



## **Influence of Strategic Internal Factors on Competitive Advantage of Commercial Banks in Nairobi County, Kenya**

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### **Abstract**

The objective of the study was to examine the influence of strategic internal factors on competitive advantage in commercial banks Nairobi County, Kenya. The specific objectives of the study were to: assess the influence of strategic planning on competitive advantage in commercial banks Nairobi County, Kenya; Find out the influence of strategic leadership on the competitive advantage in commercial banks Nairobi County, Kenya; Establish the influence of total quality management on competitive advantage in commercial banks Nairobi County, Kenya; Determine the influence of resource allocation on competitive advantage in commercial banks Nairobi County, Kenya. The study population was 86 (managers and deputies) of the commercial banks based within Nairobi County. The study adopted a descriptive research design and census was adopted to conduct the study. According to the regression model summary the correlation coefficient showed the relationship between the independent variables (strategic planning, strategic leadership, resource allocation and total quality management) and dependent variable (competitive advantage of commercial banks) and had a strong positive significant relationship. The practical implications of the study is that the research outcomes might assist regulatory bodies, policymakers and other financial institutions in their formulation of governance strategies to enhance performance of commercial banks. This study also provides a unique contribution to the literature of strategic internal factors and competitiveness of commercial banks in the emerging economies.

**Keywords:** Strategic Planning, Strategic leadership, Total Quality Management, Resource Allocation, Competitive advantage

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### **Introduction**

Strategic internal factors have an important role in every organizational setting (Kori, Muathe & Maina, 2020). Organizations have developed networked cooperation to develop their activities. Each strategic plan has particular merits that are related to the external environment, internal processes and structures, financial resources and human capabilities. Strategic evaluation is used to judge these merits and the strategic planning process. The evaluation of strategic plans requires a framework and sensible judgments on different strategic objectives weighted against each other. The various strategic objectives should be aligned with each other in a balanced way so that the strategic plan is able to build bridge

between the perceived present situation and the desired future position described by the vision (Sthapit, 2020).

Strategic management is the process of examining both present and future environments, formulating the organizations objectives, implementing and controlling decisions focused on achieving these objectives in the present and future environments. In other works, strategic management is involved in deploying a firm's internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Abazeed, 2020). The goal of much of business strategy is to achieve sustainable competitive advantage. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to highly trained and skilled personnel human resources. When a firm sustains profits that exceed the average for its industry the firm is said to possess a competitive advantage over its rivals (Zikri, 2020).

In these days of globalization and internationalization of markets, only commercial banks that have the ability to create and sustain a competitive advantage within the turbulent environment survive (Madhoun, 2020). This is because environments are rapidly changing, leading to high uncertainty level. This increasing uncertainty may result from higher customer expectations, dilution of borders between competitive environments and the move towards global competition. Once the bank achieves a sustainable competitive advantage, then the next hurdle is how to gain and sustain high performance (Muiga & Namusonge, 2020).

Most successful commercial banks improve strategic internal factors, but they do not often change it outright. New insight into competition and consistent refinement of their ability to implement a stable overall strategy leads to competitive advantage (Uwa, 2021). Competitive advantage may also originate from the ability to make good strategy choices and implement them (Rabbani, 2020). The banking industry in Kenya is characterized by intense rivalry and competition. In order to compete effectively in this environment it has become imperative to have an aggressive search and development of strategies that provide competitive advantages as competitors step-up both offensive and defensive strategies to protect and or enhance their market share. Commercial banks operating in Kenya many countries have been largely affected by factors such as relative cost advantage which could be due to different operating strategies, different organizational structures, differences in regulatory requirements and or support from home governments (Ontita & Kinyua, 2020).

### **Statement of the Problem**

Strategic internal factors play a vital role in increasing the client outreach for commercial banks (Uwa, 2021). They increase customer base, in turn, catalyzes the efforts of any bank for achieving sustainability and increasing profitability (Badunenko, Kumbhakar, & Lozano- Vivas, 2021). Kori et al., (2020) also suggest that strategic internal factors enhances competitive advantage which is of utmost importance to enable a company to meet customer wants and needs effectively. Strategic internal factors in an organization is continuing to be an area that is receiving increased awareness, both in theory and practice especially in the banking industry (Abazeed, 2020) as the only option available for the industry to succeed in today's competitive business environment.

