Journal of Marketing Management
June 2015, Vol. 3, No. 1, pp. 91-99
ISSN: 2333-6080(Print), 2333-6099(Online)

Published by American Research Institute for Policy Development
DOI: 10.15640/jmm.v3n1a9
URL: http://dx.doi.org/10.15640/jmm.v3n1a9

The Influence of Organizational Culture and Marketing Capabilities on Performance of Microfinance Institutions in Kenya

Owino Joseph Odhiambo[1], Francis Kibera[2] & Raymond Musyoka[3]

Abstract

The purpose of our study is to assess the influence of organizational culture and marketing capabilities on performance of microfinance institutions in Kenya. We adopt descriptive cross-sectional survey design and collect data from members of the Association of Microfinance Institutions in Kenya. We test our hypothesized relations through hierarchical regression analysis. Our results reveal that organizational culture has positive and significant influence on performance. We demonstrate that marketing capabilities is strongly and positively linked to performance. Findings of the study have implications for marketing theory and practice. Our results support resource advantage theory; resource based theory and the dynamic capability theory. Our results show that product capability appears to overshadow other components of marketing capabilities in influencing performance. We conclude that organizational culture and product capability strongly influence performance outcomes of microfinance institutions in Kenya. However, due to the limitation of the cross-sectional research design, we recommend the use of triangulated approach in studies of similar nature.

Keywords: Organizational culture, marketing capabilities, performance

1. Introduction

Organizational culture enables firms to produce valued market offerings. It does this by shaping behaviours and actions of organizational members and driving organizational adaptation to changes in the environment. The assumptions and values held by leaders permeate the organization thus influencing attitude, behaviour and actions of organizational members. The organizational culture is manifest through leadership, decision making process and in ways through which formal structure and business procedures are transposed into routine activities (Badura, Munch & Ritter, 1999). Resource based theories among them resource based view of the firm, the dynamic capabilities, comparative advantage and the resource advantage treat organizational culture as intangible organizational resource from which firms draw its capabilities. Organizations striving for better performance must nurture and develop culture that supports implementation of market driven strategies capable of delivering superior value to customers. Our study is anchored on the resource advantage theory. Resource advantage theory views competition as a constant struggle by firms for comparative advantages in resources that lead to superior financial performance (Hunt & Madhavaram, 2012). The contribution of organizational resources and capabilities to formulation and implementation of marketing strategies has attracted considerable research attention for many years.

[1] Department of Business Administration, School of Business, University of Nairobi, P.O. Box 30197, 00100 Nairobi. Tel: +254723625988. Email: owinojoseph@gmail.com; jowino@uonbi.ac.ke
[2] Professor of Strategic Marketing, Department of Business Administration, University of Nairobi, Kenya, P.O. Box 30197, 00100 Nairobi. Email: profkibera@gmail.com
[3] Lecturer, Department of Business Administration, University of Nairobi, Kenya, P.O. Box 30197, 00100 Nairobi.
Email: raymondmusyoka@gmail.com

Although various types of resources are necessary for building capabilities, researchers place more emphasis on investigating the influence of tangible resources on performance. As a consequence, intangible resources such as organizational culture have not been adequately researched. While organizational culture is central to marketing management, its impact on marketing has not received satisfactory research attention (Deshpande & Webster, 1989). Treatment of organizational culture in marketing literature has been limited to understanding consumer behaviour in the market. In spite of the fact that some empirical studies have investigated the relationship between organizational culture and performance, inconsistent findings have been reported (Deal & Kennedy, 1982; Peters & Waterman, 1982; Ott, 1989; Denison & Mishra, 1995). Of central concern to marketers therefore, is to resolve the debate on the influence of organizational culture on firm performance. Marketing capabilities connote a complex bundle of firm specific marketing skills and knowledge exercised through organizational processes that enable firms to coordinate marketing activities and resources in response to identified opportunities and challenges. Day (1994) identifies three types of marketing capabilities namely: outside-in, inside-out and spanning capabilities. Outside-in capabilities represent skills and competences that enable a firm to understand changes taking place in the market. Inside-out capabilities depict internal resources. On the other hand, spanning capabilities serve to integrate inside-out and outside-in capabilities. On their part, Vorhies and Morgan (2005) posit that two key interrelated marketing capabilities concern marketing mix processes and marketing strategy development and execution.

