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## **The Moderating Effect of Information Systems Capabilities on the Relationship between Information Systems Resources and Performance of Firms in the Telecommunications Industry in Kenya**

Kenya's economy is today driven majorly by information-based service businesses where telecommunication industry is playing a critical role. A 2018 report from Communications Authority of Kenya indicated that mobile phone service providers have a combined total of 38 million subscribers with Safaricom Kenya Limited leading in subscription rate, innovative products and services. Extant literature shows that information systems (IS) resources have a direct impact on firm performance; however the influence of information systems capabilities on the relationship between IS resources and firm performance has not been fully explored. Anchored on resource-based view and contingency theories the study utilized correlational survey design. The population of the study was 408 with a sample of 202 members of staff being drawn through proportionate stratified random sampling method. The findings indicated a positive effect of IS capabilities ( $\Delta R^2 = .096$ ,  $p < 0.05$ ) on the relationship between IS resources and firm performance signifying that firms in the industry should ensure proper development of innovative IS capabilities as they significantly influence the relationship between IS resources and firm performance. The findings may be useful to industry players in gaining better understanding on various IS capabilities that they can utilize to improve and sustain their performance besides policy formulation; and by advancing a model that depicts the influence of IS capabilities on the relationship between IS resources and firm performance, this study may make a significant contribution to theory building in the field of information systems.

Key words: IS Resources, IS Capabilities, Telecommunication, Firm Performance

**Primary author:** BETT, Alfred (University of Kabianga)