought about by strategic positioning (Barakova 2010). Strategic positioning is the source of competitive advantage (Porter 2001) and can be based on the points of difference or points of parity (Keller 2008), where the concepts of parity or difference is very similar to strategic competitive advantage, with the latter being the more broader. In the ever dynamic, turbulent and multifaceted environment(Machuki 2011), organizations need to strategically position themselves for competitive advantage(Porter 1998); the ideal being to find a strategy that competitors are frozen from reacting to given their present circumstance.

Consultants and practitioners equally have not been left out of the strategic positioning debate, with some creating various solutions to positioning of firms. Mickensy Consulting group have come up with positional matrices, Boston Consulting; 3*3 matrix, point positioning and dispersed positioning and Ansoffs Optimal Strategic Performance Positioning; all these showing how pertinent the concept of positioning is in strategy formulation and implementation.

The concept of Strategy

Since its first mention in the Old Testament the concept of strategy has largely been a semantic issue (Bracker 1980). Indeed, numerous authors have focused this concept. Strategy comes from the word strategos meaning 'army' and 'lead' (Bracker 1980). Various definitions of strategy have been put forward by scholars over the years, informed by the paradigm of the moment. Ansoff (1965) defines strategy as a rule for making decisions, determined by product/market scope, growth vector, competitive advantage and synergy. According to Steiner and Miner (1977) strategy is the forging of company missions, setting objectives for the organization in light of external and internal forces, formulating specific policies and strategies to achieve objectives and ensuring their proper implementation so that the basic purposes and objectives of the organization will be achieved.

Schendel and Hofer (1979) argues that strategy provides directional cues to the organization that permit it to achieve its objectives, while responding to the oppoertunities and threats in its environment. While the concept of strategy has now been firmly established as a field of study, the swinging of the pendulum still continues to properly get a bearing. Early years of this concept focused on external environment, but the development of the resource based view of the firm (Barney 1991, Wenerfelt 1984) has once again increased the emphasis on firm's internal strengths and weaknesses relative to their external opportunities and threats (Hoskinsson et al 1999).

Strategic positioning

Strategic positioning is the placing of an organization in the future while taking into account the changing environment and putting in mind the organization's weaknesses and strengths. Minzberg (1987), views strategy in a five pronged perspective; strategy as a ploy, pattern, play, position and perspective. He argues that when you think about your strategic position it helps to understand your organization's bigger picture in relation to external factors. Strategy might include developing a niche product, outsmarting competition (Porter 1987) or choosing to position among a variety of competitors and equally fit in the environment (Ansoff 1965). Many theories have drawn attention to the concept of positioning and have suggested that developing, communicating maintaining a competitive positioning strategy is crucial for any business (Barakova 2010).

Positioning is a deliberate, proactive, iterative process of defining, measuring, modifying and monitoring market's perception of an organization (Blanson and Kalafatis 1999; Adydin 2001) and devising of the desired future position of the organization on the basis of present and foreseeable developments. Positioning was popularized by two advertising executives Al Ries and Jack Trout (2001) in their book Positioning: Battle for your Mind. The two posit that you can position a product or organization in the minds of prospects or customers. Positioning is an organized system of finding a

window in the mind (Barakova 2011), the goal being to locate the brand, beat competition in a bid to maximize the potential benefit of the firm (Kotler and Keller 2006).

Positioning is meant to give sustainable competitive advantage (Porter 2001) to an organization so as to increase its market share, shareholder value, profits and customer satisfaction. It is equally important for the survival, legitimacy and overall growth of various questions must be asked regarding positioning of the firm; How does the future look like? How could the organization be roughly positioned in the future? How are things in the organization presently? What opportunities and threats exist in the environment? In answering this pertinent questions then an organization can position itself consequently in the environment.

Concept of environment

A firm's environment has been defined as the aggregate of those external factors that have impacts or potential to have impacts on its functioning (Thompson, 1967; Emery and Trist, 1965). Duncan (1972) on his part defined environment as totality of physical and social factors that are taken directly into consideration in decision making behaviour of individuals in organizations. Formulation of strategy entails aligning a firm's strength and weaknesses with the problems, opportunities (Andrews, 1971) or constraints and contingencies (Khandwalla, 1977). Various theoretical anchorages continue to provide valuable contributions to the perception of an organization and relationship between the external environment and organization. Barnard (1938) proposes a three stage approach to interacting with the environment; choosing or surveying the environment, enacting the environment then navigating the environment.

