

**INFLUENCE OF DYNAMIC CAPABILITIES ON COMPETITIVE ADVANTAGE
OF SMALL AND MEDIUM ENTERPRISES IN NAIROBI CITY COUNTY, KENYA**

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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT
SCIENCE, UNIVERSITY OF NAIROBI**

2021

DECLARATION

This research project is my own work and it has not been used or submitted in any other college for the award of any degree.



12 November 2021

Signature.....

Date.....

ADAN MOHAMUD OMAR

D61/7601/2017

This research project has been presented to me as the University mentor and supervisor.



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DEDICATION

This study is dedicated to my family for their support as well as to the almighty God for the provision of wisdom and grace on the entire journey.

ACKNOWLEDGEMENTS

I would like to express my deepest appreciation to my Supervisor, Dr. Joseph Owino

ABSTRACT

Dynamic capabilities are primary drivers of a firm's competitive advantage and thus of key interest to managers. Yet the way in which dynamic capabilities secure the competitive advantage for SMEs has received little empirical attention. This study set out to uncover the influence of dynamic capabilities on the competitive advantage of SMEs in Nairobi City County, Kenya. Dynamic Capabilities Theory and Industrial Organization Theory led the investigation. Three hundred and eighty-eight respondents were randomly selected from a population of nine thousand small and medium-sized enterprises (SMEs). Participants filled out a questionnaire, which was then evaluated using descriptive statistics and simple linear regression. As a consequence of the study, SME competitive advantage was positively impacted by social dynamic capacities. This led to the conclusion that dynamic capabilities, such as the capacity to recognize opportunities, integrate and reconfigure resources, processes and routines are important to the competitive advantage of Nairobi City County, Kenya's small and medium-sized enterprises (SMEs). SME owners are advised to assess market developments in a methodical manner and implement these insights into their company operations, according to the findings of this research. By taking into account both the diverse capability configurations revealed in this study and the aims of SME owners, public policy aimed at promoting SME growth should also be structured to achieve more precise strategic goals.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

It is very necessary for every organization to be competitively advantaged in their industry (Nguyen, Tran, Nguyen, & Truong, 2021). Organizational capacity to attain competitive advantage has been a leading motivation among investors, business executives as well as policy formulators across the globe (Mulyaningsih, Danial, Komariah, Firdausijah, & Yuniarti, 2021). Business aggressiveness is dependent on the specific tactics employed in an attempt to be in line with the success determining aspects in the operating environments and defeating the rivals. Technological advancements, consumer demand and customer expectations, competition and regulations, as well as globalization, are just a few of the numerous challenges facing businesses today (Prabo

wo, Sriwidadi, & Ikhsan, 2021). To prosper, various firms have adopted diverse tactics, according to Barney (2015). Competition and overall organizational success are affected by these developments (Harrigan, 2017). A chaotic market favors only those businesses who are able to establish and preserve competitive advantages and to enhance their performance.

In this study, the Industrial Organization Theory and Dynamic Capability Theory were used as a framework. Teece (1990) introduced the theory of dynamic capabilities. He contends that in a constantly changing world, companies must create flexible plans in order to thrive. Therefore, businesses must continually reconfigure and rebuild their systems to remain competitive. The competitive advantage of a firm depends on the development of dynamic talents in a timely manner. The industrial organization theory describes and ownership (O)

advantages that emerge from possessing specific intangible resources. Both the concept of property rights and the internalization paradigm explain this.

Small and Medium Enterprises (SMEs) drive the economies of the majority of the nations in Africa through creation of employment, enhancing economical livelihoods dispersion of financial resources and enhancing financial improvement. As per Olonde (2017), SMEs are viewed as major contributors to economic development for both advanced economies as well as emerging and less advanced ones, contributing more than 90% of all entrepreneurial activities around the world. SMEs affect majority of the regimes' economical and developmental tactics while commanding business acumen in the global arena. Despite their activities, lower capital expense, constrained HR and the developing rivalry scene alongside the client elements, the plans of action of SMEs are altogether unique in relation to enormous retail ventures (Wu, Chen & Jiao, 2016). Research done in the past has distinguished and inspected a scope of approaches under the rubric of vital direction that SMEs can receive to accomplish unrivaled endeavor upper hand. SMEs signify a key section of monetary viewpoint in all nations and as such their share towards economic growth remains an interesting concept altogether. Kenyan SMEs' competitive advantage was examined in this study.

1.1.1 Dynamic Capabilities

Capacity of firms to respond to changes in the environment with the help of "Initial definition of "dynamic capabilities" was to "integrate, develop, and reconfigure" internal and external competencies in response to rapidly changing environments (see Teece & colleagues, 1997, p. 518). (Teece, Pisano & Shuen, 1997, p. 516). A firm's strategic choices or "paths" "in this sense (Helfat, 1997).

After the initial definition of dynamic capabilities was developed, it was improved and enlarged. Dynamic capabilities are described by Eisenhardt and Martin (2000) as "the firm's procedures that employ resources to meet and even generate market change." Organizing processes were utilized to illustrate dynamic capacities in this concept. Dynamic capabilities as process include; product development routines, acquisition and alliance capabilities, routines for allocation of resources and transfer and replication of knowledge (Eisenhardt & Martin, 2000). Dynamic capabilities were also extended by Eisenhardt and Martin (2000) to cover changes in market creation and response to external changes. Dynamic capabilities, according to the authors, can be employed in situations that don't undergo rapid change.

A firm's ability to continually renew its resource base as the market changes, according to Teece (2007; <http://www.teece.com/dynamic-capabilities-definition.html>). Dynamic capabilities are categorized into three micro-foundations: (reconfiguring) (Teece et al 1997). These skills operate on and transform resources into sustained superiority for a company (Wilden et al., 2016).

As defined by Teece (2016), sensing capability is a firm's ability to recognize and analyze market trends as well as changes in client demands, opportunities and risks (Teece, 2007). To ensure company sustainability, companies need to be attentive to changes in the business environment. Proactive persuasion of these changes can help firms respond more quickly to change (Teece, 2007). It is the firm's capacity to connect fresh knowledge with current systems and establish a shared understanding of knowledge that defines its integration capabilities (Prabowo, Sriwidadi, & Ikhsan, 2021). Companies with reconfiguration capacity can quickly modify their resources in response to rivals' actions and market shifts (Teece, 2007). To conceptualize dynamic capacities, we used Teece's (2007) conception.

