

INFLUENCE OF DYNAMIC CAPABILITIES ON SUSTAINABLE COMPETITIVE ADVANTAGE OF KENYAN COMMERCIAL BANKS

Robert Kimanzi Muinde¹, Jared Deya²

^{*1} Masters Candidate, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Nairobi, Kenya

^{*2} Lecturer, Jomo Kenyatta University of Agriculture & Technology [JKUAT], Nairobi, Kenya

DOI: <https://doi.org/10.5281/zenodo.6580808>

Published Date: 25-May-2022

Abstract: The chief intent of this study was to decide the bearing of dynamic capabilities on the sustainable competitive advantage of Kenyan commercial banks. The precise intents of the analysis were to institute the inspiration of resource integration on the sustainable competitive advantage of commercial banks in Kenya, To examine the influence of competence building on the sustainable competitive advantage of commercial banks in Kenya, To find out how resource configuration influence sustainable competitive advantage of commercial banks in Kenya and to assess the influence of resource deployment on the sustainable competitive advantage of commercial banks in Kenya. This inquiry embraced a descriptive research design. The focus populace was all the 42 listed commercial banks, where three representatives from each bank were selected, each from the corporate, retail, and marketing, giving a target of 126. A sample of 95 was selected with the aid of the Krejcie and Morgan formula. The inquiry used both first-hand and secondary data. The use of questionnaires collected primary data. Secondary data was assembled with the help of a secondary data assembling form. The interviewees were given two weeks to fill out the questionnaires, and then they were collected for cleaning, coding, and analysis. The collected data was scrutinized with the aid of SPSS software version 28. Data were scrutinized for descriptive and inferential statistics. Data results were offered in the form of bar graphs and tables. Data results found out that Resource integration, Resource configuration, and Resource Deployment significantly and positively affect the sustainable economic benefits of commercial banks in Kenya. In addition, Competence building significantly and positively affects the sustainable economic benefits of commercial banks in Kenya. The exploration suggests that commercial banks embrace resource integration, resource configuration, Resource deployment, and competence building in their operations to increase their economic benefits in the market.

Keywords: Resource Integration, Competence Building, Resource Configuration, Resource Deployment, Sustainable Competitive Advantage.

1. INTRODUCTION

Dynamic capabilities, which are sustained by administrative procedures and procedures and administrative abilities, are described as the capability of an organization to assimilate, shape, and redesign internal capacities to address or, in some cases, bring about modifications in the business environment (Teece, 2018). The strength of an organization's dynamic capabilities helps outline its commercial model strategy expertise (Teece, 2018). Dynamic capabilities are aimed at producing a given outcome in an organization. These capabilities are unique to each organization, and therefore they are mostly rooted in the organization's culture. According to Ofoegbu and Onuoha (2018), an organization's achievement of competitive advantage is determined by the dynamic capability strategies to match key accomplishment features for

operating in its market and surpassing its rivals. It should be noted that all organizations possess competencies that are unique to themselves and enable them to provide quality value to their customers, unique services from their rivals, and provision of goods and services that are not easy to copy (Gicheru & Kariuki, 2019).

Statement of the Problem

The Kenyan banking sector realized a development in the period ending 31st Dec 2018, compared to the quarter ending September 30th, 2018, with a statement of financial position growth from Kshs 4.4 trillion to 4.5trillion in December 2018 (CBK, 2018). A general increase in gross loans advanced by 1.18 per cent from Kshs 2.53 trillion in September 2018 to ksh2.58trillion in December 2018. This growth was brought about by the increase in loan needs in the transport and communication sectors, tourism, and mining (CBK, 2018). In the income of commercial banks, there was also a reduction in profit before tax of 4.76% from Kshs 37.1 billion in the quarter ending December 2018 from Kshs 39 billion in the quarter ending September 2018 (CBK, 2018). The reduction in profits before tax was credited to an increase in total assets. This report also shows that the commercial banks in Kenya have faced problems due to the regulatory requirement, which led to an increase in credit arrears from Kshs 5.5 billion in 2016 to Kshs 8.8 billion in 2018. In five years, three commercial banks collapsed: Chase Bank, Dubai Bank, and Imperial Bank. Commercial banks in Kenya need to reconsider how to gain a competitive advantage in the financial sector by embracing dynamic capabilities in their banks to gain the upper hand in terms of competition. Commercial banks need to embrace dynamic capabilities in their operations (Gicheru & Kariuki, 2019).

Many studies have been undertaken in regards to dynamic capabilities in various sectors. Gicheru and Kariuki's (2019) study looked at dynamic capabilities focused on commercial banks in Kenya, but the focus goals were different. The study by Hassan (2016) looked at dynamic capabilities focused on the dairy industry in Kenya. The study by Choge, Namusonge, Makokha, & Musau (2018) focused on enterprises' abilities on organizational economic benefits in the banking sector. These studies have not reviewed the Dynamic Capabilities on Sustainable competitive advantage of commercial banks in Kenya. This research reviewed the Sustainable economic benefits of commercial banks in Kenya concerning dynamic capabilities which respective commercial banks have applied. Therefore, this research wants to seal the gap in the literature that preceding studies did not address by determining the influence of dynamic capabilities on the Sustainable competitive advantage of commercial banks in Kenya.

Objectives of the Study

The general objective of the study was to determine influence of dynamic capabilities on the sustainable competitive advantage of Kenyan commercial banks in Kenya. While the specific objectives were: To establish the influence of resource integration on sustainable competitive advantage in commercial banks in Kenya, to examine the influence of competence building on sustainable competitive advantage in commercial banks in Kenya, to find out how resource configurations influence the sustainable competitive advantage of commercial banks in Kenya, to assess the influence of resource deployment on the sustainable competitive advantage of commercial banks in Kenya.

2. LITERATURE REVIEW

Theoretical Review

Resource-Based View Theory

Commonly abbreviated as RBV theory, this theory owes its origin to the works of Barney (1991). RBV idealizes that in as much as a firm has resources, not all can be sources of sustainable competitive advantage, especially where such resources can result in capabilities and competencies. Thus, the ownership of specific strategic and valuable resources yields competitiveness by firms (Ketchen, Barney, & Wright, 2011). RBV focuses on internal assets ownership and proprietary technologies, categorized as tangible and intangible resources. RBV is based on two fundamental assumptions. Foremost, it is assumed that firms have different internal environments, meaning they can channel efforts towards some desired ends such as product superiority and high brand awareness, and cost leadership (Mackey & Barney, 2016). These internal aspects have to do with managerial competencies, employee skills, organizational structure, and physical assets ownership (Pan, Pan, & Lim, 2015). Having these various valuable resources, firms can align themselves, positively impacting competitive advantage.

