Journal of
Business and Strategic
Management
(JBSM)

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Journal of Business and Strategic Management
ISSN 2520-0402 (Online)
Vol. 9, Issue No. 7, pp. 102 - 119, 2024 www.carijournals

Dynamic Capabilities and Competitive Advantage among Listed Commercial Banks in Kenya

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Accepted: 9th Oct, 2024, Received in Revised Form: 19th Oct, 2024, Published: 1st Nov, 2024

ABSTRACT

Purpose: This study sought to evaluate how dynamic capabilities affect competitive advantage among listed commercial banks, in Kenya. Specifically, the study sought to ascertain how Sensing capability, learning capability, reconfiguration capability and integration capability affects competitive advantage among listed commercial banks, in Kenya.

Methodology: This study used Cross-Sectional Research Design since the study focused on quantitative data. The study was carried out in Kenya, covering all the 39 solvent commercial banks in Kenya (Source, CBK 2020),(as of 31st March 2024.The respondents were 1404 functional managers which comprise of five (5) from Human Resource ,five (5) from information Technology ,Ten (10) from Sales and marketing ,five (5) from procurement, and five(5) from risk and compliance. The study used 10% of the target population as the study sample size hence the sample size was 140 respondents comprising of management employees. Data was collected using a self-administered structured questionnaire. The Statistical Package for Social Sciences (SPSS) version 25 software was used to analyze the data.

Findings: The study concludes that sensing capability has a significant effect on competitive advantage among listed commercial banks, in Kenya. In addition, the study concludes that learning capability has a significant effect on competitive advantage among listed commercial banks, in Kenya. Further, the study concludes that reconfiguration capability has a significant effect on competitive advantage among listed commercial banks, in Kenya. The study also concludes that integration capability has a significant effect on competitive advantage among listed commercial banks, in Kenya.

Unique Contribution to Theory, Policy and Practice: Based on the findings, the study recommends that the management of commercial banks in Kenya should implement a comprehensive knowledge management system that encourages continuous professional development and collaboration among employees. By establishing structured training programs, mentorship initiatives, and cross-departmental knowledge sharing, banks can foster a culture of innovation and adaptability.

Keywords: *Dynamic Capabilities, Competitive Advantage, Commercial Banks*

INTRODUCTION

According to recent studies, dynamic capabilities have a crucial role in determining an organization's competitive advantage, according to Baum *et al.* (2018), companies need dynamic skills in order to create and preserve a competitive advantage in the quickly changing business environment. Similarly, Ferreira *et al.* (2020) underscored that these capabilities are crucial for firms to develop a competitive advantage in highly competitive markets.

By concentrating on their innate capabilities and taking advantage of advantageous market chances, many firms gain a competitive advantage. By doing a SWOT analysis, businesses may determine their advantages and disadvantages. Maintaining market competitiveness is facilitated by this analysis, which also encourages innovation and competency growth. Certain businesses outperform their competitors because of distinctive qualities that are difficult for competitors to imitate, which enables them to outperform them in the marketplace (Bharadwaj et al., 2015).

A competitive proposition is a key element that gives firms an edge over their competition. Possessing strategic capabilities enhances a firm's market or customer value offering through its products or services, derived from its core competencies (Wanjiku, 2017). These specific core capabilities help a firm distinguish itself within the industry. As a result, these assets help the company identify its core competencies and enable it to differentiate itself with other companies in the field. Karstedt (2020) argues that organizations competiveness is hugely established by balance between its strategic adaptability and dynamism to outmaneuver rivals especially in labile market conditions.

Accenture (2020) carried a study and found that operational efficiency and effective cost management are key factors that majorly attributes to foreign -owned Banks competitiveness (Accenture, 2020) whereas banks that demonstrates adaptability to technical changes (technology)and market dynamics are better positioned for sustainable competitiveness. Mckinsey (2021) posits that with superior customer service offering, there exists enhanced reputational coverage and fostered customer loyalty like one created by Standard Chartered Bank with personalized service to clients adding to long-term competitiveness in the market.

Deloitte (2019) stated that innovation in products offering, services and delivery channels contributes greatly to Banks competiveness. Price Water coupers (2018) argued that Competitiveness is very crucial for maintaining financial stability and soundness in banking sector. A competitive environment encourages banks to operate efficiently and effectively which contributes to overall sectoral stability.

Government authorities in Malaysia and other countries view small and medium-sized enterprises (SMEs) in the manufacturing sector as crucial economic drivers because of their enormous contributions to GDP and employment creation. As a result, SMEs' performance is a major issue. In order to meet performance goals and maintain competitiveness, the focus on SMEs has been on strengthening core competencies in innovation, market identification, and labor force recruiting (Haniff and Halim, 2014). Moreover, some countries have leveraged the

IT sector by concentrating on appropriate capabilities to enhance competitive advantage. In China and South Korea, companies like Alibaba and Samsung have respectively utilized their unique capabilities to expand operations globally (Marchand and Flemming, 2020).