Resource based theories suggest that possession and utilization of distinctive organizational resources leads to superior performance. Although this may be true, the relationship between capabilities and performance in the microfinance context has not been adequately investigated. Substantial portion of past studies focus on describing the nature of marketing capabilities (Day, 1994). Vorhies and Morgan (2005) in particular focus on capabilities and competitive advantage relationship. Our approach departs from previous studies by examining the moderating influence of marketing capabilities on the relationship between organizational culture and performance. Based on the above background, our study is guided by three research objectives. First, we seek to determine the relationship between organizational culture and performance of microfinance institutions in Kenya. Secondly, we aim at establishing the influence of marketing capabilities on performance; and finally, we seek to determine the influence of interaction between organizational culture and marketing capabilities on performance. Microfinance emerged in the 1970s as a means for promoting financial inclusion of people who were unable to access financial services from banks. However, over time, the industry has attracted financial service providers with more commercial motivation and profit maximization objectives (Lahkar, Pingali & Sadhu, 2012). Ahmed (2005) describes microfinance institutions as organizations that are engaged in provision of financial services to the poor based on market driven and commercial approaches. Although microfinance institutions are found in more than 85 countries of the world, they are highly concentrated in Latin America and East Asia (Lapenu & Zeller, 2001). In Africa, microfinance services are vibrant in the eastern and southern parts of the continent.

2. Theoretical Perspective and Hypotheses

The study is anchored on market based theories of competitive advantage. Market based theories assume that managers play critical role in building and combining resources and competences to create sustainable competitive advantage in the market. Resource advantage theory is a general theory of competition (Hunt & Morgan, 1995) that combines heterogeneous-demand theory with the resource-based theory of the firm. Within the framework of resource advantage theory, culture is one of the organizational resources whereas marketing capabilities is associated with both informational and relational resources. Despite the fact that marketplace positions of competitive advantage relies on organizational abilities to understand and respond to customer needs, in many industries, information about consumers is imperfect and costly. Therefore, the theory places great emphasis on innovation that drives firms to learn through formal market research, intelligence gathering, benchmarking and test marketing. Although the resource advantage theory has been critiqued for lack of evidence to justify its claims for superior explanatory power of firm performance, it is necessary to subject the theory to empirical test. The resource based view of the firm assumes sustainable competitive advantage as the desired outcome of management effort (Fahy & Smithee, 1999). According to this theory, sustainable competitive advantage is obtained through accumulation of valuable resources that are difficult to duplicate by competitors. Collis and Montgomery (1995) suggest that sustainable competitive advantage can be created on condition that resources have the attributes of inimitability, durability, appropriability, substitutability, and competitive superiority. In essence, the theory suggests that unique, high value and rare organizational resources lead to superior performance through enhanced competitive advantage.

Resource-based theory suggests that firms possess heterogeneous resources that allow managers to execute value creating strategies. Even though it provides managers with a decision making framework, the theory has been critiqued for failing to consider the impact of dynamic marketing environment (Lengnick-Hall & Wolf, 1999) in which many firms operate. Besides, the theory fails to explain how resources are developed and deployed to achieve competitive advantage (Priem & Butler, 2001). The dynamic capabilities theory argues that since marketplaces are dynamic, inter-firm performance variance is explained by organizational capabilities for acquiring and deploying resources in ways that match the firm's marketing environment (Makadok, 2001). Teece et al. (1997) explain that capabilities are dynamic when they facilitate implementation of new strategies that reflect changing market conditions. Capabilities are complex, structured and multi-dimensional. Marketing capabilities are developed through continuous application of marketing knowledge and skills by employees to solving marketing problems (Vorhies, Harker & Rao, 1999). This point is further sustained by the work of Zollo and Winter (2002) who suggest that deliberate investment in organizational learning may facilitate the creation and modification of dynamic capabilities. Even though Winter (2003) argues that dynamic capabilities involve long-term commitment to specialized resources; it is important to note that in the long-run, rival firms can acquire resources which may eclipse capabilities of an organization.