Secondly, RBV idealizes that critical resource that firms own should be immobile if they are considered sources of competitive advantage. Put differently, these resources need to be specific from one firm to another, and they should not be transferable, and even when competitors try to imitate it is hard to do so (Mackey & Barney, 2016). These resources are critical values for entities. Thus, in RBV, competitive advantage is about a mix of resources. While RBT seems like a working theory, it has not gone without many criticisms. For instance, idealizing dealing with internal capabilities without considering externalities is inarguably not plausible (Kaufam, 2015). This is because; the external environment in equal measure tends to influence the wellness of entities. Similarly, RBV does not explicitly define a resource mix and what portions of various resources are expected to be put in the portfolio. Otherwise stated, RBV is not prescriptive as it does not provide specifics (Kellermans, Walter, Crook, Kemmerer, & Narayanan, 2016).

Considering the contribution of RBV in managerial practice, especially in strategy formulation concerning attaining competitive advantages, the theory has immense benefits and therefore is of relevance to this study. As RBV idealizes resources mix through various positioning to yield competitive advantage, this study examined the role of resources integration, capacity building, and resource deployment on sustainable competitive advantage. Commercial lenders largely deal with the provision of similar financial services. Therefore, the only difference can be obtained through product, service, quality of customer service, and customization. The core concept of RBV has a resource mix that effectively leads to the formation of positioning to occasion competitive advantage.

Dynamic Capability Theory

As found by Teece, Pisano, and Shuen (1997), the basic proposition of this theory is that firms need to have a resource base that can be utilized to steer them amidst challenging environments. Dynamic capability points out that firms need to consider the environment and build a robust mix of resources to ensure maximum benefits from their resources. Firms need to create a dynamic asset base regarding physical or human resources (Jerker & Powell, 2016). For this reason, firms can enhance the capabilities of assets by improving them, for instance, by adopting new and advanced production processes. The key to this theory is that firms need to ensure that their reaction to changing environmental conditions is dealt with such efficiency that does not compromise the on-going concern of firms and on time. Dynamic capabilities idealize that to create long-term competitive advantages; the best method is to focus on short-term competitive goals, resulting in long-arm successful targets (Dangelico, Pujari, & Pontrandolfo, 2017). This theory is crucial because it deduces what can result in competitive advantages and ensure survival and growth, albeit firms operating in a mutating business environment.

Through the establishment of strategies, firms can realize competitiveness. However, strategies need to be changed periodically in line with the environmental conditions (Teece, Pisano, & Shuen, 1997). Thus, the business environment determines capabilities because of this theory. Therefore, dynamic capabilities are obtained through critical transformations of the existing assets to meet the requirements of firms in reaction to changing environments. Two forms of capabilities have been identified by this theory depending on the need of the firms. Those resources utilized daily entail what is known as zero-order capabilities.

In contrast, high-order dynamic capabilities are resources needed to largely change the resource structure of a given firm (Qaiyum & Wang, 2018). Nevertheless, these capabilities are useful in the long run as short-term competitive advantage goals steer firms forward. Another instrumental view of this theory is based on co-specialization, which advocates for overtime integration of various resources to result in a perfect dynamic capability. Thus the confluence of various resource capabilities becomes a great source of dynamic capabilities that builds sustainable competitive advantages rather than single resources (Lara, Charbel, Ana, & Kannan, 2017).

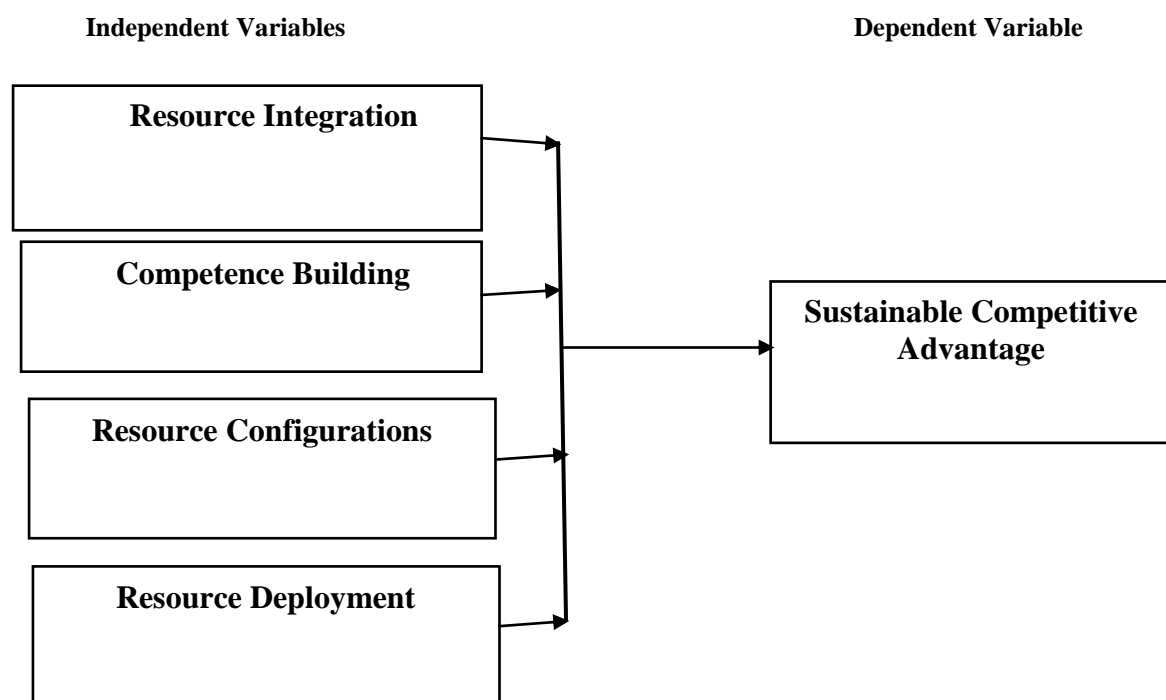
Dynamic contribution relevance to this study is immense as this study focuses on dynamic capabilities in achieving competitive advantages. While dynamic capability theory advocates the establishment of core competencies through integrating, building, and reconfiguring the business environment, this study empirically tested these perspectives in the Kenyan business environment. In this study, several constructs of dynamic capabilities were assessed regarding their contribution to sustainable competitive advantages. Resource integration, competence building, resource configurations, and resource deployment. They are basic principles of dynamic capability theory. This theory links well with all the four predictors for this inquiry.