Zhang (2016) explored how innovation capability affects company performance in Chinese industrial firms located in Beijing, Guangdong, and Harbin City. The study investigated both regional and inter-company variations, uncovering a complex connection between innovation competence and company productivity. The results indicated that innovation and capabilities both independently and interactively impact performance. Furthermore, a variety of factors related to organizations and the environment influence the impact of innovative capacity.

According to a 2017 research by Moyo and Sibanda, African banks—including those controlled by foreign companies—need to develop dynamic capacities in order to take advantage of the possibilities that digital technologies provide and adapt to changing client needs. This point of view highlights how dynamic the banking sector is in Africa and how foreign-owned banks must constantly innovate and modify their business plans in order to remain competitive throughout the continent. A study carried in Zimbabwe by Ncube and Brixiova (2015) stated that putting money into the development of human capital and encouraging a tradition of ongoing education and information sharing are vital for foreign-owned banks to cultivate dynamic capabilities and enhance their competitive positioning in African markets.

Research carried in Nigeria by Alemu and Tadesse (2018) posits that foreign-owned banks in Africa can leverage strategic alliances with local financial institutions, government bodies, and technology partners to tap into local expertise, resources, and market insights. By forging collaborative partnerships, foreign-owned banks can bolster their market presence, broaden their customer base, and attain competitive advantages within African markets. This perspective underscores the necessity dynamics and establishing strategic networks to fortify dynamic capabilities and stimulate competitiveness within the African banking sector.

Kenyan scholars provide valuable insights into the local perspective of dynamic capabilities within foreign-owned banks in Kenya, shedding light on the specific challenges and opportunities in the banking sector. Njoroge and Ngugi (2016) stress the significance of comprehending the local regulatory framework and cultural intricacies in shaping the dynamic capabilities of foreign-owned banks in Kenya. They argue that these contextual factors profoundly affect banks' capacity to innovate, adjust, and react to market fluctuations, underscoring the necessity for foreign-owned banks to tailor their dynamic capabilities to the Kenyan context to enhance competitiveness and sustainability.

Kiiru et al. (2018) discuss the role of technology and digital innovation in driving dynamic capabilities among foreign-owned banks in Kenya. Their research underscores how digitalization revolutionizes banking operations and customer engagement strategies, asserting that foreign-owned banks must utilize technological advancements to cultivate dynamic capabilities like agility and responsiveness to customer demands. Embracing digital innovation enables these banks to bolster their competitive edge and relevance within Kenya's rapidly evolving banking landscape.

Mwangi and Wanjau's (2017) research offers a unique local viewpoint on the role that organizational culture and leadership play in fostering dynamic capacities in foreign-owned banks operating in Kenya. They emphasize how crucial it is to have a supportive corporate culture and visionary leadership in order to promote learning, innovation, and strategic adaptation. As per their research, international banks who possess strong leadership and foster experimentation and cooperation are more advantageously positioned to create and utilize dynamic capabilities, hence attaining a competitive edge in the Kenyan market.

According to the CBK's 2020 report, commercial banks' asset quality dropped from 37.6% in 2017 to 34.5% in 2018, while their liquidity increased to 43.7% and their capital adequacy remained reasonably consistent at 18.8%, which is somewhat more than the required 14.5%. These factors, along with external influences, resulted in a 9.6% decrease in profit before tax for the banking sector. According to Baum et al. (2018), in the quickly changing business environment, organizations need to possess dynamic skills in order to build and sustain their competitiveness. Similarly, Ferreira et al. (2020) argue that in highly competitive marketplaces, organizations must possess dynamic skills in order to gain a competitive edge. Owing to the above issues the researcher would like to Analyze the impact of commercial banks' competitive advantage and dynamic capacities in Kenya.

Objective of the study

General Objective

This study's main goal is to evaluate how dynamic capabilities affect competitive advantage among listed commercial banks, in Kenya.

Specific Objectives

i. To ascertain how Sensing capability affects competitive advantage among listed commercial banks, in Kenya
ii. To investigate how learning capability affects competitive advantage among listed commercial banks, in Kenya.
iii. To investigate how reconfiguration capability affects competitive advantage among listed commercial banks, in Kenya
iv. Determining how integration capability affects competitive advantage among listed commercial banks, in Kenya

LITERATURE REVIEW

Theoretical review

As defined by Thomas (2019), a theoretical review encompasses a collection of principles designed to explain phenomena that have undergone extensive testing and have gained widespread acceptance. These principles are also applicable in predicting natural events. This study is informed by several key theories, including Resource-Based Theory, Cognitive Theory, Dynamic Capability Theory, and Organization Integration Theory.

Resource based theory (RBT)

RBT was founded by Penrose in 1959. Penrose (1959) argues that the effective exploitation of internal resources by firms relies on managerial capabilities and the capacity of an organization to recognize and seize opportunities. The theory provides a strategic framework for understanding how organizations can utilize their internal resources to establish sustainable competitive advantages. This theory combines resource acquisition and competitiveness. According to Petruzis (2018) this theory seeks to determine how a firm can leverage their resource endowment focusing on gaining competitive advantage. The theory relates to resource acquisition in that, if these organizations acquires the enough resources, they will remain competitive within the market.

