*Int Journal of Social Sciences Management and Entrepreneurship 6(2): 065-083, 2022*

**ISSN 2411-7323**

**© SAGE GLOBAL PUBLISHERS** www.sagepublishers.com

# SENSING CAPABILITY AND PERFORMANCE OF COMMERCIAL STATE CORPORATIONS IN KENYA

**[1] Khalif Mohamed, [2] Dr. Deya Jared, [3] Dr. Noor Shalle, PhD**.

[1]PhD Student, Jomo Kenyatta University of Agriculture and Technology

[2,3] Lecturers, Jomo Kenyatta University of Agriculture and Technology

## ABSTRACT

The performance of commercial state corporations is indicated by such factors as their contributions to social welfare, job creation, general economic empowerment and improvement of lives of the poor. However, despite the interest in the sector and the subsidies that have flowed into some of the mission-oriented commercial state corporations, it seems that most commercial state corporations struggle with the challenge of remaining viable over the long-term. Some of this challenge is on how to manage customers and provide quality services. Therefore, dynamic capabilities could offer a solution to this dilemma through providing a customer management system which incorporates all functional areas of the organization. Thus, the general objective of the study was to determine effect of sensing capability on performance of commercial state corporations in Kenya and to establish the effect of operational capabilities on performance of commercial state corporations in Kenya. This study was guided by Dynamic Capability theory. Cross-sectional research designs was used in this study. The target population for this study comprised 216 HODs drawn from 27 commercial state corporations within Kenya. Stratified and simple random sampling was used in this study to select 111 HODs. Primary data was obtained from the employees using questionnaire. This study used questionnaires to collect data relevant to the study. Quantitative data collected was analysed using descriptive statistical techniques which were frequencies, mean, standard deviation. The researcher also used inferential statistics Pearson Correlation to show the relationships that existed between the variables and multiple regressions and correlation analysis, the significance of each independent variable was tested at a confidence level of 95%. This study was invaluable to not only to the commercial state corporation managers but also other managers in other organizations and industries. The study found that sensing capability positively and significantly relates with performance of commercial state corporations in Kenya; and strategic fit is a significant moderating variable on the relationship between sensing capability and performance of commercial State Corporation in Kenya. The study thus recommends commercial state corporations to improve on their sensing capability. This includes detecting changes in the industry, tracking competitor strategy and understanding market trend.

**Key Words:** dynamic capabilities, sensing capability, performance

## INTRODUCTION

Dynamic capabilities can be used in building, integrating or reconfiguring operational capabilities which can become core rigidities in the face of changing environments to engender high organization performance (Helfat & Peteraf, 2003). The concept of dynamic capabilities helps to explain the relationship between the quality of managerial decisions, strategic change, and performance of commercial state corporations in Kenya (Constance & Jeffrey, 2014). Organizations whose managers have superior dynamic capability can adapt and change more successfully than those whose managers have less effective or no DMCs (Helfat & Jeffrey, 2015). By their nature, dynamic capabilities are suited to dynamic markets, being able to cater for changes through adapting current resources and routines (Teece, 2007). The key principle behind them is continued competitiveness, as organizations are not only competing in their ability to configure and exploit existing resources, but also in their ability to renew and develop these resources (Hou, 2008).

Helfat *et al.* (2007) defined dynamic capabilities as "the capacity of an organization to purposefully create, extend, or modify its resource base." It is also defined as the organizational ability to attain "new forms of competitive advantage by renewing competences – organizational resources – to achieve congruence with the changing business environment" (Wheeler, 2002). Therefore, the organization must continuously attract, strengthen, and reconstruct competencies to be at par with the dynamic business environment (Teece, Pisano, & Shuen, 1997). Eisenhardt & Martin (2000) define dynamic capabilities as firms' dispositions through which organizations adapt to reconfigure human and material resources.

Wheeler (2002) defined organizations dynamic capabilities as "firm processes that use resources, specifically the processes to integrate, reconfigure, gain and release resources to match and even create market change.", however, in this work, the dynamic capability is seen as organization's activities, procedures, and practices that enhance its competitiveness, thereby helping it to maintain a leading role in its industry.

The dynamic capability was captured in three dimensions (sensing capability, learning capability, reconfiguration capability). These dimensions are adapted from the work of MacInerney-May (2012). Together these dimensions help the organization to realize the necessity for change, formulate the necessary response to changes in the environment, and apply the right measures to remain competitive (MacInerney-May, 2012).

According to Teece (2007) sensing capability constitutes an organization's propensity to notice the changes in the environment based on its current capability. That is, sensing capability has to do with the ability to promptly recognize opportunities in the environment when it presents itself, while also, having the means to monitor threats from the environment (Teece, 2007; Barreto, 2010). The second dimension learning capability is the ability to create, acquire and share knowledge to respond to opportunities and threats from the operating environment (Eisenhardt & Martin, 2000; Verona & Ravasi, 2003). Lastly, the third dimension reconfiguration capability is the organization's potential to generate capabilities to integrate current capabilities (Lavie, 2006; Capron & Mitchell, 2009)

Performance of commercial state corporations in Kenya is defined as the focus of any business and only through performance are organizations able to grow and progress (Gavrea *et al.,* 2011). Similarly, the survival of a business is to accomplish set goals and objectives (Muduenyi *et al.,* 2015). According to Yazdanfar (2013), one of the important preconditions for long-term firm survival and success is firm profitability. Performance of commercial state corporations in Kenya is defined as the achievement of a firm's strategic goals and objectives (Almatrooshi, Singh, & Farouk, 2016). There is no standard measure of performance. However, there are ways in which performance of organizations can be measured either

through financial and non-financial measures. Financial measures concentrate on tangible and quantifiable measures such as the profitability of organizations, percentage of increase in sales, capital gains, or return on investments (Wang, Bhanugopan, & Lockhart, 2015).

Financial measures make intangible measures of performance to be ignored. For instance, assessing customer satisfaction levels, service delivery, effectiveness, employee satisfaction, quality go unnoticed (Clulow *et al.*, 2013). Non-financial measures are able to appraise the performance of firms by taking the necessary control measures to avoid deviation from set goals and work towards ensuring corporate objectives are met (Hussain & Hoque, 2012). Further, Wang *et al.*, (2015) ascertain that financial measures only point out one view of performance of commercial state corporations in Kenya and conclude that non-financial measures provide a different perspective on performance.

According to Chowdhury (2011), commercial state corporations performance measurements involved four core areas, outreach to poor, repayment rates, sustainability and efficiency. Empirical evidences on performance of commercial state corporations reported different results, most of them indicating variation of performance across types of Commercial state corporations. The study by Shaon & Rahman, (2015) used financial metrics to compare performance of commercial state corporations with commercial banks operating in four regions Africa, Asia, Eastern Europe and Latin America.

Performance concept relating to Commercial state corporations is a vital and crucial issue for many reasons such as: to ensure donors or investors effective and efficient utilization of billions of dollars injected in commercial state corporations programs, also help regulators controlling and monitoring the Commercial state corporations (Yazdanfar, 2013). Boateng & Agyei, (2013) stated that an ineffective Commercial state corporation represents a main constraint on the development of the commercial state corporation industry. Therefore, performance measurement is a tool for managing Commercial state corporations and is a requirement for sustainability. Assessing the performance of an commercial state corporations is about examining its development towards accomplishing goals. The extent to which an commercial state corporations is successful in today's competitive business environment is greatly determined by the dynamic capability to integrate and reconfigure internal and external competences (Ombaka, 2014).