Porter's Theory of Competitive Advantage

This typology is widely used and was coined by Porter(1985) to provide a generic strategy that, if effectively utilized, may yield competitive advantages. This model idealizes that the firm's position in the industry has a bearing on its competitiveness, which helps it survive and grow in value, the capacity of the business to build on the environment, to position itself in the market against other players dealing with similar or substitute products (Kozel, Mikolas, Vilamova, Chuchurova, & Piecha, 2016). In the scope of this model, competitive advantage entails creating value for customers, which can yield more sales and even allow a firm to charge premium prices. But how are firms able to develop these traits? This theory suggests three points: cost leadership, focus, and differentiation. These items are either identified to have a narrow or broad scope. Cost leadership is a wide scope that advocates for market average efficiency in the production process. This is fundamental because where costs are lower and qualities high, firms can price products lowly, thus retaining and acquiring new customers, and these advantages need to be strengthened regularly (Algieri, Aquino, & Succuro, 2018).

Differentiation strategy entails carrying out deliberate efforts to ensure that firm's products are more appealing than those of competitors. It can be realized through innovative products, superior customer services, and timely delivery of products and or services (Gareth & Carolan, 2017). Focus strategy is concerned with market selection in that a firm should target an area that has potential in terms of market performance. Otherwise stated, the focus points that a smaller profitable market is more economical in contrast to mass selling. This theory ensures that customized products can be offered profitably to certain persons (Riasi, 2015). Notably, this theory indicates that these strategies should not be used singly. The confluence of the strategies likely improves the competitiveness of entities amidst stiff competition. The central proposition of this theory is that business failure results from firms' failure in combating competition.

Porter's typology relevance to this study is immense and central in that it purely sheds light on ways of achieving competitive advantage. The three postulates, cost, focus, and differentiation, are key ingredients of successful competitive advantage creation if implemented successfully. This study is themed on competitive advantage, making this theory pertinent and useful. While Porter's theory entails the classification of strategies, in this study, these strategies were examined empirically to gauge the application of this theory in practice. This current work examined the influence of resource integration, competence building, resource configurations, and resource deployment on the viable financial assistance of lenders in Kenya.

Conceptual Framework**Figure 1: Conceptual Framework**

Empirical Review

Resource Integration and Sustainable Competitive Advantage

Hongjia, Qing, Yang, and Yuan (2019) examined resource combination, configuration, and maintainable economic benefits. Their study purposed to inaugurate the upshot of resource integration and design on economic benefits building. In this inquiry, basic information was assembled by the use of questionnaires. Two hundred and eight respondents and two hundred and twenty samples were picked for traditional entities and emerging industries. Results indicated that resource integration was based on organizational learning in both cases and where practical, it leads to sustainable competitive advantages.

Riasi (2015) was motivated to examine economic benefits in the financial sector in the United States expressed as a function of resource integration and systematic risks. The main focus of the study was shadow banking entities which were defined as lenders outside the mainstream banking sector. This study sourced primary data from selected bank managers and heads of investments and finance officers. Data were processed using a one-sample t-test to test the null hypothesis. Results indicated that shadow banking is much more effective than traditional banking platforms as it integrates resources and systematic risks. Therefore, the entities obtained competitiveness by ensuring that resources were integrated sparingly.

In Egypt, Naguib, Elsaid & Elsaid (2017) instituted a study to understand how dynamic capabilities affected the pharmaceutical sector's sustainable competitive advantage. The key goal was to determine how resource integration influenced pharmaceutical companies' effectiveness. The focus populace was all enterprises involved in manufacturing medicines in Egypt. Both first-hand information and secondary information were used. The use of research inquiry forms amassed factual information. Secondary data was pieced from sources such as journals. Data were tested for reliability and scrutinized for descriptive and inferential results using SPSS software version 26. It was recognized that the success of pharmaceutical companies was significantly impacted by how the management planned and integrated various resources in the organization to ensure success.

In Kenya, Kamau, Senaji, and Nzioki (2019) examined the position of dynamic capabilities competences on competitive advantage among commercial banks. The study aimed to assess the consequences of various mechanisms of resource integrations such as operational adjustment, IT capability and knowledge management capabilities, and market focus capabilities on competitive advantage. The study used first-hand data gathered from thirty-nine lenders in the Kenyan banking industry. Data collection and processing were done using expressive statistics and inferential statistics. Outcomes point out that competitive advantage among firms in the Kenyan banking sector is influenced by various capabilities, including operational adjustment, IT capability, knowledge management capabilities, and market focus capabilities.

Competence Building and Sustainable Competitive Advantage

Shams (2016) was motivated to examine the capacity building for sustainable competitive advantage. Primarily, the research focused on assessing the existing strategic management and the relation to marketing dealing with competition. Data was gathered from relevant literature whereby an inductive constructivist approach was adopted. It was found out that the capacity building would survive through the non-substitutability test, which is paramount to the sustenance of the competitive advantage. Further insights indicated that competencies are valuable tools for establishing competitive advantage.

Jurksiene and Pundziene (2016) researched the position of dynamic abilities on firm economic benefits among entities in Europe. The study focused on organizational ambidexterity, a technique of competence building. The research was in a paper that followed theoretical analysis and was conceptual. The authors sought to examine whether dynamic capabilities and ability of firms to manage current undertakings and plan for the future aspects as presented by the business environment. This latter aspect is termed organizational ambidexterity. Results indicated that both dynamic capabilities and organizational ambidexterity did not influence the organization's competitive advantages.

Ashrafi and Mueller (2015) purposed to examine the connection between IT resources and competencies on the competitive advantage of businesses in the United States. The exploration used first-hand data that was sourced from IT executives. In this study, the researcher collected data in two dimensions. Firstly, they needed to examine the role of both tangible and intangible IT capabilities on competitive advantages and the resultant competitive advantages on financial performance. Results of empirical tests indicated that those intangible IT resources lead to more competencies that positively affect competitive advantages, thus improving the firm's performance.

