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Analysis of Organization Capabilities on Competitive advantage: Case of Barclays Bank of Kenya Limited

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ABSTRACT
Within the complex and dynamic management of banking sector in the 21st century, organizational capabilities played a very vital role in bringing about banks' competitiveness, improvement in performance and effectiveness. Consequently, there was need to ensure banks had distinctive capabilities that provide relevant knowledge; skills and attributes to enable banks achieve competitive advantage that competitors cannot match. The purpose of the study was to analyze effects of organizational capabilities on competitive advantage in Barclays Bank of Kenya Limited. The research was guided by the four specific objectives: assess the effects of human competences on competitive advantage in BBK; examine the influence of technological capabilities on competitive advantage in BBK; and analyze the influence of leadership competences on competitive advantage in BBK and investigate the effects of reputational capabilities on competitive advantage in BBK. The research design of the study was descriptive. Data was collected from both primary and secondary sources. A target population of 401 managers of Barclays Kenya Ltd was randomly selected using stratified random sampling method. The data was analyzed using statistical package for social science (SPSS version 21) and presented in form of tables, pie charts and bar graphs. From the study findings was concluded that organization capabilities comprised of the human competences, technological, leadership and reputational capabilities. Further findings indicated that there was evidence that organization capabilities have a causal relationship with organizational competitiveness.

Key terms: Organizations Capabilities, Competitive Advantage, Barclays Bank of Kenya.

1.0 Background Information

In the 21st century business landscape, firms have been competing in a complex and challenging context, transformed by many factors from globalization, frequent and uncertain changes to the growing use of information technologies (DeNisi, Hitt at el, 2003). Firms have continuously strived for ways to attain sustainable competitive advantage. They need to count more on their internal distinguished strengths to provide more added customer value, strong differentiation and extendibility. Practitioners and academicians have centered their studies on firm specific characteristics that are unique, add value to the ultimate consumer and are transferable to many different industrial settings (Colin, 2002).

Thus, many organizations have recognized that attaining competitive advantage is the most challenging issue facing firms in the 21st century. This concern led to the development of resource-based and knowledge-based theories that examines the relationship between capabilities and sustainable competitive advantage. Therefore, strategy moved from competing for product or service leadership to competing on capabilities leadership. Organizational capabilities are the company's ability to manage resources, such as employees, reputation information effectively to gain an advantage over competitors. The company's organizational capabilities focus on the business's ability to meet customer demand. In addition, organizational capabilities are unique to the organization to prevent replication by competitors. Organizational capabilities are an organization's strategic strength and are the unique resources of an organization that affect many products and services and provide a competitive advantage in the marketplace (Johnson & Scholes, 2002).

Scholars have acknowledged the importance of capabilities concept to sustain competitive advantage (Petts, 1997; Hafeez et al., 2002). One stream of research suggested core competencies to be at the base of all competitive advantage (Srivastava, 2005). The concept of core capabilities has implications at the strategic level; the firms should systematically work upon identifying their core capabilities and develop them for sustainable competitive advantage. There are many routes to competitive advantage, but the most basic is through a company's competitive capabilities. An organization can identify its internal strategic factors – critical strengths and weaknesses that are likely to determine whether a firm will be able to take advantage of opportunities while avoiding threats. Capabilities are commonly agreed to reside in individuals and teams of individuals, implying that the competence concept involves a cumulative hierarchy.

Many firms develop competitive advantage that aims to secure a strong market position and achieve profitability outcomes.. Enz (2008) argued that a single resource cannot create competitive advantage, rather it is the combination of competitive resources such as brands, human resources (HR), information technology (IT) innovations, computer reservation systems, niche marketing and advertising, and pricing tactics that can increase a firm's capabilities and improve performance (Olsen et al., 2008). Porter (1990: 46) says 'competitive advantage is at the heart of a firm's performance in competitive markets'. Thus, competitive advantage means having low costs, differentiation advantage, or a successful focus strategy. In addition, Porter argues that competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it.

1.1 Banking Sector in Kenya

Barclays bank is a British multinational banking & financial services company headquartered in London. It is a universal bank with operations in retail, wholesale and investment banking, as well as wealth management, mortgage lending and credit cards. It has operations in over 50 countries and territories and has around 48 million customers and is the seventh-largest of all banks worldwide. Barclays bank has branches in America ; New York, Washington DC, Chicago, Los Angelo, San Francisco, Buenos Aires and Cayman Island, Asia; India, Hong Kong, Pakistan and Singapore, Middle East ; Qatar, Saudi Arabia, UAE and Africa; Egypt, Botswana, Ghana, Kenya, Nigeria, Tanzania, Uganda, Zambia, Zimbabwe, Mauritius and Seychelles.

Barclays Core Values are Respect, Integrity, Service, Excellence and Stewardship while its purpose is to help people achieve their ambitions – in the right way. The value statement embodies what BBK stands for, is driven by, believes in and directs its activities. Barclays Africa is the leading bank in Africa with businesses in several countries across Africa and also has business in several other countries in Africa where it has collaborative arrangements with other banks. In Kenya Barclays Bank have over 115 outlets with 236 ATMs countrywide.

The financial sector in Kenya has seen the most consistent growth over the last four years. In 2013, the sector grew by 7.2 per cent compared to 6.5 per cent in the previous year. In 2014, Kenya Commercial Bank (KCB), Equity Bank, Standard Chartered Bank (Stanchart), Barclays Bank of Kenya (BBK) and Co-operative Bank (Co-op) returned the highest Profit before Tax (PBT). KCB pretax profit for 2014 rose 18 percent to Sh23.79 billion helped by a rise in interest income while Equity Bank reported a pretax profit of Sh22.4 billion, Stanchart made a 7.5 percent rise in pre-tax profit for 2014 to Sh14.35 billion as net interest income climbed. BBK pretax profit rose by 10 percent in 2014 to Sh12.3 billion while Co-op Bank made Sh10.92 billion pretax profit in the same period under review. From a growth perspective, NIC Bank, KCB, Diamond Trust Bank (DTB), Co-op Bank and Equity Bank delivered the highest growth rates in terms of PBT. BBK however, retained its position as the market leader in the credit card segment. On the costs front, Equity Bank recorded the highest growth of 21.9 percent mainly due to a one-off cost related to their data center.