Many scholars continue to define the concept of strategy in relation to environment. They have continued to elaborate on strategy but failed to properly describe environment as a construct. In fact Barnard (1938) argues that purpose, while giving meaning to the environment has no meaning without the environment itself. Machuki and Aosa (2011), suggest that the environmental construct should be treated as consisting two broad aspects, the factors (internal and external) and second the dimensions. Dimensional front of the environment construct is described in terms of munificence, variability, complexity and dynamism. Munificence is the presence (copy)

But, it is Duncan's definition that brings forth the issue of perception of what is considered and what is left out by decision makers. He is credited with the introduction of empirical construct of environmental perception of uncertainty, degree of complexity and dynamic environment where behavioural aspects differ with some high tolerance for ambiguity and uncertainty than others leading to perception (Ogollah et al, 2011). He identified two dimensions of the environment, namely, the simple-complex dimension and the static-dynamic dimension. However, Downey et al (1975) contradict Duncan's assertions and concluded that uncertainty is an attribute of an individual's behavioural trait and environment rather than an attribute of the physical environment and that physical environment should not be used as a criterion for uncertainty measure. The works of both have been developed further by Dan & Lischert (1994) who concluded that organisational environment reflect two prominent perspectives.

The first is that of information uncertainty indicates that as environment becomes magnificent or more hostile, firms are subjected to greater uncertainty. Finally, environment may also be viewed as a multidimensional construct with conceptual and empirical studies having identified several specific environmental dimensions, which include dynamism, complexity and hostility (Dess and Beard, 1984; Child, 1972, Minzberg 1978; Miller & Friesen 1978, Machuki & Aosa, 2011)

Environmental complexity and dynamism have been closely linked to information uncertainty perspective (Lawrence & Lorsch, 1967; Thomson, 1967, while hostility has been tied to the resource dependence perspective (Aldrich, 1979). The perspectives offer a better understanding of the impact of each environmental dimension on the formulation of strategy (Miles and Snow 1978, Miller & Friesen, 1982). Organizational theorists emphasize that organizations must adapt to their environments if they are to remain viable. As such greater need to clearly identify components and dimensions of the environment and clearly define them exists. One challenge that still remains over decades is conceptualization and indeed operationalization of the environment and its elements. (Lawrence & Lorsch, 1967; Thompson, 1967; Terreberry, 1968; Machuki 2011; Ogollah et al, 2011).

The dynamic nature of elements within the environment, today, provide a challenge for determining which environment to choose, when to enact it and how to navigate through it. It is the ever changing nature that transforms the purpose of the organization and the environment in which it operates (MacMahon and Carr, 1999) Thompson (1967) defines a firm's

environment as the aggregate of external factors that have impacts or potential to have impacts on its functioning. It is the source of constraints, contingencies, problems and opportunities that affect the terms on which organizations transact business (Khandwalla, 1977). The process of decision within environment is never ending (Barnard 1938) in MacMahon and Carr (1999). Therefore a continual reassessment of the status of the strategic factors in the environment must take place. In the event of change in the factors, a change in the competences or resources of the organization or change in purpose, the organization must be prepared to change its course in order to properly navigate the environment.

Concept of competitive advantage

Competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Christensen and Fahey, 1984; Kay 1994, Porter 1980, Chacarbaghi and Lynch 1999). Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade ores or inexpensive power, or access to highly trained and skilled personnel human resources. New technologies such as robotics and information technology can provide competitive advantage, whether as a part of the product itself, as an advantage to the making of the product, or as a competitive aid in the business process (for example, better identification and understanding of customers). Knowledge has in the recent past been a basis for competitive advantage.

A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player (Barney 1991; Clulow et al.2003). Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Passemar and Calantone ,2000).To gain competitive advantage a business strategy of a firm manipulates the various resources over which it has direct control and these resources have the ability to generate competitive advantage (Reed and Fillippi 1990; Rijamampianina,2003).Superior performance outcomes and superiority in production resources reflects competitive advantage (Day and Wesley, 1988; Lau 2002).