Choge, Namusonge, Makokha, & Musau (2018) wanted to determine the relationship between organizational competencies on the commercial benefits of commercial banks in Kenya. The researchers wanted to conclude how training and development as key banks' key competencies influenced their performance. An illustrative exploration strategy was used for the study. The focus populace was seven hundred forty-eight staff working for twenty-five commercial banks within Eldoret town. Statistics were scrutinized for both descriptive and inferential statistics. The analysis recognized that training and development were aspects employed by commercial banks to build their competencies and had a gradual and statistical stimulation on the operation of commercial banks.

Resource Configurations and Sustainable Competitive Advantage

Wilden and Gudergan (2015) assessed dynamic competencies on the operational functioning of businesses in Australia. Resource configuration formed part of the aims of the study. It analysed two hundred and twenty-eight firms from which data was collected. The study focused on advertising and technological capabilities. The result of the study was that resource configurations were impactful in registering positive performance, especially in environments characterized by rapidly changing. However, stable business environments do not require frequent resource configurations. The study reported that tough environments call for firms to seek marketing capabilities, whereas less competitive markets call for technological capabilities to enhance performance and competitiveness.

Hui and Rajapathirana (2018) explored the connection among innovation competence, type, and facet of firms' performances. A framework of 379 managers of insurance companies was tested in this study. It was revealed that successful supervision of invention competency helps provide more operational improvements conclusions to produce better performances and thus to benefit the management of insurance companies.

Mikalef and Pateli (2017) aimed to assess information technology to competitive advantage in uncertain environments. Structural equation modelling was adopted to get survey data of 274 international companies to get the relevant information needed. The fuzzy-set qualitative comparative analysis model was adapted to draw inferences from the data gathered. It was concluded that information technology-enabled dynamic capabilities greatly enhanced their economical functioning.

Pulka, Bakar, and Ramli (2018) examined the relationship between marketing, risk management, and opportunity recognition capabilities to enhance SMEs' performances. Secondary data was used in this exploration whereby a literature review of the previous studies with similar objectives was adopted. It was revealed that better understanding greatly improved strategic management practices, thus enhancing good competitive advantage and general performances.

In Taiwan, Lin and Tsai (2016) assessed the role of dynamic capability in improving an organization's economic benefits. The examination sought to establish a quantitative model that was of practical use to managers in establishing competitive advantage amidst changing business environment. This study adopted the VRIO framework, which seeks to link internal resources and the firm's survival. VRIO is an abbreviation that denotes valuable, rare, inimitable and organized resources. This model has been extensively used in strategic management as it considers both internal competencies and external opportunities. Results showed that strategies for effective resource allocations (configurations) allow firms to acquire competitive advantages and enhance organizational performance.

Resource Deployment and Sustainable Competitive Advantage

Sachitra and Chong (2017) determined the association between dynamic competencies and economic benefits. Structured questionnaires were administered to the clove farmers in Sri Lanka to aid in collecting data. Regression and multicollinearity models were used in the analysis of information assembled. There was a progressive connection between competitive advantage, collective actions, and dynamic capabilities.

In Slovenia, Breznik and Lahovnik (2016) assessed the association between vibrant competencies and economic benefits. The study utilized primary data sourced from IT representatives of six companies. In-depth interviews were used to gather field data. The results revealed that resource deployment fosters competitive advantage. In addition, the findings indicated that as much as resource deployment is key to competitive advantage, failure to deploy a single dynamic capability is detrimental to the effectiveness of other dynamic capabilities. It, therefore, infers that dynamic capabilities must be deployed jointly for an enterprise to realize a justifiable economic benefit.

Wang, Dou, Zhu, and Zhou (2015) examined the effects of firm competencies on exterior collaborations and outputs of firms. This study was a causal study in which regulating the impact of market turbulence was considered in data analysis. The study had three predictors: innovation, information, and relational capabilities. Results of data analysis indicated that capabilities are key success factors as far as financial performance was concerned. Further, results indicated that inter-firm collaboration positively impacted the competitive advantage of firms. This is because; innovation capabilities and information capabilities were found to be advantageous in market turbulence.

In Malaysia, Aziz (2019) examined the organizational capabilities and competitive advantages of firms in Malaysia. This study focused on three hundred food processing firms in which a structural equation modelling methodology was employed in data analysis. Results indicated that the theory of resource-based view and dynamic capability theory was consistent in that their postulates aided in the realization of competitive advantage by firms. Further results indicated that when coupled with managerial competencies, organizational capabilities ensure that resources can be deployed into prudent use, thus improving the competitive advantage of food processors in the country.

3. METHODOLOGY

Inquiry technique is the backbone of a study that connects all of the elements in a study assignment together (Lewis, 2015). The inquiry used a descriptive research design to examine information gathering. This procedure was used due to its exactness and preciseness. Moreover, descriptive research produces quantifiable information about exploration portions that intrigue strategy creators. Since the investigation pursues to test the consequences of dynamic capabilities, this inquiry strategy is appropriate for collecting measurable statistics for prospecting.

Maxwell (2012) pointed out that a population comprises all the units of interest in a given research. It encompasses persons, objects, establishments, occasions, and products. The total focus populace was, thus, the 42 banks licensed by the CBK (2021), which was the unit of exploration, while the unit of observation was three representatives from each of the commercial banks made of top management teams drawn from the heads of Corporate and Retail banking and Marketing giving a total of one hundred and twenty-six respondents.

A Selection structure is a collection of the populace from which a section is chosen. (Creswell & Creswell, 2017). The selection structure of the research encompassed a group of 126 top management employees who are heads of corporate banking, Retail banking, and Marketing unit of the 42 commercial banks.

This is a subsection of the populace to be examined. It is an actual illustration of the whole populace to be considered (Meyers, Gamst, & Guarino, 2016). The study adopted the Krejcie and Morgan formula to decide the trial size for the exploration. As per Ott and Longnecker (2015), Krejcie and Morgan's formula assists the scholar in determining the trial size more accurately and avoiding vague sample collection. The exploration used a simple random approach to select the Managers. Mugenda & Mugenda (2012) notes that using a simple random approach enables the scholar to use his conclusion in choosing the exploration participants.