However, the Kenyan Banking Industry has in the recent past undergone a lot of changes in the competitive landscape, Changes in business environment and many new entrants leading to cut throat competition (Isabwa & Maponga, 2020). Other notable changes in the industry have been; the price capping regulations introduced by the CBK(2019) that

requires the banks to review their loan interest rates. The industry has further been plagued by unpredictable fluctuations of market exchange rates in the international market, volatility in the foreign exchange market and also the unpredictable political environment (Ngele & Omido, 2020). This requires adoption of strategic internal factors.

Consequently, many commercial banks are rethinking strategic management strategies by increasing fees and commissions, suspending unsecured lending to high risk borrowers and retrenchment of highly paid workers who are not equally productive by being declared redundant. Adoption of strategic internal factors is a difficult process but it has been identified as an important precursor to performance (Kiemo & Kamau, 2020; Mugambi & Kinyua, 2020). Despite the commercial banks in Kenya knowing what it stands to gain with sustainable competitive advantage, there seem to be a dilemma since they can't just jump out and release new products for their customers.

Various studies have been done in the field of strategic management with the majority in the corporate organizations. advantage of the Kenyan banking sector: Ontita and Kinyua (2020) study focused on the role of Stakeholder Management on Firm Performance: An Empirical Analysis of Commercial Banks in Nairobi City County, Kenya. Rabbani (2020) study was on the competitive structure and strategic positioning of commercial banks in Saudi Arabia. Zikri (2020) study focused on the effect of strategic alliances on the growth of market Share of Commercial Banks Malaysia. From the afore mentioned studies, none has been conducted to show the relationship between strategic internal factors and competitive advantage of commercial banks in Kenya. A gap this study sought to fill.

### **Research Objectives**

The study was guided by the following research objectives:

- i. To determine the influence of strategic planning on competitive advantage of Commercial Banks in Nairobi County, Kenya,
- ii. To find out the influence of strategic leadership on competitive advantage of commercial banks in Nairobi County, Kenya,
- iii. To establish the influence of total quality management on competitive advantage of commercial banks in Nairobi County, Kenya,
- iv. To examine the influence of resource allocation on competitive advantage of commercial banks in Nairobi County, Kenya.

### **Theoretical Review**

Poole and Vanden (1965) founded the Strategic Fit Theory also known as best fit strategic decision theory, explains that there are no universal prescriptions of strategic internal factors. Wright and Snell (2005) argue that the application of strategic internal factors depends on the banks' context, business strategy and culture. The proponents of this theory further observe that strategic internal factors would be more effective only once they are rightfully integrated with specific bank and environmental understanding. Strategic fit theory elaborates the significance of making sure that strategic internal factors are rightful to the circumstances of the a bank such as culture, external environment and operational processes.

The strategic internal factors must consider the specific requirements of both the bank and its stakeholders. The strategic fit theory is also called structural contingency theory which explains the idea that there is no one or single best way to manage organizations but organizations should always establish managerial strategy owing to the situation and condition the organizations experiencing (Kori et al., 2021). Stahapit (2021) observes that the environment always posed certain requirements which forced the organization to come

up with efficiency and innovation in its operations in order for it to survive and prosper. According to Abazeed (2020), this ultimately led the firm's management to adopt a strategy for the firm which somehow reflected the environment and at the same time was part of a managerial statement of the firm's objectives given the comparative advantage of the firm and that was competitive advantage of a bank. Huda et al., (2020) explains in that theory that when managers made decisions concerning competitiveness of bank, they always considered all aspects of the existing situation and took action on those aspects that was crucial to the circumstances at hand.