Cognitive theory

Cognitive theory was founded by Jean piaget in 1930s. It offers a perspective through which the mental processes of individuals within organizations can be understood, shaping their behavior and decision-making and ultimately influencing organizational capabilities and competitiveness. Knudsen (2003), individuals' mental models, shaped by past experiences and learning, inform their interpretation of information and their problem-solving approaches. With relevant learning in organization, its connected to the learning variable and skills acquired by employees through learning process.

Dynamic capability theory

Founded in 1997 by David Teece 1997, this theory argues that dynamic capabilities denote an organization's adeptness at integrating, constructing, and modifying resources inside and outside the company in order to react to changes in the business environment (Teece, 2007). This facilitate organizations competencies which should be used to create short-term competencies.

Organization integration theory

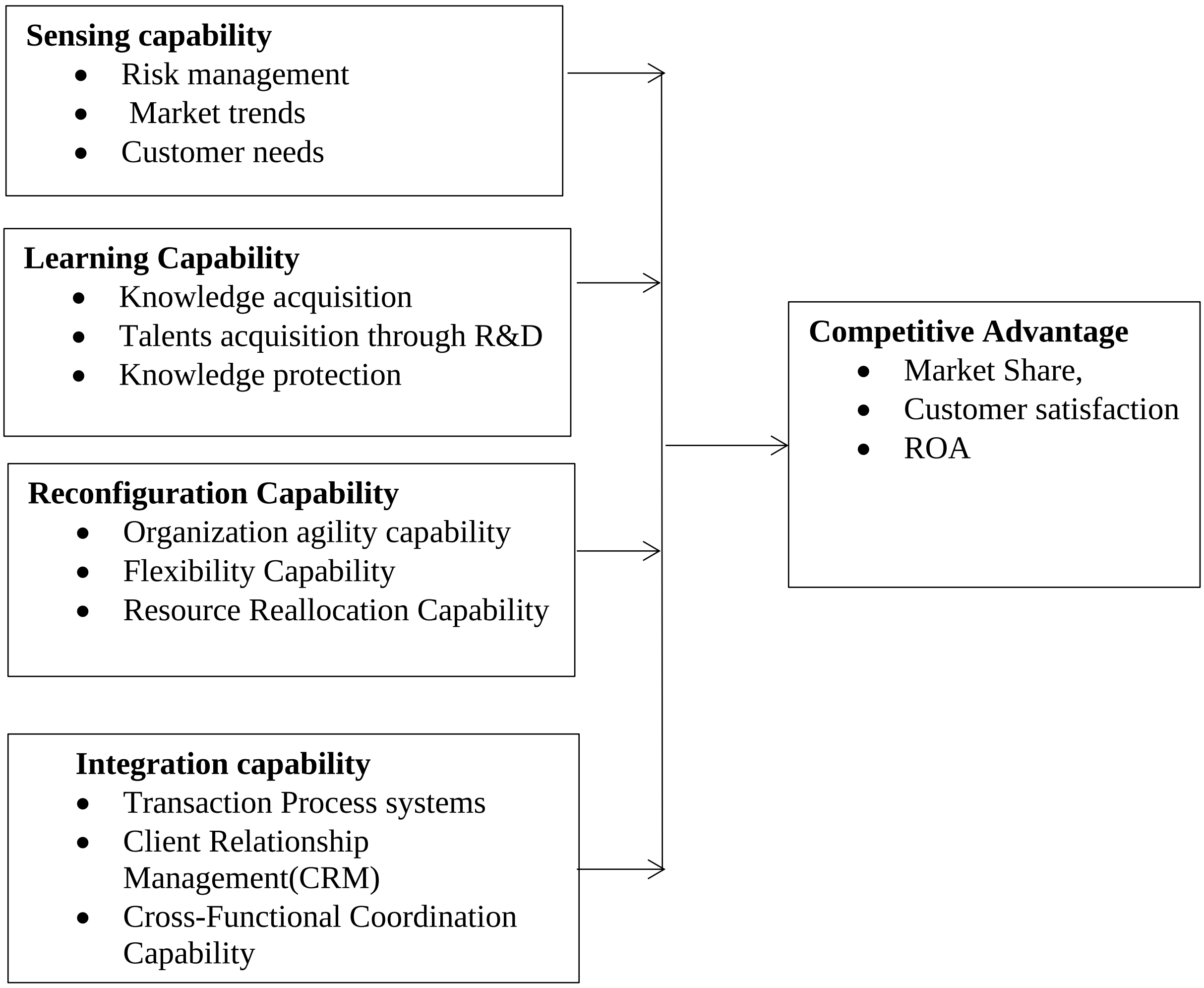
Founded in 1967 by Lawrence and Lorsch, this theory provides valuable insights into how companies can integrate various components within their organizational structure to enhance competitiveness and achieve strategic goals. This theory relates integration capability, which allows firms to amalgamate disparate systems and processes, such as customer relationship management platforms, transaction processing systems, and risk management frameworks, to provide comprehensive and cohesive service offering hence competitiveness. In a learning organization, the integration of fresh ideas and information is accomplished by consistently monitoring external environments, discovering new talents among employees, consulting experts when necessary, and provide enough resources for staff development and training (Kinicki & Kreitner, 2009).