From a theoretical perspective, dynamic capabilities have been one of the most significant and challenging questions within the strategy domain, and might well be viewed as the 'Holy Grail' of strategic management (Helfat & Martin, 2015). Whether and how firms' dynamic capabilities lead to their competitive advantage and improved performance of commercial state corporations in Kenya has been a core issue in the discussion of scholars. Indeed, there has been a hot debate around this question (Hussain & Hoque, 2012; Peteraf, Di Stefano, & Verona, 2013). On one hand, early proposals in this area clearly assumed a direct impact of dynamic capabilities on performance of commercial state corporations in Kenya (Teece, Pisano, & Shuen, 2017). Thus, it is paramount for studies to evaluate which dynamic capabilities are vital for performance of commercial state corporations in Kenya.

**Statement of the Problem**

The performance of state Commercial Corporation is indicated by such factors as their contributions to social welfare, job creation, general economic empowerment and improvement of lives of the poor. However, despite the interest in the sector and the subsidies that have flowed into some of the mission-oriented state Commercial Corporations, it seems that most state Commercial Corporation struggle with the challenge of remaining viable over the long-term. One survey has found that some commercial state corporation such as Uchumi operating at the end of 2014 in Kenya were either no longer in operation or were no privatisation (CBK, 2017). The poor performance of SCs in Kenya led to outflow from

central government to parastatals equivalent to 1 percent of the GDP in 2017. Further, in 2017 – 2018, the direct subsidies to parastatals amounted to Ksh 7.2 billion and as additional indirect subsidies amounted to Ksh. 14.2 billion. The levels of inflation in the country then reflected deficits financed by the Central Bank. Some ways were devised to solve these problems, such as negotiations between SC and government in a bid to clarify the former's objectives and set targets, introduction of competition and better accountability to customers, provision of incentives in form of higher salaries and benefits to employees based on performance and increased training of employees. All these measures were not 100% successful. Failure of the above measures made many governments embark on privatization (Kamung'a, 2000).

Furthermore, in commercial state corporation report difficulty in sustaining their operations without continued reliance on grants, external fundraising, or other subsidies. However; the commercial state corporation faces a lot of challenges (Jeske *et al.,* 2015). Some of this challenge is on how to manage customers and provide quality services. Therefore, dynamic capabilities could offer a solution to this dilemma through providing a management system which incorporates all functional areas of the organization. Additionally, most of financial institutions such as commercial state corporation losses about 20% annually by failing to attend to customer relationships (Jeske *et al.,* 2015).

Several empirical studies have reported inconclusive findings regarding the relationship between dynamic capabilities and performance of commercial state corporations in Kenya (Wagana & Kabare, 2015). In a wide variety of industry settings, some studies demonstrate a positive influence of dynamic capabilities on performance (Haleblian *et al.,* 2012; Tsekouras *et al.,* 2011); others have identified insignificant relations (Romme *et al.,* 2010; Lu, 2007; Drnevich and Kriauciunas, 2017).

Still others have indicated no bottom-line improvements or negative relationships (Tsekouras *et al.,* 2011). Noteworthy, the emphasis of these studies are selectively on sectors such as banking (Awasthi, & Sangle, 2012), telecommunication (Papastathopoulou *et al.,* 2013) and contact center (Abdullateef *et al.,* 2014). Subsequently, there seem to be noticeable minimal research on dynamic capabilities in the commercial state corporation especially in the emerging economies. Despite the numerous studies on dynamic capabilities and performance, none of the studies has examined dynamic capabilities dimensions in the context of commercial state corporation operations.

For Commercial State Corporation to survive, they need to ensure that they have identified a strategy which is right products and fit for the market and created a sustainable structure to support their performance of commercial state corporations in Kenya. According to Maina & Sakwa (2012) high and low performance of commercial may be due to changes in management, governance, and ineffective strategies. Thus, strategic fit is relevant for performance of commercial state corporations in Kenya of commercial state corporations in Kenya, however, Information on moderating effect of strategic fit on performance of these corporations is not known. Studies that have touched on strategic fit like that of Large and Thomsen (2011); Eggers and Kaplan (2009) and Gavetti (2012) document that top management internal capabilities are associated with heterogeneity of strategic fit efforts and outcomes. However, there is no research that has focused for indirect on direct of internal capabilities on Performance of commercial state corporations in Kenya. This study therefore focused on determining the moderating effect of strategic fit on the relationship between dynamic capabilities and performance of commercial State Corporation in Kenya.

**Specific objectives**

1. To determine the effect of sensing capability on performance of commercial state corporations in Kenya
2. To determine the moderating effect of strategic fit on the relationship between dynamic capabilities and performance of commercial state corporation in Kenya

## LITERATURE REVIEW

### Theoretical Review

### Dynamic Capability Theory

Theory of dynamic capability was introduced by Teece (2009) who define dynamic capabilities as "the capacity of an organization to purposefully create, extend, or modify its resource base" and as such to reach a higher economic value than their competitors. In addition, dynamic capabilities are regarded as a transformer for converting resources into improved performance Teece (2007) argues that dynamic capabilities are 'the foundation of enterprise-level competitive advantage in regimes of rapid (technological) change'. He further argues that dynamic capabilities are component capabilities that are 'necessary to sustain superior enterprise performance' in a highly dynamic environment. Auger & Teece, (2009) refined this definition of dynamic capabilities to "the ability to sense and then seize new opportunities, and to reconfigure and protect knowledge assets, competencies, and complementary assets with the aim of achieving a sustained competitive advantage". There is no broad consensus on an operational definition of dynamic capabilities and this makes it difficult to identify a generally acceptable scale for measuring dynamic capabilities .

More specifically, Zollo and Winter (2012) define dynamic capabilities as learned and stable patterns of collective activity through which the organization systemically generates and modifies operating routines in pursuit of improved effectiveness. Teece (2007) later defines it as the ability to sense and then seize new opportunities and to reconfigure these to achieve strategy implementation. Augir and Teece (2007) expand this definition to the inimitable capacity firms have to shape, re-shape, configure and reconfigure the firm's asset base so as to respond to changing technologies and markets. With dynamic capabilities , sustained strategy implementation comes from the firm's ability to leverage and reconfigure its existing competencies and assets in ways that are valuable to the customer but difficult for other competitors to imitate. Dynamic capabilities help firm's sense opportunities and then seize them by successfully reallocating resources, often by adjusting existing competencies or developing new ones (Teece, 2007).

Dynamic capabilities can usefully be thought of as belonging to three clusters of activities and adjustments: identification and assessment of an opportunity (sensing); mobilization of resources to address an opportunity and to capture value from doing so (seizing); and continued renewal of core competencies (transforming) (Lee and Wu, 2014). One key implication of the dynamic capabilities concept is that firms are not only competing on their ability to exploit their existing resources and organizational capabilities, firms are also competing on their ability to explore, renew and develop their organizational capabilities. Thus, dynamic capabilities allow a firm to sense opportunities and then to seize them by successfully allocation resources, by adjusting existing competencies or developing new ones. This is especially true for ITC companies competing in global changing markets. The theory therefore explained the effect of sensing capability on performance of commercial state corporations in Kenya.