2.1 Organizational Culture and Performance

Organizational culture plays an important role in shaping behaviour and performance of organizational members. According to Deal and Kenedy (1982) performance improvement is linked to deliberate efforts by management towards developing organizational culture. In connection to this point; Bennett, Fadil and Greenwood (1994) argue that organizational success depends on achieving a good fit between strategy, structure and culture. Further evidence in support of organizational culture and performance relationship is found in Cooper, Cartwright and Earley (2001) who argue that culture acts as a stabilizer of individual behaviour. In addition, Giberson et al. (2009) emphasize that culture is an integrating mechanism that guides organizational behaviour. Once established, culture tends to become self reinforcing. From a functional perspective, culture is viewed as a means of social control by which behaviour and beliefs are shaped and determined (O'Reilly & Chatman, 1996). Despite the important role played by organizational culture in driving the behaviour of employees, several studies have reported inconsistent findings on the relationship between organizational culture and performance. Positive association between organizational culture and firm performance has been established (Deal & Kennedy, 1982; Peters & Waterman, 1982; Denison & Mishra, 1995). Conversely, Ott (1989) argues that culture is not universally relevant to all organizations. He contends that not all organizations possess a culture developed to a point that it could have significant influence on performance. In support of this view, Byles and Keating (1989) observe that underdeveloped organizational culture may have little or no effect on performance especially where culture is inconsistent with critical success factors. Based on the above background, we propose that:

Hypothesis 1: There is a significant relationship between organizational culture and performance of microfinance institutions

2.2 Marketing Capabilities and Performance

The dynamic capabilities theory maintains that competitive firms have the capability to acquire, integrate and deploy resources in ways that match marketing environment (Morgan, Slotegraaf & Vorhies, 2009). By the same token, superior market sensing capability allows a firm to gather intelligence about customers and competitor reactions to its market performance efforts (Morgan, Anderson & Mittal, 2005). Therefore, market sensing capability generates insights that are necessary for performance improvement. Newbert (2007) emphasizes that capabilities are more relevant than resources in influencing organizational performance. Barney (1991) contends that marketing capabilities are interdependent and imitable source of competitive advantage. To elucidate this link, Vorhies and Morgan (2005) identify eight distinct marketing capabilities that contribute to business performance. These capabilities consist of product development, pricing, channel management, marketing communications, selling, marketing information management, marketing strategy planning and implementation. Though the taxonomy of marketing capabilities offers great insight, further analysis based on empirical evidence is deficient. Merrilees, Rundle-Thiele and Lye (2011) observe that empirical evaluation of marketing capabilities and performance is scant.

Considering that different components of marketing capabilities can have varied effects on performance, there is need for testing the influence of various components of marketing capabilities on performance (Morgan et al., 2009). Therefore, we predict that:

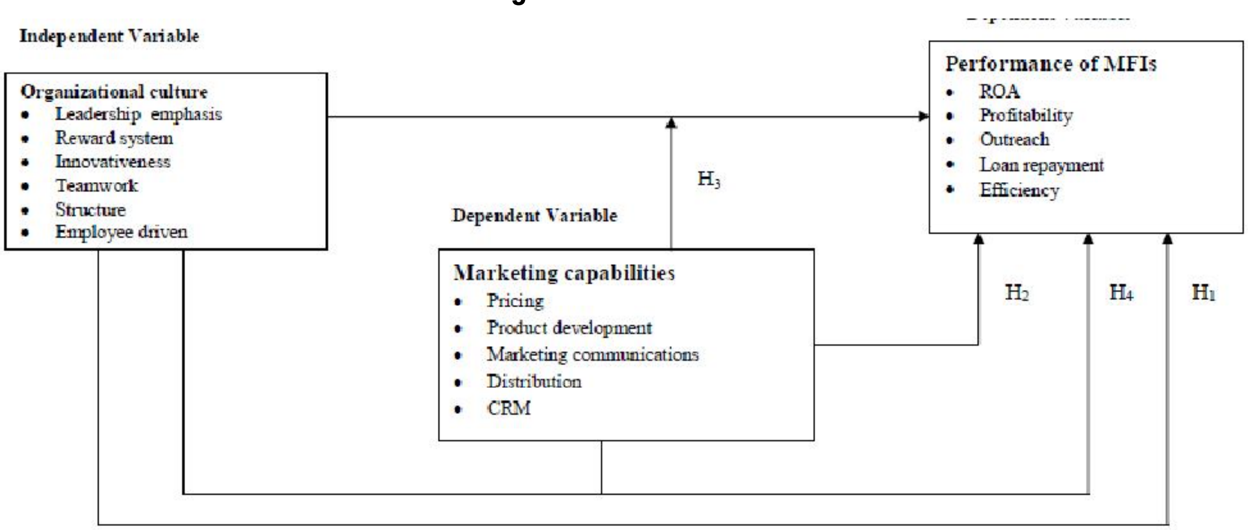
Hypothesis 2a: Marketing capabilities are positively associated with performance of microfinance institutions
Hypothesis 2b: Marketing capability components have varying levels of influence on performance of microfinance institutions