1.1.2 Competitive Advantage

As the name implies, competitive advantage is the firm's capacity to outsmart its opponents. It is said that a firm has an edge over its competitors when it implements a value creation strategy that no other company, existing or future, has adopted concurrently. Prior to taking advantage of competitiveness, a business must establish the necessary strategic plans. For companies to acquire a competitive edge, Michael Porter outlined three general techniques that might be used. Cost leadership, distinctiveness, and focus are three of them (Wu, Chen & Jiao, 2016). Customers are attracted and retained via differentiation. According to focus, products and services are developed for certain market segments. A company's focus is not enough to achieve above-average performance (Porter, 1985). This leads to two primary sources of competitive advantage being identified in the literature: cost leadership and distinctiveness (Lechner & Gudmundsson, 2014). Customers are attracted and retained via differentiation. According to focus, products and services are developed for certain market segments.

Moreover, it should be noted that the concept of competitive advantage refers to the capability gained by an organization through its skills, competencies and its characteristics to outperform its rivals in the industry. Barney and Hesterly (2009) noted that competitive advantage helps firms to create unique plans and low cost models in its programs. This allows a firm to out-smart its competitors or its rivals are enjoying high competitive advantage in the market. Porter (1985) argues that distinctiveness and cost leadership are mutually exclusive. The idea of competitive advantage was narrowed in this study to differentiation and cost leadership, as a result of which.

1.1.3 Small and Medium Enterprises in Nairobi City County

In Kenya, the SMEs provide over 75% of jobs to the youths and contribute hugely to the economy (Olonde, 2017). Kinyua (2014) contended that SMEs advancement is still delayed in spite of government efforts to empower the sector. SME's are defined by the Micro, SMEs (MSME) Survey of 2016. According to the poll, there are more than 1.56 million small and medium-sized businesses (SMEs) licensed by county governments throughout the country. The study also showed that more than 5 million small and medium-sized businesses (SMEs) were operating without a license. Services account for the bulk of these firms, with most of them engaged in wholesale and retail trade, motor vehicle and motorcycle maintenance, followed by lodging and food service operations.

In Nairobi, the SMEs contribute about 20 of the GDP. The sector also employs more than 85% of the people within the city and over 2 million people depend on it (Government of Kenya-GOK, 2018). It is also evaluated that the SMEs add to around 20 % of the GDP (GOK, 2018). This means that the sector significantly plays a bigger role in the City development. A study by the Economic Survey (2019) also noted that the sector accommodates roughly 80% of all the workers and contributes over 92% of the new job openings made in 2019.

1.2 Research Problem

Dynamic capacities are indispensable for a business undertaking to win a continued upper hand and guarantee predominant firm execution. According to Nyongesa (2017) these are the special abilities that are of incentive to clients, uncommon and which contenders discover hard to mirror. The small and medium retail segments have been distinguished as some of the

key drivers in the monetary advancement plan of Kenya involving 76% of the SMEs contributing up to 10.8% of the GDP (GoK, 2018).

SMEs lack the necessary skills to compete at the national and international levels because they lack the necessary competences. Al-Mahrouq (2010) observed that various nations have distinct SMEs factors. To achieve success in Jordan, Al Mahrouq highlighted five aspects, including: technical processes and technology, company structure and financial structure; marketing; productivity; and the organization of human resources. According to the results of a comparable research conducted in Malaysia, personal initiative, education, job experience, management and technical abilities, and parental participation in the firm are all important to the success of SME's in Malaysia (Rose, Kumar & Yen, 2006). They were conducted outside of the country, therefore their conclusions cannot be applied to the local situation.

Locally, Gicheru and Kariuki (2019) examined the impact of dynamic capacities on the performance of banks in Kenya and uncovered that development ability; specialized information capacity; and learning society capacity essentially and decidedly relate with performance of business banks in Kenya. Chepkole and Deya (2019) examined the impact of key ability to performance of the firm innovation firms in Nairobi City County, Kenya and found that money related asset capacity, and cost proficiency capacity affected the operations of the IT firms in Nairobi City County. However, a study by Imbambi (2018) investigated the impact of vital capacities on the performance of the sugar organizations in western Kenya. The study confirmed that there are critical and direct connections between innovation capabilities and the performance of companies in the region.

Due to this information gap, no study has been performed on Dynamic Capabilities. So this study attempted to evaluate the effect of dynamic skills on small and medium company competitive advantage in Nairobi City County, Kenya.

1.3 Research Objective

The objective of this study was to investigate the influence of dynamic capabilities on the competitive advantage of SMEs in Nairobi City County, Kenya.

1.4 Value of the Study

The profession, policymakers, and future researchers will benefit from this work. According to the report, small and medium companies should focus on essential success criteria and dynamic competencies in order to succeed in a highly competitive business climate. This can provide the country's SMEs a competitive edge.

Those who formulate and execute policies for SMEs may benefit from the study's findings and outcomes. Examples include providing economic policy makers with insights into the operations of small and medium companies and providing a tangible reference for the creation of new, far-reaching policies that might improve the financial performance and competitive edge of SME ventures. Thus, small and medium companies in Nairobi and around the country can benefit from the development of policies, regulations, and recommendations.

Future scholars and academicians will profit from the work. To the SME sector and future research on essential success criteria for SME's, this study's findings are important. A future researcher can profit from this study's findings by referencing it in their own research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter examines the research on the impact of dynamic skills on small and medium companies' competitive advantage. A discussion of the study's theoretical foundations and their relevance to the effect of dynamic capabilities on small and medium company competitive advantage is included in the first portion of this report. This section examines previous studies on dynamic capacities and competitive advantage.

2.2 Theoretical Review

The dynamics capability theory and Industrial Organization Theory guided the study.

2.2.1 Dynamics Capability Theory

This theory explains that companies must use flexible plans to achieve success in their operations. The theory is associated with Teece (1990) and help firms to adapt in a changing environment. This is done through the establishment of dynamic capabilities that produce new kinds of competitive advantage in a timely manner. A firm's strategy should be based on a thorough examination of the environment's constantly changing dynamics, according to Teece (1990). To adapt, integrate, and reconfigure key capabilities of the company, including skill sets and other resources, to the fast changing environment, the firm can use this information.

Compared to rivalry in industry or positioning, Teece et al. (2007) saw competitiveness in the continuously changing forces of the environment in terms of dynamic capacities. An organization's requirement to reorganize its competences to keep up with changing environmental pressures was referred to as being "dynamic."

The key assumption of the theory is the view that companies can use different plans or flexible models in promoting their success. The theory considers the use of different ways in achieving firm goals. Despite this, it should be noted that the theory failed to consider the importance of formal plans in managing the organization.