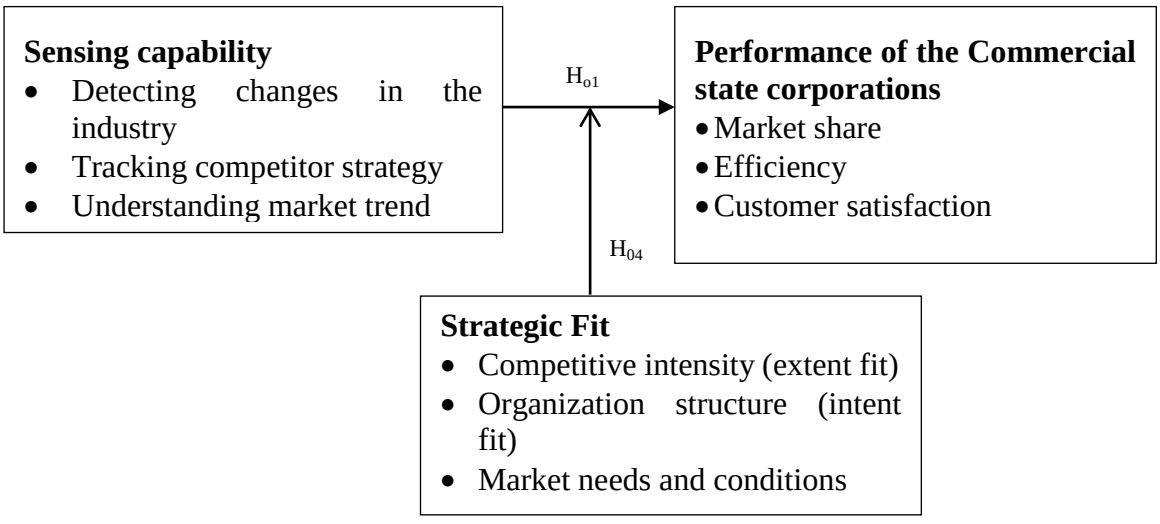
**The Resource Based Theory**

Resource based theory of the firm was introduced by Wernerfelt (1984) and was expounded by Barney (1991). RBT theory show that resources or assets that are valuable, rare and hard to duplicate increase sustainable competitive advantage and lead to superior performance (Wernerfelt, 1984). Additionally, Barney (1991) expresses that firm resources are inclusive of; all assets, capabilities, organizational processes, firm attributes and information, knowledge among others controlled by a firm. These resources enable a firm to conceive and implement strategies that improve its efficiency and effectiveness in terms of performance. Dynamic capabilities dimensions as a resource has in recent times been acknowledged by dynamic capabilities researchers. Consequently, they have adopted RBV as the most appropriate theoretical framework to evaluate Performance of commercial state corporations in Kenya (Protogerou *et al.,* 2011).

The RBV theory makes two assumptions, which conjointly allow for differences in firm resources endowments to both exist and persist over time (Newbert, 2007). First that resources are heterogeneous distributed among firms across firms and secondly that these resources are imperfectly mobile (Barney, 1991). Barney (1991) argued that firms that possessed resources that were valuable and rare would attain competitive advantage and enjoyed improved performance in the short term. While drawing from Dierickx & Cool (1989) he posited that in order for a firm to sustain these advantages over time its resources must be inimitable and no substitutable.

Critiques have faulted the RBV theory to be static in nature and lacking in empirical scrutiny (Priem & Butler, 2001). To address this discrepancy several scholars have suggested links between resource possession and exploitation (Mahoney &Pandian, 1992). They argued that a firm might achieve rents not because it has better resources, but rather that the firm's distinctive competence involves making better use of its resources. Two theoretical approaches have been brought forth to compliment RBT. The first was Valuable, Rare, Inimitable and Organization (VRIO) framework, which postulates that in addition to simply possessing valuable, rare and inimitable and non-substitutable resources, a firm also needed to be organized in such a manner that it could fully exploit the full potential of those resources to attain a competitive advantage (Barney, 1991). Secondly Teece *et al*. (2017) proposed the operational capability perspective to explain how combinations of competences can be developed, deployed and protected (Newbert, 2007). This means that there needs to be fit in the organization resources so that performance can be optimized. This study therefore applied this theory in explaining the moderating effect of strategic fit on the relationship between dynamic capabilities and performance of commercial State Corporation in Kenya.

**Conceptual Framework**



**Sensing Capabilities**

In environments of rapid technological change and high velocity market, it is hard to predict and discern the trajectories of future development. New information and new knowledge can create opportunities for innovation. Therefore, it is important for firms to constantly scan, search, and explore opportunities across technologies and markets (Teece, 2014). Sensing involves investment in research activity and the probing and reproving of technological possibilities. Previous studies have emphasized that research activity will increase firm's own knowledge and the relevant prior knowledge is critical for organizations to evaluate the new information (Todorova & Durisin, 2007).

A study conducted Yam *et al.,* (2012) on sensing capabilities of retail entrepreneurs and the effect of these capabilities on their business performance. A conceptual model based on a literature review was presented, followed by an Internet survey of 226 K-retailers from the Finnish K-alliance. Structural equation modeling (SEM) was used to test the conceptual model and to investigate the effect of market-sensing capability on growth and profitability. The study revealed that most of the studied retail entrepreneurs have relatively well-developed market-sensing capabilities. A weak positive relationship was found to exist between sensing capability and company growth. However, no positive relationship was found between market-sensing capability and profitability (Yam, Lo, Tang, & Lau, 2012).

**Strategic Fit**

The concept of strategic fit began with the research of Skinner (1969). He suggested that companies should tailor their production systems to perform the tasks that were vital to corporate success and consistent with the corporate strategy (Wang and Shyu, 2018). Strategic fit, also referred as strategic alignment, has received significant attention in literature. Strategic fit has been conceptualized in various ways. This conceptualization implies that high level of strategic fit is advantageous; therefore, an organization's fit should be maximized. The search for strategic fit has been a core concept in normative models of strategy formulation (Zajac *et al.,* 2010).

Strategic fit expresses the degree to which an organization is matching its resources and capabilities with the opportunities in the external environment. The matching takes place through strategy and it is therefore vital that the company have the actual resources and capabilities to execute and support the strategy. Dess and Lumpkin (2013) assert that the strategic fit process involves management of all other internal elements within an organization to ensure that the implementation process is successful. Miles and Snow's classification of the intent structure (strategic fit) and extent fit (competitive intensity). Competitive intensity refers to the effect an organization has on its rivals' life chances. A weak competitor is one that reduces its rivals' life chances minimally, whereas strong competitors decreases their rivals' life chances drastically (Barnett, 2017). According to Yabs (2007) competition is the rivalry that exists between firms that sell products or services of a particular category to the same segment of customers. Competitive intensity is an important determinant of choice of strategies that organizations employ to attain competitive position and enhance their performance. Competition in firms is usually intense due to widespread promotional and advertising campaigns, presenting new and innovative competitive techniques and price wars (Slater and Narver, 2014).

In McLaughlin (2018) it can be established that every organisation has a culture of some sort. In the context of organisations, culture can simply be defined as a way of doing things within that organisation. According to McLaughlin (2018) organisational culture is defined as a "system of assumptions, values, and beliefs, which governs how people behave in organisations". McLaughlin (2018) further states that these shared values have a strong influence on the people in the organisation and dictate how they dress, act, and

perform their jobs. Every organisation develops and maintains its own unique culture which provides guidelines and boundaries for the behaviour of the members of that organisation (McLaughlin, 2018).

