STRATEGIC DETERMINANTS OF SUSTAINABLE COMPETITIVE ADVANTAGE OF ISLAMIC COMMERCIAL BANKS IN KENYA

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DOCTOR OF PHILOSOPHY

(Strategic Management)

JOMO KENYATTA UNIVERSITY

OF

AGRICULTURE AND TECHNOLOGY

2022

Strategic Determinants of Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

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A Thesis Submitted in Partial Fulfilment of the Requirements for the Degree of Doctor of Philosophy in Strategic Management of the Jomo Kenyatta University of Agriculture and Technology

2022

DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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This thesis has been submitted for examination with our approval as University Supervisors.

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DEDICATION

I dedicate Research Thesis to my beloved mother Amina Musa, my dear wife Safia Hassan, my lovely children Reyhana, Maysoon and Rayyan, my brother Faisal and my sister Farhiya for their moral support, sacrifices and prayers throughout my study period

ACKNOWLEDGEMENTS

I am thankful to Almighty Allah for giving me the strength to write this thesis successfully. I wish to express my sincere gratitude to my supervisors Dr. Jane Omwenga and Prof. Wario Guyo for their overwhelming support, guidance, encouragement, insightful thoughts and positive criticisms have enabled me write this thesis. I am deeply indebted to HELB for granting me sponsorship for my PhD study.

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LIST OF ABBREVIATIONS AND ACRONYMS

ATM	Automated Teller Machine
BBK	Barclays Bank of Kenya
CBK	Central Bank of Kenya
EFT	Electronic Funds Transfer
FCB	First Community Bank
GAB	Gulf African Bank
GCC	Gulf Cooperation Council
ICT	Information Communication Technology
KCB	Kenya Commercial Bank
IT	Information Technology
MIS	Management Information Systems
NBK	National Bank of Kenya
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
TAM	Technology Acceptance Model
TOE	Technology, Organization and Environment Fully

DEFINITION OF TERMS

Competitive advantage Competitive advantage is an advantage over competitors gained by offering consumers greater value either by means of lower prices or by providing benefits and services that justify higher prices (Thompson et al, 2007).

Competitive strategy are the specific actions, measures and plans that management team puts in place and undertakes to enable an organization can acquire competitive edge over their rivals (Thompson, Stickland et al 2008).

Fully -Fledged Islamic Banks Banks formed to participate solely with Islamic financial services. These banks have their own service delivery channels. They have totally independent operating systems, and formulate their own business strategies and policies. An example of this model is the Gulf Bank. Suliman (2015)

Information and Communications Technology (ICT) This refers to the technology that involves the electronic acquisition storage and dissemination of vocal, pictorial, textual and numerical information. Olatunji (2015)

Innovation Implementation of a new or significantly improved good, service, process, a new marketing method or a new organizational method (OECD Oslo Manual, 2005). It is also a mental process that leads to the creation of a new phenomenon. This phenomenon may be new material, new service or new technique (Moghli & Others, 2012)

Performance	This is the sum of accomplishments attained by all businesses/departments involved with an organizational goal during a given period of time with the goal either meant for a specific use or on the overall extent (Ling Ya-Hui & Hong Ling, 2010)
Planning	crafting an appropriate strategy to achieve a desired position for the organization and being about what manager of companies must do and do well to make an organization the leader in the market place. Samson (2017)
Shari'ah	is the code of conduct or religious law of Islam. It is derived from the religious precepts of Islam, particularly the Quran and the Sunnah which is sayings and deeds of Prophet Muhammad. In Arabic, the term shariah refers to God's immutable divine law and is contrasted with fiqh, which refers to its human scholarly interpretations Wardah (2017)
Strategic innovation	is the creation of growth strategies, new product categories, services or business models that change the market and generate significant new value for consumers, customers and organization (Palmer and Kaplan, 2007).
Strategic leadership	the ability to envision and anticipate the future, think strategically, maintain flexibility, and initiate changes that was enhances a competitive

	advantage for the organization in the future (Daft, 2011).
Windows Model	A conventional bank carries out Islamic financial services utilizing their conventional banking service delivery channels. The operations and accounting for both, the conventional and Islamic financial services are segregated. Examples: Barclays, KCB (Suliman, 2014)