2.2.2 Industrial Organization Theory

Assets advantages as well as coordination of various and geographically distributed value-added activities and the capacity to realize the rewards of risk diversification-transaction cost reducing advantages are the major focus of this theory. This is explained by the idea of property rights and the internalization paradigm.

The assumption of the theory is that companies can compete and enjoy competitive advantage by adopting stable resources. Dunning further argued that companies with specific assets can enjoy high level of performance and competitive advantage over others. Also, the theory evaluates company and market structures and adds real world problems to the concept of perfect competition, including transaction costs, limited knowledge and entrance hurdles for new businesses. A continuum of company and market organization and behavior, including government activities, is also studied in the theory.

An application of the theory to small companies was made in this study. A firm's level of competitiveness and size concentration in an industry may be determined by using this metric. Microeconomic models may also be used by companies to describe internal company structure and market strategy, which includes internal research and development, as well as internal reorganization and renewal concerns, using the theory. It can assist companies in

adopting efficient economic regulation, economic governance, and a stable organizational structure.

2.3 Dynamic Capabilities and Competitive Advantage

Dynamic capacities are the foundation of businesses to increase the success of the firm and along these lines performing superior to their rivals in a similar industry. As indicated by Čirjevskis (2016) powerful capacities permit a firm to detect openings by altering existing capabilities or growing new ones. Dynamic abilities are seen as the hugest hierarchical capacity helping in the fulfillment of economical over contenders (Suryani, Iramani, & Awati, 2016). Ownership of vital capacities empowers a firm to legitimately improve its worth contribution to the market or clients regarding items or administrations which are an aftereffect of ownership of center skills (Wanjiku, 2017). The benefit characterizes the substance of the company's business as far as center capacities, which make it feasible for the firm to contend with different firms in the business adequately.

Čirjevskis (2016) revealed that dynamic capacities empower associations to address the difficulties presented by the natural dynamism which in any case would compromise and make the current abilities outdated. These are the extraordinary capacities that are of incentive to clients, uncommon and which contenders discover hard to change. Often, dynamic capabilities are specific to organizations and are developed over time through complex interactions between firm resources. A firm's dynamic capabilities include capacity to learn and develop assets. Customer feedback, technology and capability as dynamic resources ought to be integrated in a firm (Barney, 2015). A firm's capacity of detecting and shaping threats and opportunities, reconfigure the tangible and intangible firm assets.

The realities for small enterprises in the modern age demand for the implementation of creative techniques to ensure competitive positioning for sustained profitability contrast to the use of price increase (Diop & Topping, 2016). The ability of organizations to develop different competencies that are unique and distinct to provide clients with quality services and products, a source of gaining a competitive advantage. According to Barney (2015) the key competencies in organizations include the collective learning in the firm in the coordination of distinct production skills and integrating different forms of technology. The study sought to determine the influence of dynamic capabilities on the competitive advantage of SMEs in Nairobi City County, Kenya

2.4 Empirical Review and Research Gaps

Several studies have been done to determine the impact of dynamic capability on the competitive advantage of firms across the globe. For example, Peng, Zhang, Yen and Yang (2019) completed the exploration of powerful capacities and firm execution in the innovative business. Their examination utilized the points of view of dynamic abilities and the ability to use both hands to research the immediate impact of the advancement of an association's explorative and exploitative capacities on hierarchical pressures and execution. They utilized an example of cutting edge Taiwanese firms to test their theories and overviewed the sources' information about their organizations. The analysts conveyed 1000 surveys and got 234 legitimate reactions, yielding a 23.4% powerful reaction rate.

Rashidirad and Salimian (2020) completed an overview of SMEs' dynamic capacities and worth creation: the intervening job of the serious procedures. The motivation behind this examination is to elucidate the job of dynamic capacities in the capacity of little and

medium-sized undertakings (SMEs). Experimental proof dependent on an overview led on an example of 441 UK-based SMEs was utilized to test the exploration theories.

Kenyan petroleum importing and marketing firms were studied by Ogina (2014) for their dynamic skills and their ability to take advantage of opportunities. Data was collected through questionnaires from a population of 42 Petroleum marketing and importing companies and was analyzed quantitatively. The findings of the study indicate that organizational skills & resources, process integration and financial position are the key factors that determine the competitive advantage of the firm.

Kiiru (2015) did an exploration on unique capacities, key direction, and the upper hand of little and medium-retail undertakings in Kenya. The examination was distinct with the objective populace being the 8,601 FMCG retail SME's enrolled with Thika Sub County. Case design was utilized to choose an example of 358 undertakings and information gathered by the utilization of polls and afterward broke down utilizing different relapse the investigation and tried theories. The discoveries of this investigation from the different relapse examination demonstrated that SMEs upper hand is legitimately affected by the organization of vital unique abilities.

Hassan (2016) did an examination of the impacts of dynamic abilities on methodology execution in the dairy business in Kenya. The investigation received an exploratory methodology utilizing an illustrative study plan. Essential information was gathered utilizing surveys. Information was introduced in tables, outlines, and charts. The outcomes acquired from the connection model indicated a solid positive relationship between information the executives for future situation and the technique used. The investigation noticed that

information the board in an association helped in advancing norm, repeatable procedures and methods, reusing thoughts, records, and mastery, served to maintain a strategic distance from excess exertion. The investigation additionally noticed that the coordination of administrative procedures for future situating influences system execution in the dairy business in Kenya.

Waithaka (2017) led an investigation of basic achievement factors influencing little and medium undertakings in Nairobi City County. A recent study by Muli (2018) examined the external variables that impact the growth of small and medium-sized companies in Nairobi's central business district. SMEs in Nairobi's central business district grew at a faster rate when economic variables, government policies, and physical infrastructure were included. There was a vacuum in earlier studies that the current study intended to fill by examining the role of

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

These methods were followed in the field, as detailed in this chapter. Description of research strategy, types and sources of data, target population and sample methods and procedures to be utilized in data collection are included. A description of data analysis is included.

3.2 Research Design

This type of research design is used to answer research questions and summarize data in a relevant way (Berger & Torres, 2016). It is important to have a research design since it offers a framework for how a study should be planned and performed, as well as techniques to gather and evaluate data. Descriptive research was used in this study because it enables for the creation of insights into what, why, where and how when collecting the quantitative aspects of research (Mugenda, 2012).