It is further argued that the managers took whatever management decision, including competitive advantage of banks, depending on the situation at hand. The theory further presupposes that the best thing to do at a time depended on the situation. Commercial bank adopted organic structures to enhance their competitiveness in environments characterized by high uncertainty but wireless beneficial to banks in a highly stable and simple environment which required mechanistic structure. Successful competitiveness of banks required stable relationships with buyers, suppliers and strategic partners. Hence for banks to manage their resources more efficiently, respond to environmental change and take advantage of new opportunities, they must embrace the strategic fit concept through strategic internal factors.

### Conceptual Model and Hypothesis

According to Young (2009), conceptual framework is a diagrammatical representation that shows the relationship between dependent variable and independent variables. The former is presumed to be the cause of the changes while the former affects the latter (Kothari, 2009). In this study, the conceptual framework is based on variables that have been critically derived from the specific objectives and will define the relationship between strategic planning, total quality management, strategic leadership and resource allocation on competitive advantage in commercial banks in Kenya as shown in Figure 1.

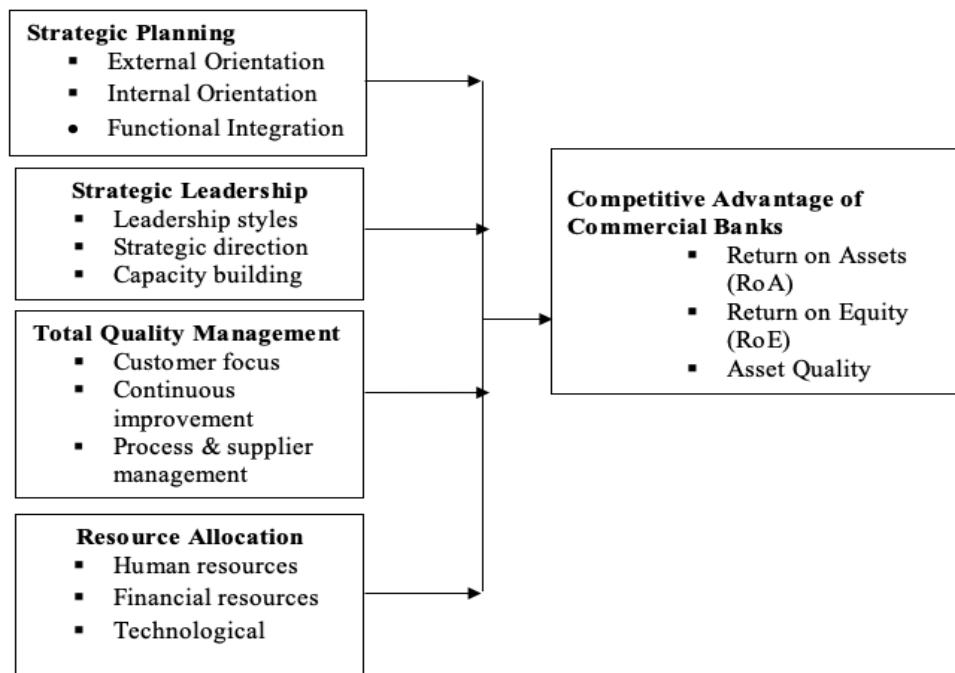


Figure 1: Conceptual Framework

## Empirical Review

Kohzadi and Hafezi (2016) on a relevant conceptual model of the strategic planning process for small industrial organizations were developed and by surveying 102 managers (owners). The applicability of the model was evaluated. This study was conducted among small industrial companies located in the industrial area of Gachsaran. Top managers of the companies that were actively involved in the formulation of strategic planning of organization formed the study population. Findings of the study were that unlike previous studies, no significant linear correlation was found between the intensity of strategic planning and environmental change.

Ozer (2014) aim in the study was to interrogate the strategic leadership in terms of different leadership styles and test the effect of them on performance. The study applied to an export company in Turkey. The sample consisted of white-collared members who were working in managerial and non-managerial job positions in different offices of the company. A total of 215 complete responses were used for analyses. In terms of hypothesis testing, the first hypothesis of the study is partially supported as only relationship-oriented and transformational leadership styles are significantly related to firm performance. As to the second hypothesis compared to other leadership styles transformational leadership has a stronger effect on firm performance. When the means of leadership styles are considered, it is clear that in three countries most common leadership style is relationship-oriented.