ABSTRACT

In the past few years, the Islamic finance sector has surpassed the average growth rate attained by conventional banking as well as overall financial industry. However, despite the global growth trend, the Islamic banks in Kenya have reported declining profits with First Community Bank's (FCB) net profit plunging by nearly half and Gulf African Bank (GAB) reporting slower growth in earnings. Thus, the main objective of this study was to assess strategic determinants of competitiveness of Islamic commercial banks in Kenya. The stud main objectives were; to determine the influence of leadership on sustainable competitive advantage of Islamic commercial banks in Kenya, To examine the influence of strategic planning on sustainable competitive advantage of Islamic commercial banks in Kenya, To determine the influence of adoption of technology on sustainable competitive advantage of Islamic commercial banks in Kenya, to examine the influence of innovativeness on sustainable competitive advantage of Islamic commercial banks in Kenya, to establish the influence of human resource performance on sustainable competitive advantage of Islamic commercial banks in Kenya and to examine the moderating effect of shariah governance on relationship between strategic determinants and sustainable competitive advantage of Islamic commercial banks in Kenya. This study was informed by Resource-Based View (RBV) Theory, Dynamic Capability theory, Porter's Theory and Configurational Theory. The study followed pragmatism paradigm and employed both descriptive and explanatory research design. The study targeted 210 HOD, managers and supervisors from the headquarters of the 5 banks offering Islamic banking (2 were fully fledged Islamic banks and 3 conventional banks were offer Islamic banking services). Stratified and Simple random sampling was used in this study to select 111 sampled respondents. The study shall use questionnaires to collect primary data. The primary data was collected using interview and questionnaires comprised both open and closed- ended questionnaires. To find out the reliability of the instruments, the instruments was reviewed to find out if they would yield same results after pre-testing. The reliability of the instrument (questionnaire) was analysed using Cronbach‘s alpha. Data was analysed using both descriptive and inferential statistics. The study used Multiple Linear Regressions to test hypothesis 1 to 5 while Hierarchical Regression for Testing Moderation Effect hypothesis 6). The findings show that Innovativeness had the highest positive and significant effect on the sustainable competitive advantage of Islamic commercial banks in Kenya, followed by leadership and adoption of technology. Both strategic planning and Human resource competencies had the least effect on the sustainable competitive advantage of Islamic commercial banks. More findings revealed that shari'ah governances moderate the relationship between leadership, strategic planning, adoption of technology and sustainable competitive advantage. This implies that shari'ah governances enhance the relationship between leadership leadership, strategic planning, adoption of technology and sustainable competitive advantage. It is therefore recommended that the top management of the Islamic commercial banks to embrace good leadership practices, undertake and encourage proper planning, focus on innovation (systems, process, products features, business practices and service market) as well as allocate resources to improve skills of employees so as to realize and sustain competitive advantage.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Banking is one of the pillars that sustain the economy of a country. It plays a very important role for public to save their money and to seek the source of finance for people needing the funds. Banks act as a financial intermediary of a society that excess funds to communities in need of funds. The Islamic banking recently growing rapidly, similarly serves as a financial intermediary. What makes it different from the conventional banking is the instrument used. In Islamic banks, it is not permitted to use the instrument of interest as applied in the conventional banks

Islamic banking has emerged as an effective tool for funding projects globally. Most of financial institutions and centres are finding clear insights that Islamic finance has already been moving side by side within the global financial system. Islamic finance has the ability to contribute and to meet the challenges of ending poverty and boosting prosperity (Tabash, 2018). Ndukhu (2014) affirms that commercial bank in Kenya operates in an environment where it affects the environment by the outputs it produces like products and services and is also affected by the same environment through government regulations, competition from other commercial banks, inputs from its suppliers, consumption of output by its customers.

Islamic banks are playing a positive role in enhancing economic growth in the developing countries due to its distinctive characteristics (Tabash, 2018). In a world of increased competitiveness and demanding customers who expect to have the highest quality products at the lowest possible prices, quality is widely recognized as a source of competitive advantage and is increasingly elevated to strategic importance as an essential determinant of success. In spite of the increased competition in the banking industry over the years Islamic banks have maintained their success in Kenya and this study's main objective is to determine the competitive strategies that the Islamic banks have adopted in Kenya in order to maintain their advantage in the market.