Organisational culture in this context is considered as the way of doing things for the department. It is about how the department responds to situations. This is in relation to time, resources and personnel attitude. Robbins and Coulter (2005) as cited in Tsai (2011) also described organisational culture as "the shared values, beliefs, or perceptions held by employees within an organisation or organisational unit". Tsai (2011) stated that "the pervasiveness of an organisational culture requires that management recognize its underpinning dimensions and its impact on employer-related variables such as job satisfaction, organisational commitment and performance". Organisational culture is not only concerned with the cohesiveness of the organisational members, however, organisational culture can be said to have an influence on the job satisfaction as asserted by Tsai (2011).

One of the factors that contribute to business environmental hostility is competitive intensity. (Dibrell, *et al*., 2017; Kumar and Subramanian, 2010). Competitive intensity is a situation whereby there is aggressive competitiveness owing to a large number of competitors and the absence of potential opportunities for more growth (Auh and Menguc, 2015). As competitiveness intensifies, Auh and Menguc (2015) proposes that the outcomes of a firm's performance would no longer be deterministic but stochastic as the performance is greatly influenced by the actions assumed by competitors. Consequently, predictability and certainty lessens as conditions of competitive intensity increases.

**Performance of the Commercial State Corporations in Kenya**

Performance of commercial state corporations in Kenya is a concept frequently used as a dependent variable (Richard *et al.,* 2009) in various fields. While Performance of commercial state corporations in Kenya is relevant, problems based on researchers' convenience and little attention of its dimensionality has led to lack of agreement and selection of indicators (Combs *et al.,* 2005; Crook *et al.,* 2008; Richard *et al.,* 2009). Even though Performance of commercial state corporations in Kenya is multi-dimensional, a number of studies measure it using a single indicator and represent this concept as one-dimensional (Glick *et al.,* 2005). Richard *et al.,* (2009) posits that if several dimensions exist, researchers should choose the dimensions most relevant to their research and judge the outcomes of their choice.

Consequently, this study chooses to measure Performance of commercial state corporations in Kenya using marketing `indicators of customer satisfaction (Jayachandran *et al.,* 2005; Yim *et al.,* 2004; Abdulateef *et al.,* 2010), customer retention or loyalty, and sales growth (Jayachandran *et al.,* 2005; Yim *et al.,* 2004; Day and Bulte 2002). Additionally, the measure of performance employed in this study is subjective in nature as opposed to objective. A "subjective" measure means that the firm's performance metric is anchored on a scale such as "much worse" to "much better", "very poor" to "very good," or "much lower" to "much higher" compared to competitors over time. These can be contrasted with an "objective" measure that would be a definite percentage figure for sales growth or profitability. It is important to note that dependence on subjective measures is a limitation of research to date (Jaworski and Kohli, 1996). However, subjective performance measures have been widely used in research on market orientation and its assumed association to Performance of commercial state corporations in Kenya (Dawes, 1999).

There are some good motives for using subjective measures. First, managers may be unwilling to disclose actual performance data if they consider it commercially sensitive or confidential (Gengeswari *et al.,* 2013). Second, performance measures such as profitability may not accurately point toward the underlying financial health of a firm. Last but not least, there exists a strong correlation between objective and subjective measures as reported in

several studies (Dawes, 1999). Comments on survey forms or customer comment cards emerged as the most popular choice for gleaning customer information as a measure of customer satisfaction (Melia and Robinsoni, 2010).

Another way to characterize Performance of commercial state corporations in Kenya is to distinguish between financial and non-financial performance (Ittner, 2008). The financial performance is often measured using traditional accounting KPIs-Key Performance Indicators such as ROA, ROS, EBIT, EVA or Sales growth (Ittner & Larcker, 2007; Fraquelli & Vannoni, 2000; Crabtree & DeBusk, 2008). The advantage of these measurements is their general availability, since every profit-oriented organization produces these figures for the yearly financial reporting (Chenhall & Langfield-Smith, 2007). However, balance sheet manipulations and choices of accounting methods may also lead to values that allow only limited comparability of the financial strength of companies.

The non-financial performance can be measured using operational Key Performance Indicators (KPIs) such as Market share, innovation rate or customer satisfactions are prominent examples (Hyvönen, 2007). Tangen, (2003) provides an overview of frequently used performance measures. Many researchers also use self-reported measures to operationalize performance (Evans, 2004; Chenhall & Morris, 2005; Henri, 2006; Ittner, Lanen, & Larcker, 2002). Others combine both, the accounted financial KPIs and self-reported measures in their reports (Cadez & Guilding, 2008).

Langfield-Smith, (2007) writes that there are various ways non-financial performance can be measured; however, the performance can be hardly assessed without the link to corporate strategy. Performance differences in firms are often the subject of academic research and government analysis (Verreynne & Meyer, 2008). Traditionally, the emphasis in analyzing variations in Performance of commercial state corporations in Kenya has been at the industry level, implying that the structural characteristics of an industry ensure substantial homogeneity among firms within that industry and as a result determine to a large extent Performance of commercial state corporations in Kenya (Frazier & Howell 2003).

**Empirical Review**

**Sensing Capability**

Todorova and Durisin, (2007) determined market sensing capability, product innovation success, and speed to market, and entrepreneurial orientation on SME's performance. The sample of this research was 168 SME's owner or manager in Java, Indonesia. This research used Structural Equation Model to hypothesis test and used AMOS 21 in analysis data. Results of the research found that Entrepreneurial orientation and product innovativeness success have positive and significant effect on SME's performance but market sensing capability and speed to market have no significant effect. Another result of this study found that market sensing capability has significant effect on speed to market and product innovativeness success but entrepreneurial orientation has no significant effect on product innovativeness effect (Todorova & Durisin, 2007).

Teece, Pisano and Shuen (2017) found a stronger positive relationship sensing capability and Performance of commercial state corporations in Kenya and technological innovations in the organization. Sensing also covers understanding of the latent demand, the structural evolution of industries and markets, and the likely responses of suppliers and competitors. Therefore, when opportunities are first glimpsed, sensing capability could not only help firms to understand which technologies should be explored, but also provide the necessary foundation for them to figure out which market segments should be targeted (Teece, Pisano, & Shuen, 2017). Companies which are better at ‘sensing’ in the market could have a better

understanding of what customers want and echo their needs via marketing innovations, e.g. creating new distribution channels (Yam *et al.,* 2012).

Cheema and Saeed (2015) analysed the influence of sensing capabilities (SC) on performance of commercial state corporations in Kenya using regression analysis. Findings show that the performance of commercial state corporations in Kenya is moderately dependent on sensing capabilities of the performance of commercial state corporations in Kenya. Organizational competences were found to moderate, positively, the relationship between performance of commercial state corporations in Kenya and sensing capabilities, with the value of R square having increased to 0.225 from 0.176.

Wilden et.al (2013) examined the moderating effects of an internal competence (organizational structure) and an external factor (competitive intensity) on the relationship between dynamic capabilities of sensing, seizing and reconfiguration and Performance of commercial state corporations in Kenya , and finds that , considered by themselves, dynamic capabilities do not have a significant direct effect on financial solvency and even has a negative direct effect on sales growth.

Osisioma, Nzewi and Mgbemena (2016) isolated sensing capability and examined its influence on the performance of selected commercial banks in Nigeria. The findings revealed a significant positive relationship between sensing capability and performance of banks in Nigeria, concluding that sensing capabilities enhance performance of commercial state corporations in Kenya. The study recommends that managers should not dwell on their core competences for competitive advantage, but continually adapt their competences to the changing business environment and establish capabilities to identify emerging opportunities and threat. The study by Osisioma et. Al (2016) computed a product-moment correlation coefficient to assess the relationship between sensing capability factors and performance of commercial state corporations in Kenya factors. There was a positive correlation between the two variables , r= 0.545, n= 30, p=0.002, which establishes that sensing capability has a positive significant relationship with performance of commercial state corporations in Kenya.