The formula is:

$$s = \frac{X^2 NP (1 - P)}{d^2 (N - 1) + X^2 P (1 - P)}$$

The formula is explained as

S= the required sample size

X^2 = chi square for 1 degree of freedom (usually 3.841)

N=the size of the population

P=Population proportion

d=Degree of accuracy

Substituted as follows;

$$n_f = \frac{z^2 pq}{e^2} = \frac{1.96^2 * 0.5 * 0.5}{0.05^2} = 384$$

However, the formula above is usually used for more than ten thousand units. If less, it is substituted as follows;

$$n = \frac{n_f}{1 + \frac{n_f - 1}{N}}$$

On replacing, the sample size is computed as shown;

$$n = 384 / \left\{ \left(1 + \frac{384}{126} \right) \right\} = 95$$

n=95 respondents.

The sampling size in this study included 95 respondents. For primary data, questionnaires were used to collect data from correspondents. Both descriptive and inferential statistics were used to analyse data with the help of Statistical Package for Social Sciences (SPSS) version 28. Multiple regression analysis was done to assess the relationship between dynamic capabilities and sustainable competitive advantage in commercial banks in Kenya.

The study used the following regression model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Sustainable Competitive Advantage of Commercial Banks

X₁ = Resource integration

X₂ = Competence building

X₃ = Resource configuration

X₄ = Resource Deployment

e = Error term

α = constant

β = coefficient of independent variable

4. FINDINGS

Descriptive Statistics

The main objective of this study was to establish the influence of dynamic capabilities on sustainable competitive advantage of Kenyan commercial banks in Kenya. The study variables were: resource integration, competence building, resource configuration and resource deployment.

Resource Integration

The inquiry collected information on how resource integration affected commercial banks' performance in Kenya. Data findings are shown in table 4.4 below

Table 1: Resource Integration and Performance

Statements on Resource Integration	N	Mean	Std. Deviation
The bank combines its internal skills and knowledge to achieve an improved competitive advantage	87	4.07	.914
There is a framework for sharing new skills and knowledge to integrate them.	87	4.17	.953
The bank has collaborative processes to ensure the smooth integration of resources.	87	4.21	.988
There is a well laid down process in the bank to ensure that the organization procedures are well integrated to ensure the success of the firm	87	4.61	.641
The bank has adopted an information technology system that ensures value addition to customers.	87	4.01	1.047
The bank considers its external environment in developing strategies to ensure value creation	87	4.76	.431
Valid N (list wise)	87		

Table 1 above shows that the commercial banks combine their internal skills and knowledge to achieve an improved competitive advantage where an average of 4.07 with a normal distribution of 0.914 was recognized. It is important to note that commercial banks always strive to increase their return on investment for their shareholders using available resources. An Average of 4.17 with a normal distribution of 0.953 was established when respondents were asked whether there was a framework for sharing new skills and knowledge to integrate them into the organization. Additionally, the study established that the institution had put a collaborative process to ensure a smooth integration of resources within the institution. An average of 4.21 with a normal distribution of 0.988 was established. An Average of 4.61 with a normal distribution of 0.641 was established when respondents were asked whether there was a well laid down process in the bank to ensure that organizations 'procedures are well integrated to ensure the firm's success. It thus means that the management has put in place to ensure that the available resources are well entrenched with the standard procedures in the financial institution. Respondents agreed that the bank had adopted an information technology system that ensures value addition to customers where an Average of 4.01 with a normal distribution of 1.047 was established. The majority of the respondents agreed that the bank considers its external environment in developing strategies to ensure value creation. An Average of 4.76 with a normal distribution of 0.431 was determined.

This study determined that resource integration was a key aspect of dynamic capabilities for ensuring the sustainable economic benefits of commercial banks in Kenya. The inquiry found that when commercial banks adopt resource integration in their operations, the institutions' likelihood of enhanced performance is high. This study thus notes that Resource integration is an important dynamic capability that ensures sustainable competitive advantage. If well utilized within the organization, it may enhance performance.

These study findings agree with those of (Riasi 2015), who found out that commercial banks in the USA employed resource integration to enhance their functioning. Adoption of Resource integration in an organization enables it to utilize the available resources and ensure that they are fully integrated to ensure improved performance and sustainable competitive advantage. In addition, these discoveries approve those of Kamau, Senaji, & Nzioki (2019), who found out that resource integration in financial institutions led to sustainable competitive advantage.

Resource Configuration

The table below presents the findings after scrutinizing information on the second goal that was pursued to conclude the impact of Resource configuration on the sustainable economic benefits of commercial banks in Kenya.

Table 2: Resource configuration and Competitive Advantage

Statements on Resource Configuration	N	Mean	Std. Deviation
The bank is involved in continuous research and development to be competitive.	87	4.66	.475
The banks make use of recommendations of research experts in developing a competitive edge in the market	87	4.61	.490
The bank has redesigned the existing processes to improve efficiency and save on person-hours	87	4.63	.485
The bank encourages innovativeness which leads to a competitive advantage over competitors	87	4.52	.599
The has developed an alliance intranets database that updates the bank's partners of new products and services offered by the bank	87	4.47	.599
The bank has developed routines that support collaboration with other financial institutions in the financial sector	87	4.67	.471
Valid N (list wise)	87		

An average of 4.66 with ordinary deviance of 0.475 was recognized when respondents confirmed that the bank was involved in continuous research and development to be competitive. Respondents agreed that the banks use recommendations of research experts in developing a competitive edge in the market where an average of 4.61 with a standard deviation of 0.490 was determined. In addition, a mean of 4.63 with a standard deviation of 0.485 was determined when respondents were asked whether the bank had redesigned the existing processes to improve efficiency and save on person-hours. Equally, an average of 4.53 with a standard deviation of 0.599 was recognized when respondents were asked whether the bank had developed an alliance intranets database that updated the bank's partners on new products and services. On whether the bank had developed routines that support collaboration with other financial

institutions in the financial sector, respondents strongly approved the statement where an average of 4.67 with a normal dispersion of 0.471 was determined.

Similar results were established by Lin and Tsai (2016). They assessed the role of vigorous competence in improving an organization's competitive advantage in Taiwan and determined that resource configuration was a key driver of sustainable competitive advantage. Also, Hui and Rajapathirana (2018) explored the connection among innovation competency, type, and aspect of the performances of insurance firms. They determined that resource configuration as an aspect of dynamic capabilities enhanced a sustainable competitive advantage of insurance companies in India.