Journal of Business and Strategic Management

ISSN 2520-0402 (Online)

Vol. 9, Issue No. 7, pp. 102 - 119, 2024

Conceptual Framework



Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

Summary of Empirical Literature Review

In summary, the empirical literature review underscores the strategic significance of resource acquisition capability for commercial banks operating in Kenya. Drawing upon insights from scholars such as Ketchen et al. (2007) and Teece (2007), the review highlights the multifaceted nature of resource acquisition strategies, including strategic alliances, partnerships, and dynamic capabilities.

The empirical literature review emphasizes the pivotal role of learning capability in driving organizational success, particularly for commercial banks in Kenya. By synthesizing findings from various scholars, including Choo and Bontis (2002) and Teece (2007), the review underscores the strategic importance of fostering a culture of continuous learning and leveraging insights from dynamic capabilities theory. Through effective learning processes, commercial banks can strengthen their competitiveness, adaptability, and long-term sustainability in Kenya's dynamic banking landscape.

The various authors reviewed believe that integration emphasizes the interconnectedness of different elements. It involves unifying or developing various components, systems, or entities uniformly and cohesively. It entails bringing together diverse parts or processes to create synergy, simplify operations, and achieve seamless collaboration. Key features of integration capabilities include system integration, process integration, data integration, interorganizational integration, and cross-functional integration (Sawsan Alshaer, 2024).

In a nutshell, sustainable Resource Acquisition (RA) can lead to the prolonged survival of SMEs. Within this study, RA refers to a company's capacity to procure both tangible and intangible resources. Structural flexibility is the managerial skill or capacity required to adjust a company's strategy in reaction to changes in the external business environment. The leadership of an organization can modify personnel roles, responsibilities, and processes for work to adapt to changing demands when it has structural flexibility. Furthermore, decision-making processes are adjusted to allow for the application and input of relevant data from all employees and team members, enhancing the ground-up communication and reducing from above information transmission (Radwan Traboulsy, 2023).

Furthermore, Sensing capability involves gathering pertinent market information (Teece, 2017). Businesses must evaluate their working environment, identify client preferences, and take employee recommendations into consideration. Businesses can better understand client orientation and market trends to determine wants and wishes of their customers. It is especially important for businesses that focus on providing services to identify changes in consumer preferences. Managers and staff that interact with customers and consumers need to be equipped with the skills, knowledge, and experience necessary to recognize opportunities and respond appropriately (Dicky Hida, 2019).

Regarding service innovation, sensing capability involves the ability to identify chances for new service development or the need for adjustments to current operations (Zitkiene et al., 2015). According to Pavlou and El Sawy (2011), sensing skills include the creation, sharing, and response to market intelligence. Teece (2017) goes on to assert that sensing capability has a big impact on how innovatively goods and services are offered in the market (Kodama, 2018).

RESEARCH METHODOLOGY

This study used Cross-Sectional Research Design since the study focused on quantitative data. The study was carried out in Kenya, covering all the 39 solvent commercial banks in Kenya (Source, CBK 2020),(as of 31st March 2024.The respondents were 1404 functional managers which comprise of five (5) from Human Resource ,five (5) from information Technology ,Ten (10) from Sales and marketing ,five (5) from procurement, and five(5) from risk and compliance. This study's sample frame consisted of a list of the senior departmental managers of all the listed commercial banks in Kenya. The study adopted the census data collection method from the headquarters of the 39 solvent commercial banks in Kenya. The study used 10% of the target population as the study sample size hence the sample size was 140 respondents comprising of management employees. Data was collected by use of structured questionnaires.

RESULTS

Descriptive statistics

Sensing Capability and Competitive Advantage

The first specific objective was to ascertain how sensing capability affects competitive advantage among listed commercial banks, in Kenya.

From the results, the respondents agreed that their bank regularly assesses potential risks in the financial market (M=3.953, SD=0.875). In addition, the respondents agreed that the bank promptly responds to identified risks (M=3.845, SD=0.795). Further, the respondents agreed that the risk management team is proactive in managing financial risks (M=3.785, SD=0.565). The respondents also agreed that the bank regularly monitors market trends to stay competitive (M=3.770, SD=0.611).

From the results, the respondents agreed that they have systems in place to analyze data on market trends (M=3.762, SD=0.894). In addition, the respondents agreed that the bank regularly gathers feedback from customers to understand their needs (M=3.663, SD=0.797). Further, the respondents agreed that the bank's products and services are designed to meet the specific needs of their customers (M=3.657, SD=0.756).

Table 1: Sensing Capability and Competitive Advantage

	Mean	Std. Deviation
Our bank regularly assesses potential risks in the financial market.	3.953	0.875
The bank promptly responds to identified risks.	3.845	0.795
The risk management team is proactive in managing financial risks.	3.785	0.565
The bank regularly monitors market trends to stay competitive.	3.770	0.611
We have systems in place to analyze data on market trends.	3.762	0.894
The bank regularly gathers feedback from customers to understand their needs.	3.663	0.797
The bank's products and services are designed to meet the specific needs of our customers.	3.657	0.756
Aggregate	**3.776**	**0.756**

Learning Capability and Competitive Advantage

From the results, the respondents agreed that the bank regularly conducts training programs to enhance employee skills (M=3.929, SD=0.819). In addition, the respondents agreed that the bank encourages employees to pursue further education and certifications (M=3.902, SD=0.785) Further, the respondents agreed that the Bank has access to a vast amount of industry-related information and resources (M=3.840, SD0.861). The respondents also agreed that the bank invests in research and development to attract top talent (M=3.834, SD=0.783).