Nyanchanchu, Chepkwony and Bonuke (2017) investigated the role of dynamic capabilities in the performance of manufacturing firms in Kenya and found a positive correlation between Performance of commercial state corporations in Kenya and sensing capabilities (0.394, p= 0.01), regression results similarly revealed a significant influence, sensing capabilities had on Performance of commercial state corporations in Kenya. The coefficient for sensing capabilities (B=0.215) was significant ($p<0.01$), leading to the conclusion that sensing capabilities were useful in the identification and assessment of opportunities.

## RESEARCH METHODOLOGY

The underlying philosophy that guided the choice of a research design for the proposed study was positivism. Neuman (2012) asserts that positivists assume that objective truth exists and advocate for organized methods for handling probabilistic causal laws used to predict patterns in human activity in an empirical way. The study adopted cross-sectional research design of a cross sectional nature. Orodho (2003) explanatory research design analyses the cause-effect relationship between two or more variables. Hence the design was appropriate to the study because the research will sought to establish a cause-effect relationship. The study adopted cross-sectional since it uses theories and hypothesis to account for the forces that causes a certain phenomenon to occur (Cooper & Schindler, 2011). The target population for this study comprised 216 HODs drawn from 27 Commercial state corporations within Kenya. The Commercial state corporations included the ICT, Planning, finance, Sales , Procurement , Administration , Marketing and Customer care. From the information obtained from the databases of these 27 Commercial state corporations, the researcher calculated a total 216 employees of the Commercial state corporations. The sample was obtained using Nassiuma's

(2000) sample size formula.Using this formula, the researcher arrived at a sample of 111 employee. Stratified and Simple random sampling was used in this study to select employees.

Primary data was collected from the samples. Primary data was collected through the administration of questionnaires to senior management employees. Secondary data wa obtained from the Finance survey manuals/financial reports using the secondary data collection sheet. Structured questionnaires were administered to employees.

The descriptive methods used included frequencies, mean, mode, median and standard deviations. The study also employed inferential statistics to draw conclusions on the proposed hypotheses formulated in the study. To test the strength of the causal relationships between variables in the study, Pearson's product moments correlation was used. The study employed multiple regressions to test for directs effects i.e. dynamic capabilities on Performance of commercial state corporations in Kenya. The study also used the hierarchical multiple regression to examine the moderating effects of strategic fit on the relationship between dynamic capabilities and performance of commercial state corporations in Kenya.

## RESEARCH FINDINGS AND DISCUSSION

The selected sample size for this study was 111 HODs; the researcher was able to collect back only 107 questionnaires having been dully filled. The response rate was 96.4%. According to Mugenda and Mugenda (2013), a response rate of 50% and above is adequate for analysis and reporting, a response rate of 60% and above is good while that of 70% and above is excellent. Based on this assertion, our response rate was considered excellent and therefore, the 107 questionnaires were used for further analysis and reporting.

### Descriptive Analysis

### Sensing Capability

In this section the study was interested in respondents views on sensing capabilities in organization. The respondents were expected to indicate their level of agreement with the various statements provided using a 5-point likert scale. Table 1 presents the findings obtained. Based on the findings, all the mean values were above 3.5 and indication that the respondents agreed with the various statements on sensing capabilities. Specifically, the findings show that the respondents agreed that they actively sense events and trends in my market environment (M=3.982, SD= 1.37); they regularly check the quality of their functional capabilities in comparison with companies in different industries (M= 3.961, SD= 1.476); and that they often review the possible influence of changes in our operating environment (e.g., government regulation) on customers (M= 3.948, SD= 1.263).

Respondents also agreed that they regularly check the quality of their functional capabilities in comparison with the competition (M= 3.915, SD= 1.343); they gather information regularly from different kinds of sources (M= 3.889, SD= 1.381); and that they quickly understand new opportunities to serve their clients (M= 3.863, SD= 1.326). Respondents further agreed that they pay great attention to monitoring the change of functional capabilities (M= 3.856, SD= 1.525); they are very good at observing and anticipating technological trends (M= 3.836, SD= 1.22); and that their style of information-gathering is systematic (M= 3.777, SD= 1.275). They further agreed that analyzing information is useful when it comes to marketing decision-making (M= 3.738, SD= 1.32) and that their company is fast in detecting a major change in their industry (e.g., competition, technology, regulation) (M= 3.698, SD= 1.331).

The study findings are in line with those of Todorova and Durisin, (2007) that market sensing capability has significant effect on speed to market and product innovativeness success but entrepreneurial orientation has no significant effect on product innovativeness effect. It also agrees with Yam *et al.,* (2012) that sensing also covers understanding of the latent demand,

the structural evolution of industries and markets, and the likely responses of suppliers and competitors. Therefore, when opportunities are first glimpsed, sensing capability could not only help firms to understand which technologies should be explored, but also provide the necessary foundation for them to figure out which market segments should be targeted, Therefore, companies which are better at 'sensing' in the market could have a better understanding of what customers want and echo their needs via marketing innovations, e.g. creating new distribution channels

**Table 1: Descriptive Statistics on Sensing Capability**

| Statement | Mean | Std. Dev. |
|---|---|---|
| we actively sense events and trends in my market environment | 3.982 | 1.37 |
| We regularly check the quality of our functional capabilities in comparison with companies in different industries | 3.961 | 1.476 |
| We often review the possible influence of changes in our operating environment (e.g., government regulation) on customers | 3.948 | 1.263 |
| We regularly check the quality of our functional capabilities in comparison with the competition | 3.915 | 1.343 |
| W gather information regularly from different kinds of sources | 3.889 | 1.381 |
| We quickly understand new opportunities to serve our clients | 3.863 | 1.326 |
| We pay great attention to monitoring the change of functional capabilities | 3.856 | 1.525 |
| We are very good at observing and anticipating technological trends | 3.836 | 1.22 |
| our style of information-gathering is systematic | 3.777 | 1.275 |
| Analyzing information is useless when it comes to marketing decision-making | 3.738 | 1.32 |
| Our company is fast in detecting a major change in our industry (e.g., competition, technology, regulation) | 3.698 | 1.331 |

**Strategic Fit**

Respondents were asked to indicate their level of agreement with various statements on strategic fit. The study considered strategic fit in terms of organizational structure (intent fit) and competitive intensity (extent fit). The findings were as presented in Table 2. From the findings, all the mean values were above 3.5 an indication that on average the respondents agreed with the statements regarding strategic fit. On organization structure, the respondents agreed that they identify the best possible solutions to those problems or challenges that require immediate attention (M= 4.021, SD= 1.265); and that their company spends amount of time on monitoring changes and trends in the marketplace can best be described as lengthy which they continuously monitoring the marketplace (M= 3.961, SD= 1.149). They also agreed that their company has an image in the marketplace as one which has a reputation for being innovative and creative (M= 3.955, SD= 1.199); and that activities or business functions which most need attention given the opportunities or problems they currently confront (M= 3.896, SD= 1.21).

