

**DYNAMIC CAPABILITIES, ORGANIZATION CULTURE AND
PERFORMANCE OF THE STATE BANK OF MAURITIUS, KENYA**

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DECLARATION

I Wamboi Teresia Kiarie hereby declare that this Masters Research Project titled, Dynamic Capabilities, Organization Culture and Performance of the State Bank of Mauritius, Kenya is my original work and has not been submitted for examination in any other college, university or institution of higher learning or research for any academic award.

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SUPERVISOR'S APPROVAL

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DEDICATION

My dedication goes to my parents, James Kiarie and Rahab Mumbi, who have been my pillars through this entire course. I, was able to do this because of the sacrifices you made, thank you very much, I love you. My Siblings, Rose, Njeri, Nyambura and Mbugua, you are my daily strength and encouragement! In addition, to most precious gift we received this February, Logan Ty, you came at the perfect time!

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LIST OF ABBREVIATIONS

CBK	Central Bank of Kenya
CBLIR	Chase Bank (Kenya) Limited (In Receivership)
BSC	Balance Score Card
DCV	Dynamic Capabilities View
GoK	Government of Kenya
KCB	Kenya Commercial Bank
NFBIs	Non-Bank Financial Institutions
NFI	Non-Funded Income
RBV	Resource based View
R&D	Research and Development
SBM	State Bank of Mauritius
SMEs	Small and Medium Enterprises

ABSTRACT

The objective of this study is to establish what influence dynamic capabilities has on the performance of the State Bank of Mauritius Kenya Limited (SBM) as well as establish how the culture of this organization moderates on the relationship linking together dynamic capabilities and performance of the Bank. The banking sector is set up in a dynamic environment therefore to ensure performance is at zenith, there is need to adjust to the environment as fast as possible. The drivers of this ever-changing environment may be brought about by political, social, technological, economic as well as the legal factors. Dynamic capabilities of an organization are the intricate skills bundled with knowledge gathered over time that enables the organization to frame activities and adapt optimal resource utilization. In order to create and transform the operations in the organization, these capabilities are noteworthy for increased performance. . These capabilities facilitate an organization, as a strategic alternative, to adapt to the highly evolving environment by developing and adopting strategies that ensure a viable competitive edge. The organization's culture is said to be the inherent beliefs and values that cut across it. The culture includes its structure, processes, and attitudes of its employee's among others. This research seeks to establish whether the dynamic capabilities have an influence on a firm's culture and in return, the effect they may have on its performance. The research was based on SBM bank Kenya, the subject of the case study. Data collection (Qualitative) was through an interview guide, which enabled in-depth responses to be harnessed. The data collected was presented in prose form. The study has established that SBM bank's performance is significantly influenced by its dynamic capabilities and culture. Similarly, the association of dynamic capabilities and performance of the bank is moderated by the culture of the organization.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In a dynamic commercial environment, all organizations' purpose at excessive overall performance, hence maximizing on profits and sustaining competitiveness. Nevertheless, the firm is provided a daunting mission of advent of sustainable aggressive benefit more so due to the speedy transforming business environment. The rapid changing commercial enterprise environment culminates right into an excessive stage of uncertainty (Feurer & Kazem, 1996). The consequent uncertainty has heightened purchasers' expectancies, while diluting the borders amid aggressive environments and the need to go for worldwide competition. From the angle of a consumer, this business environment dynamism is acceptable because it results in better products and carrier transport at decreased fee as the corporations searching for competitive side.

Feurer & Kazem (1996) noted that, with increment in the level of dynamics, the improvement of techniques in a firm that separates it from its competition turns into an important strategy for success. Dynamic competencies are channeled to the expansion of imminent assets, inferring that they are usually prone to short-lived forces to minimize expenses. The advancing technological space that is highly aggressive has confirmed the need for paradigm shift to recognize how to gain and sustain this competitive gain, (Teece et al 2015).

Leading global market corporations have been found to be able to swiftly respond, both fast and flexibly, to innovate its product, pieced together with a functional management that is efficient in coordinating and redeploying competences both internally and externally (Utterback & Abernathy, 2015).

This strategy, however, is frequently inadequate to guide a large competitive advantage and calls for organizational dynamic skills. The economic, social and technological change within the commercial enterprise environment has made organizations, inside the presence of an exceptional and wholesome competition, to alter slowly to these changes. This will emanate from their inability to understand dynamic abilities and network their sources inside the industries.

Dynamic capabilities that have been followed by firms emphasize the procedure by which firms collect, adapt and create wealth in the dynamic environment (D'aveni, 1994). There is a good-sized courting among four of the six dynamic abilities (experience, skills, firm characteristics and knowledge) and the competitive gain sustainability in firms. Teece, et al, (2015), identified competitive advantage sources based totally on capabilities may be observed in managerial and organizational techniques. These processes decide how things are run in a company. Asset positions, consisting of intellectual property or complementary assets and the future strategic paths available to a company, form the firm's process and therefore have an impact on the improvement of dynamic abilities (Bocadriddelli & Magnusson, 2016)

The study is anchored on the dynamic capabilities theory and supported by the knowledge-based theory and by resource-based theory. Teece, et al (2015) defines the Dynamic Capabilities theory as the concepts that have the potential to integrate, build, and reconfigure internal and external competencies. The dynamic capability theory establishes a connection between the variables define the dynamic capabilities theory. The resource-based theory identifies specific abilities of an organization that are used to enhance the aggressive benefits. The knowledge-based concept theoretically bases on standards and practices that companies use to generate expertise and in return maintain competitive advantage (Barney, 1991).

The banking sector in Kenya, environmental is faced with constant changes. The drivers of the adjustments encompass disruptive technologies, demographic elements, legal and economic factors. For example, recently, the authorities added interest price capping in lending sector of the banks within Kenya. Further, the banks operate in surroundings that are surprisingly competitive and dynamic. In that regard, individual banks should be agile enough to respond to the adjustments correctly and with pace. For them to do this, they need to possess abilities that can be dynamic and unmatched. Failure to do that, the banks could lag in the back of the competition. The study's aims at finding out the effect of dynamic capabilities and culture on performance of commercial banks in Kenya with a precise connection with SBM bank, Kenya.

1.1.1 Dynamic Capabilities

The definition of dynamic abilities is the complex set of skills and amassed knowledge that permits the coordination of activities in a firm and making use of their assets. Although this definition does not specifically encompass the firm's environment and performance, it can be implied that each ability of the firm are to be applied within the surroundings (Winter, 2003). Dynamic capabilities have similarly been viewed as the routine within a corporation's structure whose aim is to launch, integrate and reconfigure resources in which they are immune to changes (Zollo & Winter, 2002).

These abilities create and remodel the combinations of operational, efficient usage of corporation sources; actually, they improve performance results. These capabilities are organizational strategies that transform a company's resource structure to suit the environmental opportunities or threats (Zollo & Winter, 2002). These capabilities consist of activities that revolve around fetching facts that are used to discover the want for change, configurations around company's useful resource, their appropriate selection and subsequent implementation. Thus, dynamic skills in a firm are entrenched in recurring organizational procedures that spearhead the transformation of its resource alignment activities as well as operating exercises.