Organizational Culture, Marketing Capabilities and Performance

Resource based theory suggest better performance outcomes arising from the interaction between a firm's knowledge resources and capabilities (Morgan et al., 2009). Therefore, the interaction between organizational culture and marketing capabilities has potential for improving reconfiguration and deployment of organizational resources. Reason for expecting such interaction is attributable to the complementary nature of organizational culture and marketing capabilities. The interaction between organizational culture and marketing capabilities is characterized by asset interdependency that makes it difficult for competitors to disentangle. Hence, possession of positive organizational culture, marketing capabilities and presence of supportive organizational processes is a key source of competitive advantage and performance outcome (Amit & Schoemaker, 1993). For these reasons, we expect:

Hypothesis 3: The relationship between organizational culture and performance of microfinance institutions is significantly moderated by marketing capabilities
Hypothesis 4: The joint effect of organizational culture and marketing capabilities on performance is statistically significant

Fig. 1: Research Model



3. Methodology

Our study is guided by positivist philosophy and use a deductive approach. We adopt a descriptive cross-sectional survey design. The target population comprise all microfinance institutions in Kenya that are members of the Association of Microfinance Institutions (AMFI). The population consist of 55 MFIs constituted as follows: 5 commercial banks offering microfinance services; 5 wholesale microfinance lenders; 16 deposit taking micro-finance (DTM) institutions and 29 retail microfinance lenders. We collect data using structured questionnaire targeting Chief Executive Officer, Human Resources Manager and Marketing Manager. Aggregated individual scores are used to reduce one source response bias. The choice of these interviewees is guided by the nature of their jobs which make them suitable respondents for purposes of our research objectives. Multi-item scales are used to measure variables in the study. Although the items were adopted from established scales documented in literature, we modify them to fit the current study. Consequently, a pilot study was conducted to assess the reliability of measurement scales. We test reliability through internal consistency technique by computing Cronbach's alpha. Consistent with Cooper and Schindler (2006) we interpret Alpha coefficient of 0.7 and above to mean satisfactory reliability. We address assumptions of multiple regression such as linearity, reliability of measurement, homoscedasticity and normality.

Normality was tested through P-P plots. Outliers were removed to reduce measurement error. The relationships between independent and dependent variables were examined for linearity. The assumption of homoskedasticity was checked by visual examination of the standardized residuals of the regression standardized predicted value. The general regression model is in the form of:

$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \ldots + \beta_n x_n + e$

Where:
y = value of the dependent variable
β_0 = Regression constant

The coefficients $\beta_1, \beta_2, \beta_3, \ldots, \beta_n$ measure the change in a dependent variable with respect to a unit change in an explanatory variable, holding other factors constant. e = the error/disturbance term accounts for variables other than those specified in the model that explains changes in the dependent variable. Data used to test hypothesis 1 was collected using 12 question items measuring organizational culture; and 12 items measuring non financial performance. Respondents were asked to rate the extent to which each statement matched organizational cultural practice on a scale of 1 to 5 where 1 represented 'not at all' and 5 represented 'to a great extent'. A continuous 5-point rating scale consisting of 1 to 5 where 1 represent 'much worse than competitors' and 5 stand for 'much better than competitors' was used to measure non financial firm performance. In consistent with Vorhies and Morgan (2005) we decompose marketing capabilities into five components consisting of pricing capability, product capability, distribution capability, marketing communications capability and relationship management capability. A set of 20 indicators representing the five components was presented to respondents on a five – point rating scale, where 1 equated to 'much worse than competitors' and 5 to 'much better than competitors'. Overall marketing capabilities score was computed as the average score across the 20 items. The alpha for the scale was good at 0.921 and the item to item correlations were all in the expected direction and statistically significant demonstrating internal consistency of the scale.

