

Mediating Effect of Organisational Learning on the Relationship between Strategic Capability and Organisational Performance of Commercial Banks in Kenya

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Abstract

Strategic capability is essential to the competitiveness and performance of commercial banks operating in increasingly dynamic technological, competitive and regulatory environments. However, possessing strategic capabilities may not be sufficient unless banks effectively acquire, disseminate and apply organisational knowledge. This paper examined the mediating effect of organisational learning on the relationship between strategic capability and organisational performance of commercial banks in Kenya. Strategic capability was examined through leadership alignment, resource optimisation and technological innovation, while organisational learning comprised knowledge acquisition, knowledge dissemination and knowledge application. Organisational performance was assessed using financial and non-financial indicators. The study was anchored on the Resource-Based View and Organisational Learning Theory and adopted a pragmatic philosophy and mixed-methods research design. The target population comprised managerial employees drawn from commercial banks in Kenya. Primary data were collected using a semi-structured questionnaire containing closed-ended and open-ended questions. Quantitative data were analysed using descriptive statistics and regression-based mediation analysis, while qualitative responses were analysed thematically. The findings established that strategic capability positively influenced organisational performance and significantly enhanced organisational learning. Organisational learning was also found to contribute positively to organisational performance. Further analysis established that organisational learning mediated the relationship between strategic capability and organisational performance, indicating that banks derive greater performance benefits from their strategic capabilities when they effectively acquire, share and apply organisational knowledge. Qualitative findings further demonstrated the importance of training, cross-functional collaboration, knowledge sharing and practical application of lessons in improving decision-making, innovation and service delivery. The paper concludes that organisational learning provides an important mechanism through which strategic capability is translated into improved organisational performance. It recommends that commercial banks strengthen knowledge acquisition, dissemination and application systems and integrate organisational learning into leadership alignment, resource optimisation and technological innovation initiatives.

Keywords: *Strategic Capability, Organisational Learning, Organisational Performance, Knowledge Acquisition, Knowledge Dissemination, Knowledge Application, Commercial Banks, Kenya.*

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1.0 Introduction

1.1 Background of the Study

Commercial banks are now facing rapidly evolving environments with technological innovation, shifting customer demands, regulatory demands and competition (Vives, 2019). To coordinate resources, skills and managerial mechanisms in ways that foster competitiveness and performance in the organizations has therefore become important, and this is why strategic capability is important (Ferreira et al., 2021). Teece, Pisano and Shuen (1997) explain that firms require the ability to integrate, build and reconfigure internal and external competencies when responding to environmental change, while Barney (1991) argues that valuable and difficult-to-imitate internal resources provide an important basis for sustained competitive advantage. Further studies also indicate that organizational capacities have a bearing on performance, but they happen to be additionally essential when companies constantly reimagine how to changing their in-house resources instead of merely owning them (Ferreira et al., 2021). In banking, capabilities are especially useful because financial institutions need to constantly tweak their strategy, tech, and resources based on market shifts.

The dimensions that are included in the source study and are representative of strategic capability in this paper include: leadership alignment; resource optimization; and technological innovation. Certain synergies, both in terms of leadership and resources can be realized, such as: increase coherence between the vision of the organization and the action addressed by managers, optimize the use of resources (financial, human, technological). Barney (1991) argues that superior performance is dependent on part of the ability of organizations to utilize their valuable internal resources effectively, and Teece et al. (1997) show organizations have to restructure their internal resources as needed to produce superior performance in a changing environment. Ferreira et al. (2021) also demonstrate the link between the organizational dynamic capabilities and competitive advantage and performance, as the three are interconnected, enabling adaption, innovation and strategic responsiveness. Technological innovation therefore supports leadership and allocation of resources with a potential to enhance operational efficiency, service provision and market agility of organizations.

But having strategic capability may not guarantee better performance within the organization because organizations need systems to transform strategic resources into knowledge, better processes and the managerial actions of individuals. Organizational learning is an opportunity that offers such mechanism, where organizations are able to learn, disseminate and apply the knowledge at different levels within the organization. Ibonide and Ugbabe (2022) found in a cross-sectoral study in Nigeria that increased information technology capacity at the firm level produced significant positive effects on innovation performance, a finding which shows that capabilities can bring about more positive results if they are supported by effective organizational learning processes, as was observed in the Kenyan context by Otioma (2023). Also, organizational learning capability is observed to partly mediate the relationship between managerial practices and performance in the firm, where learning is shown to be a factor influencing the relationship between organizational inputs and outputs (Hussein et al., 2021). Another work of Bogale, Birbirs and Abegaz (2025) has also confirmed the link between organizational learning and the performance improvement of the firm, which is linked to capability development, thereby highlighting the strategic importance of learning within the organizations under the resource and environment constraints.

The paper is based on the dimensions used when studying organizational learning, which are knowledge acquisition, knowledge dissemination and knowledge application. Knowledge acquisition helps organizations seek out new information through customer, market, competitors, regulatory environments and disseminate relevant knowledge between departments and managerial levels. In the context of innovation, explorative learning was advantageous for the firms as it provided the company with the ability to turn their technological capabilities into better innovation outcomes; this indicated the importance of acquiring new knowledge as well as using existing knowledge usage, also known as exploitative learning (Otioma, 2023). Previous studies by Aragón, Jiménez and Valle (2014) also revealed that the impact of OD practices in firm performance can be passed to the firm's performance through organizational learning; similarly, Bogale et al. (2025) established that learning impacts the development of innovation capabilities useful for improving outcomes in the firm.

The importance of organizational learning is especially high in commercial banking, where banks are knowledge-intensive institutions whose decisions are highly information-driven, including in terms of customer knowledge, credit risk, market developments, regulations and innovation and technological progress. Learning processes enable organizations to “understand” this information, and then use the knowledge to shape enhanced managerial decisions and service practices. The findings of Otioma (2023) ended up that the companies with the higher learning orientation had a superior possibility for converting IT capability into innovation outcomes and Hussein et al. (2021) uncovered that managerial commitment, experimentation and proactiveness to determine learning assisted with enhancing organizational performance. Further, the latest findings in the developing economies suggest that an organization's learning capability significantly and directly affects its practice, especially in institutions and resources crunch situations (Bogale et al., 2026). These results highlight the need to look at learning not just as an activity for employees to develop in but as a strategic set-up in organizations.

The explanation of the mediating role of organizational learning highlights the possibility that organizations with similar resources and technologies can still do different things, with respect to their performance results. Having great strategic resources doesn't automatically mean that they can translate it into value creation, though, because some part of the equation involves the interpretation of new info, sharing new thoughts, and applying acquired knowledge in a way that creates value. Otioma (2023) reported a mediated link between information technology capability and innovation performance in Kenyan companies with OLC, and Hussein et al. (2021) found a partial mediation of the impact of HRP on SME performance in the country by OLC. Ferreira et al. (2021) also showed that the interaction between organizational learning capability, dynamic capabilities and innovation processes influences the competitive advantage and performance of the firm. All of the studies show that learning is an

important organizational pathway that may lead to better results, when identified and developed through strategic capabilities.