From the results, the respondents agreed that the Bank collaborate with universities and research institutions to acquire new talent (M=3.788, SD=0.866). Further, the respondents agreed that the bank has a structured process for integrating new talent from R&D initiatives (M=3.772, SD=0.753). In addition, the respondents agreed that the bank has robust policies to protect intellectual property and proprietary knowledge (M=3.719, SD=0.571). The respondents also agreed that the regularly conduct training on knowledge protection and data security (M=3.687, SD=0.888).

Table 2: Learning Capability and Competitive Advantage

	Mean	**Std. Deviation**
The bank regularly conducts training programs to enhance employee skills.	3.929	0.819
The bank encourages employees to pursue further education and certifications.	3.902	0.785
The Bank has access to a vast amount of industry-related information and resources.	3.840	0.861
The bank invests in research and development to attract top talent.	3.834	0.783
The Bank collaborate with universities and research institutions to acquire new talent.	3.788	0.866
The has a structured process for integrating new talent from R&D initiatives.	3.772	0.753
The bank has robust policies to protect intellectual property and proprietary knowledge.	3.719	0.571
The regularly conduct training on knowledge protection and data security.	3.687	0.888
Aggregate	**3.809**	**0.791**

Reconfiguration Capability and Competitive Advantage

From the results, the respondents agreed that the bank can quickly adapt to changes in the financial market (M=3.952, SD=0.821). In addition, the respondents agreed that the bank regularly update their strategies to respond to market dynamics (M=3.905, SD=0.854). Further, the respondents agreed that the bank has the ability to quickly implement new technologies and processes (M=3.873, SD=0.761). The respondents also agreed that the bank can easily shift resources to address changing priorities (M=3.820, SD=0.756). In addition, the respondents agreed that the bank can quickly modify their products and services to meet customer needs (M=3.798, SD=0.886).

From the results, the respondents agreed that their organizational structure supports flexibility in operations (M=3.783, SD=0.676). In addition, the respondents agreed that the bank can quickly reallocate financial resources to high-priority areas (M=3.773, SD=0.542). Further, the respondents agreed that their bank effectively reallocates human resources to optimize performance (M=3.732, SD=0.765). The respondents also agreed that the bank has a process in place for reallocating technological resources as needed (M=3.699, SD=0.987).

Table 3: Reconfiguration Capability and Competitive Advantage

	Mean	Std. Deviation
The bank can quickly adapt to changes in the financial market.	3.952	0.821
The bank regularly update our strategies to respond to market dynamics.	3.905	0.854
The bank has the ability to quickly implement new technologies and processes.	3.873	0.761
The bank can easily shift resources to address changing priorities.	3.820	0.756
The bank can quickly modify our products and services to meet customer needs.	3.798	0.886
Our organizational structure supports flexibility in operations.	3.783	0.676
The bank can quickly reallocate financial resources to high-priority areas.	3.773	0.542
Our bank effectively reallocates human resources to optimize performance.	3.732	0.765
The bank has a process in place for reallocating technological resources as needed.	3.699	0.987
Aggregate	**3.815**	**0.783**

Integration Capability and Competitive Advantage

From the results, the respondents agreed that the bank seamlessly integrates new technologies to enhance agility (M=3.928, SD=0.886). In addition, the respondents agreed that the bank's integrated systems enhance their ability to respond swiftly to challenges (M=3.911, SD=0.889). Further, the respondents agreed that the CRM system integrates customer data across all touchpoints (M=3.831, SD=0.779). The respondents also agreed that the CRM system effectively integrates customer feedback for service improvement (M=3.816, SD=0.674).

The respondents agreed that their transaction process systems are well-integrated with other banking operations (M=3.801, SD=0.787). Further, the respondents agreed that the bank has a seamless integration of transaction processing systems to enhance efficiency (M=3.781, SD=0.577). In addition, the respondents agreed that the bank effectively integrates functions across different departments (M=3.674, SD=0.776). The respondents also agreed that the bank has a system in place to ensure smooth coordination between departments (M=3.651, SD=0.875).

Table 4: Integration Capability and Competitive Advantage

	Mean	Std. Deviation
The bank seamlessly integrates new technologies to enhance agility.	3.928	0.886
The bank's integrated systems enhance our ability to respond swiftly to challenges.	3.911	0.889
The CRM system integrates customer data across all touchpoints.	3.831	0.779
The CRM system effectively integrates customer feedback for service improvement.	3.816	0.674
Our transaction process systems are well-integrated with other banking operations.	3.801	0.787
The bank has a seamless integration of transaction processing systems to enhance efficiency.	3.781	0.577
The bank effectively integrates functions across different departments.	3.674	0.776
The bank has a systems in place to ensure smooth coordination between departments.	3.651	0.875
Aggregate	**3.799**	**0.780**

Competitiveness of Foreign-Owned Banks in Kenya

In this study, Competitiveness of Foreign-Owned Banks in Kenya was measured through growth in customers, growth in revenues/profits, growth in market share and bank's return on assets (ROA). Secondary data was collected for a period of 5 years between 2019 and 2023. The study results were as shown below.