An important factor that was influence the future prospects of the Islamic financial services as an industry in Kenya was formulation of effective and efficient strategies which was facilitates hands-on responses on to actual changes in the banking competitive environment. A strategy needs to be fluid as the competition was most likely adapt to the most successful company in your industry, so was the strategy need to change in order to meet this adaptation (Marren, 2010).

As competition intensifies in the service industry, Islamic banking is no longer regarded as a business entity striving to fulfill only the religious obligations of the Muslim community, but more significantly as a business open to customers of all faith, that ought to be as competitive as conventional banking. This demands clear understanding of the needs and preference of their customers on Islamic banking products and services. (Seethaletchumy, Uchenna, Khong, Robert & Kim 2010)

Islamic banks in Kenya have to respond strategically to competition and have a competitive advantage over its rivals in the conventional sector by securing customers. Sustainable competitive advantage was born out of core competences that yield long term benefit to the bank offering Islamic banking. Raduan, Jegak, Haslinda and Alimin (2009) notes that businesses that engage in strategies and business that are distinctive and difficult to replicate have an edge over their competitors and are more likely to be more profitable than their competitors. Factors such as strategic types, adoption of new technologies, quality products among others have also been considered to have important influence on superior performance of firms (Atikiya, 2015).

The competitive aim of any strategic organization is to do a significantly better job of providing what customers are looking for, thereby enabling the company to earn a competitive advantage and outsmart rivals in the market place. The core of a company's strategy consists of its internal initiatives to deliver satisfaction to customers but also includes offensive and defensive moves to counter the manoeuvring of rivals, actions to shift resources around to improve the firm's long term competitive capabilities and market position, and tactical efforts to respond to prevailing market conditions. Assuming that there are a number of providers, customers was chosen which offering to accept on their perception of value-for-money (Akinboboye, 2007).

Islamic banking is a new concept in Kenya and it is taking its roots. The banking industry in Kenya is very competitive. Currently in Kenya there are two purely Islamic banks with several other commercial banks offering Islamic Banking products. In just four decades, the Islamic finance industry has grown rapidly, becoming a comprehensive global financial system of its own, with services offered covering all sub-sectors in the financial sector including banking and micro-finance, capital markets, insurance and asset management. The total global financial assets of the Islamic financial industry are currently estimated at USD2 trillion and are expected to surpass USD3 trillion by 2018. The Islamic finance industry's geographical presence has also grown beyond its traditional markets in the Middle East and South East Asia and now includes new players from diverse regions such as, amongst others, Europe, Africa, East Asia and North America. In this wake, Kenya has not been left behind and has experienced sizeable growth in its burgeoning Islamic finance industry. Consequently, the industry has increasingly received greater attention from local consumers and potential international Shariah-compliant investors – a testimony to the vast potential of this industry to the Kenyan economy.

Islamic banking is experiencing estimated yearly growth of 20% (Ahamed, 2008). This has resulted in a huge number of global, regional and local organizations investing into this billion dollar industry by commencing shariah compliant products. Islamic banks are therefore playing key roles in the global economy. Locally, Islamic banks have contributed to economic activities like creating employment opportunities, adding to Kenya's GNP and contributing to financial inclusion of the Muslim population that adhere to the Shariah requirements of their religion. The existence of Islamic banks ensures the development of the financial sector through improvement of the infrastructure. Islamic banks face stiff competition among themselves and also from conventional banks and the strategies they undertake to overcome the competition and establish competitive edge is worth knowing hence the motivation for carrying out this research. (Asli Muktar, 2016).\

The demand for Shariah-compliant financial products and services differs little from the demand for the conventional equivalents they are designed to replace as Muslims throughout the world are currently using conventional financial products. It is clear that the opportunity for the Islamic financial industry is huge. The migration of consumers from conventional to Islamic has already begun and in many countries conventional banks are beginning to feel pressure to offer Shariah-compliant products. (Jaffer, 2006).

1.1.1 Global Perspective of Strategic Determinants of Islamic Banking

Globally, an Islamic bank normally has three types of deposits that determine its capacity to raise the rates of shareholders' return. These are current account deposits, unrestricted investment deposits in savings and Mudharabah accounts, and lastly, off-balance sheet deposits in investment funds and special or restricted investment accounts. It is erroneous to think of these deposits as independent of each other. According to Iqbal and Mirakhor (2011) numerous researches have proven the existence of usually positive links between them. This has also been confirmed by the reports of the 7 Islamic banks and therefore, in 5 marketing and presenting any type of deposit to clients, its effect on other types of deposits should always be taken into account. In fact, Islamic banks must be able to measure this effect.