Although these points have been established, little researcher focus has been given specifically to the role of organizational learning as a mediator between strategic capability and organizational performance in the commercial banking sector in Kenya. Prior research in Kenya has indicated that organizational learning is a mechanism for transferring the impact of the information technology capability to innovation performance (Otioma, 2023); meanwhile, global research revealed that learning capability partly mediates several organizational practices-Performance relationships. It was found that the existing Kenyan evidence suggests that organizational learning serves as a mechanism for transferring the impact of information technology capability to its effect on innovation performance (Otioma, 2023) and that organizational learning is a mediator that partly explains relationship between organizational practices and performance (Hussein et al., 2021). Likewise, organized learning is found to be related to performance in an intervening way of capabilities fostered by organizations by Bogale et al. (2025), but from a different institutional context. In other words, organizational learning can give rise to organizational capabilities which can, in turn, be related to performance. The present paper hence investigated whether organizational learning was a medium of transmission between strategic capability and organizational performance of the commercial banks in Kenya, and not only the matter 'Whether strategic capability is important' but also the 'how' dimension 'through which strategic capability when operating through organizational learning positively impacted the bank's organizational performance'.

1.2 Statement of the Problem

Commercial banks have a positive contribution in the economic development of a country by performing various financial intermediation, mobilization of savings and supply of credit to households, businesses, etc. functions. But commercial banks performance in Kenya has continued to be vulnerable to the fluctuations in competitive, technological and operational environment. The study paper confirmed that the banking sector experienced substantial growth in assets and profitability did not show regular improvement, as well as maintaining a high rate of non-performing loans. In such settings, the capabilities (and skill) of banks to design and implement strategic resources are critical. Teece et al. (1997) found that the capacity of dynamic capability to reconfigure an organization's resources on a regular basis is essential when facing changing environments and Chen and Zheng (2022) showed that dynamic capability and organizational learning play a significant role in an organization's performance. Similarly, Otioma (2023) argued that, the more firms create learning and knowledge utilization mechanisms, the stronger the innovation outputs.

A commercial bank's strategic capability is its capacity to adjust the way they lead, utilize internal resources and use technologic innovation to perform better. The underlying study therefore defined strategic capability as; leadership alignment, resource optimization and technological innovation. But, possessing these capabilities does not necessarily lead to good performance as organizations vary on their capacity to convert their available resources into knowledge-based performance and orient this structured knowledge to good action within the organization. Otioma (2023) showed how organizations learn from other firms' activities with information technology which facilitated the transmission of performance value of information technology capability in part. Similarly, Chen and Zheng (2022) reported strong platform of relationships among organizational learning, dynamic capability and organizational performance, and Hussein et al. (2021) concluded that organizational learning capability partially mediated the relationship between human-resource practices and SME performance. The results suggest that an understanding of strategic capability without taking into account organizational processes for transforming capability into performance may provide an incomplete basis for understanding performance.

Organizational learning is significant as it will allow firms to obtain, share and use knowledge that will assist them to strategically adapt and operate more efficiently. The three dimensions used; knowledge acquisition, knowledge dissemination and knowledge application constituted the indicators of the organizational learning in this study. This evaluation of dimensions of organizational learning found that the knowledge processes had significant influence on the competitiveness of the organization and its performance as per the competitive strategy implemented, as per the study conducted by Maclean et al. (2023). To support this, Otioma (2023) further found, in Kenya, that organizational learning mediated between IT capability and innovation performance, and Hussein et al. (2021) found that organizational learning was a partial mediator between organizational practices and performance. The findings of these studies indicate that learning is not just a resource of the organization but is also an intervening mechanism between the influence of existing capabilities and the resulting organization performance.

However, there was a huge empirical gap in the literature on whether organizational learning was the mediating variable between strategic capability and organizational performance particularly within commercial banks in Kenya. In the area of strategic capability of the firm, and overall organizational performance, Otioma (2023) studied IT capability and organizational learning and innovation performance amongst firms in Kenya, rather than commercial banks. Meanwhile, Hussein et al. (2021) explored how the ability to learn in an organization acted as a mediator between the practices of human resources management and SME performance, and Maclean, al., 2023, used a contrastive framework to investigate the dimensions of organizational learning, the competitive strategy and the performance of SMEs in a lower-middle income economy. In spite of the confirmation of the relevance of the criterion of organizational learning as an intermediary variable, disparities in the independent variables, performance outcomes and institutional contexts of the studies still did not allow for straightforward transferability to the Kenyan context of commercial banks.

Therefore, it was necessary to explore whether strategic capability had an impact on organizational performance and how this influence was mediated by organizational learning. This distinction is relevant as the direct effect explanation does not provide enough explanation of the intra organizational process linking organizational abilities with organizational outcomes. Otioma (2023) had concluded that mediation analysis can shed light on the learning pathway that relates IT capability as an intermediary to innovation outcomes and Maclean et al. (2023) had confirmed the use of mediation models can explain better how organizational learning influence on competitive strategy and performance. The findings of Hussein et al. (2021) further indicate that there could be the possibility of partial mediation, in which organizational resources still have a direct effect on performance while at the same time also having an indirect effect via organizational learning. Consequently, this paper examined the mediating effect of organizational learning on the relationship between strategic capability and organizational performance of commercial banks in Kenya.

1.3 Objective of the Study

The objective of this study was to examine the mediating effect of organisational learning on the relationship between strategic capability and organisational performance of commercial banks in Kenya.

1.4 Research Hypothesis

H₀: Organisational learning has no significant mediating effect on the relationship between strategic capability and organisational performance of commercial banks in Kenya

2.0 Literature Review

The literature review provides the theoretical and empirical basis for explaining how organisational learning mediates the relationship between strategic capability and organisational performance. Strategic capability represents the ability of a firm to coordinate and deploy its internal resources and competencies, while organisational learning provides the knowledge processes through which these capabilities can be continually improved and translated into organisational outcomes. Teece et al. (1997) emphasized the importance of continuously reconfiguring organisational competencies in changing environments, while Garmaki et al. (2023) demonstrated that organisational learning can provide a mechanism through which organisational capabilities contribute to firm performance. Maclean et al. (2023) similarly established that organisational learning dimensions significantly contribute to competitive strategy and performance, supporting the inclusion of learning as an intervening organisational mechanism.

2.1 Theoretical Literature Review

2.1.1 Resource-Based View

The Resource-Based View (RBV), principally associated with Barney (1991), explains organisational performance from differences in the resources and capabilities controlled by individual firms. The theory proposes that sustained competitive advantage can arise where organisational resources are valuable, rare, imperfectly imitable and non-substitutable. The source document adopted RBV as its anchor theory because strategic capability represents the mobilization of internal resources through leadership alignment, resource optimisation and technological innovation. Teece et al. (1997) complemented this resource perspective by demonstrating that organizations operating in dynamic environments need capabilities for integrating and reconfiguring their resource bases. Garmaki et al. (2023) more recently demonstrated that organisational capabilities can contribute to firm performance through organisational learning, thereby showing that the value of resources also depends on organisational mechanisms that facilitate their effective utilisation.

RBV is particularly applicable to strategic capability because commercial banks differ in their leadership

competencies, technological resources, human capital, organisational systems and capacity to allocate resources effectively. Barney (1991) maintained that differences in strategically valuable resources can explain variations in organisational competitiveness, whereas Teece et al. (1997) demonstrated that organizations also need the ability to renew and reconfigure competencies as environmental conditions change. Chen and Zheng (2022) provide more recent empirical support by establishing that dynamic capability was positively associated with organisational performance and interacted with organisational learning in explaining firm outcomes. In commercial banking, the implication is that resources alone are insufficient; banks must coordinate leadership, optimise resource utilisation and continually adapt technological capabilities if those resources are to contribute meaningfully to organisational performance.