3.3 Population

In this study, the focus was on Nairobi City County's SMEs. Included were small organizations with fewer than 50 members of staff. It was mentioned by Mugenda (2012) that the term population refers to a group of components such as persons and events that the researcher is interested in and wants to learn more about for decision making. According to Nairobi City County (2019), there are 9000 SMEs operating in Nairobi Central Business District. Therefore, the study's target population was 9000 small enterprises operating in the CBD in Nairobi City County. The study focused more on the category of SMES and particularly on the owners and managers of the businesses in the SME sector since they are

the ones conversant with the effect of dynamic capabilities on the competitiveness of small enterprises in Nairobi City County.

3.4 Sample Design

This study adopted a simple random sampling design. This gave all the respondents an equal chance of contributing to the study. As a result of the heterogeneity of the industries, simple random selection was suitable. In order to determine the sample population, Krejcie and Morgan (1970) employed the following formula:

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

Where s = required sample size.

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

$$S = \frac{3.841 * 9000 * 0.5(1-0.5)}{(0.05^2 * 0.5) (9000 - 1) + 3.841 * 0.5(1-0.5)}$$

$$S = 368$$

Accordingly, the sample population of 368 was distributed proportionately within Nairobi's CBD. Care and caution was observed to ensure that the sample comprised SMEs drawn from

various sub-sectors and distributed proportionally across the categories of the owners and managers.

3.5 Data Collection

During the study, the researcher used primary. In order to obtain primary data, questionnaires were used to collect information. It was possible to analyze and investigate the impact of dynamic skills on competitive advantage in Nairobi City County, Kenya, by using semi-structured questions. In addition to general information, part A of the questionnaire included questions about dynamic capacities, while section B had questions on the competitive advantage of Nairobi City County's small and medium companies.

3.6 Data Analysis

Statistical Package for Social Scientists (SPSS) was used to analyze the data. Frequencies, means and standard deviations were utilized to summarize the data, as were descriptive statistics. Simple linear regression analysis was used to analyze the influence of dynamic capabilities on competitive advantage. In this analysis, the composite scores for both variables were used. The dynamic capabilities composite score was found by computing the average of its dimensions sensing capability, integration capability and reconfiguration capability. Similarly, the competitive advantage composite score was obtained by finding the mean score of its dimensions, cost leadership and differentiation. The regression model took the following form.

$$Y = a + bx_1 + e$$

Where; Y= Competitive advantage composite score

X_1 = Dynamic composite score

b = Regression coefficient

e = Error term.

The model was used to test the hypothesis advanced in this study at 95% confidence level.

The null hypothesis would be rejected if the p-value associated with regression coefficient fell below the 0.05.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter is devoted to presentation and interpretations of the results obtained from the analysis of the data collected in the study. The chapter describes the response rate. Next, the reliability and validity test results of the research instrument. This is then followed by demographic information of the participants and an exposition of how the study variables were manifested. Thereafter, the inferential results obtained from testing the relationships between the study variable are presented and discussed in the context of the extant body of knowledge.

4.2 Response Rate

Survey questionnaire response rates were analyzed to evaluate if the data collected was representative of study participants. Table 4.1 provides the response rate.

Table 4.1: Response Rate

Response Status	No. of Questionnaires	Percent (%)
Completed and Returned	304	82.61
Not returned	64	17.39
Total	368	100.00

Source: Research Data (2021)

It was found that, on average 82.61 percent of the 368 questionnaires were returned. Statistics show that a response rate of more than 70 percent produces good outcomes,

according to Bryman and Bell (2014). The study's response rate was good in terms of the data's suitability to provide significant analytical results, based on this proposal.

4.3 Reliability Test Results

There were two scales on the survey questionnaire, one for each variable of interest. In contrast, the competitive advantage scale included nine components. In order to determine the scales' reliability, Cronbach's alpha was applied. Table 4.2 summarizes the alpha coefficients of the four scales.

Table 4.2: Reliability Test Results

Scale	Cronbach's Alpha	No. of Items
Dynamic capabilities	0.733	12
Competitive advantage	0.812	9

Source: Research Data (2021)

From 0.737 to 0.802, as seen in Table 4.2, the Cronbach alpha fluctuated. The alpha values of scales that are more than 0.7 are considered to be trustworthy by Hair, Black, Babin, and Anderson (2013) As a consequence, the results indicate that the scales employed to assess the research variables were accurate.

4.4 Instrument Validity

It was determined that the questionnaire was correct based on its appearance. As part of the consultation process, three faculty members (supervisors) were invited to review the questionnaire. According to the experts, the questionnaire items were relevant to the study's goal. The comments provided validated the validity of the items.

4.5 Background Information

The demographic profile of the responders is presented in the next section. We gathered information on the gender of respondents, their ages and education levels, as well as information about the company's size, age, and location. To describe the facts, we utilized frequencies and percentages.

4.5.1 Gender

Respondents were asked to identify their gender, which they did. Table 4.3 shows the gender breakdown of responders.

Table 4.3: Distribution of Respondents by Gender

Gender	Frequency	Percent (%)
Male	174	57.24
Female	130	42.76
Total	304	100.00

Source: Research Data (2021)

Men constituted the majority of responders, according to Table 4.3. Men made up more than half of the responses (57.24%) Because women are underrepresented in small and medium-sized businesses, the gender distribution reflects this.

4.5.2 Age

The age of each respondent was requested. Table 4.4 lists these frequencies.

Table 4.4: Distribution of Respondents by Age

Age (years)	Frequency	Percent (%)
Less than 25	47	15.46
25-35	99	32.57
36-45	83	27.30
46-55	75	24.67
Total	304	100.00

All age groups were not equally represented in Table 4.5, which shows the distribution of respondents by age group. The bulk of responders (32, 57%) were between the ages of 25 and 35. Twenty-seven percent of the sample was made up of respondents aged 36 to 45. Among those surveyed, just 15.46 percent were younger than the age of 25.

4.5.3 Level of Education

Asked to identify their greatest degree of formal education, participants provided the following information. A look at the distribution of respondents by educational level is provided in Table 4.5.

Table 4.5: Distribution of Respondents by Level of Education

Highest Level of Education	Frequency	Percent (%)
High School	51	16.78
Diploma	68	22.37
Undergraduate Degree	129	42.43
Master's Degree	55	18.09

Phd	1	0.33
Total	304	100.00

Source: Research Data (2021)

Table 4.5 indicates that the majority of respondents had a reasonably high degree of education. A majority of respondents (42.43 percent) had earned a bachelor's degree, according to the study. There was a group of people who had a high school diploma (22.37 percent), a master's degree (18.09 percent), and a diploma (16.78 percent). There was only one responder who held a doctoral degree. Respondents tended to be well-informed.