Barclays bank like any other organization has undergone numerous changes including strategic, structural, operational and technical changes, massive network expansion has been experienced in the last few years, new products and services have been introduced and the market focus for the bank has greatly changed (BBK, 2015).The changes have only been possible due to the organizational capabilities of the employees, thus keeping BBK on the lead and a major force to reckon with in the banking sector. The ultimate purpose of this study is to investigate the impact of capabilities to BBK competitive advantage.

1.2 Statement of the Problem

Organizational capabilities are depicted as critical success factors and every organization wants to be perceived as being capable of doing something in an outstanding manner. Past studies have shown that there are significant relations between organizational capabilities and competitive advantage (Wernerfelt, 1984; Barney, 2007; Wiklund & Shepherd, 2003; King, 2007; Sirmon, Hitt, & Ireland, 2012). Organizational capabilities enhance the resource elements towards attaining competitive advantage. Stiff competition among banks in kenya has left no option but to find ways to attain a competitive advantage through capabilities and thus competition is no longer on product or service but rather on capabilities.

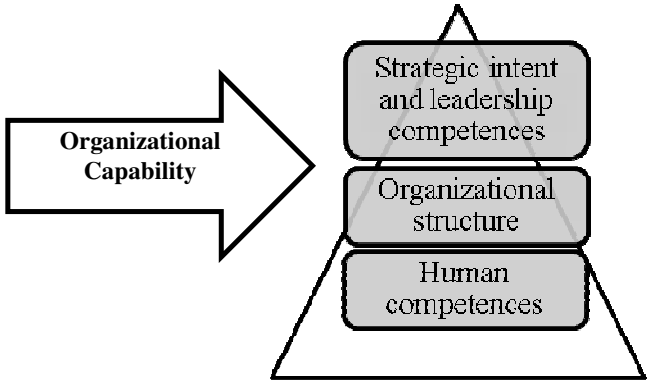
As noted by Standard Investment Bank analyst Faith Waitherero (as cited in Kengethe, 2015) Barclay's Bank recorded the lowest growth of 4 percent year on year owing to increased interest expenses. BBK's non-interest revenue retreated 4.2 percent with fees and commission income and Forex income declining. BBK on the other hand saw operating expenses decline 1.3 percent as the lender managed to subdue staff costs growth. This was on the back of a restructuring programme undertaken by the lender in 2013 (Kangethe, 2015). BBK despite having vast resources has ranked behind in competition and indicators of competition such as profits, sales, customer share among others have been on the downward trend. Efforts to mitigate these including; new

products to fit a market, opening branches in almost every part of the country, promoting their products and services through advertisements in local media have failed to register sufficient progress. As it is the desire of every bank competing to be a market leader, the pursuit of superior performance in BBK has focused interest to capabilities. The difference in the competitiveness in BBK amongst other banks under the same competitive conditions and market environment prompted the study.

2.0 Literature Review

2.1 Gill and Delahaye (2004) Theory of Organizational Capability

Gill and Delahaye (2004) developed a model of organizational capability based on three domains as depicted figure 1 below:



Source: Gill L., and Delahaye B.L. (2004): Building organisational capability: your future, your business. Australian and New Zealand Academy of Management, Dunedin, New Zealand, p.160.

Figure 1: Gill and Delahaye (2004) Theory of Organizational Capability

The first dimension was strategic intent and leadership competences which were the sphere of influence defining the capabilities of people employed, operational processes and future direction. Strategic intent entailed: the explicit direction, that was, the future direction of organizations be made explicit through mission statement and/or by the description of the deliverables of strategic plans; qualities of workforce that focuses on the workforce's qualities through the knowledge audit report, or indirectly, in job descriptions; inform organisational processes that dealt with management processes such as organisational structures and hierarchies, technical systems and the values and norms of the organisation; and inform future direction, that was information-sharing across the boundaries triggers the development of the future expertise that the individuals may need to develop giving the organisation the optimum flexibility and the direction for innovation (Gill & Delahaye, 2004).

Kimberly and Hooijberg (2012) highlighted three key leadership competences that organizational managers must possess in order to create and maintain absorptive and adaptive capacity in addition to obtaining managerial wisdom. First, was the absorptive capacity that involved ability to learn by recognizing, assimilating and applying new information. Secondly was the adaptive capacity that involved the ability to change due to variations in conditions. Finally, was the managerial wisdom that consisted of discernment and intuition, absorptive and adaptive capacities are required at the top level of leadership and emphasis on self-awareness and adaptability.

Secondly, the organizational structure in terms of the processes supporting human resources. These dealt with meaningful job roles and alignment of job roles with the strategic intent that was needed to anticipate changes. It

allowed both the organisation and individuals to be flexible in how they responded to movements in the domains. In addition, there was the guided performance management that explicitly described how jobs and organisational processes support the strategic intent, and it could be used as a vehicle for the organisational change and learning (Gill & Delahaye, 2004).

Thirdly, human competences or individual knowledge employed by the organization with clearly defined core knowledge, skills and abilities. These helped the organization to reach the optimum workforce to support future plans, to create stability and to provide for the career development. There was also the current and future knowledge networks where knowledge networks need to support both the current job contexts and the future potential innovations. The attention to supporting both provided the organisation with the added flexibility in responding to changes in the defined core capabilities. In general organizational capability was built in organizations by aligning the organizational systems and processes represented in the model, to maximize the alignment of the enablers –the enabling systems and processes at the intersections of the three domains of strategic intent, organizational structures and individual knowledge (Gill & Delahaye, 2004).