The theory nevertheless has limitations when used independently to explain the relationship examined in this paper. The traditional RBV concentrates primarily on the possession and deployment of strategic resources and provides less detailed explanation of the internal learning processes through which resources are transformed into performance outcomes. This concern is especially relevant in knowledge-intensive organizations because capabilities must be continuously interpreted, shared and renewed. Garmaki et al. (2023) found that organisational learning provided an important mechanism connecting big-data analytics capability with firm performance, while Maclean et al. (2023) demonstrated that knowledge acquisition, distribution and interpretation contributed significantly to competitive strategy and firm performance. Ferreira et al.'s work on dynamic capabilities, organisational learning and firm performance similarly reinforces the proposition that organisational learning capability can complement resource-based explanations of competitive advantage. Consequently, RBV explains why strategic capability matters, but an organisational learning perspective is required to explain more clearly how those capabilities can be converted into performance outcomes.

2.1.2 Organisational Learning Theory

The principal theoretical explanation for the mediating process in this paper is provided by Organisational Learning Theory. Argyris and Schön (1978) saw the organisational learning process as one that organisations identified and rectified any learning mistakes by changing their governing assumptions and actions of organisational behaviour. The theoretical perspective they hold underpins the understanding of learning in an organisational rather than individual level. This source document also defined organizational learning as the ability to learn from, learn with, and learn from all, which enhances organizational decision-making, adaptability and organizational performance. There is contemporary empirical support as it is demonstrated by Maclean et al. (2023) that knowledge acquisition, knowledge distribution and knowledge interpretation greatly influenced the competitive strategy and firm performance.

the theory is especially relevant to commercial banks, as they continuously collect data from customer, regulator, financial market and system technologies and from their own experience. If knowledge is to add any value to the organisation, it needs to be shared to organisational units and shared in decision making processes for the entire organisation, both strategic and operational. The combinations and interactions of different facets of O.L have been identified as impacting on both the non-financial and financial dimension of performance across five dimensions in a systematic review of O.L and firm performance. Parajuli et al. (2022) also found relevant connections between organizational learning and the understanding of knowledge as well as organizational performance in the banking sector calling for the creation of learning cultures and the effective transfer of knowledge. On the theoretical side, Maclean et al., (2023) showed that knowledge acquisition and dissemination also add to organisational competitiveness and performance, which further highlights the importance of the three learning processes featured in this paper.

Organisational Learning Theory is particularly relevant for the current paper as it focuses on learning as a mediator process instead of learning as an additional organisational resource. Whereas strategic capability can create a harmonized leadership, optimize resources and technological capacity, learning is what makes the knowledge created by strategic capability available for acquisition, sharing and turning into action within the organization. The research of Garmaki et al. (2023) focused specifically on the role of organisational learning as a mediator in the process by which the BDA capability exerted influence on firm performance, thus supporting the mechanism in the modern era. Firms study (Maclean et al., 2023) showed that although dimensions of organisational learning could work through intervening strategic mechanisms to influence organisational performance, the systematic review of organisational learning and performance also confirmed that learning processes consistently linked to firms' financial and non-financial outcomes across organisational contexts. Organisational Learning Theory contributes to RBV on the internal mechanism of knowledge within the organisation in which capabilities can turn into a better organisational performance.

Both theories complement each other in explaining the mediation as investigated in this paper. What RBV called strategic capability is an internal organisational resource that can be used to create competitive and performance advantages, whereas Organisational Learning Theory has an explanation on how knowledge acquisition, dissemination and its application will enable an organisation to use internal resources to create and continually improve strategic capability. This emphasises the need to continually reconfigure organisational capabilities (Teece et al., 1997); and that organisational learning can bridge the gap between capability and performance (Garmaki et al., 2023). Maclean et al. (2023) also show that different aspects of organisational learning have significant effects on the organisational strategy and organisational performance. Based on this, the strategic capability–performance relationship is used as the anchor theory for RBV, and Organisational Learning Theory is used as the foundation to facilitate the introduction and mediation of the organisational learning theory.

2.2 Empirical Literature Review

Empirical literature was examined based on the relations needed to conduct a test of the mediation role of the phenomena of organisational learning. The review thus focuses on the evidence relating strategic capability with organisational performance, strategic capability and organisational learning, organisational learning and organisational performance and finally, the mediating effects of organisational learning. The method used was similar to what is found in the study's variables being related to mediation activities with strategic capability as the independent variable, organisational learning as the mediating variable and organisational performance as the dependent variable. Otioma (2023) showed that organisational learning is a significant link between organisational capability and organisational performance outcome and Chen and Zheng (2022) proved the interrelationship between organisational learning and the dynamic capability of an organisation. Similarly, Hussein et al. (2021) demonstrated that organisational learning capability could serve as an interposed effect between organizational practices and the performance of the firms.

2.2.1 Strategic Capability and Organisational Performance

Organizational performance in both terms has been consistently linked to strategic capability which reflects on their ability to set up and use their resources to meet variations in environmental demands. While dynamic capabilities are found to be one of the factors for the competitive advantage, the fact that their contribution is related to innovation and organisational learning capability was established by Ferreira, Cardim and Coelho (2021). Similarly, Chen and Zheng (2022) identified the dynamic capabilities of firms had positive relationships with organisational performance, specifically firms' ability to integrate and reconfigure their resources. Hernández-Linares, López-Fernández and García-Piqueres (2024) additionally showed how knowledge-based dynamic capabilities can positively link to the performance of the firm as a whole by influencing organizational mechanisms to effectively leverage the firms' knowledge resources. The studies made in this direction corroborate the above proposition of the present paper as regards the strategic ways manifested by the leadership alignment, resource optimization and technological innovations as a basis for organizational performance.

Technological and knowledge-related capabilities are another example of how strategic capability is related to outcomes of an organisation. Otioma (2023) based on the data of 481 firms in Kenya found that the capability in information technology certainly had an impact on the capability of the firm in terms of innovation performance, meaning that a positive use of technological capability means a firms output can enhance its outcome. In the same way, Li and Wang (2022) discovered significant positive association between the organisational capabilities and the innovation performance of innovative firms, especially the resource-integration and organizational-flexibility capabilities. Ferreira et al (2021) also showed that the skills acquisition led to improvement in firm performance via innovation and business competitive advantage. While they were all undertaken in different organisations; the studies in totality confirm the hypothesis that the organizational strategic capability would help them better exploit technological change, optimize their resources and execute high performance levels.

However, as there is also literature that indicates that there is no direct and only a direct relationship between the two abilities and performance. Ferreira et al. (2021) showed that dynamic capabilities not only have a direct impact on competitive advantage and firm performance, but also through processes they rely on the other dynamic capabilities. Similarly, Jasmine Hernández-Linares et al. (2024) revealed an intervening relationship between knowledge-based dynamic capabilities and firm performance through entrepreneurial orientation. Otioma (2023) found in Kenya that organisational learning partially explained the relationship between the use of the IT capabilities and innovation performance, meaning that knowledge acquisition and utilisation of the IT may depend on the effectiveness with which firms learn. This piece of evidence forms the basis to consider organizational learning as the specific mechanism where strategic capability can be a factor affecting organizational performance in Kenyan commercial banks.

2.2.2 Strategic Capability and Organizational Learning

Organizational learning can be shaped by strategic capabilities since aspects of the capability like technology, leadership coordination and resource integration shape how an organisation can create, acquire and disseminate knowledge. Otioma (2023) has revealed that firms in Kenya experienced IT capability that had a positive impact on both explorative and exploitative organisational learning, thereby suggesting that IT capability could serve as institutional support and enlightenment mechanism for organisational learning. There are also key linkages made between the concepts of organizational learning and dynamic capability by Chen and Zheng (2022) that show that there are learning-and-capability-building organisational processes that reinforce one another. The findings of Li and Wang (2022) confirmed the significant relationship between organisational learning and resource-integration capability as well as between organisational flexibility capability and organisational learning, meaning that organisations that possess greater adaptive capabilities will be better equipped to convert knowledge into strategic action.