Indeed, competitive advantage has been viewed as the ability to stay ahead of present or potential competition, thus superior performance reached through competitive advantage will ensure market leadership. Equally, it provides the understanding that resources held by a firm and the business strategy will have a profound impact on generating competitive advantage. Powell (2001) views business strategy as the tool that manipulates the resources and create competitive advantage, hence, viable business strategy may not be adequate unless it possess control over unique resources that has the ability to create such a unique advantage. Summarizing the view points, competitive advantage is a key determinant of superior performance and it will ensure survival and prominent placing in the market. Superior performance being the ultimate desired goal of a firm, competitive advantage becomes the foundation highlighting the significant importance to develop same. In fact,here, performance alluding to the efficiency and effectiveness of the firm (Machuki 2011).

Why do some organizations perform better than others? This may be the defining question of the field of strategy (Barnett, et al., 1994) and yet March and Sutton (1997) are of two minds in their answer (Machuki 2011). Using the lens of industry analysis, they direct attention to a firm's position in competitive context. From this view point, above average performance results when a firm gains advantage from its location in the market-essentially the position- and is sustained when various barriers give it refuge from rivals that would otherwise compete away this positional advantage (Caves and Porter, 1977).

A competitive advantage exists when the firm is able to delude the same benefits that exceed those of complexity products (differentiation advantage). Thus a competitive advantage enables the firm to create superior value for its customers and superior profits for itself. Cost and differentiation advantages are known as positional advantages since they describe the firms position in the industry as a leader in either cost or differentiation. A resource- based view emphasizes that a firm utilizes its resources and capabilities to create a competitive advantage that ultimately results in superior value (Porter, 1980).

Theoretical Foundation

The theory that underpins the concept of the study paper is Porter's Theory of Competitive Advantage (Venohr, 2007). The theory opines that for a firm to be successful it has to have both an attractive relative position as well as an attractive industry structure. Under this theory, Porter opines that in order to attain competitive advantage and economic profit there

is need for 'Genetic Strategies'. As such in order to increase profit, a firm must either decrease cost below its competitors or increase price above its competitors. The former involves cost leadership and the latter differentiation thus the basis for 'generic strategies'. He further looks at the economics of cost leadership which entails the fact that if a product or service is of standard quality but costs are significantly lower than the industry average, superior profits can be earned. On the other hand, where a product is considered too low of quality by the buyer, price cuts may be necessary to sell; potential superior profits are lost.

The economics of differentiation opine that where either products or services are valued by customers due to their uniqueness, premium charges can be charged that lead to higher profitability, given that costs are under control. The key criteria for competitive advantage according to him are to pursue a large market, superior cost management and producing standardized products which have limited differentiated potential. This is especially for very price sensitive customers. When it comes to the differentiation strategy, business persons have to incorporate features that differentiate them from the brand of rival companies and thus buyers or customers will prefer them over those of other competitors. Additionally, the key strategy here, for competitive advantage, is that such features should not be capable of being copied.

Focus strategy, Venohr (2007) goes on to discuss the various grounds why a segment is selected and its needs met. The key criteria of competitive advantage is being able to understand the customers, competitors segment targets with each segment being strategy grounded in specific value. Focus strategy is good for smaller companies that have limited resources. The risks of this strategy though is that firms may be out focused by competitors, large competitors may enter the niche markets and preferences of niche customers may actually change and become akin to those of the broad market.

Wilson (1991) looks at the various ways of strategic positioning; He categorizes his views to include first of all enterprise success in turbulent times. Secondly, he discusses strategic-positioning assessment. This is a situational view which is very comprehensive and is based on already existing plans. Strategic planning emphasizes on marketing and the positioning of products. Additionally, in order to achieve goals and objectives by a business there has to be allocation, deployment and the optimization of resources. There's also the need to invest in already existing markets and further invest in new markets. Strategic planners have to consider both market potential and enterprise potential.

Thirdly, he looks at the appropriate knowledge of the current situation. Executives must in their planning function understand the plans, strategies, resource requirements and current resources of the corporation and its strategic business units. As such, there are two guidelines to this: Guiding Strategies and Supporting strategies. The former refers to a strategic business unit which has a combination of both current and planned products whose impact is reaching long range as well as near term goals (Wilson 1991). The latter on the other hand confers the fact that there should be existing resources so as to implement the guiding strategies.