Iqbal (2011) made trend analysis to depict the overall performance of the Islamic banks in Asian countries as compared to the conventional banks. According to him, Islamic banks in general are fairly stable, profitable and well capitalised. Their profitability ratios compare favourably with international standards in banking**.** Halim, Hamid and Nordin (2014) conducted a study on the Malaysian Islamic Bank in perspective of Islamic banking education. They showed that the shareholder's funds of the Islamic bank and then interest-free banking fund amounted to RM 1.3 billion, while profit before taxation and zakat amounted to RM 153 million in 1997. Total financing of Islamic bank registered 39.6 percent increase in the second half of 1997.

Khan (2011), while commenting on Banking regulations and Islamic Banks in India, recommends that the Islamic Banks in India should diversify instruments of investment and set up training institutes on Islamic banking that should impart training to borrowers and other public. This would increase the clientele of the Islamic banks. Khan (2011) also suggests that the Islamic banks should earmark hey can create employment. Such practices are being successfully implemented in Tamil Nadu by English missionaries. While giving the Malaysian experience in Islamic banking, Halim, Hamid, and Nordin (2014) stressed the importance of the educational system and its role in developing an Islamic banking system. They drew attention towards low awareness of Islamic Financial system in general public and consider it to be one of the major factors hindering the efforts towards the development of Islamic banking system.

In Paskistani, Shariah governance and compliance through standardization and harmonization of products and Shariah practices; enhancing coordination and collaboration amongst internal and external stakeholders to increase awareness about Islamic finance and capacity building of the stakeholders; and market development by increasing product diversification and financial inclusion (State Bank of Pakistan, 2014).

Elsiefy (2016) found out that there is a direct relationship between adoption of strategic management and how well an entity enjoys sustainable competitive advantage. Solichun, Syafei, Setiawam and Soliman (2013) sought to establish Islamic bank analysis of marketing Strategy and concluded that Islamic banks should be able to satisfy the needs of their clients in both religion (religious motive) and economic terms (economic motive) and that if Islamic banks do not put in place strategies that would meet customer needs and preferences, the customers would go and get it from competitors. The fast-changing competitive environment, globalization, economic changes, regulation, privatization and the likes, demand that commercial banks are run efficiently and effectively by continuously engaging in strategy formulation and adoption so as to improve competitive advantage (Auta, 2010).

1.1.2 Regional Perspective of Strategic Determinants of Islamic Banking

In the African continent Islamic finance has continued to remain small, despite the fact that the region has a great potential owing to the advantage of the demographic structure and potential for increasing depth in finance (Gelbard et al., 2014). As of end of 2012, about 38 Islamic finance institutions comprising of commercial Banks, investment Banks, and Takaful (insurance) operators, were operating in Africa (Dow Jones, 2012). Out of this, 21 operated in North Africa, Mauritania and Sudan, and 17 in Sub-Saharan Africa (Gelbard et al., 2014). Although South Africa has the smallest population (1.5%) it was the first country in the Sub Saharan African to start a Bank that complies with Shariah law in the region.

In 1989, some of the Banks that were granted licenses by South African Reserve Bank were Al Baraka Islamic Bank and a group known as Dallah Al Baraka (Gelbard et al., 2014). Botswana, Kenya, Gambia, Guinea, Liberia, Niger, Nigeria, South Africa, Mauritius, Senegal and Tanzania have Islamic banking activities with existing scope for development in Zambia, Uganda, Malawi, Ghana and Ethiopia (Gelbard et al., 2014). Moreover, the Ugandan Central Bank is in progression of revising laws in order to include the Islamic Banks and as a result three Banks have already applied for the licenses (Opalasque, 2011).

In Nigeria, Islamic bank offered interest free savings and returns to all its customers. Funds were then invested in trade within the commerce collaboratively. Banks would also undertake to invest the funds and any returns made on any endeavour would be distributed to contributors (Bala, 2004). The development of Islamic banking in Africa has been in fits and starts, as the idea is recent globally. These Banks with estimated assets currently totaling $1.6 trillion is projected to rise to $5 trillion by 2020 (Mushtak, 2010). Judging by some recent developments, the Islamic finance industry continues to gain traction in Sub-Saharan Africa (SSA) with the major boost coming from Standard Chartered Bank (SCB), whose dedicated Islamic banking division, Saadiq, made its entry into Kenya in 2014, its first such foray into Africa (African Business Magazine).