Competence Building

The third goal of the exploration was to realize the inspiration of competence building on the viable economic benefit of Kenyan commercial banks. The data findings are offered in the table below.

Table 3: Competence Building and sustainable Competitive Advantage

Statements on Competence Building	N	Mean	Std. Deviation
We have a clear policy on how training will be done on employees.	87	4.63	.485
Training is done on a need basis where we identify the training needs of our employees	87	4.53	.502
After training, there is an improvement in the employee's performance, which improves the organization.	87	4.59	.495
Training is done through seminars and also on the job training for our employees	87	4.72	.453
Training needs are identified by comparing the current abilities of staff and new required skills for the job.	87	4.73	.448
We usually assess our employees to identify their performance after training.	87	4.43	.498
Valid N (list wise)	87		

Regarding the table above, respondents agreed that the commercial banks had a clear policy on how training was done for employees. An Average of 4.63 with a normal dispersion of 0.485 was recognized. On whether training is done on a need basis where employees' training needs are identified and tailored to suit that need, respondents approved that declaration as portrayed by an average of 4.53 with a normal dispersion of 0.502. After training, there was an improvement in individual staff member's performance, which generally led to enhanced competitive advantage in the bank as portrayed by a mean of 4.59 with average deviance of 0.495. It means that training and competence building enhances the skills possessed by the commercial banks' staff. This training gives them an upper edge in enhancing service delivery and, thus, a competitive advantage in the industry. A mean of 4.72 with a standard deviation of 0.453 was recognized when respondents were asked how training was done, and they strongly agreed that training was done through seminars and on-the-job training for their employees.

Consequently, respondents agreed that Training needs were identified by comparing the current abilities of staff and new required skills for the job as described by a mean of 4.73 with a standard deviation of 0.448. Identifying skill gaps in the staff members was a key determinant in training needs. It led to impacting the required skills of employees, thus leading to enhanced competitive advantage for the organization. In addition, respondents agreed that the commercial bank usually assesses their employees to identify their performance after the training, as shown by a mean of 4.43 with a standard deviation of 0.498.

The inquiry results approve those of Shams (2016), who examined capacity building for sustainable competitive advantage and determined that competence building was an essential aspect for sustainable competitive advantage. In addition, these inquiry discoveries approve with those of Choge, Namusonge, Makokha, & Musau (2018), who reviewed the relationship between organizational competencies on the economic benefits of commercial banks in Kenya and determined that competence building was a key aspect in determining sustainable competitive advantage.

Resource Deployment

The fourth intent of this survey was to decide the influence of resource deployment on the sustainable economic benefits of commercial banks in Kenya. The outcomes of this survey are shown below;

Table 4: Resource Deployment and Sustainable Competitive Advantage

Statements on Resource Deployment	N	Mean	Std. Deviation
Our organization has strategic business units which help in resource deployment	87	4.57	.498
Having strategic business units helps the organization deploy its resources economically	87	4.69	.463
Our organization matches the resources with the right product to ensure customers are satisfied	87	4.76	.431
Our organization carries out research on the product need before deploying resources to the product	87	4.83	.376
Our organization can study the market before planning the resources for a given market.	87	4.63	.485
Different markets require a different level of resource deployment and our organization plans for that in advance.	87	4.58	.496
Valid N (list wise)	87		

Regarding the table above, respondents approved that their organization had strategic business units, which helped them in resource deployment, where an average of 4.57 with normal deviance of 0.49 was recognized. Commercial banks were viewed to use the strategic plan to deploy their resources effectively and ensure maximum returns on their investments. Similar results were noted when respondents agreed that strategic business units helped the organization economically deploy its resources. An average of 4.69 with a standard deviation of 0.463 was decided. Respondents also agreed that their business matches the resources with the right product to ensure customers are satisfied, where an average of 4.76 with normal deviance of 0.431 was found. It means customer satisfaction was a key determinant of resource deployment as more resources were allocated to areas, leading to high customer satisfaction and vice versa. Respondents agreed that their organizations conducted research on the product needs before deploying resources to the product, where an average of 4.83 with normal deviance of 0.376 was recognized. The commercial banks were found to study the market before planning for the resources for a given market. It led to a sustainable competitive advantage for the institutions over the others in the market, as depicted by a mean of 4.63 with a standard deviation of 0.485. Consequently, respondents agreed that different markets required a different level of resource deployment. Their organization planned for that to ensure maximum return on the resources deployed, where an average of 4.58 with normal deviance of 0.496 was recognized.

In a similar study undertaken in Malaysia, Aziz (2019) examined the organizational capabilities and competitive advantages of processing firms in Malaysia. He determined that resource deployment as a dynamic capability was a key driver of the sustainable competitive advantage of processing firms.

Inferential Statistics

The inquiry executed inferential statistics to ascertain the influence of dynamic capabilities on the sustainable competitive advantage of Kenyan commercial banks.

ANOVA Test

The implication of the model was established by doing the Analysis of Variance. The study findings are presented in the table below;

Table 5: ANOVA Test

ANOVA Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.475	4	2.619	132.832	.000 ^b
Residual	1.774	90	.020		
Total	12.250	94			

a. Dependent Variable: Trans Performance
b. Predictors: (Constant), TransResource_Deployment, TransCompetence_Building, TransResource_Intergration, TransResource_configuration

The table above shows a p-value of 0.000, demonstrating that the overall model explains the variation in sustainable competitive advantage among Kenyan commercial banks. Data was processed at a 95% confidence level, and thus a statistic of less than 0.05 shows the significance of the model.

Regression Model

The table below shows the coefficient's findings showing the degree and kind of the association among the variables.

Table 6: Regression Model

Coefficients Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1 (Constant)	-.537	.273		-1.967	.052
TransResource_Intergration	.065	.024	.112	2.742	.007
TransCapacity_Building	.369	1.616	.070	.228	.001
TransResource_Configuration	.433	.050	.394	8.608	.000
Trans Resource_Deployment	.740	.050	.671	14.890	.000

a. Dependent Variable: Trans Performance

The table above shows the constants of the regressions model that were deduced. The regression model is interpreted as follows;

$$Y = -0.537 + 0.065X_1 + 0.369X_2 + 0.433X_3 + 0.740X_4 + e$$

-0.537 is the sustainable economic benefits of Kenyan commercial banks in the absence of the inquiry variables, +0.065 is the growth in the sustainable economic benefits of Kenyan commercial banks in reaction to a unit growth in resource integration, +0.369 is a unit increase in the sustainable economic benefits of Kenyan commercial banks as a result of a unit increase in Competence building, +0.433 is the upsurge in the sustainable competitive advantage of Kenyan commercial banks as a result of a unit upsurge in resource configuration and +0.740 is a unit increase in sustainable competitive advantage in response to a unit increase in resource deployment.