Dynamic capability, which is a powerful strategic alternative, enables firms to undertake to the changing market conditions through growing their organizational talents, because of attaining competitive advantage and its sustenance (Winter, 2003). In today's competitive environment, an attempt to unravel the complicated hassle of sustainable aggressive gain has emerged through the dynamic capabilities view (DVC) (Eisenhardt & Martin, 2012). According to Teece, (2012), he underpinned the assumption that far from aligning their assets and talent in line with identified environmental trade and possibilities, companies capable of feeling and capturing new opportunities, could generate and retain competitive advantage.

1.1.2 Organizational Culture

An organization's individual characteristics are fundamentally its culture. Culture is comprised of people's shared values, ideals and norms about how they ought to behave and interact, how to come about choices and how work activities ought to be completed (Moyce, 2015). Key factors in a firm's culture includes its history and environment as well as the people who lead and work for it. Consistent with McDowell (2013), organizational culture is the manner that things are performed in a firm, the unwritten policies that have an impact on individual and institution behavior and attitudes.

Factors that could have an impact on organizational lifestyle encompass the structure, the systems, and techniques via work performed, personnel behavior and attitudes, the culture, and management patterns followed (Sparrow 2014).

Shakil (2012) studied how the management practices are affected by organizational with the goal of increasing expertise; testing the link among additives of culture of an organization and overall performance. As for management practices, the study noted, that some of the cultural attributes that considerably prompted this were consistency and adaptability.

Organizations principles emphasize on authenticity established from experience whilst values are approximately beliefs applicable. These definite values are shared amongst the employees of the organization. Therefore, it regulates the manner in which the employees of a firm interact with both internal and external customers. According to Azhar & Faruq, (2011) this act of sharing of principles and values create an organizational culture Robbins (2015) is of the perspective that organizational culture is a uniform way that a firm uses to create an outstanding inimitability that isolates it from the others.

1.1.3 Firm Performance

Firm overall performance is an indicator to which the set dreams and targets have been realized. Murewa, (2015) defines overall performance as the extent of the pastime of a firm over a specific period. Theodosiou, et al (2011) states that company overall performance may be realized through proper coordination of duties that grew the performance and effectiveness of company performance. There are no unanimously agreed measures of business enterprise overall performance.

Market proportion, growth of income, profit margin, and quality of its products, competitiveness, average selling price, and return on investment and on sales are factors that can be used to measure firm performance. (Ganesh Kumar & Nambirajan, 2013). The performance of a firm is classified into financial and non-financial. Financial measures can be measured through factors such as liquidity, efficiency and profitability. Non-financial includes customer and employee satisfaction, market share and quality of its products and service. Alternatively, it may be measured by way of monetary and strategic measures. Nonfinancial performance consist of components inclusive of a content customer and employee overall environmental and social performance, among others.

Literature available has emphasized that the primary supply of competitiveness is dynamic capabilities Leonard-Barton (1992) submits that the firm's dynamic capabilities reveal the ability it has to effectively implement movements resulting in a sustainable organizational performance. That is using creative and modern thoughts to address any adjustments within the business surroundings.

1.1.4 Commercial Banks in Kenya

Kenyan banks have realized remarkable evolution in the ultimate five years and this has been evident in the enlargement to the East African Region. This industry has also involved itself in automation, moving from conservative banking to fulfill the growing compound wishes in their consumers as well as globalization challenges. There has been multiplied competition within the banks in addition to the world over. Modern-day banking has been prompted via globalization and the rapid environmental modifications.

Regulatory, structural and technological elements are notably changing the banking surroundings in the course of the world leading to increased competitive advantage (Grigoroudis, et al 2001).

The banking sector in Kenya is regulated by the Central Bank of Kenya (CBK) Act Cap 491 and the Banking Act Cap 488. These laws tend to facilitate the improvement and protection of a legitimate monetary coverage (GoK, 2016). The sector contains economic establishments, amongst them commercial banks, non-bank banks (NBFIs) and Mortgage finance companies.

The major concern by the governing body is how best to promote and ensure that the extensive population of Kenya has of access to the financial system. In the imminent, the sector appears hopeful with monetary and legal area reorganization (CBK, 2015). In line with the commercial banks Directory of 2017 furnished by way of the Central Bank of Kenya, the commercial banks are classified into small, medium and large banks. These commercial banks strive to acquire clients and to satisfy the ever-demanding market, for this reason, the banks want to trade with the market trends and reconfigure their business strategies to have superior monetary performance, market proportion increase, and purchaser retention.

1.1.5 SBM Bank

State Bank of Mauritius Holdings (SBM) is the parent company of SBM Bank Kenya. The Mauritian Government established it over four decades and it is one in all biggest banking and financial offerings establishments listed at the stock exchange of Mauritius.

The SBM group vision is primarily based on three fundamental axes, internationalization, diversification, and digitalization. The organization has a presence in India, Madagascar, and Kenya and most currently in Seychelles; the boom spurt is on the path with its vision to go beyond Mauritius with remarkable consciousness at the Asia- Africa corridor. In the group, the Kenyan market comes second after the Mauritian one.

Its first entry to the Kenyan market was through the successful acquisition of Fidelity Commercial Bank in May 2018. In August 2018, through an asset purchase agreement, SBM acquired certain assets and liabilities of Chase Bank (Kenya) limited (in receivership) (CBLIR). It is involved in banking activities, which consist of, banking and non-banking. Banking activities encompass corporate, SME and retail banking. The non-banking activities include equities, securities, advisory, and insurance in addition to investment banking.

SBM bank has fifty-five branches spread across the counties with its headquarters in Nairobi. Consistent with its strategic plan for the year 2019-2021, it targets at increasing its market share to upgrade to a tier-one bank. This consists of strengthening the brand visibility, growing the quantity of transacting clients and extend into one of the East African countries. Further, it looks forward to growing a high-performance tradition and drive change in the dynamic environment.

The customer segment within the bank seeks to develop a varied product offering with the intention to make certain advanced and efficient service delivery. In its human assets, it has forecasted to capacity building in all of the key areas because it ensures a risk conscious culture on its talent management. In line with the organization vision of digitalization, SBM Kenya seeks to set up and drive innovation because it ensures that cyber security is enhanced as well as the systems. Regarding the financials, it seeks to grow its deposits, loan book, boost up the NFI and make sure that it contains the operating charges.

1.2 Research Problem

Worldwide competition, technological advances and changing needs of customers, aggressive paradigms are driving corporations to compete, simultaneously along extraordinary dimensions, which include design and development of product, communicating and advertising. Dynamic skills help firms in amplification, regulation and reconfiguration of their present operating talents into advanced ones that match their changing environment (Hubbard, 2014). The pattern of effective dynamic functionality relies upon the market dynamism (Utterback & Abernathy, 2015). A company that lags in the back of in a dynamic market eventually loses in market share, profitability and consequently uncompetitive. To compete in a dynamic market, a company requires effective dynamic skills relying heavily on present knowledge. Firms in search of competitiveness and superior overall performance have to pay the ultimate price of considering that dynamic capabilities are most of the instances unique to the firm and are evolved through the years through complex interactions among the firm's sources.