1.1.3 Local Perspective of Strategic Determinants of Islamic Banking

An Islamic bank is a financial organization that works with the aim to implement and materialize the economic and financial standards of Islam in the banking industry. It is characterized as a financial and social establishment whose destinations and operations as well as standards and practices must conform to the ethics of Islamic Shariah (Jurisprudence), and which must maintain the interest from the enthusiasm for any of its operations (Islamic Development Bank, 2007). The Islamic bank is an establishment which is principal action, prone to routine bank, is the activation of funds from the bankers and the offer of these funds to the specialists having a shortage (organizations, representatives) and lead all banking exercises without the utilization of financing cost (Goaied, 2015). An Islamic banking and budgetary framework exist to give an assortment of religiously worthy monetary administrations to the Muslim society. Notwithstanding this uncommon capacity, the banking and financial institutions, similar to every other part of Islamic community, are relied upon to contribute lavishly to the accomplishment of the major financial objectives of Islam (Hassan and Lewis, 2007). Islamic banking is a financial related framework whose primary target is to accomplish the lessons of the Koran.

Islamic banking only makes up 2% of the total banking business in Kenya while the Muslim population is roughly 15% of the total 40 million (Vizcaino, 2016). Studies such as Erol and El-Bdour (1989); Haron, Ahmad and Planisek (1994) have shown that religion is not the main factor attracting customers to bank with Islamic banks, other factors such as efficient services reputation and confidentiality influence a person’s decision to use Islamic banking facilities. Wendo (2010), studied what strategies these Shariah compliant banks use to respond to rivalry in the commercial banking industry and established that Islamic banks use both strategic and operational strategies to face to the fierce rivalry. Kibibi (2011), studied the strategic plans undertaken by Islamic banks to pursue those clients who do not follow the Islamic faith attract and concluded Islamic banks uses low cost strategy, differentiation, pricing and delivery and distribution strategy in order to attract Non-Muslim customers.

Strategic determiants give edge to firms over their rivals and studies such as Bowen and Ostroff (2004), have shown that competitive strategies leads to improved performance. Islamic banking is a fairly new phenomenon in Kenya. The banking industry in Kenya is very competitive e Islamic banks cannot only relay on religious factor as it was seen not to be attractive enough to pursue the adherents of the Islamic faith to use the facilities of these shariah compliant banks (AbuBakar 2003)

1.1.4 Islamic Banking in Kenya

In Kenya, Barclays bank became the first 1st bank in December 21st 2005 to launch Islamic banking products when it launched La Riba account an interest free bank account. On May 29th 2007 FCB was the pioneering bank in Kenya authorized by the CBK under Cap 488 of the Banking Act to operate as a full-fledged Sharia Compliant banking institution and it commenced operations on 1st June 2008 (First Community Bank, 2016). In the same year Gulf African Bank opened its doors and become the second fully shariah compliant bank in Kenya.

Several conventional banks have started offering Islamic banking services. These include Chase bank (Chase Iman), National Bank (National Amanah), Standard Chartered (Saadiq) and KCB (Sahil). Initially, Islamic banking had some challenges. Among the challenges that faced Islamic banking in Kenya was a lack of sharia compliant investment vehicles such as the Sukuk bond. This was because the banking Act only referred to interest and Sukuk bond do not charge interest. Consequently, CBK in order to regulate Islamic banking and products made some changes to the banking Act in 2008 to include the phrase “or a return in the case of an institution carrying out business in accordance with Islamic law” when referring to interest chargeable on a savings account (Mazera, 2016). Islamic banking accounts to 2% of the share market in Kenya where Muslims make up 15% of the population of 40 million (Vizcaino, 2016). As such the 2 fully fledged Islamic banks are in tier 3 of banks in Kenya. There is therefore need to explore strategies by these banks to attract customers and increase their market share in the highly competitive banking industry.