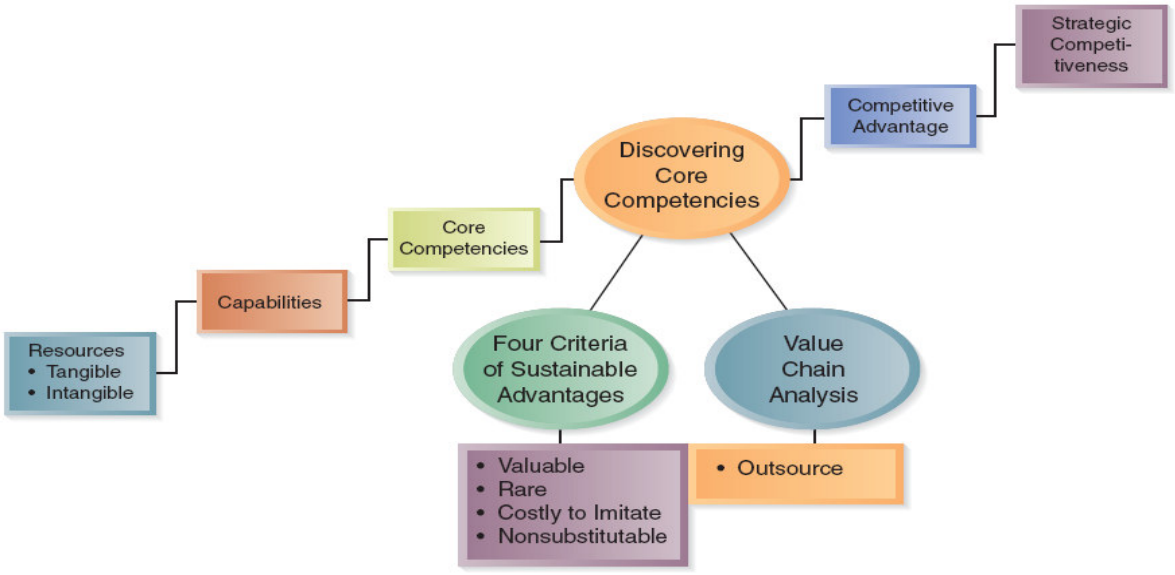
2.2 Resource-Based View for Competitive Advantage

The resource-based view was used to analyze and determine whether the source of strategic competitiveness resides in an organization and not industry effects (Ruefli and Wiggins, 2003). According to Zubac et al. (2010), the resource-based view was additionally used in determining whether the organization's initial bundle of resources and subsequent resource configurations were the sources of strategic competitiveness (Grant, 2010; Hitt et al., 2007; Priem & Butler, 2001; Thompson et al., 2012) and to what extent the process of customer value creation was resource dependent (Priem & Butler, 2001). In the creation of organizational capabilities adopted in the study and supported by literature as recent as Hill & Jones (2015) and Hitt et al. (2007), core competencies combine or recombine with the competitive resources to create value for the customer through process and service differentiation, low cost structure and superior customer focus through superior customer responsiveness (Hill & Jones, 2015). The value created for the customers and appropriated by the organization is the source of competitive advantage, which is then sustained through the creation or presence of isolating mechanisms and other barriers to imitation. An organization enjoying sustainable competitive advantage records a consistent superior performance (Grant, 2010; Hill & Gaya et al 2013; Jones, 2009; Hitt et al 2007; Zubac et al 2010).

Today, most companies seem to have moved on to vertical alignment, seeking to organize the way strategies align with measures and how processes align to the resources that implement them. Resource-based theory or resource-based view (RBV) of organizations – was based on the concept of economic rent and the view of organization as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making (Fahy & Smithee, 1999).

In agreement to RBV theory, Hitt, Ireland and Hoskisson (2014) observed that organizations achieve strategic competitiveness and earn above-average returns when their core competencies, resources and capabilities were effectively acquired, bundled and leveraged. Over time, the benefits of any value-creating strategy could be duplicated by competitors. Thus, sustainability of competitive advantage is a function of the rate of core competences, resources and capabilities' obsolescence due to environmental changes; the availability of substitutes for the core competences and resources; and the difficulty competitors have in duplicating or imitating the core competence, resources and capabilities. Effective analysis of organization's internal environment (learning what the organization can do) required: fostering an organizational setting in which experimentation and learning were expected and promoted; using global mind-set; and thinking of the organization as a bundle of heterogeneous resources and capabilities that can be used to create an exclusive market position (Hitt, Ireland & Hoskisson, 2014).

The resource-based view of the organization provided a conceptually grounded framework for assessing strengths and weaknesses and enabled strengths or weaknesses to be examined in terms of the criteria for establishing sustainable competitive advantage. Adopting the RBV framework maintained a focus on the provision of value as well as the durability of resulting advantages. For example, such a framework forced managers to assess whether or not claimed strengths actually matter in the marketplace – that is do they provide value to customers (Barney, 2000). The management literature was replete with examples of organizations that brought unique resources to market and yet failed because these perceived strengths did not actually matter to customers. Hitt, Ireland and Hoskisson (2014) examined the components of internal analysis where RBV took center stage in identifying the strengths and weaknesses of an organization as depicted figure 2 below:



Source: Hitt, et al (2014). Strategic Management: Competitiveness and Globalization, Concepts and Cases. 11th Ed. South-Western Cengage Learning. p.421

Figure 2: Components of Internal Analysis

From the analysis, value is created by exploiting their core competencies, resources and capabilities. The value created gave organizations a competitive advantage measured by product's performance characteristics and the product's attributes for which customers were willing to pay. Organizations further created value by innovatively bundling and leveraging their resources and capabilities. Hitt, Ireland and Hoskisson (2014) described core competencies, in combination with product-market positions, as the organization's most important sources of competitive advantage. Core competencies of a organization, in addition to its analysis of its general, industry, and competitor environments, should drive its selection of strategies. Strategic decisions in terms of the organization's resources, capabilities, and core competencies were: non-routine, have ethical implications and significantly influence the organization's ability to perform.