Nthini (2013) sought to establish the relationship between strategic leadership and performance of commercial and financial State Corporations in Kenya. The analysis of strategic leadership in commercial and financial state corporations showed that, in positive organizational culture, core values, symbols and ideologies are shared. Correlation analysis provided the relationship of strategic leadership practices and organizational performance showing that, there was a positively strong relationship between corporate strategic direction and high customer satisfaction. Balanced organizational controls showed a positive strong relationship with annual employee turnover. Strategic leadership practices have been discussed in this study, which include: determined corporate strategic direction, effectively managed corporate resource portfolio, emphasized effective organizational culture, emphasized ethical practices and balanced organizational controls. These practices have correlated highly with customer satisfaction, return on investment, net profit margin and low annual employee turnover.

Similarly, studies of Zehir et. al., (2012) considered; leadership management, employee management, customer focus, factual approach to decision making, supplier management, continual improvement, system approach to management and process management as the dimensions of STQM. However, in this study the STQMP that was chosen for the banks are: customer focus, continuous improvement and process orientation and supplier management. These practices are considered as key practices of STQM in both product and service industries (Sasaka, 2017).

Kurgat (2015) conducted a study on strategic internal factors and challenges at Nandi County Government. This research was carried out with the objective of establishing the strategic internal factors adopted by the Nandi County Government and the challenges faced in adopting strategic practices at Nandi County Government. The research problem was studied by use of content analysis. The study found that although faced with challenges during the adoption of the strategic internal factors like inadequate resources, it was established that the Nandi County practice good strategic internal factors.

## Methodology

The descriptive research design was employed where data was collected one point in time. Mugenda and Mugenda (2012) notes that a descriptive survey seeks to obtain information that describes existing phenomena by asking questions relating to individual perceptions and attitudes. The design was considered suitable as it allows an in-depth study of the problem under investigation. According to Brymann (2016), the target population is the total population that a researcher specifies in his or her research. The study was based on the Kenyan banking sector where the population under study exclusively consists of the commercial banks. As per CBK (2017), the banking system comprised of the managers and deputies of the 43 commercial banks within Nairobi County which formed the basis of the target population. The unit of analysis was the commercial banks. The actual population in this study was made up of the 86 managers as respondents. Since the population is relatively small, a census was used for the study. According to Abbott and McKinney (2013) a census yields more reliable results than a sample, and whenever it is possible it should be undertaken. Since major strategic matters are carried out by the targeted population, they are seen as most appropriate to give out the required information for the purpose of this study and therefore they were targeted as respondents for the study. The census approach is justified since according to Orodho (2009), data gathered using census contributes towards gathering of unbiased data representing all individuals' opinions on a study problem (Bloomberg, Coopers & Schindler, 2011). The study used structured questionnaires to obtain information from study respondents. The respondents were expected to give an insight into the strategic internal factors they have put in place to ensure that they improve the performance of their organization.

## Results and Discussion

### Response Rate

In the study, 65 out of the 86 questionnaires administered to respondents were returned. This represent 73.86% response rate which is satisfactory to make conclusions for the study. A response rate of 70 percent and above is considered very good (Creswell & Creswell, 2017). (Creswell & Creswell, 2017). Creswell and Poth (2017) agree with this by suggesting a response rate of 50 percent as appropriate for a descriptive or correlational sample. Thus a response rate of 73.86 percent was therefore very strong based on this statement. This is illustrated in Table 1.

**Table 1: Response Rate**

<b>Questionnaires</b>	<b>No. of Respondents</b>	<b>Percent (%)</b>
Response	65	75.58
Non -Response	21	24.42
<b>Total</b>	<b>86</b>	<b>100</b>