The relationship is especially relevant when an enterprise is experiencing speedy changes in its environment and technological conditions. Otioma (2023) proved that IT capability facilitated the exploratory learning when the company looked to gain new information from outside of its current skills, as well as supports and reinforces the exploitative learning based on their internal knowledge. This reinforced the interaction of strategic resources and learning processes, as suggested by Chen and Zheng (2022), who identified positive relationships between the interaction of strategic resources and learning processes on the one hand, and on the other hand on the resource integration and reconfiguration capabilities of the companies. Similarly, Ferreira et al. (2021) discussed that organizational learning capability is one of the significant factors impacting the translation of organizational learning. Combined these findings indicate that strategic capability can establish the technological, managerial and resource environment for the effective acquisition, sharing and application of knowledge in commercial banks.

This relationship is implicated directly in mediation in relation to the independent variable being shown to be the significant causal explanation for variation in mediator in the model examined in this paper. The study, therefore, showed if strategic capability was able to predict organizational learning apart from estimation of the combination mediational model was performed. Very similar evidence to this comes from Kenya with Otioma (2023) finding that organisational capability has a significant role in predicting learning processes, and Li and Wang (2022) who found strong relationships between learning and organisational capabilities of innovative firms. Learning and dynamic capability were also statistically connected by Chen and Zheng (2022) and found to be jointly related with organizational performance. These empirical results therefore suggest that strategic capability would impact on organizational learning of commercial banks in Kenya.

2.2.3 Organizational Learning and Organisational Performance

Organizational Learning is also proven to be empirically linked with enhanced organisational performance and justified the strengthening of the firm in turning information and experience into better decisions, processes and innovations. Hussein et al. (2021) concluded that certain aspects of the learning capability of the organization such as the managerial commitment, openness and experimentation positively affected the performance of SMEs. Similarly, Chen and Zheng (2022) confirmed that there was a significant positive relationship between the organisational learning and organisational performance and that an increased dynamic capability of firms was also associated with the organisational learning. Li and Wang (2022) discovered that organisational learning and its dimensions were significant positively correlated with innovation performance, suggesting the positive relationship between organisational learning and its dimensions with the innovation performance of the firm; showing that organisational learning relates positively to organisational outcomes by increasing the ability of the firm to adjust and innovate.

Where organisations are required to continually act upon customer, technological and market information, learning is particularly valuable. Otioma (2023) concluded that innovative outcome of the firms in Kenya was highly explained by explorative and exploitative types of learning, as a unique contextual finding where organizations are using learning to transform to perform better. Hussein et al. (2021) also confirmed learning capability was directly associated with firm performance, and that several OECD practices had a direct impact on learning capability. Chen and Zheng (2022) concluded that the capability of resource-integration and reconfiguration within the organisation was enhanced by organisational learning, which in turn had a positive impact on organisational performance. These studies have confirmed the hypothesis that the acquisition, dissemination and the application of knowledge are very essential mechanisms by which commercial banks can enhance its responsiveness, decision making and performance.

But there can be an indirect influence of organisational learning on performance which can be through other organizational mechanisms. Li and Wang (2022) proposed that dynamic capabilities only partially mediated the link between organisational learning and innovation performance, suggesting that the dynamic capabilities can result from organisational learning and thus contribute to firm innovation performance. The same partial mediation between organisational learning and organisational performance is revealed by Chen and Zheng (2022) where resource-integration and resource-reconfiguration capabilities mediate between organizational learning and organisational performance. Ferreira et al. (2021) also demonstrated that the capacity of organizational learning enhanced the links of dynamic capabilities, innovation and performance. The results suggest that organizational learning cannot be regarded just as one of the simplest links between resource and performance, but as one out of a system of organizational mechanisms between resources, knowledge and performance.

2.2.4 Mediating Effect of Organisational Learning

Empirical research increasingly suggests that organisational learning can explain how organisational resources and capabilities are converted into performance outcomes. Otioma (2023) provides particularly relevant evidence from Kenya, demonstrating that organisational learning significantly and partially mediated the relationship between IT capability and innovation performance among 481 firms. Hussein et al. (2021) likewise established that organisational learning capability partially mediated the relationship between human-resource management practices and SME performance. Research on social-media adoption and business performance similarly found that organisational learning capability served as an intervening mechanism linking organisational technology use with performance among SMEs.

Other capability-based studies provide complementary evidence for the importance of intervening organisational processes. Ferreira et al. (2021) found that innovation mediated the relationship between dynamic capabilities and firm performance while organisational learning capability strengthened important capability relationships. Hernández-Linares et al. (2024) similarly demonstrated that entrepreneurial orientation mediated the relationship between knowledge-based dynamic capabilities and firm performance, highlighting the importance of internal transformation mechanisms. Research on organisational learning capabilities and open innovation also established that inbound open innovation mediated the relationship between organisational learning capability and both market effectiveness and profitability. These findings consistently demonstrate that organisational capabilities may influence performance through intermediate processes rather than exclusively through direct relationships.

Despite this evidence, the empirical contexts and constructs examined in previous studies differ from the relationship investigated in the present paper. Otioma (2023) examined IT capability and innovation performance among firms from different sectors in Kenya, while Hussein et al. (2021) focused on HRM practices and SME performance rather than strategic capability within banking. Chen and Zheng (2022) investigated organisational learning and dynamic capabilities among human-resource service enterprises in China, with dynamic capability functioning as the mediator rather than organisational learning. Consequently, limited empirical evidence directly explains whether organisational learning mediates the relationship between the broader construct of strategic capability and organisational performance across commercial banks in Kenya. The present paper addressed this gap by testing organisational learning as the intervening mechanism linking strategic capability to organisational performance in the Kenyan banking sector.

3.0 Methodology

A pragmatic research philosophy was adopted due to a need for this study to combine the quantitative evidence of the relationships between strategic capability, organizational learning and organizational performance with qualitative explanations from the respondents. The emphasis of pragmatism enables researchers to choose the methodological strategies that are best suited for research-solving the problem, without adhering to one epistemological stance (Morgan, 2014). Creswell and Creswell (2018) also argue that pragmatism is especially relevant to research that merges quantitative and qualitative evidence, and Tashakkori and Teddlie (2010) highlight its utility for bringing together diverse methods of evidence in "mixed" methods research. The philosophy was thus suitable for studying the statistical mediation process and the organisational experiences in relation to strategic capability and the process of learning in commercial banks.

The study used a mixed methods approach which utilized both quantitative and qualitative data collection, triangulation convergence design methodology. The quantitative data were employed to determine the statistical relationships between strategic capability, OL and OP while qualitative data were used to explain the learning and strategic capability processes in the banks in the context of the banks under study. Convergent mixed-

method designs may be used for separate analysis of quantitative and qualitative evidence and then compared and merged (Creswell & Plano Clark, 2017), and methodological integration is a key advantage in studies designed to answer complex organisational questions that are best answered through mixed evidence (Tashakkori & Teddlie, 2010). Johnson and Onwuegbuzie (2004) also note that mixed methods provide methodological complementarity, bringing together the best elements of both quantitative and qualitative methods to one's research. Open-ended questions included in the same questionnaire were used to collect qualitative data, not using a separate interview schedule.

The target banks were all 39 commercial banks in Kenya including Tier 1, Tier 2 and Tier 3. The respondents consisted of staff from strategy, operations, finance, human resources and risk and compliance departments, since the bank performance strategy was directly targeted by staff in these departments with regard to learning, decisions and implementation aspects. The number of respondents was targeted to be 5 respondents (195 respondents) from each institution. Institutional level a census method was used to represent all the 39 commercial banks and purposive sampling was used to get respondents from the relevant functional departments. Bryman (2016) suggests the need for the use of multiple informants who are not dependent on a single respondent in the organisation, Hair et al. (2019) notes adequate representation when conducting multivariate analyses and Saunders et al. (2019) recommend selecting participants whose organizational role would give them information relevant to the phenomena studied.