Fahy and Smithee (1999) described resources as inputs into organization's production process, such as capital, equipment, and the skills of individual employees, patents, finance, and talented managers. Resources are either tangible or intangible in nature. With increasing effectiveness, the set of resources available to the organization tends to become larger. Individual resources may not yield to a competitive advantage. It was through the synergistic combination and integration of sets of resources that competitive advantages are formed (Hitt, Ireland & Hoskisson, 2014).

2.3 Empirical Review

2.3.1 Capabilities and Competitive Advantage

With excellent strategic management practices and strategic integration, deployment of resources and capabilities, organizations could attain competitive advantage (Schroeder et al 2002; Ketokivi & Schroeder, 2004; Congden, 2005; McEvily & Marcus, 2005; Swink et al 2005; Santhapparaj et al., 2006; Phusavat & Kanchana, 2007; Prajogo, 2007; Prajogo et al., 2007; Salaheldin & Eid, 2007). Organisational capabilities were indeed an important element in organization's strategic competitiveness (Singh, et al 2003; Ljungquist, 2007; Pryor et al 2007), and organization's knowledge was one of the vital ingredients in attaining competitive advantage (Kogut & Zander, 1992; Grandori & Kogut, 2002; Szulanski et al 2004; Van de Ven & Johnson, 2006; Felin & Hesterly, 2007).

Previous empirical studies of the RBV usually investigated the direct relationship between the following: (a) specific resources and/or capabilities and performance (Miller & Shamsie, 1996; Ray, Barney, & Muhanna, 2004) or (b) specific resources and/or capabilities and competitive advantage (Berman, et al 2002; Hatch &

Dyer, 2004). A majority of the tests listed in the resource heterogeneity approach of the RBV examined the direct link (Newbert, 2008). In that sense, they assumed that competitive advantage and performance have so far been interchangeably treated (Newbert, 2008), because they were based on the definition by Porter (1985), which stated that competitive advantage was often regarded as performance. However, Powell (2001) indicated a unidirectional correlation: that competitive advantage lead to improved performance, not the converse, and hence, test of direct relationship with performance that do not separately consider competitive advantage represent methodological mistakes.

2.3.2 Resource Based View and Sustainable Competitive Advantage

The pursuit of Sustainable Competitive Advantage was an idea that was at the heart of much of the strategic management and marketing literature (Coyne, 1986; Day & Wensley, 1988; Ghemawat, 1986; Porter, 1985; and Williams, 1992). Gaining competitive advantage through the provision of greater value to customers could be expected to lead to superior performance measured in conventional terms such as market-based performance (e.g., market share, customer satisfaction) and financial-based performance (e.g., return on investment, shareholder wealth creation; Bhardwaj et al 1993; Hunt & Morgan 1995). Research by Jacobsen and Aaker (1985) argued that market-share and profitability were both outcomes of the efforts by organization's secure cost and differentiation advantages. Extant marketing literature emphasized on a link between the delivery of value to customers and levels of customer satisfaction leading to potential market share and profitability gains (Kotler, 1994). Where the advantage was sustained, superior performance could be expected to persist in a manner analogous to the notions of super-normal profit or rent in economics.

The economics literature held that, given strong competitive pressures, high rationality would prevail and economic rents would dissipate (Schoemaker, 2013). However, two exceptions were identified, namely, monopoly rents and Ricardian rents (Peteraf, 2012). Monopoly rents accrued to the deliberated restriction of output by organizations facing downward sloping demand curves in industries characterized by barriers to entry, whether legal or otherwise (Peteraf, 2012). As Kay (1993) puts it, 'it is possible for organizations to generate persistently large returns without having a competitive advantage other than the absence of competitors', in other words, operating in non-contestable markets Baumol, et al 1982. Rents also accrued in circumstances where resources were limited or quasi-limited in supply (Ricardian rents). If resources were not limited, increased production by new entrants would shift the supply curve outward forcing marginal organizations to leave the market (Peteraf, 2012). It is the persistence of these superior returns accruing to scare resources that is the central concern of the resource-based view of the organization.

2.6 Research Gap

Recently, it become evident that the current competitive landscape in many industries was one of on-going, heightened levels of competition, which demanded that a range of capabilities, including reputational, technological, leadership and human competencies are in place. Competition and greater level of variety among other competitive requirements brought in more dynamic approach than was the case with the traditional and inflexible approach of production and offering of services. However, some interesting current examples of this "Capability- Competition" mismatch saw some organizations fall behind due to their failure on dynamism (Dean and Snell, 1996). That is, they failed to build-up the proper organizational processes required to take advantage of flexibility as markets demanded.

Therefore,uunless such capabilities were understood and became an explicit part of the strategic decision making levels of the firm their strategic potential could not be fully exploited and, indeed, may become lost via a range of strategic decisions including outsourcing, and divesting, thereby sacrificing such capabilities.

The researcher wanted to allude to the notion of strategic resonance as a means of unifying notions of capabilities, competencies linked to competition within and across firms. Brown (2000:6) already defined strategic resonance as: an on-going, dynamic, strategic process whereby customer requirements and organizational capabilities were in harmony and resonate. Strategic resonance was more than strategic fit, which has often been used (rightly in the past) to describe the 'fit' between the firms' capabilities and the market that it serves. Strategic resonance was about ensuring continuous linkages and harmonization between capabilities and competitive advantage.

3.0 METHODOLOGY

The methodology outlines the nature of research, that is, the research design, study population, sampling technique, and data collection methods and data analysis procedures that were used to carry out this study so as to maintain reliability and validity of the data collection instruments.