Stiff competition has characterized the Kenyan banking industry surroundings in the last decade. The industry encompasses quite a number of monetary institutions offering numerous styles of monetary offerings that are in large part homogeneous, simplest differentiated by way of naming the product or only a few features leading to very stiff competition for market share. This state of affairs has pushed SBM bank into organizational redecorate converting from Fidelity and Chase bank into the new redesigned bank.

Giniuniene and Jurksiene (2015) used findings by means of other researchers and highlighted that it is tough to place dynamic capabilities within other principles in the study on dynamic capabilities, innovation and organizational learning: interrelations and its effect on firm. The researcher on this study seeks to establish the position performed through dynamic capabilities in company performance. Chaeema, Saeed (2015) performed a study on how dynamic abilities of firms affect the overall performance via the moderating role of organizational competencies, and established that these capabilities have a significant effect on firm performance. On this study, the moderating variable is organizational culture. Nyachanchu, (2018), studied the dynamic capabilities, management behavior and performance of producing firms and observed out that leadership behavior has a substantial effect on the performance of manufacturing corporations.

The study's objective was whether or not the dynamic skills and organizational culture has an influence on the firm performance and more particular the banking enterprise. Owino, Kibera& Musyoka, (2015) used cross sectional research methodology to establish the impact of a culture of micro finance firms and its marketing abilities on their performance. The methodology used had obstacles and consequently, this study has used triangulation to make certain that the limitation is bypassed. Vlatka and Marko, (2015) studied the dynamic abilities, the integration of external competencies in SMEs and collected qualitative data for its analysis, in this study the researcher shall use qualitative data.

A critique of the content material of the empirical studies, it is noticeable that no study works with multidimensional concepts of dynamic skills; alternatively, most studies appoint other alternatives or constructs for studying companies in standard. Many empirical studies have tended to use the theoretical perspective of these capabilities in an explanatory approach without augmenting it with the various concepts of dynamic capabilities and measuring them against the competitiveness of organizations. Therefore, the study will be guided with the aid of the subsequent research question. What influences does dynamic capabilities and organizational culture have on the SBM bank's performance?

1.3 Research Objectives

The main objective of the study was to how organizational culture moderates on the association of dynamic capabilities and performance of SBM bank Kenya

The other objective was to establish the influences of dynamic capabilities on SBM bank's performance.

1.4 Value of the Study

The study will make theoretical, empirical as well as methodological contributions that purpose at extending existing expertise in dynamic capabilities. The study will contribute to the dynamic capabilities literature because it will enhance greater expertise on the consequence of dynamic abilities on performance of an organization that is moderated by its culture. Lecturers and researchers might also uses the findings of this research to help literature review references as well as expand topics for similar studies. These results will add to the educational area by way of laying a foundation for further research and information about the association of dynamic capabilities and organizational competitiveness.

The industry will benefit from the study, as the managers of the banks will be guided on the way to build and influence the capabilities and in return enhance performance of the bank. The SBM management and other banks may be guided by the study to enhance assets and capabilities on the subject of the dynamic environment that corporations face.

For instance, the banks can recruit based on expertise garnered from existing opportunities and threats and reconfigure the available sources that are consistent with the dynamic environmental similarly, banks can shed resources that impede on its strategies that are required in the rapidly changing environment.

The results of study will be of great importance to policy makers, since they will elaborate on the use of dynamic capabilities. The policy makers will be knowledgeable while formulating regulations with a view to guide the banking industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter reviews literature and related studies of the impact of dynamic capabilities the organization's culture and the overall performance of the State Bank of Mauritius, (SBM) Kenya. The chapter is sectorized into theoretical, conceptual and empirical review. It also provides an understanding of the gaps the research seeks to fulfill.

2.2 Theoretical foundation

The study demonstrates the effects of dynamic abilities, and organizational culture have on the overall performance SBM bank. Consequently, the study will be underpinned by dynamic capabilities theory, resource based theory and knowledge based view theory.

2.2.1 Dynamic Capabilities Theory

The conception of dynamic abilities ascended after a strategic limitation of the resource-based theory of an organization. According to Teece et al. (2015), these capabilities hold the potential to combining, building and reconfiguring the internal and external capabilities to cope with the swiftly shifting environment. The shortcoming of the RBV has been pointed out as overlooking factors that surround sources instead of supposing that they still occur. Issues as akin to how resources advance, and integrate into the firm and subsequent release have been under explored. Therefore, this technique adopts a buffer amid the resources and the environment to

The capabilities help an enterprise alter its combination of resources whilst retaining the sustainability of its competitive benefit, which in any other case is probably eroded. Whilst the RBV emphasizes the selection of appropriate assets, dynamic abilities emphasize on improvement and renewal of the resources. In step with Wade and Hulland (2014), resources may additionally tackle a few of the attributes of dynamic competencies, and thus may be especially beneficial to companies working inside the rapidly changing surroundings.

Nevertheless, reviewing key studies in this area, Salvato (2013) exposed discrepancies that overlapped the definitions, and ambiguities in the distinction of dynamic abilities from different abilities. Cohen and Levinthal (2011) repute that these capabilities are its neither skills nor techniques but as those, that resource to healthy consumer needs and market player techniques.

Dynamic capabilities are choreographed via three factors; sensing, seizing and reworking (Teece, 2012). The sensing detail identifies and asses a possibility that has shifted in the environment and has an incredible effect on the firm. The seizing element is that which mobilizes the assets to address the identified opportunity, capturing its value. Transformation is a key element in a firm since the fast changing environment requires that it reconfigure its asset structure with the intention to accomplish the set goals internally and externally.

The integration, building and reconfiguration of the internal as well as external capabilities in order to allow firms withstand competitiveness in the dynamic environment is facilitated by dynamic capabilities. (Zollo and Winter, 2002). A major concern of an organization's strategic management is to retain a fit dynamic enough to what it offers and what the environment dictates. Therefore, the firm has to own a dynamic functionality, which besides increasing the company's possibilities to live to tell the tale, often affords it with the ability to increase (Zollo & Winter, 2002). Dynamic capabilities have influences the reserve of the firm's assets which in turns out to be the source of competitiveness. However, dynamic abilities are commonly the outcome of mastering and learning within the firm. For the reason, that dynamic abilities concept emphasizes useful resource development and renewal it is going to be massive in expounding extra at the technological and innovative skills which want renewal and steady exchange to march with the converting and ever-advancing technological environment.

2.2.2 Resource-Based Theory

The Resource-Based Theory (RBV) stipulates that businesses have bundles resources that bring about an aggressive benefit. Barney, (1991) defines resources as all of the belongings, abilities, organizational approaches, firm attributes, statistics amongst others that are managed by means of a corporation in order to permit it to achieve its set objectives and enable it deliver efficiently and effectively. The more precise and inimitable these resources are, the higher the organization's competitive gain. Penrose (1959) categorized resources as either tangible or intangible. Tangible resources include human resources, economic resources, raw substances, equipment, and plants amongst others.

Intangible may additionally consist of the workouts and practices, relationships with clients and suppliers in addition to a firm's popularity. The RBV states that firm could have competitive benefits via the development of resources, which can be atypical and diversely distributed (Barney, 1991). Consequently, firms can generate rents whilst assets are company precise, and the existence and maintenance of rents rely upon the difficulty of competitors to gain, imitate, or increase those resources.