During the respondent-level, 20 respondents were involved in the pilot exercise and were not included in the main study which was planned to be 175 spread across the participating banks. Coverage of banking institutions in the census and the careful selection of knowledgeable respondents enabled a strategic and operational perspective to be captured of all different tiers of banking institutions. Purposive sampling is suitable where the respondents have special expertise and understanding of the phenomenon being studied as expounded by Etikan, Musa and Alkassim (2016) and where information-rich participants are sought by Saunders et al. (2019). Hair and colleagues (2019) also suggest that sufficiently large samples are needed to obtain consistent estimates when conducting multivariate and regression analyses.

The primary data obtained were based on semi structured questionnaire consisting both closed and open-ended question. Closed ended items were measured on a 5-point Likert scale from 1 = strongly disagree to 5 = strongly agree, and the open-ended items collected the respondents' explanations and experiences relating to the strategic capability, organizational learning and organizational performance issues. Enabling capabilities were translated into strategic (leadership alignment, resource optimization and technological innovation) and organizational learning (knowledge acquisition, dissemination, and application). Assessment of organizational performances was based on the measures of profitability, Market share, customer satisfaction and employee productivity. Likert-type scales facilitate standardized measurement of perceptions across respondents (Joshi et al., 2015), while Creswell and Creswell (2018) recognize questionnaires as suitable for obtaining comparable quantitative information from relatively large populations. Saunders et al. (2019) also note that putting closed and open questions together enables numerical results to be rounded off with explanations in the context.

The research instrument was tested for clarity, appropriateness, validity and reliability in conducting a pilot study prior to the main data collection exercise. The pilot was conducted on commercially operational 20 managerial respondents from four commercial banks which consisted of one Tier I bank, one Tier II bank and two Tier III bank accounting about 10% of the target population. Pilot testing has been helpful in refining the material for clarity of language and the accuracy of the questions and procedures, and it helps identify ambiguities in the items prior to application (Saunders et al., 2019). Creswell and Creswell (2018) stress that this helps to enhance the quality of the measurement. Similarly, Sekaran and Bougie (2020) discussed that pretesting is useful to determine if questionnaire item is understandable and suitable for the targeted participants. The pilot feedback was thus used to further improve the questionnaire for the main data collection.

All constructs had generally accepted Cronbach's alpha values of 0.70 or higher, in order to test the reliability of it. All the alpha coefficients are over 0.8, demonstrates that strategic capability, organizational learning, and organizational performance have an alpha coefficient of 0.879, 0.861, and 0.872 respectively, and the questionnaire has an alpha coefficient of 0.864. Higher coefficients (above 0.70) be considered acceptable evidence for internal consistency (Hair et al., 2019), and Field (2018) writes that higher alpha values equate with greater consistency between items measuring a common construct. Sekaran and Bougie (2020) also describe reliability testing as a process used to determine the consistency of the scores being given by a measurement instrument. Results of the coefficients therefore supported that the constructs utilized on this paper could be used in the subsequent statistical analysis because they have adequate internal consistency.

This method of coding and analysis of quantitative data was done through the Statistical Package for the Social Sciences (SPSS). Descriptive statistics were employed to summaries the respondents assessments of strategic capability, organisational learning and organizational performance and regression analysis to identify the relationships needed for mediation testing. The responses to the open-ended questions of the questionnaire were themed by qualitative content analysis using NVivo to code and develop themes. Creswell and Creswell (2018) describes thematic analysis as a helpful method to systematically identify themes in qualitative data, whereas Braun and Clarke (2021) focus on structured coding and theme creation as key components of high-quality systematic analysis of qualitative data. Field (2018) also shows that regression analysis is a suitable method to determine the predictive relationship between continuous variables. Results were then analyzed and compared qualitatively and quantitatively to enhance the explanatory power of results.

To assess the mediation effect of organisational learning, the regression procedure used in the study was sequentially applied to test the relationships between strategic capability, organisational learning and organisational performance. The analysis first looked at the relationship between the strategic capability and organisational performance, then the relationship between strategic capability and organisational learning, and, lastly, the relationship between organisational learning and organisational performance. The strategic capability coefficient after controlling for organisational learning was finally obtained by simultaneously introducing the three variables into the regression, to see if there was a reduction in the strategic capability coefficient after controlling for organisational learning. Baron and Kenny (1986) established the classical regression procedure for evaluating mediation, while Hayes (2022) emphasizes the importance of distinguishing total, direct and indirect relationships when interpreting mediation. MacKinnon, Fairchild and Fritz (2007) also state that mediation analysis can be used to determine the process by which an independent variable has an impact on an outcome variable. The mediation model estimated in this paper was specified as:

$$OP = \alpha + \beta_1 SC + \beta_2 OL + \epsilon$$

where OP represents organisational performance, SC represents strategic capability, OL represents organisational learning, α is the constant, β_1 and β_2 are regression coefficients, and ϵ represents the error term. This specification is consistent with the final mediation model used in the research analysis. Baron and Kenny (1986) emphasize comparison of the predictor coefficient before and after introduction of the mediator, MacKinnon et al. (2007) explain that mediation occurs where part of the predictor's relationship with the outcome operates through an intervening variable, and Hayes (2022) distinguishes partial mediation from situations in which the direct relationship becomes negligible after inclusion of the mediator.

4.0 Results and Discussion

This section presents the empirical findings on strategic capability, organisational learning and organisational performance before examining the mediating effect of organisational learning. The results are presented using descriptive statistics and subsequently interpreted in relation to comparable empirical studies. Descriptive analysis assists in establishing the distribution, central tendency and variability of responses before inferential relationships are examined (Field, 2018), while Hair et al. (2019) emphasize that preliminary descriptive assessment provides an important foundation for multivariate analysis. Creswell and Creswell (2018) similarly recommend systematic examination of quantitative data before hypothesis testing to ensure that the patterns underlying subsequent inferential results are clearly understood.

4.1 Response Rate

A total of 166 questionnaires were distributed to respondents drawn from commercial banks in Kenya, of which 152 were successfully completed and returned, while 14 were either not returned or were incomplete. This resulted in a response rate of 91.6%, leaving a non-response rate of 8.4%. The response achieved was considered adequate for subsequent analysis because high participation improves the amount of usable information available for statistical estimation. Saunders et al. (2019) emphasize the importance of obtaining sufficient usable responses in survey research, Creswell and Creswell (2018) associate adequate participation with stronger confidence in quantitative findings, and Hair et al. (2019) highlight the importance of adequate observations when undertaking regression and other multivariate analyses. The 152 valid questionnaires were therefore used in all subsequent analyses.

Table 1: Response Rate

Response Category	Frequency	Percentage (%)
Questionnaires returned	152	91.6
Questionnaires not returned/incomplete	14	8.4
Total questionnaires distributed	166	100

Source: Research Data (2026).

4.2 Descriptive Findings

4.2.1 Strategic Capability

Strategic capability was examined through leadership alignment, resource optimisation and technological innovation. The results showed a mean of 4.2875, median of 4.315, mode of 4.50 and standard deviation of 0.4728 among the 152 respondents. Skewness was -1.562 , while kurtosis was 5.238 . The relatively high mean indicates that respondents generally perceived their banks as possessing strong strategic capabilities, while the relatively low standard deviation shows considerable consistency in their evaluations. Otioma (2023) demonstrates that organisational capabilities, particularly technological capabilities, are important for innovation outcomes among Kenyan firms; Ferreira et al. (2021) similarly associate dynamic capabilities with competitive advantage and organisational performance; and Chen and Zheng (2022) establish that adaptive organisational capabilities contribute positively to organisational performance. The descriptive findings therefore suggest that leadership coordination, effective resource deployment and technological capacity were well established among the commercial banks studied.