4.5.4 Size of the Enterprise

The respondents were asked to indicate the number of employees working in their enterprises. The results are displayed in Table 4.6.

Table 4.6: Distribution of Respondents by Size of Enterprise

Years	Frequency	Percent (%)
Less than 10	156	51.32
11 to 50	141	46.38
More than 50	7	2.30
Total	304	100.00

Source: Research Data (2021)

The results show that a vast majority of the respondents were from enterprises with less than 10 employees (51.32%). Next respondents from enterprises comprised between 11 and 50 employees constituted 46.48% of the sample. Only 2.3% of the respondents were from enterprises with more than 50 employees.

4.5.5 Age of the Enterprise

The participants were asked to indicate the number of years their enterprises had been in operation. The results are displayed in Table 4.7.

Table 4.7: Distribution of Respondents by Age of Enterprise

Years	Frequency	Percent (%)
Less than 2	38	12.50
2 to 5	79	25.99
5-10	92	30.26
More than 10	95	31.25
Total	304	100.00

Source: Research Data (2021)

A vast majority of the respondents hailed from enterprises had been in operation for more than 10 years (31.25%). Closely following this group were participants whose enterprise had been operation for 5 to 10 years (34.78%). Only few respondents (12.5%) were from enterprises that were less than 2 years old. These results suggest that the respondents came from enterprises that had been in operation for a sufficiently long period of time to respond to questions regarding the dynamic capabilities and competitive advantages of their enterprises.

4.6 Manifestation of Study Variables

These statistics provide insight into the research's findings by describing how the variables presented themselves in the study. Dynamic capacities and competitive advantage are among the characteristics that are of interest. The survey responses were summarized using frequencies, percentages, mean, and standard deviation.

4.6.1 Dynamic Capabilities

The dynamic capabilities variable was assessed using three constructs namely; sensing capability, integration capability and reconfiguration capability. A series of statements based on a five-point Likert scale investigated the extent to which each of the constructs was represented in the respondents' businesses. Table 4.8 shows the results of analyzing the replies using descriptive statistics.

Table 4.8: Manifestation of Dynamic Capabilities

Items	Mean	Std. Deviation
A. Sensing Capability		
We regularly scan the market/business environment in order to identify new business opportunities	4.14	0.56
We periodically assess the potential impact of changes in our business environment on customers	4.08	0.44
We often review and update our products and services development efforts to make sure they match what customers want	4.03	0.33
We observe best practices in our market	4.05	0.29
Average Score	4.08	
B. Integration Capability		
The firm combines the existing knowledge with new knowledge and information.	4.18	0.23
We know the staff members who have specialized knowledge and	4.14	0.39

skills relevant for the business environment		
The individual contributions of our employees are channelled through work groups	4.11	0.22
We carefully interrelate actions between employees to manage fast changing conditions	4.06	0.27
Average Score	4.12	
C. Reconfiguration Capability		
We tend to recombine or reallocate resources to improve on the market areas of our products/services	4.08	0.43
We often realign or redistribute skills so as to meet the changing needs of the market	4.05	0.36
We regularly implement new or substantially changed business strategies	4.02	0.28
We often change our technological equipment and production/service delivery processes	4.06	0.21
Average Score	4.05	
Overall Average Score	4.08	

Source: Research Data (2021)

Table 4.8 shows the overall mean score of the items was 4.08. This score falls slightly above the ‘large extent’ rating on a five-point Likert scale, implying that the SMEs surveyed in this study deployed dynamic capabilities to a large extent. The degree to which various forms of dynamic capabilities were employed, however, differed. Integration capability was employed

to a relatively larger extent than sensing and reconfiguration capabilities, as it was associated with the highest rating of 4.12.

The results further show that the three dimensions of dynamic capabilities had different degrees of manifestations. For the sensing capability, the top rated statement was, “We regularly scan the market/business environment in order to identify new opportunities’ with an average score of 4.14 ($SD=0.44$). The second most extensively deployed sensing capability was, “We periodically assess the potential impact of changes in our business environment on customers” with a mean rating of 4.08 ($SD=0.44$). The least utilized sensing capability was, “We often review and update our products and services development efforts to make sure they match what customers want” with a mean rating of 4.03 ($SD=0.33$).

As pertains to integration capability, the highest rated statement was, “The firm combines the existing knowledge with new knowledge and information.” which had an average rating of 4.18 ($SD=0.23$). The next top rated integration capability was, “We know the staff members who have specialized knowledge and skills relevant for the business environment” linked to a mean rating of 4.14 ($SD=0.39$). The capability of carefully interrelating actions between employees to manage fast changing conditions received a relatively lower rating than other integration capabilities as indicated by a means score of 4.06 ($SD=0.27$).

With regard to reconfiguration capability, the statement, “We tend to recombine or reallocate resources to improve on the market areas of our products/services” had the highest mean rating of 4.08 ($SD=0.43$). This was closely followed by the capability often changing technological equipment and production/service delivery processes, which had mean score of 4.06 ($SD=0.26$). The least deployed reconfiguration statement is demonstrated by the

statement, “We regularly implement new or substantially changed business strategies”, which had low average rating of 4.02 ($SD=0.28$).

4.6.2 Competitive Advantage

The competitive advantage was assessed using two constructs, cost leadership orientation and differentiation orientation. Each of these constructs was assessed using a list of statements for which the participants were asked to rate on a five-point Likert scale. The responses obtained were subjected to descriptive statistical analysis and the results are as shown in Table 4.9.

Table 4.9: Manifestation of Competitive Advantage

Items	Mean	Std. Deviation
A. Cost Leadership Orientation		
We are able to obtain necessary capital/financing at low costs	3.40	0.42
We offer lower price than the market average for similar products/services	4.12	0.32
We acquire raw materials or stock at lower costs than the market average	3.87	0.28
We incur lower costs than the market average in marketing and distributing products/services	4.01	0.30
Average Score	3.85	
B. Differentiation Orientation		
The business distinguishes itself from rivals by the quality of its products and services	4.13	0.25

The business is always ahead in the timely delivery of products or services	4.10	0.33
The business embarks on research to bring in new products and services to the market	4.05	0.36
The business brings new products to market faster than competitors	4.07	0.29
Average Score	4.09	
Overall Average Score	3.97	

Source: Research Data (2021)

As seen in Table 4.9, the overall mean score for all the items was 3.97, which when rounded off to 4, is indicative of the “large extent” rating on a five-point Likert scale. As such, it can be inferred that the average SME considered in this study possessed a large scale of competitive advantage than its rivals. In regard to the type of competitive advantages, it is clear that an average SME put more emphasis on differentiation-oriented advantages ($M=4.09$) than cost-leadership oriented advantages ($M=3.85$).