Respondents also agreed that their company prepares for the future by Identifying trends and opportunities in the marketplace which can result in the creation of product or service offerings which are new to the marketplace or which reach new markets (M= 3.836, SD= 1.234). They were also in agreement that they make sure that they guard against critical threats by taking whatever action is necessary (M= 3.836, SD= 1.313); and that their practice of responding to the immediate needs of the marketplace (M= 3.803, SD= 1.248).

The findings agree with McLaughlin (2018) that culture can simply be defined as a way of doing things within that organisation. Also, these shared values have a strong influence on the people in the organisation and dictate how they dress, act, and

perform their jobs. and therefore, every organisation develops and maintains its own unique culture which provides guidelines and boundaries for the behaviour of the members of that organisation

On Competitive intensity, the respondents agreed that there are many promotional wars in their industry (M= 3.994, SD= 1.343); that anything that one competitor can offer, others can match easily (M= 3.981, SD= 1.371); and that competition for market share in their industry is intense (M= 3.902, SD= 1.235). The respondents further agreed that competition in their industry is cut-throat (M= 3.836, SD= 1.426); that price competition in their industry is intense (M= 3.777, SD= 1.275); and that their competitors do not appear relatively weak (M= 3.764, SD= 1.168).

The findings of the study are in agreement with those of Dess and Lumpkin (2013) who assert that the strategic fit process involves management of all other internal elements within an organization to ensure that the implementation process is successful. It also agrees with Yabs (2007) that competition is the rivalry that exists between firms that sell products or services of a particular category to the same segment of customers. Competitive intensity is an important determinant of choice of strategies that organizations employ to attain competitive position and enhance their performance.

**Table 2: Descriptive Statistics on Strategic Fit**

| Organization structure | Mean | Std. Dev. |
|---|---|---|
| Identifying the best possible solutions to those problems or challenges that require immediate attention | 4.021 | 1.265 |
| My company spends amount of time on monitoring changes and trends in the marketplace can best be described as lengthy which We continuously monitoring the marketplace | 3.961 | 1.149 |
| My company has an image in the marketplace as one which has a reputation for being innovative and creative. | 3.955 | 1.199 |
| Activities or business functions which most need attention given the opportunities or problems we currently confront | 3.896 | 1.21 |
| There are many promotional wars in our industry | 3.994 | 1.343 |
| Anything that one competitor can offer, others can match easily | 3.981 | 1.371 |
| Competition for market share in our industry is intense | 3.902 | 1.235 |
| Competition in our industry is cut-throat | 3.836 | 1.426 |
| Price competition in our industry is intense | 3.777 | 1.275 |
| Our competitors do not appear relatively weak | 3.764 | 1.168 |

**Performance Commercial State Corporations in Kenya**

Respondents were requested to rate the extent to which they think their business might have achieved various performance indicators since inception. They wee asked to use the scale 5= very high; 4= high; 3= Neutral; 2= low; 1=poor. Table 3 presents the findings obtained. Based on the findings, all the mean values were above 3.5 an indication that on average the respondents agreed that their organization had achieved high levels of organizations performance. Specifically, the respondents indicated that the growth in profit level in relation to their Competitors was high (M= 3.988, SD= 1.142); that there is high level of customer loyalty (M= 3.909, SD= 1.235); and that growth in sales in relation to their competitors was high (M= 3.902, SD= 1.168). The respondents were also of the opinion that there was high increase in market size in new markets in relation to their expectation (M= 3.902, SD= 1.182); that there was high growth in capital from operations (M= 3.85, SD= 1.235); and that there was high increased market size in new markets in relation to their competitors (M=

3.836, SD= 1.313). It was further established that growth in sales was high in relation to their expectations (M= 3.81, SD= 1.220); and that growth in profits in was high relation to their expectations (M=3.738, SD= 1.359).

The findings disagrees with performance Kamung'a, (2000) that some commercial state corporation such as Uchumi operating at the end of 2014 in Kenya were either no longer in operation or were no privatisation and that the poor performance of SCs in Kenya led to outflow from central government to parastatals equivalent to 1 percent of the GDP in 2017. It also disagrees with Jeske *et al.,* (2015) that most state Commercial Corporation struggle with the challenge of remaining viable over the long-term.

**Table 3: Descriptive Statistics on Performance of commercial state corporations in Kenya**

| Performance of commercial state corporations in Kenya | | Mean | Std. Dev. |
|---|---|---|---|
| FP1 | Growth in profit level in relation to your Competitors | 3.988 | 1.142 |
| FP2 | High level of customer loyalty | 3.909 | 1.235 |
| FP3 | Growth in sales in relation to your competitors | 3.902 | 1.168 |
| FP4 | Increased market size in new markets in relation to your expectation | 3.902 | 1.182 |
| FP5 | Growth in capital from operations | 3.85 | 1.235 |
| FP6 | Increased market size in new markets in relation to your competitors | 3.836 | 1.313 |
| FP7 | Growth in sales in relation to your expectations | 3.81 | 1.220 |
| FP8 | Growth in profits in relation to your expectations | 3.738 | 1.359 |

**Correlation Analysis**

Based on the findings in Table 4, sensing capability had strong positive relationship with performance of commercial state corporations in Kenya (r=0.786). The relationship between the two variables was significant since the p-value obtained (0.000) was less than the selected level of significance (0.05). The study findings disagrees with findings of Yam, Lo, Tang, and Lau (2012) that there is a weak positive relationship between sensing capability and company growth.

**Table 4: Correlation Analysis**

| | | Performance | Sensing capability |
|---|---|---|---|
| Performance | Pearson Correlation | 1 | |
| | Sig. (2-Tailed) | | |
| | N | 107 | |
| Sensing capability | Pearson Correlation | .786** | 1 |
| | Sig. (2-Tailed) | .000 | |
| | N | 107 | 107 |

**Simple Regression Analysis**

A univariate analysis was conducted to determine the effect of sensing capability on performance of commercial state corporations in Kenya. The null hypothesis stated:

**$H_{01}$:** Sensing capability has no significant effect on performance of commercial state corporations in Kenya

The R-Squared tends to depict the variation in the dependent variable that can be explained by the independent variables: the greater the value of R-squared the greater the effect of independent variable. The R Squared can range from 0.000 to 1.000, with 1.000 showing a perfect fit that indicates that each point is on the line. As indicated in Table 5, the r-squared for the relationship between Sensing capability and performance of commercial state

corporations in Kenya was 0.458; this is an indication that at 95% confidence interval, 45.8% variation in performance of commercial state corporations in Kenya can be attributed to changes in sensing capability. Therefore sensing capability can be used to explain some changes in performance of commercial state corporations in Kenya.

**Table 5: Model Summary for the Sensing capability**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .581[a] | .579 | .338 | .58746 |

a. Predictors: (Constant), Sensing capability

The analysis of variance is used to determine whether the regression model is a good fit for the data. It also gives the F-test statistic; the linear regression's F-test has the null hypothesis that there is no linear relationship between the two variables. From the analysis of variance (ANOVA), the study found out that the regression model was significant at 0.000 which is less than the selected level of significance (0.05). Therefore, the data was ideal for making a conclusion on the population parameters. The F calculated value was greater than the F critical value (11.587 > 3.932), an indication that sensing capability significantly influences performance of commercial state corporations in Kenya. The significance value was less than 0.05 indicating that the model was significant in predicting performance of commercial state corporations in Kenya.