These organizational assets can be classified into three: tangible property, which can also encompass real property area or a physical community of optical cables; intangible are those who represent an accumulated stock of knowledge, including patents and technological know-how, or the customer recognition of, and experience with a brand; and organizational skills which represent the performance which an organization converts inputs into outputs (Collis and Montgomery 1995).

In 1991, Barney first formalized the time period RBV perspective into a theoretical framework even as clarifying the expertise of the effect of a company's surroundings on company overall performance (Newbert, 2014). The RBV concept makes two assumptions, which collectively countenance variations in resources endowments prevail through the years (Newbert, 2014). These assets are heterogeneously dispensed amongst companies and they may be imperfectly mobile (Barney, 1991).

In addition, Barney, (1991). Firms with resources that might be treasured, rare could achieve competitiveness besides enjoying better overall performance temporarily, whilst drawing from Dierickx and Cool (1989) he posited that for a company to preserve those benefits for a long duration, over time they should be unmatched and non-substitutable. Critiques have faulted the RBV concept to be static in nature and missing in empirical scrutiny (Priem & Butler, 2012). To deal with this discrepancy scholars have counseled hyperlinks among useful resource ownership and exploitation (Mahoney & Pandian, 1992). They argued that a firm might acquire rents not because it has better assets, but instead its better usage of its assets. The resource-based theory is relevant to this observation as far as the human resource functionality and the organizational assets are concerned.

The human resource is concerned within the process of soaking up new expertise and learning from other industries, companions and different actors. The two assumptions of assets are; heterogeneous and motionless, the former assumes that the former has exclusive skills and capabilities, shape that a company can layout to fit its strategies and makes it unique, the latter is of the assumption that those sources are not transferable from one firm to some other.

This managerial framework is used to determine the strategic sources that might help an employer reap a sustainable competitive gain, subsequently very vital in the ever-changing environment. Sources that facilitate this sustainable aggressive benefit ought to be valuable, uncommon, imitable and now not substitutable. This standard calls for those groups to develop and adopt particular, and firm precise skills. RBV allows groups to compare the capacity factors to offer a competitive benefit and to go back acquire the favored overall performance.

2.2.3 Knowledge-Based View Theory

The knowledge-based view theory is coined from strategic management literature, and it encompasses and builds upon the resource-based view concept. According to Penrose (1959), the transfer of knowledge within firms is consequential since the same intricate skills that might be evidence alongside imitation are also hard to organize and train Kogut & Zander, 1992). Knowledge transfer externally has challenges that consist of special ranges of information transfer capabilities between the concerned partners, whereby the most powerful ones at shifting information outdo the ones less skilled (Dyer & Singh, 1998).

Expertise is rooted and transferred through a couple of entities, which include firm's culture and identification, guidelines, exercises, files, structures, and employees. In keeping with (Acedo, Barroso & Galan, 2006), knowledge is the number one supplier of a maintainable aggressive benefit thus the role of the company is to not only to collect a variety of sources and talents, but instead to improve its organizational understanding in order to produce an aggressive and maintainable gain (Grant, 2003). The information-based theory presupposes that aid and functionality-primarily based benefits are sourced from a superior access to and integration of particular understanding (Grant, 2003). People create and hold knowledge and expertise, therefore, for it to be entrenched in the firm organizational method and procedures should be repetitive (Prahalad & Hamel 1990).

Therefore, businesses are viewed as bundles of knowledge, wherein knowledge is a talent that serves as a source of variation and viable gain (Dierickx & Cool, 1989).

There are two crucial knowledge approaches in organizations that might be related to the building of knowledge; these are formation and transference (Von Krogh, Nonaka & Aben, 2001). In this observe, the expertise based totally capability theory is related to the have an impact on dynamic functionality transformation, which is prime in the reconfiguration of a group's techniques. The technological modifications in the surroundings require that companies examine for you to enhance and expedite the information into company understanding to cozy a stake in a competitive marketplace.

2.3 Dynamic capabilities and organizational performance

These dynamic capabilities have theoretical as well as practical importance in a firm. In the most recent time, there has been rapid changes in technology, globalization as well as the shortened product cycles has made firms environment dynamic. Organizations in a dynamic environment need to adjust accordingly to sustain their competitive advantage. This requires that organizations be well armed with strong vibrant capabilities to increase their performance.

Giniunienea and Jurksieneb (2015) studied on the association of dynamic capabilities, innovation and organizational learning on the impact on firm performance. The study established that these capabilities could be a well-thought-out plan to the company's ability to carry out its activities in the ever-changing environment. This is in agreement with the opinions of strategic researchers that it is challenging to position these capabilities within other concepts, in addition to and demonstrating its role in increasing performance of firms

Another study by Cheema and Saeed (2015) aimed to establish the impact of these abilities on performance of a firm. Data was collected through self-administered questionnaires. Participants of the study were professionals and top and middle level business leaders who were responsible for implementing the strategies about the production, new product development, and selling, promotional, and pricing strategies. The study established that the capabilities have an impact of firm performance. Nyachanchu (2018) studied the influence of these capabilities and leadership behaviour on manufacturing firms performance in n Nairobi. The research design was explanatory with a cross sectional survey. The sample was 369 manufacturing firms however; data was collected only 271 firms.

The study established that these abilities influence performance as well as leadership behaviour in a firm. Further, Gathungu and Mwangi (2012) studied the association of dynamic capabilities, talent development and performance in firms. This study established that in a dynamic environment, dynamic capability emerges as a paradigm that drives a high performance. A study by Nyachanchu, Chepkwony and Bonuke (2018) sought to establish what role these capabilities played in the performance of manufacturing firms in Nairobi County, Kenya. The research design used was an explanatory design for the cross-sectional survey. Data was obtained from 271 out of 369 firms that were sampled from a population of 1,496 manufacturing firms'. The study established that firms that make use of dynamic capabilities, have been able to improve on their performance.

Vlatka, Marko and Marko (2015) conducted a study on dynamic abilities influences on the integration of their external competencies. The research design was conducted through a case study. Seven small and medium-sized software services organizations that operated in Central and Eastern Europe were studied. The study established that processes constituting integrative dynamic capability, relationship capability were observed. It was established that integration processes consist of three phases: compulsion phase, reproduction phase and expansion of knowledge base phase. Niche players develop their offerings based on the platforms and conduct those activities relatively autonomously, with relatively less input from keystone players or other niche players

2.4 Dynamic Capabilities, Organizational Culture, and Performance

The dynamic competences have effect on organization culture of an organization, in Odhiambo et al (2015), the research explains that dynamic capabilities and organizational culture give firms a competitive edge and enhances its evolutionary fitness. Therefore, the correlation of these capabilities and organizational culture has potential of increasing firm performance. Hence a firm that possess positive capabilities and strong organizational culture has competitive advantage (Amit & Schoemaker, 1993)

The culture of an organization stands out as a significant component in sustaining a competitive advantage that in return increases the firm performance. A consistent organizational culture can grow a firm into a prosperity, which is key in development of the confidence, and trust of people the firm (Kotler& Keller 2015).