Table 2: Descriptive Statistics for Strategic Capability

Statistic	Strategic Capability
N	152
Mean	4.2875
Median	4.315
Mode	4.5
Standard Deviation	0.4728
Skewness	-1.562
Kurtosis	5.238

Source: Research Data (2026).

The negative skewness indicates that responses were concentrated towards the higher end of the measurement scale, reinforcing the generally favourable assessment of strategic capability. The leptokurtic distribution indicated by the kurtosis value also shows considerable clustering of observations around the central response pattern. These findings are consistent with Ferreira et al. (2021), who established that firms require strong dynamic capabilities to combine resources and innovation effectively, while Teece et al. (1997) argue that organizations must continually integrate and reconfigure competencies in response to environmental changes. Otioma (2023) further demonstrates in the Kenyan context that technology-related capability provides an important basis for organisational innovation. The results consequently indicate that strategic capability was an established characteristic of the surveyed commercial banks rather than an isolated organisational practice.

4.2.2 Organisational Learning

Organisational learning was measured through knowledge acquisition, knowledge dissemination and knowledge application. The descriptive results produced a mean of 4.3127, median of 4.35, mode of 4.60 and standard deviation of 0.4582. The distribution recorded skewness of -1.484 and kurtosis of 4.892 . The mean indicates strong agreement that learning practices were embedded within the participating banks, while the comparatively small standard deviation shows that perceptions were relatively consistent across respondents. Otioma (2023) found that organisational learning significantly contributes to the ability of Kenyan firms to exploit technological capabilities, Chen and Zheng (2022) established a positive connection between organisational learning, dynamic capability and organisational performance, and Hussein et al. (2021) found that organisational learning capability contributes positively to firm performance. The findings therefore indicate that knowledge acquisition, sharing and utilisation formed important organisational practices within the commercial banks.

Table 3: Descriptive Statistics for Organisational Learning

Statistic	Organisational Learning
N	152
Mean	4.3127
Median	4.35
Mode	4.6
Standard Deviation	0.4582
Skewness	-1.484
Kurtosis	4.892

Source: Research Data (2026).

The negative skewness confirms that respondents predominantly rated organisational learning favourably, while the kurtosis indicates that responses were concentrated around the higher agreement levels. This pattern suggests that acquisition of new knowledge, internal dissemination of information and practical application of knowledge were relatively well institutionalised among the surveyed banks. Maclean et al. (2023) found that organisational learning dimensions contribute to competitive strategy and firm performance, Li and Wang (2022) demonstrated that organisational learning strengthens innovation performance through organisational capabilities, and Otioma (2023) established that explorative and exploitative learning were important mechanisms for translating IT capability into innovation outcomes. The descriptive findings consequently support the argument that learning constituted an important internal organisational mechanism among Kenyan commercial banks.

The qualitative evidence reinforced the quantitative findings by showing that banks used several mechanisms to promote knowledge acquisition and dissemination. One respondent stated, “The bank promotes knowledge sharing through regular departmental meetings, staff training, workshops, and internal communication platforms. Employees are encouraged to share experiences and lessons that can improve performance across departments.” Another explained that “We use cross-functional teams, mentorship, staff meetings, and training programmes to facilitate learning. Employees from different departments also work together on projects, which allows them to exchange ideas and learn from one another.” These observations are consistent with Otioma (2023), who underscores the importance of organisational learning in developing and exploiting knowledge, Maclean et al. (2023), who demonstrate the contribution of knowledge acquisition and distribution to organisational performance, and Hussein et al. (2021), who identify knowledge-sharing and experimentation as important dimensions of organisational learning capability.

The respondents further indicated that learning was translated into practical innovation and problem-solving activities. One participant observed that “Organizational learning has helped employees identify better ways of solving operational problems. Lessons from previous challenges are often used to improve processes, customer service, and the development of new banking products.” Another stated that “Continuous learning has made employees more open to new ideas and technology. It has helped the bank develop innovative solutions and respond more effectively to customer complaints, operational challenges, and emerging market opportunities.” These findings correspond with Li and Wang (2022), who linked organisational learning with innovation performance, Otioma (2023), who demonstrated that learning facilitates the conversion of technological capability into innovation, and Chen and Zheng (2022), who showed that organisational learning contributes to performance through stronger resource integration and reconfiguration capabilities.

4.2.3 Organisational Performance

Organisational performance was evaluated through profitability, market share, customer satisfaction and employee productivity. The findings produced a mean of 4.3564, median of 4.38, mode of 4.60 and standard deviation of 0.4412. Skewness was -1.628 , while kurtosis was 5.146 . The high mean indicates that respondents generally perceived their banks as performing favourably across financial and non-financial indicators, while the low standard deviation suggests relatively consistent perceptions. Ferreira et al. (2021) associate organisational capability development with improved firm performance, Chen and Zheng (2022) found that organisational learning and dynamic capabilities significantly contribute to performance, and Maclean et al. (2023) similarly found that learning and competitive strategy contribute to organisational outcomes. The results therefore indicate generally favourable performance perceptions among the surveyed banks.

Table 4: Descriptive Statistics for Organisational Performance

Statistic	Organisational Performance
N	152
Mean	4.3564
Median	4.38
Mode	4.6
Standard Deviation	0.4412
Skewness	-1.628
Kurtosis	5.146

Source: Research Data (2026).

The distribution of organisational performance scores was negatively skewed, showing that respondents' assessments were concentrated towards favourable performance levels, while the kurtosis value reflected strong clustering around the central pattern. Importantly, organisational performance in this paper was treated as multidimensional rather than limited solely to profitability, thereby incorporating market outcomes, customer

experience and employee productivity. Hussein et al. (2021) demonstrate that organisational learning capability can contribute to broader firm performance, Ferreira et al. (2021) connect organisational capabilities with competitive advantage and performance, and Chen and Zheng (2022) show that capability development and organisational learning jointly contribute to organisational outcomes. The descriptive evidence therefore provides an appropriate foundation for examining whether strategic capability generated part of its performance contribution through organisational learning.

4.3 Inferential Analysis and Hypothesis Testing

The objective of the paper was to examine the mediating effect of organisational learning on the relationship between strategic capability and organisational performance of commercial banks in Kenya. The null hypothesis stated that organisational learning has no significant mediating effect on the relationship between strategic capability and organisational performance of commercial banks in Kenya. Mediation was assessed through a sequence of regression models examining strategic capability and organisational performance, strategic capability and organisational learning, organisational learning and organisational performance, and finally the combined effect of strategic capability and organisational learning on organisational performance. Baron and Kenny (1986) established the classical sequential regression approach to mediation analysis, MacKinnon et al. (2007) explain that mediation identifies the mechanism through which an independent variable contributes to an outcome, while Hayes (2022) distinguishes the total, direct and mediated components of such relationships.