1.2 Statement of the Problem

The aim of strategy is to achieve sustainable competitive advantage (Atikiya, 2015). Vawda (2013) alludes that Islamic commercial banks can no longer depend on a marketing strategy that attracts only customers who focus only on shariah compliance of the financial products. The focus of Islamic banks should also be more on the provision of quality, efficient services and product and services innovations (Doraisamy et al., 2011). However, Amina (2016) avers that Islamic banks in Kenya have faced stiff competition in the industry hence necessitating the design of the strategies which enhances their sustainable competitive advantage. Moreover, despite a number of recent optimistic trends, Islamic finance faces several ideological and structural challenges to full integration in the globalized economy. (Karasik et al., 2005).

The global asset growth rate of Islamic Banking is placed at 16% per annum since 2006 (Ernst & Young's 2015). According to the Asian Banker Research Group, the world's 100 largest Islamic banks have set an annual asset growth rate of 26.7%. Despite the global growth trend, the Islamic banks in Kenya have reported declining profits with First Community Bank's (FCB) net profit plunging by nearly half and Gulf African Bank (GAB) reporting slower growth in earnings in 2013, reversing a trend where they recorded triple digit growth in 2012. FCB saw its full-year after-tax profit dip 45.2 per cent to Sh132.2 million from Sh241.3 million in 2012 (Herbling, 2014). Customers want assurance on the financial soundness of banks and that their money was always be safe. It is therefore apparent that the financial sector is facing challenges on several fronts, which include: how to cope with technological developments, how to come to a new level in an environment of low interest rate, how to rebuild asset adequacy, enriching and increasing value of customer relationship at a time when customers' behaviour and expectations are more demanding, restoring public confidence in the industry, how to deal with aggressive and innovative non-bank competitors, and how to embed a risk management culture into the fabric and practices in daily operations,(Kisirkoi, 2017).

Several studies have been conducted on strategies in Islamic banking sector in Kenya; Asli (2016) Studied competitive strategies adopted by Islamic banks in Kenya to enhance performance. Amina (2016) focussed on effectiveness of competitive strategies adopted by Islamic commercial banks in Kenya. Annabelle (2009) in her study focussed on competitive strategies adopted by Islamic banks: A Comparative study of Kenya and the United Arab Emirates Studies on competitive strategies have also been conducted by a number of scholars in Kenya. Atikiya (2015) sought to find out the effect of competitive strategies on the performance of manufacturing firms in Kenya. Kimotho, (2012) carried out a study on the impact of competitive strategies on the financial performance of CFC Stanbic Bank Limited. Waiganjo (2013) studied on effect of competitive strategies on the relationship between strategic human resource management and firm performance of Kenya's corporate organizations. The findings of these studies indicate that indeed the firms employed different strategies to enhance sustainable competitive advantage.

However, determinants of strategic determinants of sustainable competitive advantage have not been exclusively been studied in various disciplines, however, an integrated analysis is still lacking. It is therefore of special interest to examine the strategic determinants of sustainable competitive advantage in an integrated way, and to identify the key competitive strategy determinants of firm performance. According to Vawda, (2013) despite the importance and value given religious background of Islamic banking, customers want a good use of their investments. They also want the best cost-benefit trade-off, branches and ATMs in convenient locations, faster transaction processing, caring bank employees and sound financial advice from managers, therefore this study seeks to establish the strategic determinants of sustainable competitive advantage of Islamic commercial banks in Kenya

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of this study was to assess strategic determinants of competitive advantage of Islamic commercial banks in Kenya

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

1. To determine the influence of leadership on sustainable competitive advantage of Islamic commercial banks in Kenya
2. To examine the influence of strategic planning on sustainable competitive advantage of Islamic commercial banks in Kenya
3. To determine the influence of adoption of technology on sustainable competitive advantage of Islamic commercial banks in Kenya
4. To examine the influence of innovativeness on sustainable competitive advantage of Islamic commercial banks in Kenya
5. To establish the influence of human resource performance on sustainable competitive advantage of Islamic commercial banks in Kenya
6. To examine the moderating effect of shariah governance on relationship between strategic determinants and sustainable competitive advantage of Islamic commercial banks in Kenya

1.4 Research Hypotheses

To examine how each of the predictor variables influences the response variable, the following hypotheses seeks to guide the current study.

H_{O1}: Leadership has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.

H_{O2}: Strategic planning has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya

H$_{O3}$: Adoption of technology has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.

H$_{O4}$: Innovativeness has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.

H$_{O5}$: Human resource competencies has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya

H$_{O6}$: Shariah governance has no significant moderating effect on strategic determinants of sustainable competitive advantage of Islamic commercial banks in Kenya.