3.1 Research Design

Wills (2011) described research design as how a researcher puts a research study and works as a systematic plan outlining the study, the researcher's methods of compilation, details on how the study will arrive at its conclusions and the limitations of the research. Kothari (2004) theorizes that a research design is the plan that acts as a guide so as the researcher can gather, analyse and interpret the data with coherency. The study adopted a descriptive survey research design. Connaway and Powell (2010) noted that descriptive study helped to accurately incorporate the individual characteristics of the objects under the study. The approach helped describe the state of affairs as they were at the present time. Descriptive design was the best research in identifying phenomena in relation to what, when, who, where and how in a study; which was the phenomenon in the study. The descriptive study design was also appropriate for the purpose of the study since it was easy to administer (Mugenda & Mugenda, 2003), within the time and financial resource constraints. Furthermore, it helped achieve validity, reliability and generalizability as is desired in research owing to its duality in collecting and in the analysis of both quantitative and qualitative data.

3.2 Target Population

Mugenda and Mugenda (2003) defined a population as a sum of all the items considered under a study. Contributing to the definition of population, Connaway and Powell (2010) noted that it is the totality of the individuals and objects from which a scientifically generalizable inference can be achieved. The target population for the study was 401 managers of Barclays Kenya Ltd as at 30th June 2015 which included top management level, middle management level and lower level management levels as grouped in Table 3.3 below:

Table 1: Population Distribution

	Level of Management	No of Managers	Percentage (%)
a	Top Management	50	13%
b	Middle Level Management	150	37%
c	Lower Level Management	201	50%
	Total	**401**	**100%**

Source: BBK (2017). Levels of Management as retrieved from www.barclays.co.ke

3.3 Sampling Frame

According to Kothari, (2004), a stratified random sample is used when the population is not homogeneous, making it the appropriate sampling technique. The sampling stratum was based on the various levels of management in BBK which include: Top level managers, middle level managers and low level managers of staff at BBK as depicted in Table 2 below:

Table 2: Sampling Frame

	Level of Management	No of Managers	Sample Size (Proportionate)	Percentage (%)
A	Top Management	50	25	13%
B	Middle Level Management	150	75	37%
C	Lower Level Management	201	101	50%
	Total	**401**	**201**	**100%**

Source: Research Data, 2017

3.4 Sample and Sample Technique

Sampling is the process of selecting a number of individual for a study in such a way that the individual selected represents the large group from which they were selected (Mugenda and Mugenda, 2003). On sampling, Chandran (2004) noted that a sampling method is a way of selecting a portion of population so that the selected portion represents the population adequately Kothari (2004) suggested that the sample should neither be too

large, nor too small. When the population is too large, the researcher needed to select individuals to represent the larger group. The primary purpose of sampling was to obtain information about an entire population by examining only a part of it with the assumption that the sample data convey the population parameters. The study used stratified random sampling procedure to select a sample that represents the entire population. These involved division of the three levels of management into smaller groups known as strata. A random sample from each stratum was taken in a number proportional to the stratum's size when compared to the population. These subsets of the strata were then pooled to form a random sample.

Yamane (1967) provided a simplified formula to calculate sample sizes. This formula was used to calculate the sample size in Tables 2 above and is shown below. A 95% confidence level and P = 0.05 are assumed for Equation below:

$$n = \frac{N}{1 + N(e)^2}$$

Where n was the sample size, N was the population size and e was the level of precision. Therefore, the sample was 201.

3.5 Research Instrument

The researcher administered a semi-structured questionnaire which had both closed and open ended questions so as to gather substantial information. Chandran (2004) suggested that the use of questionnaire is great owing to the consistency of the questions asked and the comparability of the orderly responses. Their ease to monitor, cost effectiveness and their convenience makes the questionnaire method attractive. The close-ended questionnaires greatly helped attain standardization and uniformity of the responses (Kothari, 2004) while the unstructured open-ended questions allowed the respondent to address the issues whose possible answers the researcher has not considered in advance. They also allowed the respondent's opinion to be included in study.

3.6 Pilot Study

The questionnaire used in the study was pre-tested for efficiency. Pre-testing was conducted to detect weakness in the design, data collection instrument and procedures to be used to carry out the study (Cooper & Schilnder, 2003). As Mugenda and Mugenda (2003) argued pre-testing helped the researcher assesses the efficiency and clarity of the instrument and their uses; the pretest sample should be 1% to 5% depending on the sample size. For this reason, the researcher conduced pre-test by administering 9 questionnaires to managers which were distributed to the three levels of staff. This was necessary to test the reliability of the data collection instrument before doing overall roll out of the questionnaires.

3.7 Test for Validity and Reliability

The validity and reliability in survey questionnaires used in a study is very vital. Validity is the extent to which a questionnaire measures what it is supposed to measure and performs as it is designed to perform. The researcher's questionnaire was valid because it shows the degree to which a sample represents the population and its content is appropriate because it accurately on the independent and dependent variables. On the other hand reliability refers to consistency. If a study and its results are reliable, it means that the same results would be obtained if the study were to be replicated by other researchers using the same method. A pretest was done by administering 9 questionnaires to the different levels of management with similar characteristics to the study sample was conducted to determine the clarity of the items and consistency of the responses. In order to enhance reliability of the questionnaire the appropriate English terms were used to facilitate the respondents' comprehension.

3.8 Data Collection Methods and Procedures

The study used both primary and secondary data sources. The primary data was the first-hand information obtained by the researcher. It had the advantage of providing information of the phenomena as it was currently. Thesewas important as the study aimed to understand the relationship between organizational capabilities and competitive advantage in BBK. The researcher administered a semi-structured questionnaire which had both closed and open ended questions so as to gather substantial information. Chandran (2004) suggested that the use of questionnaire was great owing to the consistency of the questions asked and the comparability of the orderly

responses. Their ease to monitor, cost effectiveness and their convenience made the questionnaire method attractive. The close-ended questionnaires could greatly help attain standardization and uniformity of the responses (Kothari, 2004). Either way, the unstructured open-ended questions allowed the respondent to address the issues whose possible answers the researcher had not considered in advance. These also allowed the respondent's opinion to be included in study.