4.3.1 Effect of Strategic Capability on Organisational Performance

The first regression model examined whether strategic capability significantly predicted organisational performance. The model produced $R = 0.821$, $R^2 = 0.674$ and adjusted $R^2 = 0.672$, with a standard error of estimate of 0.39628. The ANOVA results produced $F(1,150) = 635.345$, $p < 0.001$, indicating that the regression model was statistically significant. Strategic capability had an unstandardized coefficient of $B = 0.693$, standard error of 0.027 and standardized coefficient of $\beta = 0.821$, with $t = 25.199$, $p < 0.001$. The results therefore established a strong and statistically significant positive relationship between strategic capability and organisational performance. This finding corresponds with Ferreira et al. (2021), who established that dynamic organisational capabilities contribute to competitive advantage and firm performance, Chen and Zheng (2022), who found significant positive relationships between dynamic capability and organisational performance, and Otioma (2023), who showed that organisational capabilities contribute significantly to performance-related outcomes among Kenyan firms.

Table 5: Regression Results for Strategic Capability and Organisational Performance

Statistic	Result
R	0.821
R^2	0.674
Adjusted R^2	0.672
Std. Error of Estimate	0.39628
F	635.345
df	1, 150
p-value	<0.001
SC B	0.693
SC Standard Error	0.027
SC β	0.821
t-value	25.199
p-value	<0.001

Source: Research Data (2026).

The coefficient of determination indicates that strategic capability accounted for 67.4% of the variance in organisational performance before organisational learning was introduced into the model. This suggests that leadership alignment, resource optimisation and technological innovation provided substantial explanatory power for differences in organisational performance among the commercial banks studied. Teece et al. (1997) argue that the ability to integrate and reconfigure resources enhances organisational responsiveness, Ferreira et al. (2021) demonstrate that such capabilities contribute to organisational performance, while Otioma (2023) provides Kenyan evidence showing that organisational capability is positively associated with innovation-related performance outcomes. However, the strong initial relationship did not establish whether some of this effect operated through organisational learning, necessitating the subsequent mediation models.

4.3.2 Effect of Strategic Capability on Organisational Learning

The second regression examined whether strategic capability significantly predicted organisational learning. The model generated $R = 0.843$, $R^2 = 0.710$ and adjusted $R^2 = 0.708$, with a standard error of estimate of 0.36912. The model was statistically significant, $F(1,150) = 771.212$, $p < 0.001$. Strategic capability recorded an unstandardized coefficient of $B = 0.689$, standard error of 0.025 and standardized coefficient of $\beta = 0.843$, with $t = 27.772$, $p < 0.001$. The findings therefore demonstrated that stronger strategic capability was associated with stronger organisational learning within commercial banks. Otioma (2023) similarly established that technological capability significantly strengthened organisational learning among Kenyan firms, Chen and Zheng (2022) found significant interrelationships between dynamic capability and organisational learning, and Li and Wang (2022) demonstrated that organisational capabilities and learning processes were positively interconnected.

Table 6: Regression Results for Strategic Capability and Organisational Learning

Statistic	Result
R	0.843
R^2	0.71
Adjusted R^2	0.708
Std. Error of Estimate	0.36912
F	771.212
df	1, 150
p-value	<0.001
SC B	0.689
SC Standard Error	0.025
SC β	0.843
t-value	27.772
p-value	<0.001

Source: Research Data (2026).

The R^2 value of 0.710 indicates that strategic capability explained 71.0% of the variation in organisational learning. This result implies that banks with stronger leadership alignment, better resource utilisation and greater technological capability were more likely to develop effective knowledge acquisition, dissemination and application practices. Otioma (2023) found that IT capability supported both explorative and exploitative organisational learning, Ferreira et al. (2021) demonstrate that organisational learning is closely associated with the effective utilisation of dynamic capabilities, while Chen and Zheng (2022) similarly show that learning and capability development operate as mutually reinforcing processes. The result therefore satisfied an important empirical requirement for examining organisational learning as an intervening mechanism.

4.3.3 Effect of Organisational Learning on Organisational Performance

The third regression model examined the effect of organisational learning on organisational performance. The findings showed $R = 0.879$, $R^2 = 0.773$ and adjusted $R^2 = 0.771$, with a standard error of estimate of 0.32415. The model was statistically significant, $F(1,150) = 1092.381$, $p < 0.001$. Organisational learning recorded an unstandardized coefficient of $B = 0.764$, standard error of 0.023 and standardized coefficient of $\beta = 0.879$, with $t = 33.042$, $p = 0.001$. The findings therefore established a strong positive relationship between organisational learning and organisational performance. Maclean et al. (2023) found that organisational learning dimensions contributed significantly to competitive strategy and performance, Hussein et al. (2021) demonstrated that organisational learning capability enhanced firm performance, while Chen and Zheng (2022) also established a significant positive relationship between organisational learning and organisational performance.

Table 7: Regression Results for Organisational Learning and Organisational Performance

Statistic	Result
R	0.879
R ²	0.773
Adjusted R ²	0.771
Std. Error of Estimate	0.32415
F	1092.38
df	1, 150
p-value	<0.001
OL B	0.764
OL Standard Error	0.023
OL β	0.879
t-value	33.042
p-value	0.001

Source: Research Data (2026).

Organisational learning accounted for 77.3% of the variance in organisational performance, indicating that learning represented a particularly strong predictor of performance among the commercial banks. This suggests that the extent to which banks acquired relevant knowledge, disseminated it across organisational units and applied it to decision-making was closely associated with profitability, market performance, customer satisfaction and employee productivity. Otioma (2023) demonstrates that learning enhances firms' ability to translate technological capability into improved outcomes, Maclean et al. (2023) show that knowledge acquisition and distribution are important contributors to performance, and Hussein et al. (2021) similarly found that organisational learning capability contributed significantly to organisational performance.

4.3.4 Mediating Effect of Organisational Learning

The final model introduced strategic capability and organisational learning simultaneously as predictors of organisational performance. Before organisational learning was introduced, the strategic capability model recorded R² = 0.674. After organisational learning was included, the combined model recorded R = 0.889, R² = 0.790 and adjusted R² = 0.788, with the standard error declining from 0.39628 to 0.32517. This represented an increase in explanatory power of 11.6 percentage points, indicating that organisational learning added substantial explanatory value to the relationship between strategic capability and organisational performance. Otioma (2023) similarly found that organisational learning provided an important intervening pathway between organisational capability and performance outcomes, Hussein et al. (2021) established partial mediation by organisational learning capability, and Maclean et al. (2023) demonstrated that organisational learning dimensions can operate within mediated performance relationships.

Table 8: Model Summary for the Mediating Effect of Organisational Learning

Model	R	R ²	Adjusted R ²	Std. Error
Strategic Capability only	0.821	0.674	0.672	0.39628
Strategic Capability + Organisational Learning	0.889	0.79	0.788	0.32517

Source: Research Data (2026).

The combined regression model was statistically significant, $F(2,149) = 555.795$, $p < 0.001$. When organisational learning was introduced, strategic capability remained statistically significant but its standardized coefficient decreased substantially from $\beta = 0.821$ to $\beta = 0.247$, with $B = 0.208$, $t = 5.474$, $p = 0.002$. Organisational learning remained a strong and statistically significant predictor, recording $B = 0.684$, $\beta = 0.734$, $t = 15.187$, $p = 0.001$. Baron and Kenny (1986) associate a reduction in the direct predictor coefficient after introduction of a significant mediator with mediation, MacKinnon et al. (2007) explain that persistence of a reduced direct relationship is consistent with partial mediation, while Hayes (2022) emphasizes that mediation can coexist with a remaining statistically significant direct effect.

Table 9: Regression Coefficients for the Mediation Model

Variable	B	Std. Error	β	t	p-value
Constant	0.915	0.081	—	11.296	0.001
Strategic Capability	0.208	0.038	0.247	5.474	0.002
Organisational Learning	0.684	0.045	0.734	15.187	0.001

Dependent Variable: Organisational Performance.

Source: Research Data (2026).