4. Results

One out of the 55 microfinance institutions could not be located. Therefore, questionnaires were sent out to 54 organizations. Out of the 54 MFIs contacted, one declined to participate. Fifty three (53) organizations participated in the survey translating to a response rate of 96%. High reliability coefficient scores ranging between 0.819 for organizational culture and 0.921 for marketing capabilities were obtained. Firm performance had a reliability score of 0.896. Our analysis indicate that organizational culture has a positive and significant effect on non financial performance with a correlation coefficient of 0.64, $R^2 = 0.409$ and $F = 35.31$. This implies that organizational culture explains 40.9% of the variance in firm performance. The standardized beta coefficient indicate that organizational culture makes significant contribution to performance (Beta = 0.640, t = 5.942, $p < 0.05$). Therefore, organizational culture is a good predictor of performance.

Table 1: Regression Results for the Relationship between Organizational Culture and Non Financial Firm Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.			
	B	Std. Error	Beta			R	R^2	F
1 (Constant)	.820	.466		1.761	.084			
Organizational culture	.712	.120	.640	5.942	.000	.640	.409	35.31

Source: Primary Data

The results presented in Table 2 provide evidence in support of the existence of a strong association (r = .736) between marketing capabilities and organizational performance. The statistical test of overall significance of the model (F = 60.317) is strong and significant. The t statistics (t = 7.766) demonstrate strong influence of marketing capabilities on firm performance. The results show that marketing capabilities is a good statistical predictor (R^2 = .542) of firm performance. The finding implies that marketing capabilities explains 54.2% of the variation in performance. At a conceptual level, this means that marketing capabilities is a source of competitive advantage.

Table 2: Regression Results for the Relationship between Marketing Capabilities and Non Financial Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R^2	F
	B	Std. Error	Beta					
1 (Constant)	1.009	.334		3.024	.004			
Marketing capabilities	.704	.091	.736	7.766	.000	.736	.542	60.317

a. Dependent Variable: Organizational non financial performance

We test the influence of pricing capability; product capability; distribution capability; marketing communications capability; and relationship management capability on performance. Our results show that the relationship between product capability and firm performance is positive and statistically significant (R^2 = .506, F = 52.143, Std. Beta = 0.711) implying that product capability is a strong predictor of performance. This means that product capability explains 50.6% of the variation in performance. Marketing communications capability is significantly and positively associated with firm performance (R^2 = .463, F = 43.93, Std. Beta = 0.680). Therefore, marketing communications capability explains 46.3% of variation in performance. Our results further show that the relationship between pricing capability and performance is statistically significant (R^2 = 0.324, F = 24.39, Std. Beta = 0.569). Pricing explains 32.4% of the variation in performance. The relationship between distribution capability and performance is significant and positive (R^2 = .293, F = 21.155, Std. Beta = .541). The influence of relationship management capability on performance is significant and positive although modest (R^2 = .143, F = 8.540, Std. Beta = .379). This means that relationship management capability explains 14.3% of the variation in performance. In Table 3, we investigate the moderating influence of marketing capabilities on the relationship between organizational culture and performance. We observe that the relationship between organizational culture and performance is significant. However, upon introduction of the interaction term (organizational culture*marketing capabilities) the results obtained are not statistically significant (p-value > 0.05, ΔR square = 0.000). Therefore, our hypothesized moderating influence of marketing capabilities on the relationship between organizational culture and performance is not supported. The interaction term shows no predictive ability in the regression model, which indicates that the significant influence of organizational culture on performance is not moderated by marketing capabilities.