The questionnaire was divided into four sections. Firstly, the demographic information of the staff members that was relevant for the study. Secondly, the section sought to look at organizational capabilities at the BBK. Thirdly, the section scrutinized at BBK's competitive advantage and lastly, the section linked organizational capabilities and competitive advantage. The questionnaire was administered to top management level, middle management level and lower level management levels. This was because the managers were in a good position to provide the required information on the strategic position of the bank. The questionnaires were sent through the internet to the respondents and in some cases, the 'drop and pick' mode of questionnaire was used. The method was appropriate since it was simple and cost effective. The researcher administered the questionnaire and also used a research assistant to administer.

Secondary data was obtained from existing records at Barclays Bank of Kenya including management accounts, human resource manual, strategic plans, corporate annual reports and accounts, organizational structures, newsletters, magazines, researches and studies done on the company and other relevant documents.

3.9 Data Analysis and Presentation

These usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper & Schindler, 2003). The completed questionnaire was edited for completeness and consistency. The descriptive analytical techniques such absolute frequency and relative percentage was used to describe the findings. Code numbers were assigned to each answer of the question to generate a coding list or frame which was computed using SPSS 21 version. The findings were organized, summarized and presented using tables, pie charts, bar graphs and charts for clarity and comparison reasons. Inferential analysis was done using inferential statistics which include: Pearson correlation analysis to determine the linear relationship between organizational capabilities and competitive advantage. Additionally, linear regression analysis was also done to determine the same. The regression analysis was of the form:

$$SC = \beta_0 + \beta_1 HC + \beta_2 TC + \beta_3 LC + \beta_3 RC + \varepsilon$$

Whereby: β_0 regression constant (y-intercept); β_1 - β_4 are the regression coefficients; SC is the Strategic Competitiveness; HC is Human Competences; TC is Technological Capabilities; LC is Leadership Competences; RC is Reputational Capabilities and ε is the error term.

4.0 Findings

4.1 BBK Competitive Advantage Strategies

The respondents were asked to rate BBK strategies of attaining competitive advantage as compared to those of other banks on a scale of (1), (2), (3), (4), (5)… With (1) representing the most suitable. The results generated from data analysis the responses had a mean of 1.9672 and a std. deviation of 0.71792. The mean score implied that majority of the respondents viewed the bank's strategies for attaining competitive advantage to be more suitable as compared to the competitors. The dtd deviation of 0.718 shown a moderate deviation and hence the study assumed that the respondents' views were close and did not differ a lot. Hence the study could generalize the finding that BBK had more suitable strategies for attaining competitive advantage than their competitors.

4.2 Levels of Competitiveness

The participants were asked to rate how some factors impacted the level of competitiveness on a scale of (1), (2), (3), (4), (5)… With (1) representing the most suitable. The responses were analyzed and the results tabulated and presented in table 3 below.

Table 3 Factors Impacting Level of Competitiveness

	N	Minimum	Maximum	Mean	Std. Deviation
Human competences	183	1.00	5.00	2.0437	.83089
Technological capabilities	183	1.00	5.00	1.9836	.76658
Leadership competences	183	1.00	5.00	2.0601	.82655
Reputational capabilities	183	1.00	5.00	2.0328	.79075

Source: Research Data, 2017

Technology was chosen as the best in the most suitable factor with a mean score of 1.98 and a std Deviation of 0.767 followed by reputational capabilities (mean= 2.03, std dev = 0.791), then human competences (mean=2.04, std dev= 0.831) and finally leadership competences (mean=2.06, std dev= 0.827). All the factors had a low mean score indicating their selection on suitability on impacting levels of competitiveness. The std dev were moderate indicating that the responses had similar views and hence the rating was more homogenous and hence can be generalized to be the target populations' view on these factors.

When asked to respond whether building on capabilities in BBK helps in attaining competitive advantage, 96% replied with a yes while only 4 % was of opposing opinion. Those who agreed gave varied reasons from the current market share, development of new products, stability in a dynamic market where some commercial banks are swaying, staff retention, staff development and motivation etc. Those of differing opinion sited reasons such as lengthy bureaucracies, biasness in staff performance rating and outdated technologies.

Regarding the level of advantage incurred by the organization as a result of building on capabilities, all respondents unanimously rated high. This may indicate that there are a lot of benefits with building capabilities within a firm especially in commercial banking industry.

4.3 Organizational Capabilities

4.3.1 Human Competences

The study sought the respondents' rating on human competences part of organizational capabilities. The respondents were to rate the statements to indicate the extent of the role to which each play in defining overall organizational capabilities at BBK. The scale was 1= no extent, 2= small extent, 3= moderate extent, 4= large extent and 5= very large extent.

The data collected was analyzed and results presented in table 4 below.

Table 4 Human Competences

	N	Minimum	Maximum	Mean	Std. Deviation
Skills	183	1.00	5.00	4.098	.6212
Knowledge	183	1.00	5.00	3.771	.9788
Abilities	183	1.00	5.00	3.519	1.1234

Source: Research Data, 2016

All the items were highly rated with skills leading (mean=4.098, std Dev = 0.6212), followed by abilities (mean=3.519, std Dev=1.1234) and then knowledge (mean=3.771, std Dev= 0.9788). These indicated that BBK human competences to a large extent define the organizational capabilities. The std Dev were moderate an indication that the respondents held similar views on the role of human competences on the organizational capabilities.