The reduction in the standardized strategic capability coefficient from $\beta = 0.821$ to $\beta = 0.247$, together with the continued statistical significance of both strategic capability and organisational learning, demonstrates partial mediation rather than full mediation. This means that strategic capability influenced organisational performance through two pathways: directly and indirectly through organisational learning. The result strongly corresponds with Otioma (2023), who established partial mediation by organisational learning between IT capability and innovation performance among Kenyan firms, and Hussein et al. (2021), who similarly found organisational learning capability to partially mediate the relationship between organisational practices and SME performance. Ferreira et al. (2021) further demonstrate that capability–performance relationships frequently depend on intervening organisational mechanisms such as learning and innovation.

The fitted mediation model was:

$$\text{Organisational Performance} = 0.915 + 0.208 \text{ Strategic Capability} + 0.684 \text{ Organisational Learning}$$

The coefficient for strategic capability implies that, holding organisational learning constant, a one-unit increase in strategic capability was associated with a 0.208-unit increase in organisational performance. Similarly, holding strategic capability constant, a one-unit increase in organisational learning was associated with a 0.684-unit increase in organisational performance. Otioma (2023) demonstrates that learning processes provide a mechanism through which organisational capabilities are translated into outcomes, Maclean et al. (2023) show that organisational learning contributes substantively to performance, while Chen and Zheng (2022) establish that learning and capability development jointly enhance organisational outcomes.

Based on these results, the null hypothesis that organisational learning has no significant mediating effect on the relationship between strategic capability and organisational performance of commercial banks in Kenya was rejected. The alternative proposition was therefore supported: organisational learning significantly mediated the relationship between strategic capability and organisational performance. This finding indicates that commercial banks derive greater performance benefits from strategic capability where leadership alignment, resource optimisation and technological innovation are accompanied by effective knowledge acquisition, dissemination and application. Otioma (2023) provides closely comparable Kenyan evidence of partial organisational-learning mediation, Hussein et al. (2021) similarly demonstrate partial mediation by organisational learning capability, and Maclean et al. (2023) reinforce the broader proposition that learning mechanisms provide important pathways through which organisational resources and strategic processes generate performance outcomes.

5.0 Conclusion and Recommendations

5.1 Conclusion

The paper finally finds that strategic learning is the mediator between strategic capability and organization performance among the commercial banks in Kenya. Strategic capability, demonstrated in terms of leadership alignment, resource optimisation and technological innovation, allows commercial banks to build up the internal capacity to meet the challenges arising from competition, technology and operations. But the performance gains from these capacities can be improved by having an effective organisational learning system in which strategic knowledge can be acquired, shared and put into use. This finding corresponds with Otioma (2023), who concluded that organisational learning is a significant mechanism for changing organisational learning and its abilities to improved outcomes, Maclean et al. (2023) who showed that the organisational learning processes have performance value and Chen and Zheng (2022), who established that there are important relations among organisational learning, dynamic capability and organisational performance.

The results also reveal that, organization learning is also a crucial mechanism that converts strategic capability to organisational performance. Commercial banks with relevant knowledge and strategic ability are more advantageous in gathering the relevant knowledge, moving it across organisational units and use it for strategic and operational tasks of business decision making. In turn, organisational learning provides bank's capacity to harness the power of their leadership alignment, resource optimisation and technological innovation by translating knowledge created from such assets into action. Organisational learning also has been shown as a mediatory variable in capability-related performance relations, as shown by Otioma (2023); organization performance depended on organisational learning (Hussein et al., 2021); and organisational learning processes were found to be important enablers in how organisational resources and processes contribute to performance (Maclean et al., 2023).

The paper further concludes that collective learning processes by which mediation takes place, are knowledge acquisition, knowledge dissemination and knowledge application. Knowledge acquisition helps commercial banks to get relevant information from their employees, customers, technological developments, competitors and

the business environment in general. It helps in disseminating knowledge by sharing the acquired information between departments and organisational levels, thus aiding in making strategic decisions. Knowledge application then translates into better decisions, processes, customers and organisational solutions, that are provided and delivered. These learning processes can then interact and transform organization knowledge into action and enhanced performance. Similarly, Maclean et al. (2023), Otioma (2023) and Chen and Zheng (2022) provide evidence that effective organisational learning effects on knowledge usage, adaptation of the organization and performance improves.

The results from a theoretical perspective give empirical evidence for the complementary use concept of the RBV and OLT in the field of organisational performance. The Resource Based View is credited with setting the groundwork for the idea that strategic resources and capabilities are a source for organisational competitiveness, while Organisational Learning Theory (OLT) offers insights into how knowledge regarding resources and capabilities could be acquired, shared among members, and then applied to organisational practices. Barney's (1991) focus on the performance relevance of important organisational resources is clearly supported by the context of the work of Teece et al. (1997), who showed the relevance of organizing competencies into integrated and reconfigured systems, and the work of Otioma (2023) which provides evidence about the value of learning for firms to change organisational outcomes. The findings thus imply that the capability of a commercial bank, together with organization's learning are complementary organisational processes which support the performance of commercial banks in Kenya.

5.2 Recommendations

Commercial Banks in Kenya should strengthen their knowledge acquisition mechanisms by institutionalizing periodic training of employees, benchmarking with the industry, environmental scanning, analysis of customer feedback and establishing mechanisms for capturing knowledge obtained through banking operations. Knowledge acquisition must be related directly to leadership priorities, technological advances and resource allocation decisions, with management to ensure that this is done. In addition, banks should review acquired knowledge periodically to help employees and managers know how to leverage relevant knowledge and stay up to date on customer needs, new technologies and competition.

Commercial banks need to ensure that knowledge is shared by developing institutional processes for the transfer of information and experiences between dialogue participants. Cross functional forums for learning, departmental knowledge sharing, mentoring, internal knowledge repositories and communication platforms should be introduced and encouraged by management to facilitate positive learning. The lessons learnt from the successful and failed strategic interventions should be recorded and cascaded through appropriate departments with a view to avoiding any particular individual or department in the department gaining sole or striking ownership of the knowledge.

Management shall allow increased focus on knowledge application by incorporating the acquired and disseminated knowledge as part of the decision making, problem solving, process development and service innovation. It is good practice to have employees making adjustments to internal systems as a direct result of the lessons they learn during training, customer feedback, technological systems and experiences with the system. Banks need to create methods for monitoring not only the enhancement in customer service or operational efficiency as a result of the acquired knowledge, but also how it has enabled them to better manage risk, boost employee productivity and build on their expertise in financial innovation.

Commercial banks need to embed 'organization learning in strategic capability development' not as two distinct organisational initiatives. Knowledge generation should be facilitated by intentional knowledge acquisition, sharing and usage during strategic activities, alongside with leadership alignment and resource optimisation, as well as technological innovation. It should, therefore, be built-in and in the strategic plans, departmental performance targets and strategic initiatives monitor and evaluate, the objective of the organization learning.

Lastly, senior management ought to foster an organizational learning culture in which there is continuous improvement, collaboration, experimentation, and constructive sharing of experience. Opportunities to discuss ideas, gain insights from issues or to be involved in multi-faceted problem solving should be offered to employees. Employees and teams who effectively create, disseminate and use knowledge to ways that enhance organisational processes and performance should be recognised and rewarded by management. This would ensure that organizational learning is an ongoing process to link strategic capability to enhanced organizational performance.

5.3 Recommendations for Further Research

Future research can consider the mediating effect of organisational learning on the relationship between strategic capability and organisational performance by adopting longitudinal research approaches to understand the dynamics of these relationships. Future research may also generalize the study to other financial organizations or economic sectors in Kenya to determine whether the identified relationships hold true in various organisational settings.

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