### Strategic Planning

Table 2 presents the findings as tabulated, a majority of respondents were found to agree with the statement posed in regard to the influence of strategic planning on competitive advantage of commercial banks in Nairobi City County, Kenya. The study established respondents agreed that the bank strategic planning efforts guide necessary activities to adapt to the environmental issues (Mean=4.866; Std= .765). The study findings indicated that majority of the respondents stated that the bank analysis of customer based issues is an

essential prerequisite of being competitive (Mean= 4.654; Std= .769). The respondents agreed that the bank analyze internal capabilities which provided information to prompt us to action (Mean= 4.763; Std= .287). The respondents agreed that the bank analyse weaknesses generates information that guides our actions in uncertain environments (Mean= 4.332; Std= .543). The respondents agreed that the banks had focused on the analysis of internal stakeholders' issues helps us to develop insight into the practices necessary to demonstrate responsible care of employees. (Mean= 4.610; Std= .653). The respondents agreed that the banks had various functional areas coordinate their activities to enhance the quality of customer experience (Mean= 4.978 Std= .513). The overall mean was 4.523. The study results imply that strategic planning influence competitive advantage of commercial banks in Nairobi City County, Kenya. The study findings are in line with findings by Kohzadi and Hafezi (2016) on a relevant conceptual model of the strategic planning process for small industrial organizations on the relationship between the intensity of strategic planning and environmental change. Kisia (2017) found out the advantage of a strategic planning discipline is that it encourages powerful basic leadership, better determination of strategic alternatives and collaboration. The study suggested that strategic planning is the key and guide to be copied by any organization that needs to prevail in the unforgiving business atmosphere.

**Table 2: Influence of Strategic Planning on Competitive Advantage of Commercial Banks**

<b>Strategic Planning</b>	<b>Mean</b>	<b>Std. Dev</b>
The bank strategic planning efforts guide necessary activities to adapt to the environmental issues	4.866	.765
The bank analysis of customer based issues is an essential prerequisite of being competitive	4.654	.769
The bank analyze internal capabilities which provides information to prompt us to action	4.763	.287
The bank analyse weaknesses generates information that guides our actions in uncertain environments	4.332	.543
The bank has focused on the analysis of internal stakeholders' issues helps us to develop insight into the practices necessary to demonstrate responsible care of employees.	4.610	.653
The bank has various functional areas coordinate their activities to enhance the quality of customer experience	4.123	.237
The bank involvement of the employees in strategic conversations helps us to develop practices that demonstrate increased social responsibility towards internal stakeholders	4.978	.513
<b>Average Mean</b>	<b>4.231</b>	

### **Strategic Leadership**

Table 3 presents the findings as tabulated, a majority of respondents were found to agree with the statement posed in regard to the influence of strategic leadership on competitive advantage of commercial banks in Nairobi City County, Kenya. The study established respondents agreed that the bank had ensured that there is a clear communication of strategic direction (Mean= 4.088; Std= .098). The study findings indicated that majority of the respondents stated that bank had ensured that there is adoption of core competencies to enhance customer satisfaction (Mean= 4.134; Std= .312). The respondents agreed that the bank had ensured that there was adequate capacity building (Mean=4.654; Std= .283). The respondents agreed that bank had ensured that there was effective strategic direction (Mean= 3.678; Std= .912). The respondents agreed that bank had focused on the organizational

flexibility through the employees motivation (Mean=4.032; Std= .872). The respondents agreed that bank had established the strategic balance between financial and human control (Mean= 4.098 Std= .349).

The respondents agreed that the relationship between employees and leadership was very good (Mean= 4.224 Std= .768).The overall mean was 4.268. The study results imply that strategic leadership influence competitive advantage of commercial banks in Nairobi City County, Kenya. The study results corroborates with the findings by Ozer (2014) that strategic leadership in terms of different leadership styles are related to firm performance. The leadership styles are considered and Nthini (2013) established that strategic leadership and performance of commercial and financial State Corporations in Kenya in terms of corporate strategic direction, effectively managed corporate resource portfolio, emphasized effective organizational culture, emphasized ethical practices and balanced organizational controls. These practices have correlated highly with customer satisfaction, return on investment, net profit margin and low annual employee turnover.