4.3.2 Technology Capabilities

To evaluate the role of technology on the organizational capabilities, the respondents were issued with statements which they were expected rate the components of technological and infrastructural capabilities, indicate to what extent each of the elements played a role in defining the overall organizational capabilities at BBK. The scale was 1= no extent, 2= small extent, 3= moderate extent, 4= large extent and 5= very large extent. The data collected was analyzed and the results presented in table 5

Table 5 Technology Capabilities

	N	Minimum	Maximum	Mean	Std. Deviation
Research & development capacity	183	1.00	5.00	3.8306	.82458
Adoption of new methods in the bank's operations	183	1.00	5.00	3.4262	1.14535
Marketing programmes	183	1.00	5.00	3.5137	1.11364
Interpersonal relationships among board of directors, staff, customers and suppliers	183	1.00	5.00	3.4973	1.08878

Source: Research Data, 2017

All the items were rated high with all mean scores rated above 3 implying that their role in defining organizational capabilities is to a large extent. Research and development was rated best (mean =3.83, std Dev= 0.825), followed by marketing programmes (mean = 3.51, std Dev= 1.11), interpersonal relationships (mean=3.45, std Dev= 1.089) and adoption of new methods (mean=3.43, std Dev= 1.145). These indicated that technological competences plays a very important role in development of organizational capabilities and thus contributes a lot towards attaining and maintaining competitive advantage.

4.3.3 Leadership Competences

The respondents were given statements on leadership competences and were to rate the extent of their roles in defining overall organizational capabilities at BBK. The scale was 1= no extent, 2= small extent, 3= moderate extent, 4= large extent and 5= very large extent. The collected data was analyzed and the results presented in the table 6 below:

Table 6 Leadership Competences

	N	Minimum	Maximum	Mean	Std. Deviation
Capabilities bank managers possess in order to create and maintain absorptive capabilities	183	1.00	5.00	3.7158	.93534
Capabilities bank managers possess in order to create and maintain adaptive capabilities	183	1.00	5.00	3.3934	1.10859
Managerial wisdom	183	1.00	5.00	3.3224	1.17197

Source: Research Data, 2017

The respondents rated these factors from moderately to large extent influence towards capability building. Bank managers' capabilities to create absorptive capabilities were rated highly with mean of 3.72 and std dev of 0.935. These implied that all respondents held similar views regarding the role of bank managers' capabilities on building organizational capabilities. Bank managers capabilities to create adaptive capabilities (mean =3.39, std dev =1.11) and managerial wisdom (mean = 3.32, std dev = 1.172) were equally rated high. The standard deviation of these two items was slightly above 1 implying that the respondents' views differed a little bit on the role of these factors on building organizational capabilities. However their moderate means scores indicate that the general view is that these factors are important and do contribute to more than moderate effect towards building the organizational capabilities. Hence the study found the leadership capabilities to be of importance in building organizational capabilities at BBK.

4.3.4 Reputational Capabilities

To evaluate the extent to which the reputational capabilities are important in defining organizational capabilities at BBK, the respondents were asked to rate items in a scale of 5 and the data collected was analyzed, tabulated and presented. The scale was 1= no extent, 2= small extent, 3= moderate extent, 4= large extent and 5= very large extent. Table 7 represents a summary of the analyses on these factors.

Table 7 Reputation Capabilities

	N	Minimum	Maximum	Mean	Std. Deviation
Reputation with customers	183	1.00	5.00	3.5246	1.08344
Reputation with suppliers	183	1.00	5.00	3.5082	1.11862
Brand name	183	1.00	5.00	3.1694	1.14294

Source: Research Data, 2017

The responses indicated these factors as important components of defining the organizational capabilities which lead to attaining and maintaining competitive advantage. Reputation with customers was rated high with a mean of 3.525 and std dev of 1.083. These implied that reputation with customers to large extent influence the definition of the organizational capabilities at BBK.

Reputation with suppliers was rated with a mean of 3.508 and std dev of 1.119 implying that this factor was considered to have a role to a large extent define the organizational capabilities at BBK. Brand name as a factor was rated with a mean of 3.169 and std dev of 1.143, an indication of its moderate role in defining the organizational capabilities at BBK. The three items' std deviations were all close to the threshold on 1 and hence

the study's findings on these factors can be generalized to represent the respondents view regarding their role in defining organizational capabilities at BBK.

4.4 Correlation Coefficients

To evaluate the relationship of the various study variables employed in the research, a Pearson's moment's correlation coefficients were tabulated using SPSS and the results presented in table 8 below.

Table 8 Correlation Coefficients

		competitive advantage	human competences	technological capabilities	leadership competences	reputation capabilities
competitive advantage	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	183				
human competences	Pearson Correlation	.870**	1			
	Sig. (2-tailed)	.000				
	N	183	183			
technological capabilities	Pearson Correlation	.737**	.831**	1		
	Sig. (2-tailed)	.000	.000			
	N	183	183	183		
leadership competences	Pearson Correlation	.532**	.615**	.651**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	183	183	183	183	
reputation capabilities	Pearson Correlation	.227**	.238**	.309**	.432**	1
	Sig. (2-tailed)	.002	.001	.000	.000	
	N	183	183	183	183	183

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

Source: Research Data, 2017

The results from table 8 above indicated existence of a strong correlation among the variables; an indication of their strong relationship. All the correlation coefficients were significant at P= 0.01 implying a 99% confident level. When correlated against competitive advantage, human competences had R= 0.870 P= 0.000 (p< 0.01)

indicating a very strong relationship which was statistically significant. These shown that human competences as an independent variable could be used to explain CA as a dependent variable. Technology capabilities when correlated against CA had an R= 0.737, p= 0.000 (p< 0.01) which indicated a strong positive relationship between the two variables and hence technological capabilities could be used as an independent variable to describe CA as a dependent variable. The correlation coefficient was significant at 99% confident level.