Table 3: Moderating Influence of Marketing Capabilities on the Relationship between Organizational Culture and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.640[a]	.409	.398	.46784	.409	35.311	1	51	.000
2	.768[b]	.590	.574	.39359	.181	22.057	1	50	.000
3	.768[c]	.590	.565	.39742	.000	.041	1	49	.840

a. Predictors: (Constant), Organizational culture

b. Predictors: (Constant), Organizational culture, Marketing capabilities

c. Predictors: (Constant), Organizational culture, Marketing capabilities, Interaction term

d. Dependent Variable: Organizational non financial performance

We assess the joint influence of the five components of marketing capabilities to determine their statistical variations in predicting performance. Our results show that the joint effect of pricing; product development; marketing communication; distribution; and relationship management capabilities is statistically significant (R^2 = .606). This implies that the five components are interdependent and collectively lead to better performance outcome. The results reveal that product capability, communications capability and pricing capability jointly explain 57.4% of the variations in performance (Adjusted R^2 = .574). Relationship management capability contribute little explanation of variations in performance (change in R^2 = .017).

Table 4: Regression Results of the Joint Influence of Marketing Capability Components on Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.569[a]	.324	.310	.50058	.324	24.390	1	51	.000
2	.711[b]	.506	.486	.43203	.182	18.468	1	50	.000
3	.773[c]	.598	.574	.39357	.092	11.249	1	49	.002
4	.785[d]	.615	.583	.38903	.017	2.149	1	48	.149
5	.803[e]	.644	.606	.37816	.029	3.801	1	47	.057

a. Predictors: (Constant), Pricing capability

b. Predictors: (Constant), Pricing capability, Product capability

c. Predictors: (Constant), Pricing capability, Product capability, Marketing Communications capability

d. Predictors: (Constant), Pricing capability, Product capability, Marketing Communications capability, Relationship Management capabilities

e. Predictors: (Constant), Pricing capability, Product capability, Marketing Communications capability, Relationship Management capabilities, Distribution Capability

5. Discussion

Overall, our results provide evidence supporting the resource advantage theory that links organizational culture and marketing capabilities directly with positive performance. The relationship between organizational culture and performance has attracted significant research attention. The dynamic capability theory suggests that organizational culture is positively linked to performance through its influence on employee's behaviour, attitudes and conduct. Our results suggest that besides the indirect path postulated by the dynamic capability theory, organizational culture is directly linked to performance. Consistent with Deal and Kennedy (1982); Peters and Waterman (1982); Denison (1984); and Denison and Mishra (1995) our results support existence of positive association between organizational culture and performance. However, the findings are contrary to results obtained by Ott (1989); and Byles and Keating (1989). Our findings suggest two important things. First, the significant and positive relationship between organizational culture and performance imply that the former is a valuable source of competitive advantage. Secondly, unlike other types of resources that can be easily matched by competitors, organizational culture is a strong differentiating asset that uniquely positions firms in the market and potentially leads to superior customer value. Therefore, presence of strong and positive organizational culture influences performance outcomes by enhancing common focus by organizational members and creation of synergy through market driven teamwork. In the current study, organizational culture is characterized by strong customer orientation, teamwork, risk avoidance and planned response to forces emanating from the environment. Customer orientation is a key success factor in competitive industries. Therefore, firms that possess strong cultural values consisting of customer orientation and teamwork are inclined to experience superior performance. Although organizational culture is significantly and positively associated with performance, the possibility of a negative relationship cannot be ruled out. For instance, risk avoidance disposition can lead to lost growth opportunities and hence reduced performance. Once established, cultural values may encourage programmed response to changes in the business environment. Consequently, strong values may lead to organizational rigidity and reluctance to embrace change in the marketing environment.