Growth in Customers

From the result, in the year 2019, growth in customers increased by 18% before increasing to 19% and 21% in 2020 and 2021 respectively. In the year 2022, growth in customers increased to 22% and 24% in the year 2023.

Journal of Business and Strategic Management

ISSN 2520-0402 (Online)

Vol. 9, Issue No. 7, pp. 102 - 119, 2024

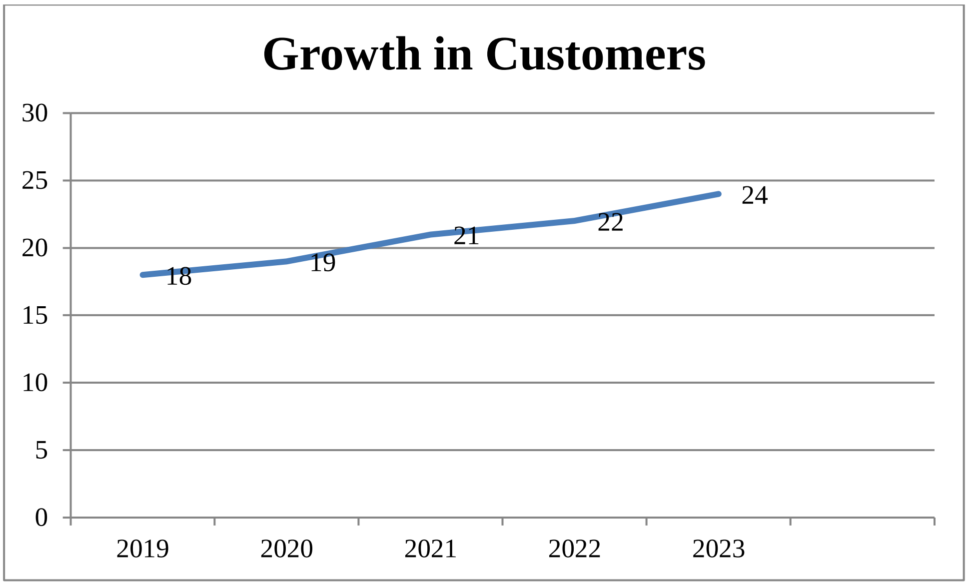


Figure 2: Growth in Customers

Growth in Revenues/Profits

Figure 3 show the results of Growth in Revenues/Profits. From the result, in the year 2019, Growth in Revenues/Profits increased by 11% before increasing to 13% and 14% in 2020 and 2021 respectively. In the year 2022, growth in revenues/profits increased to 16% and 18% in the year 2023.

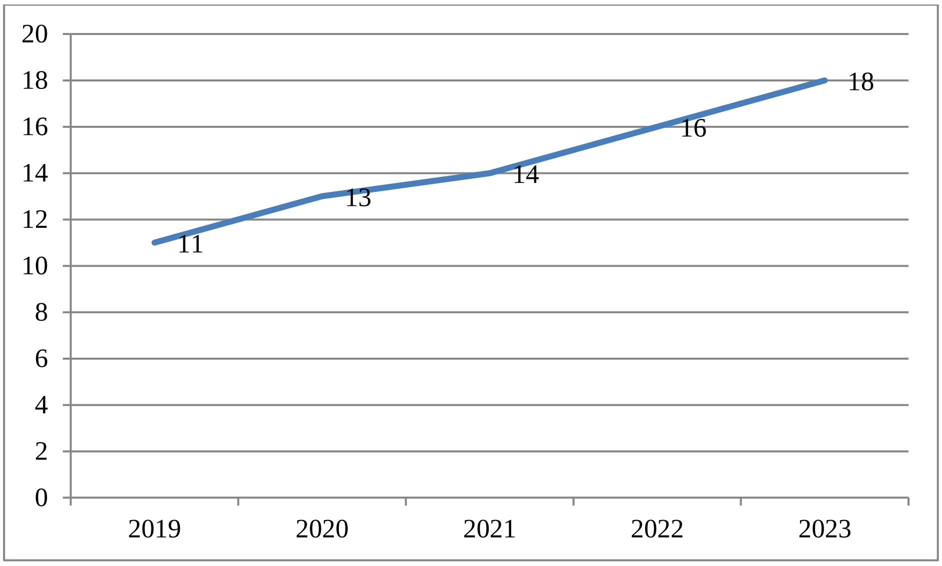


Figure 3: Growth in Revenues/Profits

Growth in Market Share

Figure 4 show the results of growth in market share. From the result, in the year 2019, growth in market share increased by 12% before increasing to 13% and 15% in 2020 and 2021 respectively. In the year 2022, growth in market share increased to 16% and 18% in the year 2023.