The relationship between leadership capabilities and competitive advantage was presented by R= 0.532, p=0.000(p< 0.01) an indication of moderate correlation which was statistically significant at 99% confident level. These clearly shown that leadership capabilities as independent variable could be used to define CA as a dependent variable without any biasness. The correlation results showed an R of 0.227 and p of 0.002 (p<0.01) for the relationship between reputation capabilities and CA. this indicates a weak positive, statistically significant correlation at the 99% confident level. Hence reputation capabilities were assumed to have significant role in defining CA at BBK. The correlation analysis indicated that all the independent variables were statistically significant in defining the dependent variable and hence further analysis can be carried out testing their relationship. Therefore the study carried out regression analysis as discussed in the next section.

4.5 Regression Analysis

The data was processed through data processor of SPSS and multiple regression was carried out to evaluate the relationship between the dependent variable and the various independent variables. The results were summarised and presented in table 9 below.

Table 9 Summary of Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.871	.758	.753	.71036		
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	281.535	4	70.384	139.483	.000
1	Residual	89.820	178	.505		
	Total	371.355	182			

a. Dependent Variable: competitive advantage

b. Predictors: (Constant), reputation capabilities, human competences, leadership competences, technological capabilities

Source: Research Data, 2017

The multiple regression was applied for its ability to analyse more than one independent variables against one dependent variable and present their independent as well as combined effects (Field, 2009). The results obtained after multiple regression indicated that the model used was good. R squared of 0.758 shows that the model was able to explain 75.8% of the effects and influence of relationships among the study variables. This indicates that the conceptualisation of the model was well done and the study was carried out effectively.

The adjusted R squared of 0.753 indicated that 75.3% variance in competitive advantage can be explained using the independent variables under study while the remainder can be attributed to variables not included in this study. This shows that the independent variables employed in the study have a great role in defining the dependent variable and determines its variance to a larger extent than the variables not included in the study. The results indicate the fitness of the Regression Model $F_{(4, 178)} = 139.483$and p-value =.000 (p<.05), thus the model is statistically significant.

5.0 Summary, conclusion and recommendation

5.1 Summary of Findings

The responses to the study were made up 91.04% of respondents comprising of the top level management, middle level management and lower level management. The male respondents were 43.17% while the female respondents' were 56.83%. From the study it was evident that most of the respondents held a bachelor's degree or master's degree (93.45%) with only 4.92% have a diploma while 1.64% have PhD level of education. Most of the respondents had worked at the bank between 5-10 years and below (82.52%).
The respondents indicated the rate BBK strategies attained competitive advantage as compared to those of other banks was mainly moderately suitable (mean of 1.9672 and a std. deviation of 0.71792) indicating BBK's strategies were more suitable compared to rivals. Technological competences were chosen as the most suitable factors with a mean score of 1.98 and a std Deviation of 0.767 followed by reputational capabilities (mean= 2.03, std Dev = 0.791), then human competences (mean=2.04, std Dev= 0.831) and finally leadership competences (mean=2.06, Std Dev= 0.827). Majority of the respondents (96%) indicated that building capabilities in BBK helped in attaining competitive advantage.
The study further shown the managers agreed to a very large extent that skills played a role in defining overall organizational capabilities (mean=4.098, Std Dev = 0.6212), followed by abilities. Human competences such as experience and age played the least role in defining overall organizational capabilities at BBK. There was consensus among the managers attributed to the fact that the components of human competences (capabilities, skills and knowledge) played a role in defining overall organizational capabilities.

More so, the study findings indicated the managers at all levels at BBK agreed to a very large extent that adoption of new methods in the bank's operations played the biggest role in defining overall organizational capabilities . This was followed by research & development capacity and marketing programs to a moderate extent. Interpersonal relationships among board of directors, staff, customers and suppliers played the least role in defining overall organizational capabilities at BBK. There was consensus among the managers attributed to the fact that the components of technological and infrastructural capabilities play a role in defining overall organizational capabilities.

The study findings further indicated that managers at all levels at BBK agreed to a very large extent that capabilities bank managers possess in order to create and maintain adaptive capabilities played the biggest role in defining overall organizational capabilities (mean of 3.72 and std Dev of 0.935). This was followed by capabilities bank managers possess in order to create and maintain absorptive capabilities and managerial wisdom to a moderate extent. Other leadership competences such as leadership style played the least role in defining overall organizational capabilities at BBK. There was consensus attributed to the fact that capabilities bank managers possess in order to create and maintain absorptive capabilities; managerial wisdom; and adaptive capabilities played a role in defining overall organizational capabilities. Hence the study found the leadership capabilities to be of importance in building organizational capabilities at BBK.

In addition, the study findings further indicated managers at all levels at BBK agreed to a very large extent that reputation with customers played the biggest role in defining overall organizational capabilities (mean of 3.525 and std dev of 1.083). This was followed by reputation with suppliers (mean of 3.508 and std Dev of 1.119); and brand name to a moderate extent (mean of 3.169 and std Dev of 1.143). Other reputational competences such as organizational heritage played the least role in defining overall organizational capabilities at BBK. There was consensus attributed to the fact that reputation with suppliers, reputation with suppliers and brand name played a role in defining overall organizational capabilities. However, there was no consensus attributed to the fact that other reputational capabilities such as organizational heritage indicated insignificant variations to the overall organizational capabilities.

Finally, the results indicated a relationship between organization capabilities and competitive advantage. From the Correlations table, all the correlation coefficients were significant at P= 0.01 implying a 99% confident level. When correlated against Competitive advantage, human competences had R= 0.870 P= 0.000 ($p< 0.01$) indicating a very strong relationship which is statistically significant. This shown that human competences as an independent variable can be used to explain CA as a dependent variable. Technology capabilities when correlated against CA had a R= 0.737, p= 0.000 ($p< 0.01$) which indicated a strong positive relationship between the two variables and hence technological capabilities can be used as an independent variable to describe CA as a dependent variable. The correlation coefficient was significant at 99% confident level.
The relationship between leadership capabilities and competitive advantage was presented by R= 0.532, p=0.000($p< 0.01$) an indication of moderate correlation which was statistically significant at 99% confident level.