Additionally, it should be able to identify requirements for future resources. There are four modular variables which support the guiding strategies and is critical to its goals and strategies as well-the place, space, technology as well as the people. Most corporations have a specialized way of marketing their products and have technology and innovation as well as resource co-ordination to improve their marketing. Incremental changes develop over a planning horizon and as the product/market portfolio changes the facilities portfolio must change as well. Lastly, there is the issue of linking business and facilities planning. Under this subtopic, there are three issues that ought to be designed and adjusted namely expansion of business by corporations, optimization and contraction which can be as a result of downsizing, outsourcing, divestiture or consolidation. These three facilities have to be limited in order to anticipate so as to respond to incremental change.

2. EMPIRICAL REVIEW

The section reviews the relationship among variables based on different scholars in different context.

The role of Strategic Positioning in Strategic Management

Strategic positioning is a critical aspect of Strategic Management. It is the placing a business or a particular brand in the market place to the organizations best advantage (Porter 2001). Positioning allows a firm to put the best use of its strengths that at the same time grants it a superior advantage over the competition. Indeed, the entire concept of strategic management revolves around positioning of a firm. The positioning of a business' services entails placing that service in the mind of the business market. The customer's mind might be complicated but it prefers to hold on to simple thoughts.

That means that the marketing message that establishes the business position in the customer's mind must be simple and easy to state and remember (Rier & Trout, 1981). This is how strategic positioning comes into play. Strategic positioning affects all areas of a business right from the operations, marketing, and human resources to the financial decisions (Rier and Trout 1981). It defines the unique way in which a company is able to deliver products and or services better than the competition.

It entails how a company should compete and where it is competing from and how it will be different from other companies. Corporate strategic positioning has characteristics such as being enduring, definitive and having core competencies, which are levers of competitive advantage (Geo Strategy Partners 2011).

In marketing, positioning has acquired the meaning of a process in which marketers create an identity of their market for their product, brand or organization. The most common definition of positioning is identification of market niche for a brand, product or service by applying marketing placement strategies which include price, promotion, distribution and competition. It is the aggregate perception the market has of a particular company, product or service in relation to their perceptions of the competitors in the same category. Positioning will happen whether or not the management of a company is proactive, reactive or passive about the process of evolving a particular position (Porter 2001). A company, thus, can positively influence the perceptions through enlightened strategic actions. A company with better positioning will enhance its strategic position thereby making strategic management relevant. Positioning therefore is one of the crucial aspects in strategic management.

Strategic Management is the formulation and implementation of strategies to achieve success in a firm. It involves specifying the mission, vision and objectives of a firm. It further entails the undertaking of strategic analysis and making choices and implementing the formulated strategies. Strategic Management issues are defined as those affecting the relationship of the firm to its environment. Strategy is the choice of the markets the firm will attempt to serve, or choices about the scope of the firm's domains including decisions about expansion, defence and contraction of that domain (Nag et al, 2007). Strategic management, therefore, becomes useful in overall growth and development of organizations including law firms in this context.

Strategic management as a process has evolved over the years in four prime phases namely: basic financial planning, forecast planning, external-oriented planning and strategic management (Aosa 1992). In the past, most firms employed instinctive methods as well as strategies, which have proved to have little efficacy as they grow larger, or as layers of management increase as well as change in business ecology. According to Hunger and Wheelen (2008), strategic management is that set of managerial decisions and actions that determines the long-run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic planning), strategy implementation, evaluation and control. In their view, therefore, strategic management entails monitoring and evaluating external opportunities and threats as against the corporation's strengths and weaknesses in charting a strategic direction for the firm (Hunger and Wheelen, 2003).

The effect of strategic management is the development of plans to reach a long term goal that takes into account internal variables and external factors. Strategic Management encompasses an integrated, future oriented managerial perspective that is outwardly focused, forward-thinking and performance-based. Thus the role of strategic managers is to identify long range targets, scan their operating environments, evaluate their organization's structures and resources, match these to the challenges they face, identify stakeholders and build alliances, prioritize and plan actions and make adjustments to fulfil performance objectives over time (Hunger and Wheelen 2003).

Strategic positioning and the environment

Organizations operate in the external environment. They are environmental dependent and serving (Ansoffs 1965) thus to manage in such an environment they must co-align themselves to these environments (Machuki and Aosa 2011). In essence there cannot be a position without the environment. The organization can either position through its internal capabilities or competitiveness and equally the external environment. Positioning of organizations can be properly done after environmental scanning.