An organizational culture acts as driver that support and develop the people with the precondition ability and competencies needed to get the job done. A Consistent culture, in an organization, enables it to operate efficiently and result to gains in edge against its competitors (Thompson, 2015).

Owino, Kibera and Musyoka (2015) conducted a study to identify whether organizational culture and marketing abilities affect the performance of microfinance institutions in Kenya. The study established organizational culture and product capability had a significant influence performance outcome. Similarly, Hung, et al (2010), conducted another research on the influence of process configuration and a firm's organizational culture on its performance. This experiential study used data from a survey of tech industry in Taiwan. The study revealed that even though organizational culture significantly affected performance, the influence was arbitrated by dynamic capability. Additionally, the study found evidence that process alignment influences performance both directly and indirectly through the application and usage of its dynamic capabilities.

2.5 Summary of Empirical Studies and Research Gaps

Dynamic capabilities are keen to performance of organizations as the studies have indicated and hence, the accumulation of these key resources have enabled firms to thrive in the competitive environment. The dynamic capabilities dimensions that are sensing, integration, and reconfiguration requires a firm to be fully equipped with to enable the improved performance.

Teece, (2012), defines sensing Capabilities as those that the firm needs to continuously probe, research, and search across expertise and markets. The integration capabilities are classified as those managerial capabilities that are relevant to dynamic abilities, (Teece et al, 2015). To sustain a competitive edge in the highly active environment, organizations, need to reconfigure their structures when the environment changes. The reconfiguration capability provides organizations with an escape route from the unfavourable path as well as maintain the evolutionary fitness.

Table 2.1: Summary of Empirical Studies and Knowledge Gap

Study	Methodology	Key results	Knowledge gaps	Focus on the current study
Dynamic capabilities, innovation, and organizational learning: interrelations and impact on firm performance. Giniunienea and jurksieneb (2015).	Literature review	Through the review of the findings of other researchers, authors provide theoretical model and set the foundation for further empirical testing	it is difficult to position dynamic capabilities within other concepts and prove the role of dynamic capabilities in increasing firm performance.	The current study seeks to establish the role played by dynamic capabilities in the performance of a firm
Impact of dynamic capabilities on firm performance: moderating role of organizational competencies. Cheema and saeed (2015)	Survey	Dynamic capabilities have a direct impact on the organizational performance of the firm	This study was moderated by organizational competences	The current study will use organizational culture as the moderating variable
Dynamic capabilities, leadership behavior and performance of manufacturing firms in nairobi, kenya. Nyachanchu (2018)	Cross-sectional	Dynamic capabilities influence firm performance and that leadership behavior has a significant effect on the relationship between dynamic capabilities and firm performance	Future studies should examine more other variables that interplay within dynamic capabilities.	The current study will examine the moderating effect of organization culture on dynamic capabilities and performance
Role of dynamic capabilities in the performance of manufacturing firms in nairobi county, kenya.nyachanchu, chepkwony, and bonuke (2018)	Cross-sectional	Dynamic capabilities have a significant influence on firm performance.	The study was conducted in a manufacturing firm and therefore cannot be generalized into a financial institution	The current study will be conducted in SBM bank to provide a feel of the financial institutions
Influence of organizational culture and marketing capabilities on the performance of microfinance institutions in kenya. Owino, kibera & musyoka, 2015	Cross-sectional	Organizational culture and product capability strongly influence performance outcomes of microfinance institutions in kenya	This study suffered limitations occurring from cross-sectional research design	The current study will use triangulation to ensure it circumvents limitations based on cross-sectional research design
Dynamic capabilities in smes: the integration of external competencies. Vlatka, marko and marko (2015)	case study	Both dynamic capabilities and organizational culture of the cooperatives in china contribute significant and positive effect on their competitive advantage as well	The study collected only qualitative data for analysis and are therefore unable to present quantitative aspects of dynamic capabilities in smes	The current study will supplement qualitative data with qualitative data

2.6 Conceptual Framework

The conceptual framework is said to be the scientific research procedure whereby a particular theory identified as a quantifiable occurrence, which gives a clear meaning of the concept as shown in figure 2.1. This diagrammatic presentation demonstrates the relationship among the dependent, moderating and independent variables in the study. Therefore, the dependent variable in the study is performance, which can be either financial or non-financial and influenced by liquidity, efficiency, and profitability, as well as customer and employee satisfaction, market share, and product quality respectively. The independent variable in the study is dynamic capabilities, which include sensing, seizing and transformation of the available resources. The moderating variable is the organizational culture, whose factors include values and polices, goals and objectives as well as leadership style.

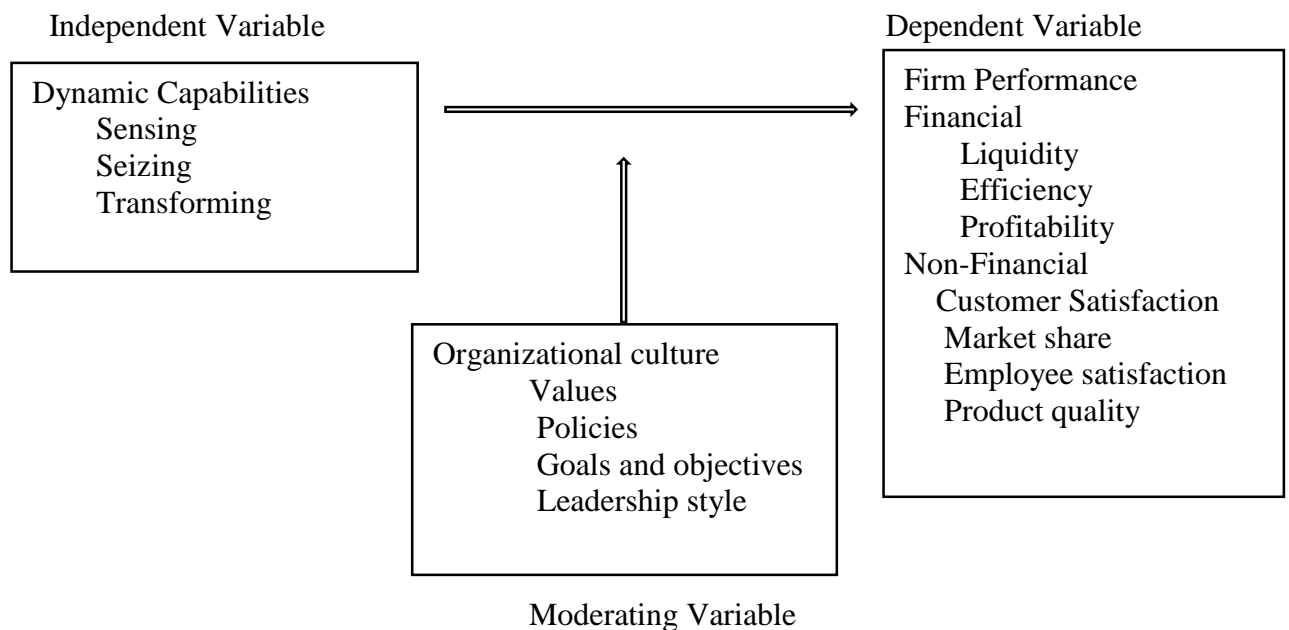


Figure 2.1: Conceptual Model

Source: Researcher (2019)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methods that were employed on the study. It therefore contains; the research design, data collection techniques that were used and how the data was analysed and presented.