**Table 6: Analysis of Variance on Sensing Capability**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 2.978 | 1 | 2.978 | 11.587 | .000[b] |
| | Residual | 26.985 | 105 | 0.257 | | |
| | Total | 29.963 | 106 | | | |

a. Dependent Variable: Performance
b. Predictors: (Constant), Sensing capability

The coefficients or beta weights for each variable allows the researcher to compare the relative importance of each independent variable. In this study the unstandardized coefficients and standardized coefficients are given for the multiple regression equations. However, discussions are based on the unstandardized coefficients.

From the results the regression model was;

$Y = 0.988 + 0.326\ X_1 + \varepsilon$

The above regression equation revealed that holding sensing capability to a constant zero, performance of commercial state corporations in Kenya will be at a constant value of 0.988. The findings also show that sensing capability is statistically significant in explaining performance of commercial state corporations in Kenya ($\beta = 0.326$, $P = 0.000$). This indicates that sensing capability positively and significantly relates with performance of commercial state corporations in Kenya. The findings also suggest that a unit increase in sensing capability would lead to an increase in performance of commercial state corporations in Kenya by 0.486 units. The findings agree with Osisioma, Nzewi and Mgbemena (2016) who revealed a significant positive relationship between sensing capability and performance of banks in Nigeria, concluding that sensing capabilities enhance performance of commercial state corporations in Kenya.

**Table 7: Beta Coefficients for Sensing capability**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 0.988 | 0.219 | | 4.511 | .000 |
| | Sensing capability | 0.326 | 0.058 | 0.338 | 5.621 | .000 |

a. Dependent Variable: Performance

**Moderating Effect Regression Analysis**

A stepwise regression analysis was conducted to examine the moderating effect of strategic fit on the relationship between dynamic capabilities and performance of commercial State Corporation in Kenya.

The null hypothesis stated:

**$H_0$4a:** There is no significant moderating effect of strategic fit on the relationship between sensing capability and performance of commercial State Corporation in Kenya.

The first model (Table 4.27) shows the relationship between Sensing Capability, strategic fit and performance of commercial State Corporation in Kenya.

The R squared for the relationship between Sensing Capability and performance of commercial State Corporation in Kenya was 0.464, which implied that 46.4% of performance of commercial State Corporation in Kenya can be explained by Sensing capability. However, in the second model, in Table 4.27, which constituted Sensing capability, Strategic fit, Sensing capability*Strategic fit, the r-squared was 0.484. This implies that the introduction of strategic fit in the second model led to an increase in r-squared, showing that strategic fit positively moderates the relationship between Sensing capability and performance of commercial State Corporation in Kenya.

**Table 8: Model Summary for Moderated Sensing Capability**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .681[a] | .464 | .458 | .58746 |
| 2 | .696[b] | .484 | .473 | .08615 |

a. Predictors: (Constant), Sensing capability

b. Predictors: (Constant), Sensing capability, Strategic fit, Sensing capability*Strategic fit

From the findings, the F-calculated for the first model, as shown in Table 9, was 11.587 and for the second model was 14.972. Since the F-calculated for the two models were more than the F-critical, 3.932 (first model) and 2.693 (second model), the two models were good fit for the data and hence they could be used in predicting the moderating effect of strategic fit on the relationship between dynamic capabilities and performance of commercial State Corporation in Kenya.

**Table 9: ANOVA for Moderated Sensing Capability**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 2.978 | 1 | 2.978 | 11.587 | .000[b] |
| | Residual | 26.985 | 105 | 0.257 | | |
| | Total | 29.963 | 106 | | | |
| 2 | Regression | 0.269 | 3 | 0.090 | 14.972 | .000[c] |
| | Residual | 0.618 | 103 | 0.006 | | |
| | Total | 0.887 | 106 | | | |

a. Dependent Variable: Performance

b. Predictors: (Constant), Sensing capability

c. Predictors: (Constant), Sensing capability, Strategic fit, Sensing capability*Strategic fit

In the first model, as shown by Table 10, by substituting the beta values as well as the constant term, model 1 emanating from the first step in regression modeling would be as follows:

$Y = 0.988 + 0.326 X_1 + \varepsilon$

The findings show that sensing capability has a statistically significant effect on performance of commercial State Corporation in Kenya as shown by a regression coefficient of 0.326 (p-value=0.000).

In the second regression model, by substituting the beta values as well as the constant term, model 2 emanating from the second step in regression modeling was as follows:

$Y= 1.689 + .564 X_1 + .542 M + 0.289 X_1*M$

The model indicated that sensing capability had a positive and statistically significant effect on performance of commercial State Corporation in Kenya as shown by a regression coefficient of .564 (p-value=0.000). Strategic fit had a positive and significant effect on performance of commercial State Corporation in Kenya as shown by a regression coefficient .542 (p-value= 0.013). On the other hand, sensing capability*strategic fit also had a positive and significant effect on the performance of commercial State Corporation in Kenya as shown by a regression coefficient of 0.289 (p-value=0.000).

**Table 10: Coefficients for the Relationship for Sensing Capability and Strategic Fit**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 0.988 | 0.219 | | 4.511 | .000 |
| | Sensing capability | 0.326 | 0.058 | 0.338 | 5.621 | .000 |
| 2 | (Constant) | 1.689 | 0.215 | | 7.856 | .000 |
| | Sensing capability | 0.564 | 0.124 | 0.559 | 4.548 | .000 |
| | Strategic fit | 0.542 | 0.216 | 0.59 | 2.509 | .013 |
| | Sensing capability*Strategic fit | 0.289 | 0.045 | 0.195 | 6.422 | .000 |

a. Dependent Variable: Performance

## Conclusion

The study found that sensing capability is statistically significant in explaining performance of commercial state corporations in Kenya. This indicates that sensing capability positively and significantly relates with performance of commercial state corporations in Kenya. Based on the findings, the study concludes that a unit increase in sensing capability would lead to an increase in performance of commercial state corporations in Kenya.

The study established that the interaction between sensing capability and Strategic fit has a direct significant effect on performance of commercial State Corporation in Kenya. The interaction between learning capability and Strategic fit has statistically significant effect on performance of commercial State Corporation in Kenya. In addition, the interaction between reconfiguration capability and Strategic fit had statistically significant effect on performance of commercial State Corporation in Kenya. Based on the findings, the study concludes that Strategic fit is a significant moderating variable on the relationship between dynamic capabilities and performance of commercial State Corporation in Kenya.

## Recommendations

The study found that sensing capability positively influence on performance of commercial State Corporation in Kenya. The study thus recommends commercial state corporations to improve on their sensing capability. This includes detecting changes in the industry, tracking

competitor strategy and understanding market trend. There is also need to increase research activity to increase firm's own knowledge and the relevant prior knowledge which is critical for organizations to evaluate the new information.

Strategic fit was found to have significant moderating effect on dynamic capabilities. Organizations need to match its resources and capabilities with the opportunities in the external environment. The matching takes place through strategy and it is therefore vital that the company have the actual resources and capabilities to execute and support the strategy. The study also recommends commercial state corporations to ensure the process involves management of all other internal elements within the organization to ensure that the implementation process is successful.

**Recommendations for Further Studies**

The main focus of this study was to determine the effect dynamic capabilities on performance of commercial State Corporation in Kenya. The study focused only on three measures of dynastic capabilities i.e. sensing capability, learning capability and reconfiguration capability which explained only 74.3% variation in performance of commercial state corporations. There is therefore need to conduct another study using additional measures of dynamic capabilities such as resources and strategies. Resources include employees, equipment, buildings, and intangible assets. There is also the need to replicate the study in other state corporations other than commercial to compare the findings and determine whether the study findings are generalizable. A study should also be conducted in other sectors to facilitate comparison of research findings and their generalization.