Yilmaz (2008) argues that culture shapes business procedures and provides solutions to problems faced by organizations thereby, hindering or facilitating achievement of organizational goals. According to Morgan et al. (2009) firms spend large sums of money on building, maintaining and leveraging marketing capabilities. Therefore, unearthing the contribution of marketing capabilities in emerging industries such as microfinance is important. Our study constitutes one of the few works that empirically demonstrate the link between marketing capabilities and performance. Consistent with previous results by Krasnikov and Jayachandran (2008); Morgan et al. (2009); and Theodosiou et al. (2012) we provide evidence showing that marketing capabilities has significant and positive influence on performance (R^2 = .542). In response to dissected analysis of marketing capabilities proposed by Morgan et al. (2009), our analysis uncovers different effects of marketing capability components on performance. We demonstrate that product capability (R^2 = 0.506; r = .711) and marketing communications (R^2 = 0.463; r = .680) have the highest positive influence on performance. In contrast, our results indicate that relationship management has a weak influence on performance (R^2 = 0.143; r = .379). Although this was not expected, the findings are not isolated and match those reported by Morgan et al. (2009) who empirically show that customer relationship management has insignificant influence on revenue growth. Even though the role of organizational capabilities in deploying resources is central to the dynamic capability theory, it has not received much empirical investigation. Our results find no evidence showing significant influence of the interaction between marketing capabilities and organizational culture on performance. Consequently, we are of the view that synchronization between organizational resources and capabilities is not generic. The underlying implication of our results is the synergistic effect of various components of marketing capabilities on performance. From a practical perspective, the findings suggest that firms can improve performance by building, improving and utilizing product development and marketing communication capabilities. Our study has demonstrated that the contributions of intangible organizational resources to firm performance depend on the nature and strength of a particular type of resource. Specifically, the contribution of organizational culture to performance depends on the type and strength of culture shared by organizational members. Although resource based theories assume that financial performance is the ultimate outcome of organizations, they fail to address how marketing resources contribute to superior financial performance. Under this circumstance, it is difficult to determine the influence of organizational culture and marketing capabilities on financial performance. Therefore, there is need for more research aimed at developing a general marketing theory that adequately explains the relationship between organizational resources and financial performance. Results of the study reveal that managers need to emphasize marketing capabilities and organizational culture to achieve and sustain superior performance. Furthermore, the study has demonstrated that by developing marketing capabilities in general and investing more resources in product development, organizations are more likely to experience better performance outcomes.

6. Conclusion

The results show that organizational culture has significant direct influence on firm performance. Consequently, we conclude that organizational culture is a significant predictor of performance. The relationship between marketing capabilities and performance was tested. We established that marketing capabilities positively and strongly influence performance. The study provides findings that have important value to theory and practice in the microfinance industry. We empirically demonstrate that product capability and marketing communications capabilities independently have greater positive influence on performance. Relationship management has the weakest positive influence on performance outcomes. We therefore, conclude that product development and marketing communications capabilities are a major source of competitive advantage.

References

Ahmed, R. (2005), Microfinance under the microscope, Enterprise, SA Media, University of the Free State, Ref. no. 17830.

Amit, R. & Schoemaker, P.J.H. (1993), Strategic assets and organizational rent, Strategic Management Journal, 14: 38-46

Badura, B., Munch, E. & Ritter, W. (1999), Cooperative Corporate Culture and Company Health Policy, Bertelsmann Foundation Publishers.

Barney, J. (1991), Firm resources and sustained competitive advantage, Journal of Management, 17(1): pp. 99-120.

Bennett, R.H., Fadil, P.A. & Greenwood, R.T. (1994), Cultural alignment in response to strategic organizational change: new considerations for a change framework, Journal of Managerial Issues, 6(4): 474-90

Byles, C.M. & Keating, J.R. (1989), Strength of organization culture and performance: Strategic implications, Journal of Business Strategies, 6: 42-54.

Collis, D.J. & Montgomery, C.A. (1995), Competing on resources: Strategy in the 1990s, Harvard Business School, July – August, 118 -128

Cooper, L.C., Cartwright, S. & Earley, C.P. (2001), The International Handbook of Organizational Culture and Climate, 1st edition, Wiley.

Cooper, R.D. & Schindler, S.P. (2006), Business Research Methods, 9th edition, McGraw Hill.

Day, G. S. (1994), The capabilities of market-driven organizations, Journal of Marketing, 58(4): 37-52.

Deal, T.E. & Kennedy, A.A. (1982), Corporate Cultures: The Rites and Rituals of Corporate Life, Reading, Massachusetts: Addison-Wesley.

Denison, D.R. (1984), Bringing corporate culture to the bottom line, Organizational Dynamics, 5(22).