**Table 3: Influence of Strategic Leadership and Competitive Advantage of Commercial Banks**

<b>Strategic Leadership</b>	<b>Mean</b>	<b>Std. Dev</b>
The bank has ensured that there is a clear communication of strategic direction	4.088	.098
The bank has ensured that there is adoption of core competencies to enhance customer satisfaction	4.134	.312
The bank has ensured that there is adequate capacity building	4.654	.283
The bank has ensured that there is effective strategic direction	3.678	.912
The bank has focused on the organizational flexibility through the employees motivation	4.098	.349
The bank has established the strategic balance between financial and human control	4.830	.118
The relationship between employees and leadership is very good	4.862	.008
The bank has ensured that there is a clear communication of strategic direction	4.224	.768
<b>Average Mean</b>	<b>4.268</b>	

### **Resource Allocation**

Table 4 presents the findings as tabulated, a majority of respondents were found to agree with the statement posed in regard to the influence of resource allocation on competitive advantage of commercial banks in Nairobi City County, Kenya. The study established respondents agreed that the bank had allocated sufficient financial resources for service delivery to the customers (Mean=4.111; Std= .236). The study findings indicated that respondents agreed that independent directors perform monitoring role effectively on management of the bank (Mean=4.098; Std= .389). The respondents agreed that the bank had provided a proper utilization of technological resources available (Mean= 4.218; Std=.725). The respondents agreed that bank had established monitors and audits for all the resources allocated (Mean=4.278; Std= .098). The respondents agreed that the bank had equipped with a trained personnel to support strategic plan implementation (Mean=3.998; Std=.376). The bank had focused on the adoption of information communication and technology in its day to day operations (Mean=3.996; Std=.008).The overall mean was 4.141. The study results imply that respondents agreed that resource allocation influenced competitive advantage of commercial banks in Nairobi City County, Kenya.



**Table 5: Influence of Resource Allocation on Competitive Advantage of Commercial Banks**

<b>Resource Allocation</b>	<b>Mean</b>	<b>Std. Dev</b>
The bank has allocated sufficient financial resources for service delivery to the customers	4.111	.236
The bank has provided a proper utilization of technological resources available	4.098	.389
The bank has established monitors and audits for all the resources allocated	4.218	.725
The bank has equipped with a trained personnel to support strategic plan implementation	4.278	.098
The bank has focused on the adoption of information communication and technology in its day to day operations	3.998	.376
Average Mean	4.141	

### **Total Quality Management**

Table 6 presents the findings as tabulated, a majority of respondents were found to agree with the statement posed in regard to the influence of total quality management on competitive advantage of commercial banks in Nairobi City County, Kenya. The study established respondents agreed that the bank initiatives were related to development of partnerships with the key customers (Mean=4.349; Std=.321). The study findings indicated that respondents agreed that bank initiatives were related to doing the right thing of respecting interest of customers (Mean= 4.008; Std= .154). The respondents agreed that the bank initiatives were related to adding value to the customer (Mean= 4.934; Std=.876). The respondents agreed that the bank had focused on meeting the needs of the customers (Mean= 4.234; Std= .657). The respondents agreed that bank had focused on the openness of sharing and communication information widely (Mean= 4.651; Std=.578). The respondents agreed that the bank initiatives were designed to enhance the quality of customer interactions through business processes (Mean=4.621; Std=.672). The overall mean was 4.143. Similarly, studies of Zehir et. al., (2012) considered; leadership management, employee management, customer focus, factual approach to decision making, supplier management, continual improvement, system approach to management and process management as the dimensions of STQM. However, in this study the STQMP that was chosen for the banks are: customer focus, continuous improvement and process orientation and supplier management. These practices are considered as key practices of STQM in both product and service industries (Sasaka, 2017).