3.2 Research Design

The research design employed by the study is a case study research design also referred to as a qualitative study. Tromp and Kombo (2006) posited that the descriptive method of research is gathering data concerning a current prevailing situation. The stress is on description instead of interpreting or judging. The descriptive technique tends to be practical and faster with regard to financial terms. This technique is appropriate in intense investigation of situations seeking to solve problems that are key to the problem in the research. In addition, this technique enables a flexibility, therefore, when significant new questions and issues come up in the course of conducting the research, additional investigation can be carried out.

A descriptive research involves a detailed study on a group of individuals it is usually that is focused and thorough. This kind of study evaluates a sample with preciseness based on articulation of a descriptive theory. It helps in generation of new ideas and may establish new areas of study.

Yin, (2003) outlines a case study as an analysis that probes a contemporary occurrence realistically when the margins that link the phenomenon and context are apparent where numerous sources of evidence are used. According to Kothari (2004), a case study's objective is to locate factors that describe the behaviour of patterns of an element that is integrated entirely.

3.3 Data Collection

Data collected was both in primary and secondary form where primary data that was collected through an interview guide and, secondary data was sourced from written papers, unpublished project reports, as well as SBM Bank's annual reports and newsletters. An interview guide allows a researcher pursue in-depth information regarding the topic, as acts as a reminder to the questions to ask and areas to probe.

It is required that it be simple to allow a thorough examination hence allows room for other researches to scrutinize the data. The data collected through a guide can be reused in other ways, as it tends to be in-depth and unstructured capturing the respondents' emotions and opinions regarding the subject.

The targeted respondents were the Chief Executive Officer, the Chief Finance Officer, the Chief Customer Experience Officer, the Chief Operating Officer, and the Chief Risk Officer, the head of Human Resources, the Head of Treasury and the Head of Business Development who are situated at the Headquarters.

3.4 Data Analysis

The data was analysed for accurateness in addition to consistency. In addition, it was summarized, edited and classified into various categories in accordance with respondents' answers as well as the objective of the study. Responses with common patterns or themes was classified collectively into comprehensible groups.

Content analysis technique used to analyse the data. A research tool that is focused on the actual content and internal features of data that is used to determine the presence of certain words, theories, subjects, phrases, characters or sentences or within texts or sets of texts and to quantify this presence in an objective manner uses content analysis, (Marshall & Rossman, 2016). This technique allowed the research identify the bias and hence avoid repetition. The technique allows the researcher to identify the underlying attitudes

This presentation presents the relationship of the variables, as well as provide opportunities to researchers to utilize the outcomes. This case study enabled the researcher examine raw data through interpretations to find the liaison between the variables.

CHAPTER FOUR

DATA ANALYSIS, RESULTS, AND DISCUSSION

4.1 Introduction

This chapter presents the evaluation besides the findings in regards to the research objectives which was first to establish the influence of dynamic capabilities on the performance of SBM Bank, and furthermore, to establish how the organizational culture moderates on the link between dynamic capabilities and performance of the bank.

4.2 Demographic Information

The respondents were eight in general who are simply in senior management level. They are, Chief Executive Officer (CEO), the Chief Finance Officer (CFO), and the Chief Customer Experience Office (CCXO), the Chief Operating Officer (COO), the Chief Risk Officer (CRO) and the heads of departments in the Human Resources, Treasury and Business Development. These respondents were asked through the interview guide to state their position in addition to the duration of time inside the bank. This choice of respondents changed into most beneficial as this group is at once worried about making plans and implementation of techniques. With regard to the training stage, the findings established that every one of the interviewees had first stages and six of them are Master's degree holders. Therefore, this meant that they clearly understood the questions and provided accurate and reliable responses.

Concerning the period with the bank, the interviewees had been asked to state how long they have worked inside the bank and inside the specific function held. Two of the respondents have been with the bank for two years now and one respondent is on eighth the other five are on their 6th year. This unfolds out length presumes that they have a deeper information of the dynamic capabilities, and the business enterprise tradition of the bank and its effect on overall performance.

4.3 Dynamic Capabilities and Performance of SBM Bank

According to the DCV theory, corporations have the capability to respond correctly and timely to the fast-paced environment. The banking sector is marred by this kind of dynamic environment that requires the banks to effectively reply by integration, constructing and reconfiguration of its internal and external competencies so that it will sustain the competitive advantage. The respondents universally agreed that the banks capabilities should to be used to sustain the competitive gain because it has overtime progressed its overall performance.

The respondents were in agreement with Teece et al, (2015) these are the abilities that decide whether an organization is acting the proper activities and then effect the essential exchange. Those dynamic abilities have the skill to create, prolong or alter the resource base. They may be embedded in the organizational each day routines that involve every member of personnel. Under the element of sensing includes the internal and external R&D, suppliers and customers that fall below the open capabilities.

Seizing alternatively involves selection making, the commercial enterprise model as properly on the lifestyle. Transformation entails governance, co specialization, studying and information in addition to innovation.

A company's ability to remain competitive within the market place, there needs to adapt to the changing environment. This statement becomes affirmed through the respondents as Eisenhardt and Martin, (2012) described dynamic skills being a company's methods that use the resources to integrate, reconfigure advantage and launch sources that math the modified environment. The performance of an employer in step with Wang & Ahmed, (2014) relies upon on the talents that a firm develops over time, therefore while dynamic skills are a conducive element within the long term overall performance of a firm.

Firm performance in SBM Bank was measured on the Balance Score Card (BSC), which is the ranked into financial perspective, customer and markets, sustainability and learning and growth. The financial perspective was measured on sales growth, return on sales and assets as well as return on equity. Sustainability includes the internal business processes, productivity, unit product costs and capacity utilization. Customer and markets involved market share and number of customers as well as product customization. Under learning and growth, the respondents, were in agreement, that new products, new markets, employee satisfaction as well R&D. Therefore, the respondents all agreed that in to ensure an increased performance of the Bank in the factors, there is need to encompass the dynamic capabilities during strategic planning of a financial year.

Consequently, the respondents reveal that the bank's performance is significantly influenced by its dynamic capabilities. On financial perspective, the implementation of the dynamic capabilities strategies enables a firm increase on its performance even though dimly. There is a correlation on dynamic capabilities on firm performance especially on sustainability. Besides the business processes capacity utilization influences the bank on how to utilize the dynamic capabilities. The respondents revealed that the bank's capabilities have a significant influence on its performance on the learning and growth perspective.

4.4 Dynamic Capabilities, Organization Culture, and Performance of SBM Bank

The firm's culture is comprised of its values and behaviors that contribute to the inimitable collective and psychological surroundings. These collective values and beliefs can be prompted through factors including vision, values, norms system, and the enterprise environment among others. If the employer's lifestyle is visible as something that characterizes a company, it may be employed and changed depending on what goals the organization is about to gain, Modaff et al (2011). A business culture outlines the three attainable ingredients, which are employee, the work, and customer. This consequently approaches an organizational culture that brings together the employee, the work and the client collectively specializing in the main goal, which in go back improves on the firm's overall performance.