Moreover, the P-values reveal that all these variables had a substantial part in the sustainable competitive Advantage of Kenyan Commercial Banks since the significance statistic was less than 0.05 in all cases. Consequently, it can be concluded that resource integration, Competence building, resource configuration, and resource deployment have a statistically substantial part in the Competitive Advantage of commercial banks in Kenya.

5. CONCLUSION

These inferences are informed from the data analyzed so far presented under the study's findings. Therefore, a conclusion is made for each intent as learned from the result of data analysis.

Influence of Resource Integration on Sustainable Competitive Advantage

The inquiry concluded that resource integration is a dynamic capability aspect that enhances the sustainable economic benefits of commercial banks in Kenya. Additionally, the influence of resource integration is statistically significant and positive. Additionally, it was concluded that resource integration helps commercial banks pair resources internally and externally, leading to sustainable competitive advantage. It suggests that resource integration as a strong dynamic capability helps organizations achieve sustainable competitive advantage. Therefore it can be sensibly utilized by commercial banks to enhance their functioning.

Influence of Resource Configuration on Sustainable Competitive Advantage

The inquiry determined that resource configuration is a strategy that influences sustainable economic benefits on commercial banks in Kenya. In addition, resource configuration was a statistically significant capability of sustainable competitive advantage. Resource configuration helps organizations carry out research to understand the market needs and configure themselves according to the market needs. It enables an organization, especially commercial banks to tailor themselves per the market need, which helps achieve sustainable competitive advantage.

Influence of Competence Building on Sustainable Competitive Advantage

The examination concludes that competence building as a dynamic capability influences the sustainable economic benefits of commercial banks in Kenya. Moreover, the inspiration of competence building on sustainable competitive advantage is statistically important and progressive. Additional insight led to the determination that competence building among employees was important in enhancing the skill gap. On the job, training was more preferred as the skill transfer was real-time. Therefore, if properly applied by an organization, competence building can increase efficiency and thus achieve a sustainable economic benefit in the market.

Influence of Resource Deployment on Sustainable Competitive Advantage

The inquiry concludes that resource deployment is a factor that influences sustainable economic benefits among commercial banks in Kenya. Additionally, resource deployment positively influences sustainable economic benefits among commercial banks in Kenya. Consequently, resource deployment was a statistically important factor of sustainable competitive advantage. Proper resource deployments can assure a maximum return on investment and enhance sustainable competitive advantage.

6. RECOMMENDATIONS

Many recommendations towards policy formulations were made concerning the results and determinations drawn.

We recommend that commercial banks embrace resource integration in their operations as a dynamic capability strategy. It assists commercial banks in enhancing their sustainable competitive advantage in the market. The inquiry established that resource integration enables commercial banks to have a sustainable competitive advantage.

Secondly, commercial banks should ensure that their resources are well configured to realize maximum investment return. From the study, it was discovered that resource configuration provided a sustainable competitive advantage.

Thirdly, commercial banks should continuously build competence for their staff members to embrace new skills in the organization, and through that, commercial banks shall achieve sustainable competitive advantage. It enables them to keep abreast with emerging technology, and their staff shall be well prepared for new technology, which gives them an economical superiority in the market.

Lastly, the inquiry commends that commercial banks should continuously carry out research in the market to understand the market needs so that when planning on how to deploy various resources, it may do so through an informed point of view to maximize their investment and ensure resources are directed on areas which can guarantee high returns.

Areas for Further Studies

The general aim of this inquiry was to institute the inspiration of dynamic capabilities on the sustainable economic benefits of commercial banks in Kenya. Outcomes disclosed that resource integration, resource configuration, competence building, and resource deployment influenced sustainable competitive strategies of commercial banks in Kenya. Another inquiry can be commenced to ascertain the influence of dynamic capabilities among Microfinance institutions using similar variables to compare the results.

We also suggested another study on SACCOs to expand their sustainable competitive advantage strategy using the same dynamic capabilities. Deposit taking SACCOs provides banking services equivalent to commercial banks and are licensed by Sacco Societies Regulatory Authority (SASRA).

REFERENCES

- [1] Acquaaah, M., & Agyapong, A. (2015). the relationship between competitive strategy and firm performance in micro and small businesses in Ghana: the moderating role of managerial and marketing capabilities. *African journal of management*, 1(2),172-193.
- [2] Algieri, B., Aquino, A., & Succuro, M. (2018). International competitive advantages in tourism: an eclectic view. *Tourism Management Perspectives*, 25,41-52.
- [3] Ashrafi, R., & Mueller, J. (2015). Delineating IT resources and capabilities to obtain a competitive advantage and improve firm performance. *Information Systems Management*, 32(1),15-38.