**Table 6: Influence of Total Quality Management on Competitive Advantage of Commercial Banks**

<b>Total Quality Management</b>	<b>Mean</b>	<b>Std. Dev</b>
The bank initiatives are related to development of partnerships with the key customers	4.349	.321
The bank initiatives are related to doing the right thing of respecting interest of customers	4.008	.154
The bank initiatives are related to adding value to the customer	4.934	.876
The bank has focused on meeting the needs of the customers	4.234	.657
The bank has focused on the openness of sharing and communication information widely	4.651	.576
The bank has integrated customer information from the various functions that interact with customers	4.128	.983
The bank initiatives are designed to enhance the quality of customer interactions through business processes	4.621	.672
Average Mean	4.143	

### Multiple Regression Analysis

According to the model summary Table 4.8, R is the correlation coefficient which shows the relationship between the independent variables (strategic planning, strategic leadership, resource allocation and total quality management) and dependent variable (competitive advantage of commercial banks). It is notable that there exists a strong positive relationship between the independent variables and dependent variable as shown by R value (0.871). The study findings implied that the four independent variables jointly accounted for 75.80% of the competitive advantage of commercial banks in Nairobi City County, Kenya as represented by the R<sup>2</sup>. This therefore means that other factors not studied in this research contribute 24.20% to the competitive advantage of commercial banks in Nairobi City County, Kenya. This implies that these variables are very significant therefore need to be considered in any effort to enhance competitive advantage of commercial banks in Nairobi City County, Kenya.

**Table 7: Model Summary (Overall)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.871a	.758	.758	.087	.654	46.988	4	60	.000

Further, the analysis of variance is used to determine whether the regression model is a good fit for the data. It also gives the F-test statistics; the linear regression's F-test has the null hypothesis that there is no linear relationship between the two variables. The F-critical (4, 60) was 12.768 while the F-calculated was 46.988 as shown in Table 8. This shows that F-calculated was greater than the F-critical and hence there is a linear relationship between the independent variables and the dependent variable. In addition, the p-value was 0.000, which was less than the significance level (0.05). Therefore, the model can be considered to be a good fit for the data and hence it is appropriate in predicting the influence of the four independent variables on the dependent variable (competitive advantage of commercial banks).

**Table 8: ANOVA**

Model		Sum of Squares	d.f	Mean Square	F	Sig.
1	Regression	58.283	4	14.571	46.988	.000
	Residual	18.607	60	.310		
	Total	76.890	64			

**NB:** F-critical Value = 12.768;

Further, the study ran the procedure of obtaining the regression coefficients, and the results were as shown on the Table 9. The coefficients or beta weights for each variable allows the researcher to compare the relative importance of each independent variable. In this study the unstandardized coefficients and standardized coefficients are given for the multiple regression equations. However discussions are based on the unstandardized coefficients.

**Table 9: Regression Coefficient Results**

Model		Unstandardized Coefficients		Standardized Coefficients	T	P-value.
		B	Std. Error	B		
<b>1</b>	(Constant)	7.890	1.654		4.770	.000
	Strategic Planning	0.659	0.129	.496	5.108	.005
	Strategic leadership	0.798	0.108	.589	7.305	.000
	Resource Allocation	0.672	0.111	.543	6.054	.001
	Total Quality Management	0.666	0.124	.453	5.371	.003

The Multiple regression model equation would be ( $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$ ) becomes:  $Y = 7.890 + 0.659X_1 + 0.798X_2 + 0.672X_3 + 0.666X_4$ . This indicates that competitive advantage of Commercial Banks =  $7.890 + 0.659$  (Strategic Planning) +  $0.798$  (Strategic leadership) +  $0.672$  (Resource allocation) +  $0.666$  (Total Quality Management). According to the regression equation established, taking all factors into account (strategic planning, strategic leadership, resource allocation, total quality management) constant at zero, competitive advantage of commercial banks was 7.890. Findings in Table 9 showed that strategic planning had coefficients of estimate which was significant basing on  $\beta_1 = 0.659$  (p-value = 0.004 which is less than  $\alpha = 0.05$ ). Also, the influence of strategic planning is more than the effect attributed to the error, this is indicated by the t-test value =  $3.080 > 1.96$ , thus we conclude that there is a significant and positive relationship between strategic planning and competitive advantage of commercial banks in Nairobi City County, Kenya.