With respect to cost-leadership orientation, more emphasis is placed on offering lower prices than the market average for similar products or services ($M=4.12$, $SD=0.32$) and incurrence of lower costs than the market average in marketing and distributing products/services ($M=4.01$, $SD=0.3$). However, relatively less emphasis is placed on obtaining necessary capital/financing at low costs ($M=3.4$, $SD=0.42$). On the other hand, with regard to differentiation, prominence is highly accorded to provision of quality products and services ($M=4.13$, $SD=0.25$) and timely delivery of products or services ($M=4.10$, $SD=0.33$). Relatively less emphasis is placed on research aimed at bringing new products and services to the market ($M=4.05$, $SD=0.29$).

4.7 Inferential Statistics

It was necessary to define a testable in order to meet the study's aim. Here, we'll look at the outcomes of testing this hypothesis to see how the variables are related. Especially interesting are the results of a basic linear regression model, which was designed to nuance the preceding section's conclusions.

4.7.1 Diagnostic Tests

Simple linear regression was employed to evaluate this study's premise, as was indicated earlier. A basic linear regression model was examined prior to implementation. Linearity and normalcy are two of the assumptions.

4.7.1.1 Linearity

Assumed linearity refers to the existence of a connection between predictors and outcomes (Hair et al., 2013). As a result, a straight line best represents the connection between an independent and a dependent factor. With the use of the Pearson corrective analysis, this assumption has been validated. The pattern of connection between the variables of interest is shown in Table 4.10.

Table 4.10: Pearson Correlation Matrix

	Competitive advantage	Dynamic Capabilities
Competitive advantage	1	
Dynamic Capabilities	0.71*	1

* $p < 0.05$

$r=0.71$ in Table 4.10 indicates a favorable relationship between dynamic capabilities and competitive advantage. It was also determined that the association was statistically significant ($p < 0.05$). Assuming linearity, the existence of a significant linear relationship between dynamic capabilities and competitive advantage suggests that this assumption was met

4.7.1.2 Normality

According to normality, data are derived from populations that have normal distributions. The normal probability plot of normalized residuals was used to test this assumption graphically. The normal probability plot of the data is shown in Figure 4.1.

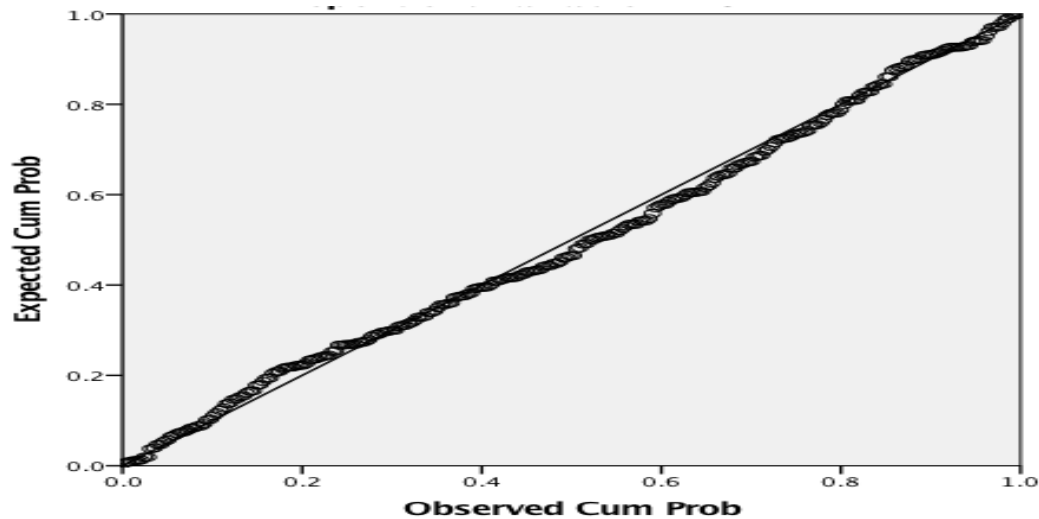


Figure 4.1: Normal Probability Plot

Points on the 45-degree line reflect residuals detected. In a data collection with a completely normal distribution, all points should lie on a straight line. There are no significant or consistent deviations from the diagonal line in this figure. A normal distribution is assumed for the residuals.

4.7.2 Hypothesis Testing

This study's hypothesis was tested using simple linear regression analysis. In this analysis, the composite score of competitive advantage was regressed on that of dynamic capabilities.

The results generated are displayed in Table 4.11.

Table 4.11: Simple Linear Regression Results

"Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	0.819 ^a	0.671	0.67	0.399	
a. Predictors: (Constant), Dynamic capabilities					
ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	1.802	1	1.802	12.78	0.000
Residual	42.780	303	0.141		
Total	44.582	304			
Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	Beta	Std. Error	Beta		
1 (Constant)	10.364	1.1666		8.889	0.000
Dynamic capabilities	0.218	0.203	0.084	1.074	0.000

It is a measure of how well dynamic skills can account for variability in the outcome variable, competitive advantage (see Table 4.14). They found $R^2 = 0.671$, meaning that variations in dynamic skills were responsible for 67.1 percent of the variation in competitive advantage among SMEs. Other factors were responsible for the remaining 32.9 percent, which was not taken into consideration in this study.

$p < 0.05$) suggest that the regression model was statistically significant in its ability to forecast the influence of dynamic skills on the competitive advantage of small and medium-sized enterprises. A prediction equation is derived based on the results.

$$\text{Competitive Advantage} = 10.364 + 0.218 * \text{Dynamic Capabilities}$$

The model implies that a unit increase in dynamic capabilities would improve the competitive advantage of the SMEs by 0.218 units. This effect was statistically significant, $t(303) = 1.07$, $p < 0.05$, hence the null hypothesis that dynamic capabilities have no significant influence on the competitive advantage of SMEs in Nairobi was rejected.

4.8 Discussion

The study sought to determine the influence of dynamic capabilities on the competitive advantage of SMEs in Nairobi City County, Kenya. Accordingly, a hypothesis was proposed which captured the relationship between the two variables. This hypothesis was tested using simple linear regression.