The respondents agreed that an organization that has its way of life clearly streamlined had an edge on the competitive gain, via effective structures and efficient employees. The fact that organizational culture acts as a survival element; there was a great influence on its general performance. Denison, (2000) pointed out that culture contributes to the success of a firm. In addition, Peters and Waterman (1985) recognized that innovativeness, productivity through human beings and other cultural elements have a positive effect on the economic impact on an employer.

Organizational culture is reviewed in the manner of existence of an employer from how obligations are executed, reaction to opportunities and threats to decision making. This variable is therefore seen to moderate between the dynamic abilities and overall performance of a business enterprise. The dynamic business environment that requires strategies to align to alternate with a view to maintain competitive advantage, calls for organizations possesses a healthy culture. Change in the environment requires a company to evaluate the present organizational culture then without a doubt pick out the preferred culture and transform as quickly as required.

Sensing capabilities have been recognized to contain a massive impact on the overall performance of the firm. Osioma et al (2016) corroborate that, after establishing that these sensing capabilities were superior to the two banks they based their study on. The study acknowledged that these skills have an impact on company performance.

Consequently, institutions, which display a tendency toward sensing opportunities and threats before making well-timed choices in enforcing strategic decisions and adjustments successfully, end on the proper route and achieves competitive advantage (Li & Liu, 2014). Additionally the research attests to the findings of Woldesenbet et al (2012) that established that firm which use the capability of sense in their innovative ways to identify opportunities and threats, consequences in converting their consumer needs and steer closer to a dynamic environment. The conceptual model established by Gathungu & Mwangi (2012), affirm that sensing skills are a critical component in the identification and assessment of opportunities.

Seizing capabilities are forethoughtful skills and a fast response to the opportunities available. These abilities are the right approach for firms are that confronted with stiff opposition (Lumpkin & Dess, 2001). This functionality detects the new opportunities and scans the environment for implementation of the strategies. Seizing allows companies to understand the way to discover and respond to the change correctly Firms are required to have the capacity to reshape its resource base by using sensing the adjustments in the surroundings efficiently and respond accordingly.

The reconfiguration capability of a firm is albeit able to reengineer its assets in step with the available opportunities. Corporations that make use of this functionality are more likely to succeed (Wu, 2007). Organizations are supposed to expand methods that make changes at a discounted cost for the duration of the reconfiguration and will stay in advance of the competition.

4.5 Discussion of Results

The main objective of the study was establish the influences of dynamic capabilities on the performance of SBM Bank in Kenya. The results verify that firms that own valuable, rare, imitable and non-substitutable assets result in high organizational overall performance. The study has found that there exists an indirect relationship among dynamic abilities and performance of the firm. Dynamic capabilities contribute to firms overall performance via combining, reallocating and renewing organizational capabilities, this is supported by using Eisenhardt & Martin, (2012) as they posited that dynamic abilities may be operated in both high and much less dynamic environment. Consequently, organizations must invest within the factors of dynamic capabilities; sensing seizing and remodeling to amplify their overall performance.

In addition, the firms must advance superior capabilities since this fosters the process of gaining knowledge of capability, which results to leveraging of all the firm's assets. The study has established that, an organization that has superior skills is able to respond to a dynamic environment effectively and in return, gain a sustainable competitive advantage that causes improved performance.

The second objective was to establish how organizational culture moderates on the association of dynamic capabilities and performance. It has been established through the study that organizational culture has a moderating effect on capabilities and performance of firms. A culture of a firm turn out to be more heterogeneous because of the sensing, seizing and remodeling to suit the dynamic surroundings, which in the affect performance.

In this study, the bank is an acquisition of two banks with the parent company being a global firm. Consequently, this means the organizational culture of SBM bank is a combination of three cultures that should become in order to reaching the set organizational goals.

The study revealed that these capabilities have a significant impact on firm performance. Dynamic capabilities such as innovation have shown in the study that if the bank transformed, it would be able to meet the demanding customer needs as well as adopt to the changing environment. The existing products would be transformed to suit the new market that would be created through identifying the dynamic capability. The results of this study and those results of Dalvand and Karampour (2015) in the study of effects of advanced innovation on capabilities on performance of export companies established that learning capabilities from innovation have an affirmative consequence on performance.

Further, it has been established that the technical capabilities are measured through the BSC on the learning and growth perspective. Therefore, employees through leaning and team playing enable them acquire skills, and talent growth enabling improved interpersonal relations which ensure success in their assigned duties as identified in the study of Selomon (2015). Respondents agreed that the learning capability had an influence on the banks performance. Bank employees depended on each other to enable the firm achieve the set organizational goals

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

This chapter covers the summary of the research results, a discussion of the empirical observation and outcomes, as well as recommendations identified.

5.1 Summary of the Study

The reviewed works on these capabilities includes both conceptual and theoretical considerations. However, there were scarce studies that have been accomplished to find the effect that dynamic abilities have on firm performance in addition the moderating variable of organizational culture. This review is premised on exhibiting the effects that of these capabilities have on the overall performance of SBM bank and secondly signify how organizational culture moderates on the relationship between dynamic skills and performance of the bank. The study sought to establish whether there might be an impact on the bank's performance and the sensing abilities, seizing abilities and reconfiguration abilities. The study has therefore demonstrates that there is noticeable impact on these capabilities on the bank's performance .The moderating effect of organizational culture has additionally denoted that there is a connection among dynamic skills and the firma performance.

The idea of dynamic abilities influencing firm overall performance has been studied within other principles and in this study, the culture of an organization was the moderating variable. Thus, the set of shared values held by personnel of one employer is dissimilar from the other. This distinction in individual personality of the company puts it at one-of-a-kind on performance. Company performance is derived from a positive impact on activity pleasure that is stemmed from the organization's culture.

Therefore, the connection among organizational culture and capabilities have the ability for enhancing realignment and distribution of resources in the firm, which results to an accelerated overall performance. The cause for supposing such interplay is because of the complementary nature of dynamic capabilities and organizational culture (Qrstin & Sun, 2016). The interplay among organizational lifestyle and dynamic capabilities has been characterized with the aid of asset mutuality that makes it hard for competition to disentangle giving the agency an aggressive edge.

5.2 Conclusion of the Study

The study sought to establish the impact of dynamic capabilities on the performance of SBM bank Kenya, via the moderating variable of organizational culture. In order for organizations to thrive and obtain the set goals, the ever-changing surroundings requires that a paradigm shift be adopted. The banking sector is in an incredibly dynamic environment because of different factors. This means they need to sense, seize and rework its existing talents if the firm aims to maintain the competitive advantage, which in return facilitates high performance.

The study concludes that organizational culture moderates on the dynamic abilities and performance of a company. The organizational culture of the company desires to be relevant within the firm environment that is incredibly dynamic. These abilities are very important to organizations as they help with maintaining a sustainable competitive gain, which ensures a superior firm performance.