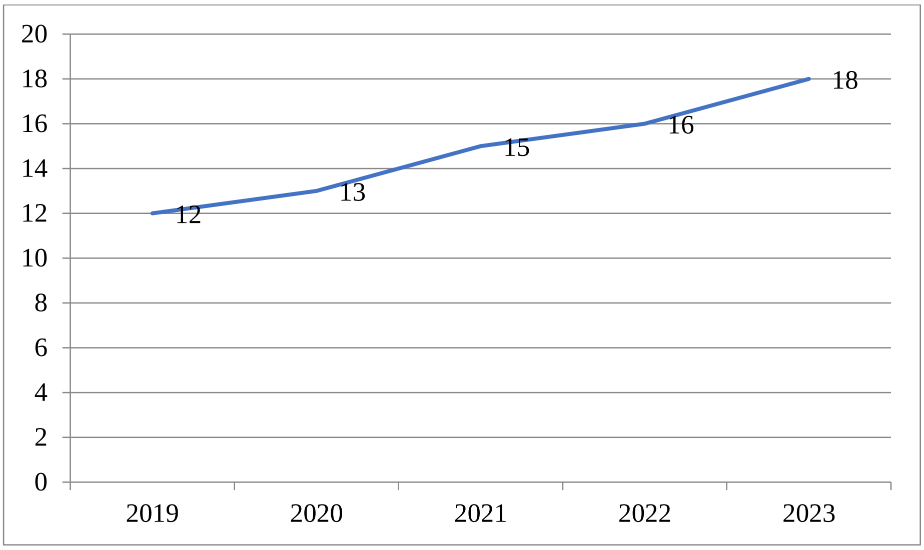


Figure 4: Growth in Market Share

Bank's Return on Assets (ROA)

Figure 5 show the results of bank's return on assets (ROA). From the result, in the year 2019, bank's return on assets (ROA) increased by 13% before increasing to 14% and 16% in 2020 and 2021 respectively. In the year 2022, bank's return on assets (ROA) increased to 17% and 19% in the year 2023.

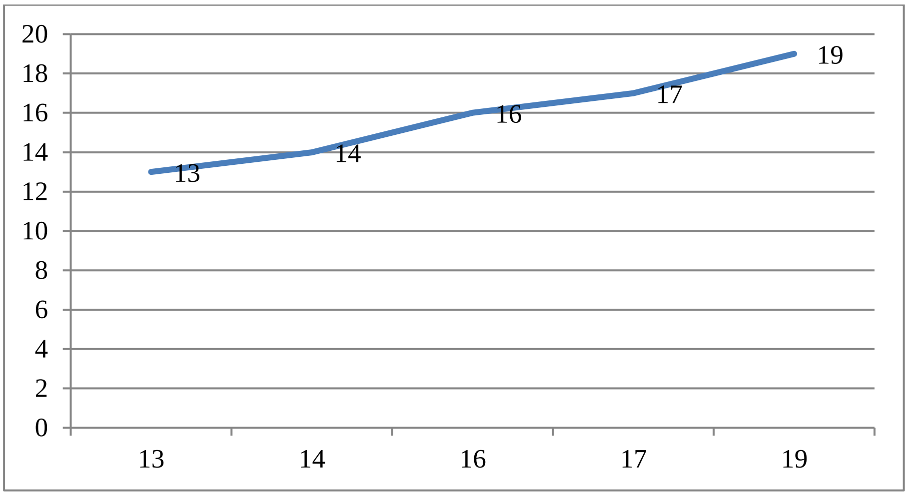


Figure 5: Bank's Return on Assets (ROA)

Inferential Statistics

Correlation Analysis

Journal of Business and Strategic Management

ISSN 2520-0402 (Online)

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Table 5: Correlation Coefficients

		Competitive Advantage	Sensing Capability	Learning Capability	Reconfiguration Capability	Integration Capability
Competitive Advantage	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	120				
Sensing Capability	Pearson Correlation	.857**	1			
	Sig. (2-tailed)	.001				
	N	120	120			
Learning Capability	Pearson Correlation	.886**	.189	1		
	Sig. (2-tailed)	.000	.561			
	N	120	120	120		
Reconfiguration Capability	Pearson Correlation	.811**	.072	.293	1	
	Sig. (2-tailed)	.003	.129	.061		
	N	120	120	120	120	
Integration Capability	Pearson Correlation	.856**	.248	.009	.098	1
	Sig. (2-tailed)	.002	.458	.133	.146	
	N	120	120	120	120	120

**. Correlation is significant at the 0.01 level (2-tailed).

From the results, there was a very strong relationship between sensing capability and competitive advantage among listed commercial banks, in Kenya (r = 0.857, p value =0.001). The relationship was significant since the p value 0.001 was less than 0.05 (significant level). The findings are in line with the findings of Saurav Kumar (2024) who indicated that there is a very strong relationship between sensing capability and competitive advantage.

Moreover, the results revealed that there is a very strong relationship between learning capability and competitive advantage among listed commercial banks, in Kenya (r = 0.886, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings conform to the findings of Nyaronga and Munene's (2019) that there is a very strong relationship between learning capability and competitive advantage.