- [4] Aziz, N. N. (2019). Organizational capabilities and competitive advantage: the moderating influence of managerial competencies. *International Journal of Academic Research in Business and Social Sciences*, 9(2),782-794.
- [5] Barney, J. (1991). Firm resources and sustainable competitive advantage. *Journal of Management*, 17 (1), 99–120.
- [6] Breznik, L., & Lahovnik, M. (2016). Dynamic capabilities and competitive advantage: findings from case studies. *Journal of Contemporary Management Issues*, 21.
- [7] Bryman, A., & Cramer, D. (1997). *Quantitative Data Analysis with SPSS for Windows: a guide for Social Scientists*. London:: Routledge.
- [8] Creswell, J. W., & Creswell, J. D. (2017). *Research design: Qualitative, quantitative, and mixed methods approach*. Sage publications.
- [9] Cronbach, L. J. (1951). Coefficient alpha and the internal structure of tests. *Psychometrika*, , 16,297-334.
- [10] Dangelico, R. M., Pujari, D., & Pontrandolfo, P. (2017). Green Product innovation in manufacturing firms: a sustainability-oriented dynamic capability perspective. *Business Strategy and the Environment*, 26(4),490-506.
- [11] Dominguez, S. (2014). *Mixed methods social networks research*. Cambridge: Cambridge University Press.
- [12] Gareth, H., & Carolan, M. (2017). Uber's competitive advantage vis-à-vis Porter's generic strategies. *IUP Journal of Management Research*, 16(4),7-22.
- [13] Gorard, S. (2013). *Research design: Creating robust approaches for the social sciences*. Thousand Oaks, CA: Sage Publications.
- [14] Hakim, C. (2012). *Research Design: Successful Designs for Social Economics Research*. Routledge.
- [15] Hassan, A. A. (2016). Effects of dynamic capabilities on strategy implementation in the dairy industry in Kenya. *International Academic Journal of Human Resource and Business Administration*, 2 (2), 64-105.
- [16] Hui, Y., & Rajapathirana, R. J. (2018). Relationship between innovation capability, innovation type, and firm performance. *Journal of innovation and knowledge*, 3(1),44-55.
- [17] Jerker, D., & Powell, T. C. (2016). Dynamic capability is at the theory of competitive advantage: contributions and scope conditions—the *Journal of Product Innovation Management*.
- [18] Jurksiene, L., & Pundziene, A. (2016). The relationship between dynamic capabilities and firm competitive advantage. *European Business Review*, 28(4),431-448.
- [19] Kamau, J. G., Senaji, T. A., & Nzioki, S. C. (2019). Relationship between strategic capabilities and competitive advantage in Kenyan banking. *European Journal of Business and Strategic Management*, 4(2),1-23.
- [20] Kaufam, B. E. (2015). The RBV theory foundation of strategic HRM: critical flaws, problems for research and practice, and an alternative economics paradigm. *Human Resource Management Journal*, 25(4),516-540.
- [21] Kellermans, F., Walter, J., Crook, R. T., Kemmerer, B., & Narayanan, V. (2016). The resource-based view in entrepreneurship: a content-analytical comparison of researchers' and entrepreneurs' view. *Journal of Small Business Management*, 54(1),26-48.
- [22] Ketchen, D. J., Barney, J. B., & Wright, M. (2011). The future of resource-based theory: Revitalization or decline? *Journal of Management*, 37(5), 1299-1315.
- [23] Kozel, R., Mikolas, M., Vilamova, S., Chuchurova, K., & Piecha, M. (2016). Porter's analysis is a standardized process applicable in industrial companies. *Communications - Scientific Letters of the University of Zilina*, 18(1), 79-84.
- [24] Lara, B. L., Charbel, J. C., Ana, B. L., & Kannan, D. (2017). Insurance firms should embrace dynamic capability theory to create strategic value strategies for a competitive advantage in the rapidly changing environment. *Journal of Cleaner Production*, 142(1), 308-322.

- [25] Lewis, S. (2015). Qualitative inquiry and research design: Choosing among five approaches. *Health promotion practice*, 16(4), 473-475.
- [26] Lin, C., & Tsai, H. (2016). Achieving a firm's competitive advantage through dynamic capability. *Baltic Journal of Management*, 11(3), 260-285.
- [27] Loannidis, J. P., Fanelli, D., Dunne, D. D., & Goodman, S. N. (2015). Meta-research: Evaluation and Improvement of Research Methods and Practices. *PLoS Biol*, 13(10): e1002264. <https://doi.org/10.1371/journal.pbio.1002264>.
- [28] Mackey, A., & Barney, J. B. (2016). Text and metatext in the resource-based view. *Human Resource Management Journal*, 26(4), 369-378.
- [29] Marczyk, G., DeMatteo, D., & Festinger, D. (2017). *Essentials of research design and methodology*. John Wiley.
- [30] Merriam, S. B., & Tisdell, E. J. (2015). *Qualitative research: A guide to design and implementation*. John Wiley & Sons.
- [31] Meyers, L. S., Gamst, G., & Guarino, A. J. (2016). *Applied multivariate research: Design and interpretation*. Sage publications.
- [32] Mikalef, P., & Pateli, A. (2017). information technology-enabled dynamic capabilities and their indirect effect on competitive performance: findings from PLS-SEM and fsQCA. *Journal of business research*, 70, 1-16.
- [33] Pan, G., Pan, S.-L., & Lim, C.-Y. (2015). Examining how firms leverage IT to achieve firm productivity: RBV and dynamic capabilities perspectives. *Information & Management*, 52(4), 401-412.
- [34] Porter, M. E. (1985). *Competitive Advantage*. Ontario: The Free Press.
- [35] Pulka, B. M., Bakar, M. S., & Ramli, A. B. (2018). Marketing capabilities, resources acquisition capabilities, risk management capabilities, opportunity recognition capabilities and SMEs performance: a proposed framework. *Asian journal of multidisciplinary studies*, 6(1), 12-22.
- [36] Qaiyum, S., & Wang, C. L. (2018). Understanding internal conditions driving ordinary and dynamic capabilities in Indian high-tech firms. *Journal of Business Research*, 90: 206-214.
- [37] Riasi, A. (2015). Competitive advantages of the shadow banking industry: an analysis using Porter diamond model. *Business Management and Strategy*, 6(2), 15-28.
- [38] Sachitra, V., & Chong, S.-C. (2017). collective actions, dynamic capabilities, and competitive advantage: an empirical examination of minor export crop farms in Sri Lanka. *Journal of economics, management, and trade*, 20(3), 1-15.
- [39] Shams, S. R. (2016). Capacity building for sustainable competitive advantage: a conceptual framework. *Marketing intelligence and planning*, 34(5), 671-691.
- [40] Teece, D., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509-533.
- [41] Wahyuni, D. (2012). The research design maze: Understanding paradigms, cases, methods, and methodologies. *Journal of Applied Management Accounting Research*, 10(1) 69-80.
- [42] Wang, G., Dou, W., Zhu, W., & Zhou, N. (2015). The effects of firm capabilities on external collaboration and performance: The moderating role of market turbulence. *Journal of Business Research*, 68(9), 1928-1936.
- [43] Wilden, R., & Gudergan, S. (2015). The impact of dynamic capabilities on operational marketing and technological capabilities: investigating the role of environmental turbulence. *Journal of the Academy of Marketing Science*, 43(2), 181-199.
- [44] Yin, R. K. (2017). *Case study research and applications: Design and methods*. Sage publications.