The strategic position is concerned with the impact on strategy of the external environment, internal resources and competences, and the expectations and influence of stakeholders (Johnson and Scholes 2005). Together, a consideration of the environment, strategic capability, the expectations and the purposes within the cultural and political framework of

the organization provides a basis for understanding the strategic position of an organization. It is important to take into account the future and to assess whether the current strategy is a suitable fit within the strategic position. If not, the organisation needs to determine what changes it needs to make and whether it is capable of effecting such changes (CIMA 2011): indeed the strategic position of an organisation forms an integral part of the strategic management process. It informs the strategic choices that need to be made and subsequently implemented.

Kotha and Nair (1995) in their article ‘Strategy and environment as determinants of performance: Evidence from Japanese Machine Tool Industry’ examined the roles played by environment and realized strategies on firm level performance and found out that strategies and environment play a significant role in influencing profitability and growth but only environmental variables were associated with firm growth. The real art of understanding strategic position is in being aware of the linkages between these three aspects, how they change over time and how they can be integrated to create value. Johnson and Scholes (2005) point out that a successful organization ‘will have found a way of operating such that environmental forces, organizational resources and competences, and stakeholder expectations mutually reinforce one another’.

The crucial point to remember is that the best understanding of the strategic position counts for nothing unless the organization can use the knowledge effectively to develop and implement a successful strategy (CIMA 2011). Prior to the 1990s, strategic management tended to focus on the interface between strategy and the external environment in which the organization operated (Ansoffs 1998). However, during the 1990s, the emphasis shifted towards internal factors or the ‘resource based view’ which stressed the role of the organization’s resources and capabilities as the principal basis for its strategy. The organization can exploit its unique collection of resources and competences to gain competitive advantage and in a way that is difficult for competitors to imitate. But this has not completely alienated the environmental concerns or alertness in the strategic planning process.

Strategic Management is concerned with the relationship of an organization to its environment. Strategy is defined as the organization’s capabilities, its current competitive position as well as the environment. These three components are essential on how the organization relates or deals with challenges emanating from its operational environment. For instance, the competitive position of the organization is its ranking as against its competitors in the immediate environment (Biggadike, 1981).

Organizations need to understand the external environment (Ansoffs 1965) in terms of macro influences these include political, economic, technological and social factors and micro influences factors specific to the particular industry and related industries, including competition, customers, suppliers and barriers to entry (Porter 1985). Before an organization begins strategy formulation, it must scan external environment to identify possible opportunities and the internal environment for strengths and weaknesses. This is referred to as environmental scanning. It is a tool that organizations use to avoid strategic surprises. It has been established that there is always a relationship between environmental scanning and profits. Under environmental scanning, the strategist looks at the suppliers, the employees and labour unions, the competitors, the trade associations, the creditors, customers, governments and shareholders

Strategic Positioning through Internal Core Competencies and Capabilities

The organisation first needs to understand the threshold features that all providers must offer if they are to stay in the market. It must then understand the critical success factors or what it must do well in order to succeed and outperform the competition. In addition, the organisation should consider whether it has the resources and competences to succeed in that particular market. A useful framework distinguishes the threshold resources and competences that are required to operate in the market compared with those that are unique to the organisation and thus represent a key source of competitive advantage. It is important to note that even the threshold level may change over time as the organisation may need to continue to invest in its resource base simply to stay in business.