In addition, the findings in Table 9 showed that strategic leadership had coefficients of estimate which was significant basing on  $\beta_2 = 0.798$  (p-value = 0.000 which is less than  $\alpha = 0.05$ ). Also, the influence of strategic leadership is more than the effect attributed to the error, this is indicated by the t-test value =  $7.305 > 1.96$ , thus we conclude that there is a significant and positive relationship between strategic leadership and competitive advantage of commercial banks in Nairobi City County, Kenya. Further, the study results in Table 9 showed that resource allocation had coefficients of estimate which was significant basing on  $\beta_3 = 0.672$  (p-value = 0.000 which is less than  $\alpha = 0.05$ ). Also, the influence of resource allocation is more than the effect attributed to the error, this is indicated by the t-test value =  $6.054 > 1.96$ , thus we conclude that there is a significant and positive relationship between resource allocation and competitive advantage of commercial banks in Nairobi City County, Kenya.

The findings in Table 9 indicates that total quality management had coefficients of estimate which was significant basing on  $\beta_4 = 0.666$  (p-value = 0.000 which is less than  $\alpha = 0.05$ ). Also, the influence of total quality management is more than the effect attributed to the error, this is indicated by the t-test value =  $0.666 > 1.96$ , thus we conclude that there is a significant and positive relationship between total quality management and competitive advantage of commercial banks in Nairobi City County, Kenya.

## **Conclusion**

This study concludes that there is a positive and statistically significant relationship strategic planning and competitive advantage of commercial banks in Kenya. The most commonly used strategic planning activities to enhance competitive advantage in the commercial banks included the external orientation, internal orientation and functional orientation. This study also found that there is need for strategic planning in terms of external orientation, internal orientation and functional orientation to enhance competitive advantage of commercial banks in Kenya. In addition, this study concludes that there is a positive and statistically significant relationship strategic leadership and competitive advantage of commercial banks in Kenya. The most commonly used strategic leadership factors considered to boost competitive advantage in the commercial banks included the appropriate leadership styles, strategic direction and capacity building.

This study also found that there is need for strategic leadership focusing on the leadership styles, strategic direction and capacity building to improve competitive advantage of commercial banks in Kenya. Further, this study concludes that there is a positive and statistically significant relationship between resource allocation and competitive advantage of commercial banks in Kenya. The resource allocation in terms of financial, human and technological enhanced competitive advantage in the commercial banks. This study also found that commercial banks provided adequate financial, human and technological resources to improve competitive advantage of commercial banks in Kenya. Finally, it is also notable that there is a positive and statistically significant relationship between total quality management and competitive advantage of commercial banks in Kenya. The total quality management was a strategic internal factor applied and included customer focus, continuous improvement, process management to improve competitive advantage in the commercial banks.

## **Recommendation**

The study established that strategic planning influenced competitive advantage of commercial banks. The study recommends that there is need for the commercial banks to focus on the internal, external and functional integration to enhance competitive advantage of commercial banks. This can be analysis of customer based issues, internal capabilities and actions in uncertain business environments. Is need to have various functional areas coordinated to enhance the quality of customer experience to improve competitive advantage of commercial banks. In regard to strategic leadership, the study also recommends the use of appropriate strategic leadership to enhance competitive advantage of commercial banks. The study also recommended investment in appropriate leadership styles, capacity building and strategic direction with employees and involving them in decision making. In addition, the study recommended that employees should be involved in decision making; however ensure that their roles and responsibilities are clearly spelt out to avoid disputes to improve competitive advantage of commercial banks.

Based on the findings and the conclusions obtained by this study, the study recommended that the commercial banks needed to invest in improving the total quality management such as improving the customer focus, continuous improvement and process management. Further, commercial banks needed to encourage employees with complementary goals and objectives so as to facilitate and promote competitiveness of the commercial banks. In relation to the study findings the study established that resource allocation influence competitiveness of commercial banks in Kenya. The banks with adequate human, technological and financial resource had improved in terms of ROA and

ROE The study recommends that the commercial banks should provide adequate human, technological and financial resource to improve competitiveness of the commercial banks.

### **Limitations and Directions for Future Research**

Quantitative method used in the paper is one limitation because qualitative research was not applied to explore from the interviews. Hence, future researchers can do qualitative study to explore more factors on competitive advantage of Commercial Banks In Nairobi County, Kenya and other countries. The future researcher can also conduct similar studies in other industry contexts.

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