**REFERENCES**

Abdullateef, A., Mokhtar, S. & Yusoff, R. (2014). Linkages between dynamic capabilities technologies, knowledge applications and first call resolution in inbound call centres. *International Journal of Electronic Customer Relationship Management*, 7(1): 68-86.

Almatrooshi, B., Kumar S.S., Farouk, S. (2016) Determinants of performance of commercial state corporations in Kenya: a proposed framework. International Journal of Productivity and Performance Management, 65 (6), 844 - 859

Awasthi, P. & Sangle, P. (2012). The importance of value and context for mobile Dynamic Capability services in banking, *Business Process Management Journal*, 19(6): 864-891.

Barney, J. (1991), Firm resources and sustained competitive advantage. *Journal of Management, 17(1),* 99-120

Barney, J. y Wright, P.M. (1997): "On becoming a strategic partner: the role of human resources in gaining competitive advantage." *Human Resource Management*, Vol. 37, nº 1, pp. 20-30.

Boateng, I.A. & Agyei, A. (2013). Commercial state corporation in Ghana: Development, Success Factors and Challenges. International

Chowdhury, A.M. (2011). Assessing The Factors That Led to The Success of Commercial state corporation in Bangladesh: A Case Study on Grameen Bank

Clulow, V., Barry, C., & Gerstman, J. (2013). The resource- based Theory and value: the customer- based Theory of the firm. *Journal of European Industrial Training*, *31*(1), 19

Cooper, D.R. and Schindler, P.S. (2000) Business Research Methods. 8th Edition, McGraw-Hill Irwin, Boston.

Dess, G. G., & Robinson, R. B. (1984), Measuring performance of commercial state corporations in Kenya in the absence of objective measures: The case of the privately-held firm and conglomerate business unit. *Strategic Management Journal*, 5(3), 265-273.

Dierickx, I. and K. Cool (1989). "Asset Stock Accumulation and Sustainability of Competitive Advantage" Jeff Savage

Drnevich, P., and Aldas K. (2017). Clarifying the conditions and limits of the contributions of ordinary and dynamic capabilities to relative Performance of commercial state corporations in Kenya . Strategic Management Journal 32: 254–79.

Eisenhardt, K., & Martin, J. (2012). dynamic capabilities : What are they? *Strategic Management Journal*, *21*(10–11), 1105–1121

Ember, C., & Ember, M. (2011). *Cross Cultural Research Methods.* New York: Altamira Press.

Gavrea, C., Ilies, L. & Stegerean, R. (2011). Determinants of performance of commercial state corporations in Kenya: The case of Romania. *Management and Marketing*, 6(2): 285-300.

Haleblian, JJ, Kim, JJ, Rajagopalan, N, 2012. The influence of acquisition experience and performance on acquisition behavior: Evidence from U.S. Academy of Management Journal, 49: 357-370

Helfat E., C & Winter, S. (2011). Untangling Dynamic and Operational Capabilities: Strategy for the (N)Ever-Changing World. Strategic Management Journal. 32. 1243-1250. 10.2307/41261789.

Helfat, C. E., & Martin, J. A. (2015). dynamic capabilities : Review and assessment of managerial impact on strategic change. *Journal of Management*, *41*(5), 1281–1312.

Hussain, M., & Hoque, Z. (2012). Understanding non-financial performance measurement practices in Japanese banks. A new institutional sociology perspective. *Accounting Auditing & Accountability Journal,* 15(2), 62-183

Jeske, H., Chimusoro, E. & Karodia, A. (2015). An evaluation of customer service and the impact of efficiency on Namibias' logistical sector: A study involving selected Courier Companies. *Journal of Business, Economics and Management Studies,* 3(6):1-38.

Kapiki, S. T. (2012). Current and future trends in tourism and hospitality: the case of Greece. Tourism management, 20(6), 683-691

Lu, L. (2007). Individual- and social-oriented views of self: Conceptualization, measurement and adaptational functions (III) (Tech. Rep. NSC95-2752-H-008-002-PAE). Taipei, Taiwan: National Science Council

Mahoney, J. T., & Pandian, J. R. (1992). The resource- based Theory within the conversation of strategic management. *Strategic Management Journal*, *13*(5), 363-380. https://doi.org/10.1002/smj.4250130505

Marsh, S. J., & Stock, G. N. (2011). Creating dynamic capability: The role of intertemporal learning, knowledge retention, and interpretation. *Journal of Product Innovation Management*, *23*(5), 422–436.

Mokhtar, S.H., Nartea,G. & Gan, C. (2012). The Malaysian commercial state corporation system and a comparison with the Grameen Bank (Bangladesh) and Bank Perkreditan Rakyat (BPR-Indonesia). The Arts Journal, 1(3), 60-71

Muduenyi, S., Oluremi, O., Fabi, O. & Ajagbe, M. (2015). Impact of organizational structure on performance of commercial state corporations in Kenya, International Conference on African Development Issues. Retrieved on 9th June 2016 from eprints.covenantuniversity.edu.ng

Nassiuma D. K. (2000). Survey sampling: Theory and methods. Njoro, Kenya: Egerton University Press.

Newbert SL. 2007. Empirical research on the resource-based Theory of the firm: an assessment and suggestions for future research. *Strategic Management Journal* **28**(2): 121–146

Orodho, J. A. (2009). Elements of Education and Social Science Research Methods, Second Edition. Maseno: Kanezja.

Papastathopoulou, P., Avlonitis, G. & Panagopoulos N. (2013). Intra organizational information and communication technology diffusion: implications for industrial sellers and buyers. *Industrial Marketing Management*, 36(3): 322-336.

Peteraf, M., Di Stefano, G., & Verona, G. (2013). The elephant in the room of dynamic capabilities : Bringing two diverging conversations together. *Strategic Management Journal*, *34*(12), 1389–1410

Priem, Richard & Butler, John. (2001). Is The Resource-Based Theory a Useful Perspective for Strategic Management Research?. The Academy of Management Review. 26. 22. 10.2307/259392.

Protogerou, A., Caloghirou, Y., & Lioukas, S. (2011). dynamic capabilities and their indirect impact on Performance of commercial state corporations in Kenya . *Industrial and Corporate Change*, *21*(3), 615–647

Romme, A.G.L., Zollo, M. and Berends, P. (2010), "dynamic capabilities , deliberate learning and environmental dynamism: a simulation model",Industrial and Corporate Change, Vol. 19 No. 4, pp. 1271-1299

Shaon, K., & Rahman, H. (2015). A Theoretical Review of dynamic capabilities Effects on Customer Satisfaction and Loyalty. Prague Economic Papers, 4(1), 23-36.

Teece, D. J. (2014). The foundations of enterprise performance: Dynamic and ordinary capabilities in an (economic) theory of firms. *The Academy of Management Perspectives*, *28*(4), 328–352.

Todorova, G., & Durisin, B. (2007). Absorptive capacity: Valuing a reconceptualization. *Academy of Management Review*, *32*(3), 774–786.

Tsekouras, G, Marshall, N, Maron, A, 2011. Creating Routines For Innovation: Insights From An Organisational Experiment. International Conference on Organizational Knowledge, 1: 1-18.

Yazdanfar D. (2013). Profitability determinants among micro firms: Evidence from Swedish data. *The International Journal of Managerial Finance*, 9(2): 150-160.