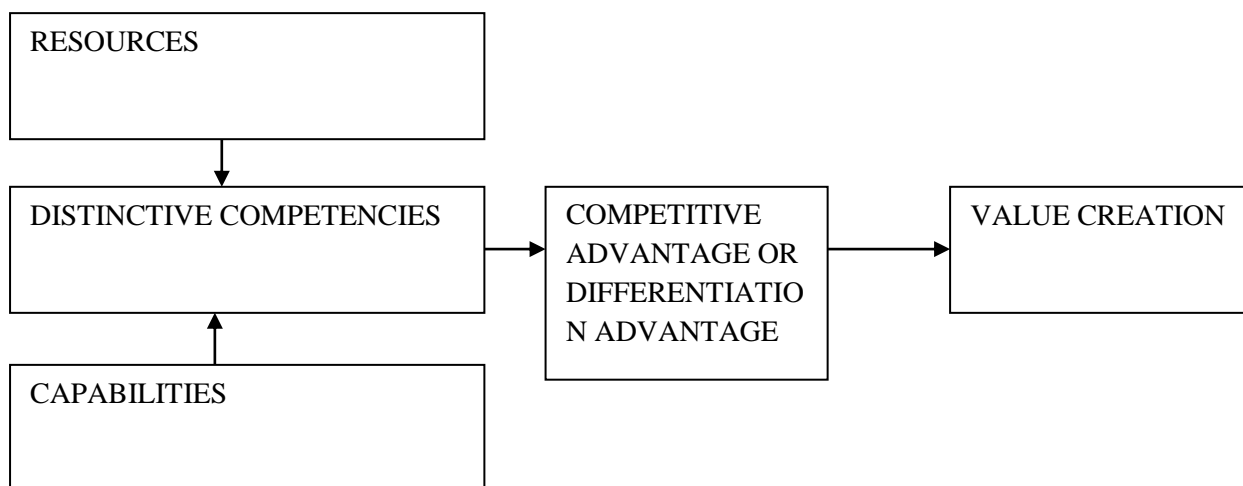
A quick appreciation of the strategic success formula by Ansoff and Mcdonell(1990) suggests a fit of organizational capacities with the external environment. Core Competencies are the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies (Prahalad and Hamel, 1990). The introduction of core competencies had a major impact on management practice and thinking. Multiple authors adopted, adapted, and extended the ideas of core competencies. One of the most prevalent adaptations was to change “competency” to “capability” and apply a more general definition to the term. Stalk, et al (1992) stated that, whereas core

competence emphasizes technological and production expertise at specific points along the value chain, capabilities are more broadly based, encompassing the entire value chain.

They go on to propose that core capability is a set of business processes strategically understood and that it represents technological and production expertise at specific points along the value chain. Leonard-Barton (1992) turned core competency into core capability in this way, “core capability is an interrelated, interdependent knowledge system.” Even Hamel and Prahalad (1994) sometimes use the terms interchangeably in their later writings.

According to the resource based view propositions (Wenerfelt,19840, in order to develop competitive advantage, the firm must have resources and capabilities that are superior to those of its competitors. Without this superiority, the competitors simply could replicate what the firm was doing any advantage quickly would disappear. Resources are part of forming organizational capability and re the firm specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily (Penrose,1958). Some examples of resources include Patent and trademark, Proprietary know-how, Installed customer base, Reputation of the firm and Brand equity.

Capabilities refer to the firm’s ability to utilise its resources effectively. An example of a capability is the ability to bring product to market faster than competitors. Such capabilities are embedded in the routines of the organisations and are not easily documented as procedures and thus are difficult for competitors to replicate. A firm’s resources and capabilities together form distinctive competencies. These competencies enable innovation, efficiency, quality and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage (Hoskisson, 1999).



Source: Author (2013)

Figure 1: The Relationship between Resources, Capabilities and Competitive Advantage

Strategic Positioning and Competitive Advantage

Many scholars around the world see successful strategic positioning as a source of company’s competition advantage. Organisations position themselves in business environment using various strategies. While some will create business networks by creating relationships with others (Barakova 2010), including with suppliers at customers, (Hakansson and Snehota 1995) others would do so by superior market penetration strategies; all these aimed at creating a better position in the market and thus strategic competitive advantage (Cockburn et al 2000)