This study has identified with what Teece, (2012) stated that within a fast-paced environment, sustainable advantage calls for particular and difficult to copy dynamic abilities. However, this research has been conducted during the transition year of the bank, as it sought to bring collectively three organizational cultures. In addition, studies can be done further to discover whether the coming of together of three cultures, as well as the effect of dynamic skills on the performance of the bank. Therefore, the study concludes that dynamic capabilities such as innovations should be continually assessed and adopted in order to increase of the firm. Learning through the technical knowledge has also come out to show that a firm's performance would significantly increase should it considered. The moderating effect of the culture in a firm, in the study concludes that an organization with a solid culture posts an improved performance.

5.3 Implications of the Study

The study provides an empirical evidence on the affiliation of the various factors of dynamic capabilities and how they influence firm performance while being moderated by the organization's culture.

5.3.1 Theoretical Implication

Theoretically, the study provides an understanding of how dynamic capabilities assist firms improve performance. Previous studies have not studied the relationship of the two variables moderated by organization studies hence; this study has provided academic contributions. The conceptualization model extends the previous studies done on firm performance, basing on resource-based view through an empirical approach. However, this study is contextualized to SBM Bank Kenya, whilst providing a sharper theoretical contribution to strategic theories of dynamic capabilities.

5.3.2 Practice and Industry implications

Additionally, the study has inferences to the banking practice as the results have established how to utilize the dynamic skills and organization culture to maximize on the firm performance. The managers in the banking sector should aim at concentrating the dynamic capabilities in their firms so to achieve competitive advantage, which will ensure increased performance. The study results have established that a firm should always assess its dynamic capabilities and culture so that it is able to achieve its set objectives. The results of the study are useful to the banking sector as well as within other firms, as the dynamic environment requires a highly competitive firm in order to survive.

5.3.3 Policy Implications

The study results informs the government and other policy makers on formulation of appropriate prudential guidelines that addresses the limitations of the competitive banking sector. The study identifies and elaborates the need for organizations in the commercial banks to focus more on their dynamic capabilities and organizational culture so as to ensure increased performance.

5.4 Recommendations

The study has established, that there may be an impact on company overall performance should an organization keep in mind its dynamic competencies throughout the components and implementation of its strategies at the same time as moderated with the aid of its organizational culture. The dynamic capabilities are very vital in differentiating a company's performance most in particular within the dynamic operating surroundings. Organizational culture is key to the environment where mergers are common and as a result, bringing the one-of-a-kind cultures to shape one that will enable the company to obtain its set organizational goals. Therefore, the recommendations from the study include;

1. The management of SBM Bank should ensure that its dynamic capabilities are increased through innovation, which will ensure a differentiated service delivery and products. Dynamic capabilities are viable option in the feasibility of the banks future.
2. In addition, the Bank should consider creating an environment that encourages learning and acquiring knowledge since it enables firms attain competitive advantage. Creation of knowledge that is unique, mobile, and inimitable and cannot be substituted gives a firm a competitive edge.

3. In order for the Bank to improve its performance, it should ensure its culture is well incorporated through a suitable learning culture. An organization's learning culture increases in efficiency and productivity which in return increases level of employee satisfaction as well as adopting to the dynamic environment.

5.5 Limitations of the Study

The limitations of the study included fear of the respondents from divulging information that would be accessed by competition, since the banking sector is highly competitive. This was a challenge despite assuring the respondents that the data was solely used for academic purposes. Secondly, the data was self-reported and to avoid bias and subjectivity of the response, the respondents included the CEO and Heads of Departments who had a vast experience in the banking sector.

5.6 Areas Suggested for Further Research

Future research should consider researching on specific factors of dynamic skills on the influence of the firm performance. This may establish a more distinct outcome on the influence of these capabilities on firm performance. In addition, studies should be done on other banks in order to establish as to whether the outcomes of this study are applicable to the entire banking sector, maintaining the same variables as the environment keeps changing.

Similarly, studies can be done on the relationship of dynamic skills on various factors of firm performance. Despite, the contribution to academic research and practice, the study used a case study research design further research can be done through use of explanatory design that allows uses of inferential statistics to examine the affiliation amongst variables.

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APPENDICES

Appendix 1: Letter of Introduction

Dear Respondent,

RE: DATA COLLECTION

I am a graduate student at the University of Nairobi, School of Business, pursuing a Master's Degree in Business Administration. As part of the requirements' for the award of the degree, I am undertaking a study on Dynamic Capabilities, Organization Culture and Performance of SBM Bank in Kenya.

As such, the purpose of this study is to investigate the influence of dynamic capabilities moderated by organization culture on performance of SBM Bank, Kenya. I hereby request you to support me by enabling this interview to obtain data for the study. The information obtained will be treated with utmost confidentiality and used solely for academic purposes.

Your assistance and cooperation will be highly appreciated

Yours truly,

Teresia Wamboi Kiarie

MBA Student

Dr. James Gathungu

Supervisor

Appendix 2: Authority to conduct Research



**UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS**

Appendix 3: Interview Guide

Section A: Respondent's Profile

Position held in the Bank.....

Length of time in the Bank

Section B: Dynamic Capabilities and Organization Performance

1. Does the Bank focus on its dynamic capabilities to improve on its performance?
2. What are the dynamic Capabilities that the Bank has optimally adopted in order to be sustain the competitive edge?
3. Describe how these dynamic capabilities have aided the Bank in improving its performance.
4. Based on the nature of dynamic skills, does the Bank's vision and strategy work towards enabling the achieving the set performance goal?
5. Do these dynamic capabilities help during the formulation of the strategic goals?
6. How has the dynamic capabilities process been incorporated in the Bank's implementation of its strategy
7. Does the Bank's strategic planning process leverage on dynamic capabilities and bank's performance?
8. What is the purpose of these capabilities in improving the performance of the Bank
9. In your own opinion, do the dynamic capabilities influence the performance of the bank?
10. What is the role of the three dimensions of dynamic capabilities in firm performance?

Section C: Dynamic Capabilities, Organization Culture and Performance

11. Has the Organization's culture affected the dynamic capabilities and the Bank's performance?

12. What managerial implications does the organization's culture leverage on to build on dynamic capabilities to improve on performance?
13. In the three dynamic capabilities dimensions, which one has most significant effect on the culture of the bank that enhances performance?
14. What are the Bank's cultural factors that have influenced the dynamic capabilities and performance of the Bank?
15. How has the dynamic capabilities adopted made aligned with the Bank's culture?
16. Does the organization's culture serve as a significant intervening factor in dynamic skills and firm performance?
17. Does the integration capability of dynamic capability influence the organization's culture?
18. What are the internal integration capabilities that influenced the performance of the bank?
19. What are the external capabilities that were incorporated during the organizational culture realignment?
20. What effect does the sensing capability have in the organization's culture and eventual performance?
21. Has the Bank set aside funds that will cater for the sensing capability, since this requires research investment?
22. During the reconfiguration of the organization's culture, was this capability able to sustain the increasing competitive advantage?
23. Did the reconfiguration capability influence the performance of the bank?
24. What mechanisms does the bank employ to ensure that dynamic capabilities match with the culture to improve on the performance?
25. Are the dynamic capabilities able to integrate, build and reconfigure the organizational culture to improve on the bank's performance?