Denison, D.R. & Mishra, A.K. (1995), Towards a theory of organizational culture and effectiveness, Organization Science, 6: 204-223.

Deshpande, R. & Webster, E.F. (1989), Organizational Culture and Marketing: Defining the Research Agenda, Journal of Marketing, 53: 3-15.

Fahy, J. & Smithee, A. (1999). Strategic marketing and the resource based view of the firm, Academy of Marketing Science Review, 10: 1-18

Giberson, R.T., Resick, J.C., Dickson, W.M., Mitchelson, K.J., Randall, R.K., & Clark, A.M. (2009), Leadership and organizational culture: linking CEO characteristics to cultural values, Journal of Business Psychology, 24: 123-137

Hunt, D.S. & Morgan, M.R. (1995), The comparative advantage theory of competition, Journal of Marketing, 59: 1-15.

Hunt, D.S. & Madhavaram, S. (2012), Managerial action and resource-advantage theory: Conceptual frameworks emanating from a positive theory of competition, Journal of Business & Industrial Marketing, Vol. 27, No. 7, pp. 582 – 591.

Kotter, J.P. & Heskett, J.L. (1992), Corporate Culture and Performance, New York: Free Press

Lahkar, R., Pingali, V. & Sadhu, S. (2012), Does competition in the microfinance industry necessarily mean over-borrowing? Indian Institute of Management.

Lapenu, C. & Zeller, M. (2001), Distribution, growth and performance of microfinance institutions in Africa, Asia and Latin America, International Food Policy Research Institute, Washington, D.C.

Makadok, R. (2001), Toward a synthesis of the resource-based and dynamic capability views of rent creation, Strategic Management Journal, 22(5): 387-401.

Merrilees, B., Rundle-Thiele, S. & Lye, A. (2011), Marketing capabilities: Antecedents and implications for B2B SME performance, Industrial Marketing Management, 40: 368-375.

Morgan, N.A., Vorhies, E.W. & Mittal, V. (2005), Understanding firm's customer satisfaction information age, Journal of Marketing, 69 (3): 131-151

Morgan, A.N., Slotegraaf, J.R. & Vorhies, W.D. (2009), Linking marketing capabilities with profit growth, International Journal of Research in Marketing, 26: 284-293.

Newbert, S.L. (2007), Empirical research on the resource based view of the firm: an assessment and suggestions for future research, Strategic Management Journal, 28(2): 121-146

O'Reilly, A.C. & Chatman, A.J. (1996), Culture as a social control: corporations, cults and commitment, Research in Organizational Behaviour, 18: 157-200

Ott, J.S. (1989), The organizational culture perspective, Pacific Grove, Calif: Brooks/Cole.

Peters, T.J. & Waterman, H.R. (1982), In Search of Excellence: Lessons from America's Best-run Companies, New York: Harper and Row.

Priem, R.L. & Butler, J.E. (2001), Is the resource-based view a useful perspective for strategic management research? Academy of Management Review, 26(1): 22-40.

Teece, D.J., Pisano, G. & Shuen, A. (1997), Dynamic capabilities and strategic management, Strategic Management Journal, 18(7): 509-535.

Theodosiou, M., Kehagias, J. & Katsikea, E. (2012), Strategic orientations, marketing capabilities and performance: An empirical investigation in the context of frontline managers in service organizations, Industrial Marketing Management.

Vorhies, W.D., Harker, M. & Rao, P.C. (1999), The capabilities and performance advantages of market-driven firms, European Journal of Marketing, 33(11): 1171-1202.

Vorhies, D.W. & Morgan, N.A. (2005), Benchmarking marketing capabilities for sustained competitive advantage, Journal of Marketing, 69(1): 80-94.

Winter, G.S. (2003), Understanding dynamic capabilities, Strategic Management Journal, 24(10): 991-995.

Yilmaz, C. & Ergun, E. (2008), Organizational culture and firm effectiveness: An examination of relative effects of culture traits and the balanced culture hypothesis in an emerging economy, Journal of World Business, 43: 290-306.

Zollo, M. & Winter, S.G. (2002), Deliberate learning and the evolution of dynamic capabilities, Organizational Sciences, 13: 339-351.