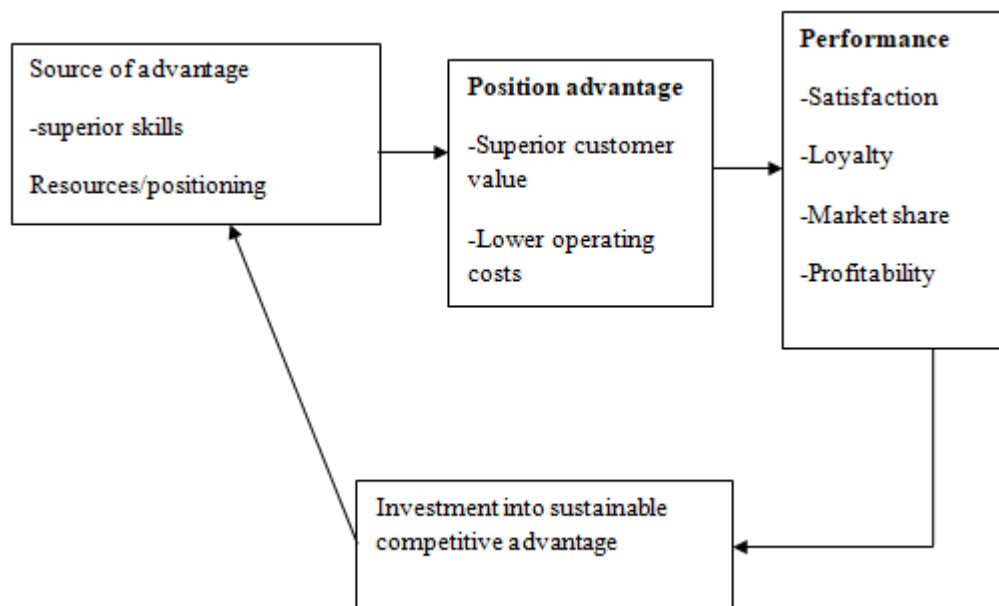
Porter (2001) insists that firms achieve competitive advantage by positioning themselves in structurally profitable industries and strategic groups. He points out that strategic competitive advantage come from operational effectiveness or strategic positioning which is delivering unique value to customers by doing things differently than their competitors. Before choosing a strategic position in the market an organization needs to assess the environment so as to pick the most strategic vantage point that assures maximum revenue, increase shareholder value, customer satisfaction, increased profits and sustained growth. Michael Porter (2001) outlined six principles that he believes companies need to follow if they want to establish and maintain a distinctive strategic position in the market.

The first was that firms should stand for something. Porter argues that in order for a company to develop unique skills, build the right position and establish strong regulation it is important to define what the company stands for so that the company will have continuity of direction. Secondly, they should focus on profitability. This point seems obvious but that's not always the case. Porter points that at the end of the day, sustainable profits will only be possible where goods or services can be provided at price which exceeds the cost of production. Thirdly, he suggests that firms should offer consumers a unique set of benefits. Porter states that a good strategy involves being able to provide a distinct set of benefits to a particular group of consumers. Trying to please every consumer will not give a company a sustainable competitive advantage Porter (2001).

Additionally, Porter posits that firms should attempt to perform core attributes differently. He argues that if a company is able to establish a distinctive value chain by performing key activities differently from its competitors, then this will help the company establish a sustainable competition advantage. Further, Porter implores on firms to specialise adding that there is no competitive advantage to being a jack of all trades and a master of none. Porter recommends making trade-offs by focussing on certain achievements, service or products at the expense of others. A company therefore can establish a unique strategic position.

Finally, he posits that all should reinforce the company's strategy. Porter argues that for sustainable competitive advantage to be achieved, all company activities are interdependent and as a result they must be coordinated so as to reinforce the company's overall strategy. A company's product design, for example will affect the manufacturing process and the way products are manufactured (Porter 2001) .By coordinating all of its activities a company makes it harder for its competitors to imitate it's strategy.

Strategic positioning, Environment and Competitive advantage



Source: Day & Wensley, 1988.