Prior to the hypothesis testing, the manifestations of the two variables were explored using descriptive statistics. It emerged that the SMEs deploy dynamic capabilities to a large extent with a strong emphasis on integration capabilities, followed by sensing capabilities and

reconfiguration capabilities. The results suggest that SMEs in Nairobi City County are well positioned to quickly detect threats and opportunities in their business environment, seize the opportunities and align their resources with the opportunities in for maximal business results. On the other hand, the results demonstrated that the average SME possess a relatively larger scale of competitive advantages than its rivals. Additionally, most of these SMEs place more emphasis on differentiation of products or services than cost leadership.

This finding, where dynamic capabilities tend to correlate with the competitive advantage, reflects the Ricardian and Shumpeterin concept of rents of a firm. Schumpeter (1934) argued that entrepreneurs make profits as a result of innovative strategies granted that other entrepreneurs are not able to imitate the innovations. Essentially, profits are generated when innovations are new and the profits decline when these innovations are imitated. Ricardo (1817) established that profits are generated since capabilities or resources are scarce as they are only available to the entrepreneur and not the competition. Hence, an entrepreneur will record lower operating costs in comparison to the competition, an element that leads to competitive advantage.

The link between the high scale deployment of dynamic capabilities and the equally high competitive advantage possessed by the SMEs was further assessed using simple linear regression analysis. The findings derived from regression analysis showed that dynamic capabilities exert a positive and significant effect on the competitive advantage of the SMEs. A unit increase in dynamic capabilities would improve the competitive advantage of the SMEs by a factor of 0.218.

The study outcomes support the basis of the dynamic competitive theory. The theory assesses how businesses build, integrate and reconfigure their external and internal competencies into new capabilities to match turbulent environments. Generally, the theory aims at understanding how businesses are able to implement dynamic capabilities to gain and sustain competitive advantage over their competition by adjusting and creating environmental changes as indicated by Teece et al (1997). The theory is founded on the basis that businesses with greater dynamic capabilities perform better than firms with smaller dynamic capabilities. This research has shown that dynamic capabilities exhibit a positive and significant effect on SMEs competitive advantage in Nairobi City County, which supports the prediction of the theory

The findings also support the views of the industrial organization theory. The theory holds that industry forces in which a business operates are critical for the business to outperform others. Businesses that have the capacity to purposely capitalize on these industry forces can result in a competitive advantage for the firms relative to their competition. The study indicated that if dynamic capabilities increase, an increase in SMEs competitive advantage follows. This is an indication that the SMEs are able to leverage the industry forces or changes in the market environment for their own benefit, which supports the prediction by the industrial organization theory.

The obtained results are also in line with the findings generated by a number of studies in the past. The results are congruent with; Peng et al. (2019) who established a positive relationship between explorative, exploitative capacities and the competitive advantage of Taiwanese firms; Rashidirad and Salimian (2020) who found that dynamic capabilities had a positive impact on the worth creation of UK-based SMEs' Ogina (2014) who observed a

positive link between dynamic capabilities and competitive advantage of importing and marketing firms in the Kenyan petroleum industry and Hassan (2016) who found a positive and significant link between dynamic capabilities and the performance of dairy businesses in Kenya.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

As a result, the study's important findings and conclusions are summarized in this chapter. This article also discusses the study's ramifications. There are also some recommendations for further investigation.

5.2 Summary

The core objective of this study was to determine the influence of dynamic capabilities on the competitive advantage of SMEs in Nairobi City County, Kenya. It was found that the SMEs utilize dynamic capabilities to a large extent with a particular emphasis on integration capabilities, followed by sensing capabilities and reconfiguration capabilities. As pertains to sensing capabilities, the SMEs accord prominence to the regular scanning of the market/business environment in order to identify new business opportunities, periodic assessment of changing customer needs and observation of the best practices in the market. With respect to integration capabilities, the SMEs place strong emphasis on combining existing and new acquired knowledge, awareness of employees with specialized skills and knowledge and recognition of the employee's contributions. In connection to reconfiguration capabilities, it was found that the SMEs prioritize on recombining resources to improve on service delivery and regular changing of technologies and equipment for production and service delivery.

The competitive advantage of the SMEs was assessed in terms of cost-leadership and differentiation. Overall, it was found that the average SME possessed a large scale of

competitive advantages compared to its rivals. Additionally, it was established that the SMEs focus more on attaining differentiation than cost leadership. Under cost leadership, top priority is given to lower pricing of products/services than the market average while for differentiation prominence is accorded to quality of products or services. The regression analysis revealed that dynamic capabilities had a significant and positive influence in the competitive advantage of the SMEs.

5.3 Conclusion

The impact of dynamic skills in shaping the competitive advantage of SMEs in Nairobi City County has been studied in this research project. A number of procedures and routines that provide such capabilities have been found. Overall, despite the unique differences across companies, SMEs have significant potential to compete with larger companies, provided they have established dynamic skills that allow them to offer products and services with value added. Identification of opportunities and, more importantly, the deployment of dynamic skills to capitalize on them, are critical to the differentiation of small and medium-sized enterprises (SMEs) when it comes to delivering high-value, knowledge-intensive goods and services.

5.4 Implications for Theory and Practice

Dynamic capabilities lack an empirical validation hence a limitation of present definitions and theories in dynamic capabilities. Most of the research on dynamic capabilities is either inclined towards developing a theory or explanatory. A challenge faced is that dynamic capabilities are difficult to identify. Another challenge faced in the field of dynamic capabilities is that few research on dynamic capabilities operationalization has covered the

psychometric properties. For a study in the dynamic capabilities field to be transcendent, dynamic capabilities ought to be identified, to be operationalized completely and to be tested empirically. This study adds to the field by overcoming and addressing some of the weaknesses and shortcoming. The existing dynamic capabilities conceptualization is weak in its identification and in encapsulating the important elements. This thesis adds to academic knowledge by operationalizing and conceptualizing dynamic capabilities. Different techniques were adopted in testing the measures and indicated acceptable psychometric properties.

The study findings indicate that an important activity for SME owners is to assist the firms in sensing, learning, integrating and coordinating their capabilities. The owners of SMEs need to help their respective firms to sense any changes that may be present in the environment and the industry. With reference to this, the owners need to read trade articles, journals, web sites, magazines and other sources to stay updated on changes taking place in the business environment. The owners must work hand in hand with others to ensure that the capabilities in their firms that require to be redesigned into new capabilities that will help the firm meet its demands in a dynamic and turbulent business environment. Immediately that is achieved, the owners need to collaborate with others to help each and every person in the firm understand the new capabilities and formulate an action plan to use and implement the new capabilities. Next, the owners of the SMEs need to formulate and implement a plan that can be integrated into the new capabilities in the current firm processes and ensure that the new capabilities are operational. Lastly, the owners of the SME ought to sustain the processes since the best firms need to keep moving continuously with changes in demands in a turbulent environment if their goal is to succeed.