Further, the results revealed that there is a very strong relationship between reconfiguration capability and competitive advantage among listed commercial banks, in Kenya (r = 0.811, p value =0.003). The relationship was significant since the p value 0.003 was less than 0.05

(significant level). The findings are in line with the findings of Sawsan (2024) that there is a very strong relationship between reconfiguration capability and competitive advantage.

The results also revealed that there was a very strong relationship between integration capability and competitive advantage among listed commercial banks, in Kenya (r = 0.856, p value =0.002). The relationship was significant since the p value 0.002 was less than 0.05 (significant level). The findings are in line with the results of Mohamed Mansouri (2022) who revealed that there is a very strong relationship between integration capability and competitive advantage.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (sensing capability, learning capability, reconfiguration capability and integration capability) and the dependent variable (competitive advantage among listed commercial banks, in Kenya).

Table 6: Model Summary

Model	R	R Square	Adjusted R Square
1	.871	.759	.760

a. Predictors: (Constant), sensing capability, learning capability, reconfiguration capability and integration capability

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.759. This implied that 75.9% of the variation in the dependent variable (competitive advantage among listed commercial banks, in Kenya) could be explained by independent variables (sensing capability, learning capability, reconfiguration capability and integration capability).

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	141.081	4	35.270	559.84	.000[b]
1	Residual	7.234	115	.063		
	Total	148.315	119			

a. Dependent Variable: competitive advantage among listed commercial banks, in Kenya

b. Predictors: (Constant), sensing capability, learning capability, reconfiguration capability and integration capability

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 559.84 while the F critical was 2.451. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of sensing capability, learning capability, reconfiguration capability and integration capability on competitive advantage among listed commercial banks, in Kenya.

Table 8: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.226	0.058		3.896	0.000
	sensing capability	0.315	0.084	0.316	3.750	0.002
	learning capability	0.339	0.086	0.338	3.942	0.000
	reconfiguration capability	0.342	0.093	0.343	3.677	0.003
	integration capability	0.360	0.094	0.359	3.830	0.001

a Dependent Variable: competitive advantage among listed commercial banks, in Kenya

The regression model was as follows:

$$\mathbf{Y = 0.226 + 0.315X_1 + 0.339X_2 + 0.342X_3 + 0.360X_4}$$

According to the results, sensing capability has a significant effect on competitive advantage among listed commercial banks, in Kenya, β_1=0.315, p value= 0.002). The relationship was considered significant since the p value 0.002 was less than the significant level of 0.05. The findings are in line with the findings of Saurav Kumar (2024) who indicated that there is a very strong relationship between sensing capability and competitive advantage.

The results also revealed that learning capability has significant effect on competitive advantage among listed commercial banks, in Kenya, β1=0.339, p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. The findings conform to the findings of Nyaronga and Munene's (2019) that there is a very strong relationship between learning capability and competitive advantage.

Furthermore, the results revealed that reconfiguration capability has significant effect on competitive advantage among listed commercial banks, in Kenya, β1=0.342, p value= 0.003). The relationship was considered significant since the p value 0.003 was less than the significant level of 0.05. The findings are in line with the findings of Sawsan (2024) that there is a very strong relationship between reconfiguration capability and competitive advantage.

In addition, the results revealed that integration capability has significant effect on competitive advantage among listed commercial banks, in Kenya, $\beta 1=0.360$, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the results of Mohamed Mansouri (2022) who revealed that there is a very strong relationship between integration capability and competitive advantage.

CONCLUSIONS

The study concludes that sensing capability has a significant effect on competitive advantage among listed commercial banks, in Kenya. The study findings revealed that risk management, market trends and customer needs influences competitive advantage among listed commercial banks, in Kenya.

In addition, the study concludes that learning capability has a significant effect on competitive advantage among listed commercial banks, in Kenya. The study findings revealed that knowledge acquisition, talents acquisition through R&D and knowledge protection influences competitive advantage among listed commercial banks, in Kenya.

Further, the study concludes that reconfiguration capability has a significant effect on competitive advantage among listed commercial banks, in Kenya. The study findings revealed that organization agility capability, flexibility capability and resource reallocation capability influences competitive advantage among listed commercial banks, in Kenya.

The study also concludes that integration capability has a significant effect on competitive advantage among listed commercial banks, in Kenya. The study findings revealed that organization agility capability, client relationship management (CRM) and cross-functional coordination capability influences competitive advantage among listed commercial banks, in Kenya.

RECOMMENDATIONS

The study recommends that the management of commercial banks in Kenya should develop comprehensive partnerships with fintech companies and other technology providers. By leveraging these collaborations, banks can integrate innovative solutions into their existing systems, improving service delivery and customer experience.

The study also recommends that the management of commercial banks in Kenya should invest in advanced data analytics and artificial intelligence (AI) tools. By leveraging these technologies, banks can improve their ability to gather and analyze vast amounts of market data, customer behaviors, and emerging trends.

In addition, the study recommends that the management of commercial banks in Kenya should implement a comprehensive knowledge management system that encourages continuous professional development and collaboration among employees.

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