Figure 2: Strategic Positioning for competitive advantage conceptualization

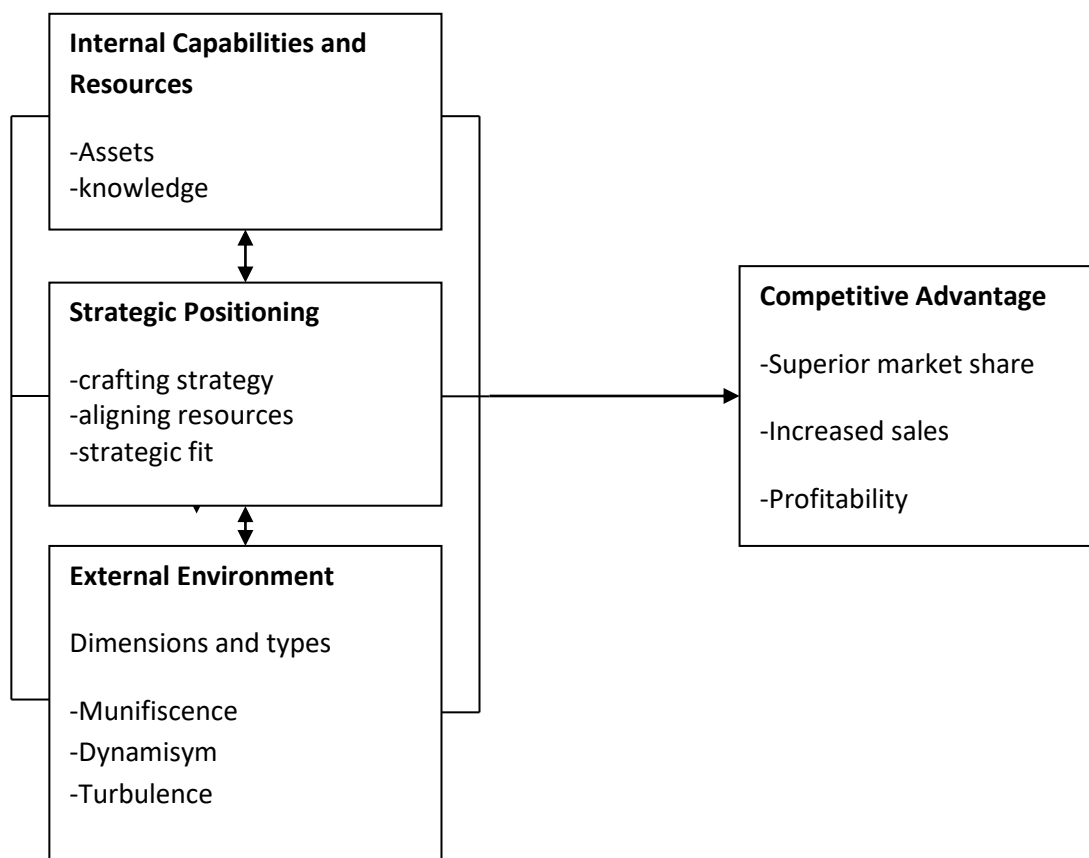
In her article, Scribner (2011) states that strategic management is a process by which organizations or firms or companies take into account include internal and external variables so as to attain long term set goals. Strategists and strategic managers in order to fulfill their objectives, have to follow a chained process right from identifying the target, doing an environmental scan and making an evaluation on the structures and resources. Having done so, strategic managers have to look at the challenges facing the organization, identify the stakeholders and plan actions and make adjustments and match them up.

One of the prime concerns in strategic management as a field of inquiry is the phenomenon of strategic 'adaptation' and indeed positioning; Infact, this has been termed as 'fit' with the environment (summer et al 1990; Zajac, Kraatz and

Bresser 2000). As open systems, the semi permeable relationship between the environment and organizations cannot be ignored so much so that organizations that get the right 'fit' attain competitive advantage. However, the challenge still remains the lens through which managers continue to perceive or appreciate the environment.

And so understanding the environment remains key in positioning organizations for competitive advantage. Indeed higher environmental munifescence creates conditions for growth and profit (Dess & Beard ,1984) and so with increase in munifescence managers perceive more opportunities and aspire for growth in revenue and also aim at achieving higher return on investment. It equally helps generate organizational slack to support excess manpower and thus a larger organization. Growth remains easier to achieve in a resource rich environment where funds for expansion and diversification are available in plenty at a reasonable cost and technology and materials are accessible.

Conceptual Framework



Source: Author (2013)

Figure 3: Strategic positioning, the external environment internal capabilities and resources alignment for competitive advantage

3. CONCLUSION AND RECOMMENDATIONS

Before an organization undertakes proper strategic positioning endeavour, it should first scan the external environment in relation to its internal strengths and weaknesses. Organizations should further have a vision and mission, anticipate competition and place the organization or its products in a very strategic manner in the market. Proper positioning gives competitive advantage Porter (2001). The entire process of strategic management is related to positioning. Indeed all point to the issue that positioning is conceptual (and directly relates to strategy formulation) It is future oriented, strength based and depends on how each independent organization thinks. In our view, the concepts of strategic competitive advantage and strategic positioning are interchanging; there is more evidence that successful strategic positioning starts with the building associations of the product based on their already existing strengths of the product.

Indeed, the entire process of strategic management revolves around positioning of the firm. Bracker (1980) argues that strategic management entails the analysis of internal and external environments of a firm to maximize the utilization of resources in relation to its objectives. In so doing Bracker says an organization is positioned in the environment for competitive advantage. The challenge today for organizations is, should an organization position itself from inside-out or outside-in.

Inside out means focusing on the resource based view; assessing internal competences and then positioning it. While the outside-in is externally assessing opportunities and threats to position the firm. We conclude that a balance of the two scenarios is essential for strategic positioning and that positioning is at all levels of the organization including product positioning, resource positioning and overall firm positioning.

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