Although the study analysed data gathered from SMEs, the findings may be of use to the managers in larger firms. The critical finding of the study is the dynamic capabilities centrality to gain a competitive advantage. For sure, the findings indicate the sensing, seizing, and integrating the capabilities to facilitate performance. With reference on systematic gathering and approaches of analysis, firms need to pay attention to a technique of systematically scanning the business environment to identify opportunities and threats, thereby becoming flexible over time. The firms that accidentally scan the environment or undertake an ad hoc environmental analysis, collapse sooner than later. As indicated by the findings, effective sensing involves both a systemic collection of data from the business environment and a systemic analysis of that data, which is essential for individuals whose responsibility in the firm is to draw conclusions necessary for the business.

5.5 Recommendations

Resources and capabilities are generally found in enterprises, therefore it is important to understand and determine which resources are relevant for acquiring a competitive edge and achieving better performance. SME owners must be able to assess developments in their target markets in a methodical manner and apply this information into their business operations. To detect current and future market trends, anticipate fluctuations in demand and seek out new business possibilities, it is essential to do this research.

Implications for management call attention to the need for thorough consideration of how present dynamic capabilities work and future advances. Due to the ongoing need to evaluate current and future market demands, it is necessary to regularly evaluate dynamic capabilities. To be able to respond successfully to hostile business acts, SMEs must also constantly evaluate their capacity to recognize them promptly. Businesses should also consider their

patterns of detecting risks, their decision-making processes in terms of speed and quality, as well as their capacity to reconfigure structures, business processes and systems.

Resources are limited, which makes it difficult for SMEs to compete with established, larger companies. As the SMEs expand, they will be able to construct higher-order capability configurations to generate new growth possibilities. Due to this, sensing skills help SMEs discover new possibilities for success, while seizing and reconfiguration skills help them acquire and change resources necessary to capitalize on these opportunities. Each company's dynamic capabilities are unique; the way SME owners conduct or use sensing, seizing, and reconfiguring might be distinct. Developing dynamic competencies that correspond with their growth goals is essential for entrepreneurial managers.

Different capability configurations revealed in this study as well as the owners' aspirations should be taken into account when formulating public policies aimed at supporting the growth of SMEs. As a result, a general, "one-size-fits-all" approach to public policy is inappropriate when it comes to company growth. Given their limited resources, most SMEs are unable to execute business methods or adopt habits that do not match with their strategic objectives, according to a new study. As a result, public policies should modify their programs and support for SMEs in light of this variety. The capacity of SMEs to compete in a global market would be enhanced if they had 'world-class' capabilities. They would also get a better understanding of the many business development models and behaviors by which these firms try to decrease strategic risk. As a result, certain SMEs may find it vital to increase their export activity, while others may not. Also, better targeted public policies and support measures might enhance the responsiveness of small and medium-sized enterprises (SMEs) while making these interventions more efficient and lucrative.

5.6 Limitations of the Study and Suggestions for Further Research

The study focused on uncovering the link between dynamic capabilities and competitive advantage of SMEs in Nairobi City County; hence the generalizability of the findings is limited. As such, future studies should consider including more counties in their sample. In the same light, future research should consider exploring the link between dynamic capabilities and competitive advantage in the context of larger enterprises. The study utilized a descriptive cross-sectional design, which is limited in detecting causal effects between variables. There is thus need for researchers to understand the underlying causal mechanisms by which dynamic capabilities affect competitive advantage. In this regard, future researchers should consider exploring for potential moderating and mediating variables as well as the use of more robust methodologies such as longitudinal research designs.

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APPENDICES

Appendix I: Questionnaire

SECTION A: GENERAL INFORMATION

Kindly fill all the questions either by ticking (√) in the boxes or writing in the spaces provided.

Part A Background information

1. Gender

Male Female

2. Age

Less than 25 25– 35 36 – 45 46 – 55 56 and above

3. Highest level of education

Diploma

Bachelors

Masters

Doctorate

Other (Please specify).....

6. How many employees does your company have?

a) Less than 10

b) 11 to 50

c) More than 50

7. How long has the business been in operation?

a) Less than 2 years

b) 2 to 5 years

c) 5 to 10 years

d) More than 10 years

SECTION B: DYNAMIC CAPABILITIES

9. To what extent do you agree that your enterprise has adopted the following dynamic capabilities?

Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided.

1 = Very small extent 2 = Small extent 3 = Moderate 4 = Large extent and 5 = Very large extent

Statements	1	2	3	4	5
A. Sensing Capability					
We routinely analyze the market/business environment in order to find new business possibilities					
We analyze the possible impact of changes in our business environment on consumers on a regular basis....					
Frequently, we evaluate and update our efforts to produce new goods and services to ensure that they are in line with					

what customer's desire.					
We observe best practices in our market					
B. Integration Capability					
The firm combines the existing knowledge with new knowledge and information.					
We know the staff members who have specialized knowledge and skills relevant for the business environment					
The individual contributions of our employees are channelled through work groups					
We carefully interrelate actions between employees to manage fast changing conditions					
C. Reconfiguration Capability					
We tend to recombine or reallocate resources to improve on the market areas of our products/services					
We often realign or redistribute skills so as to meet the changing needs of the market					
We regularly implement new or substantially changed business strategies					
We often change our technological equipment and production/service delivery processes					

SECTION C: COMPETITIVE ADVANTAGE

10. To what extent does each of the following statement relate to the competitive advantage of your company?

1 = Very small extent 2 = Small extent 3 = Moderate 4 = Large extent and 5 = Very large extent

Items	1	2	3	4	5
A. Cost Leadership Orientation					
We are able to obtain necessary capital/financing at low costs					
We offer lower price than the market average for similar products/services					
We acquire raw materials or stock at lower costs than the market average					
We incur lower costs than the market average in marketing and distributing products/services					
B. Differentiation Orientation					
The business distinguishes itself from rivals by the quality of its products and services					
The business is always ahead in the timely delivery of products or services					
The business embarks on research to bring in new products and services to the market					
The business brings new products to market faster than competitors”					