1.5 Significance of the Study

The study was of significance to the following:

1.5.1 Government

The Kenyan Government and policy makers would use the findings of the research for future policy formulation and in determining the key areas that make Islamic banks to be competitive.

1.5.2 Banks Offering Islamic Banking

The findings of the study can provide insights on how banks offering Islamic banking can enhance their competitiveness. It would also provide insights into the growth trends and the state of competitiveness among banks offering Islamic banking in Kenya, which can be used by decision makers in planning, designing and integrating activities that would enhance the financial institution's competitiveness.

1.5.3 Academicians and researchers

The study has contributed to the limited body of local literature with respect to the strategic factors influencing competitiveness of Islamic banking in kenya. More specifically, the study has espoused on how among other factors, strategic leadership, human resource competencies, adoption of technology and innovativeness competitive strategies adopted by Islamic banks in Kenya. The study findings can also be used by scholars and academicians to explore and conduct further studies in this sector so as to further extrapolate the issues contained herein. The findings would greatly contribute to the existing body of knowledge on strategic management which future scholars and academicians was use as a reference in their studies.

1.5.4 General Public

The study is of great significance to the general public. The findings can help investors and public to make prudent and informed decisions when it comes to shariah compliant investments.

1.6 Scope of the Study

The study only focused on strategic determinants of competitiveness of Islamic commercial banks in Kenya and moderating effect of Shariah governance. The study was limited to only four strategic determinants based on theoretical review and previous studies; they include leadership, human resource competencies, planning, adoption of technology, innovativeness and shariah governance. The target population for the study comprises of two fully-fledged Islamic banks and five Islamic windows of conventional banks in the country. The study was addressing both senior level and middle level managers to answer questions as both supervisors and also employees of the state corporations.

1.7 Limitations of the Study

This study makes significant contributions to academic knowledge research and practices on strategic determinants of competitiveness of Islamic commercial banks in Kenya. However, there are limitations that provide opportunities for further research experienced at the empirical stage of study.

1.7.1 Methodological Limitation

The limitations of this study are largely related to the methodologies used. The limitations of this research is restricted to only those Islamic commercial banks registered under Central Bank of Kenya hence the data collected is only relevant to this part of the total population. This study, emphasized more of quantitative approach rather than qualitative.

1.7.2 Reluctance to Provide Information

The other limitation is that some respondents were reluctant to answer questions others may give exaggerated information. The researcher however, was able to convince them with a promise to keep all information confidential. Also, to address this, the researcher made sure that management is in support such as the Chief Executive Officers and Human Resource Managers of the outcome of the research to be able to make managers/HOD and supervisors in giving information for research purposes.

1.7.3 Managers Lack of Time

The other limitation of the study was dealing with the busy managers, some of whom did not have time to fill questionnaires. It was difficult to obtain sufficient information from such people. However, for most of the respondents who were busy or were not be able to fill the questionnaire within the required time; the researcher gave them an ample time to fill the questionnaires.

1.7.4 Fear of Information Privacy

Finally, study participants were adamant in filling the questionnaire because of fear that the information might be revealed to their competitors. But these fears were countered by assuring them that the information they give was to solely utilized for academic purpose and this was bolstered by the letter authorizing collection of data from the University.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter seeks to provide the theoretical review of the study which includes Resource-Based View (RBV) theory, contingency theory, configurational theory, and the human capital theory. It also provides conceptual framework of the study variables, empirical review of the study, critique of the existing literature, the knowledge gap, and finally the summary of the chapter.

2.2 Theoretical Framework

In view of explaining the relationship between Human Capital Strategy and the management, the study focused on four competing theories as argued by various scholars. The theories included; Resource-Based View (RBV), Contingency, Configurational, and Human Capital theories respectively.

2.2.1 Resource-Based View (RBV) Theory

The Resource-Based View (RBV) of the organization draws attention to the organization's internal environment as a driver for competitive advantage and put more emphasis on the most stable capital that organizations possess to compete in the complex business environment. During the early strategy development phase of Hoskisson's account of the development of strategic thinking, the focus was on the internal factors such as technology, equipment and more importantly the human capital as critical and stable asset of the organization (Hoskisson *et al.,* 2009). Studies done by Ansoff (2005) and Chandler (2008) made important contributions towards developing the Resource-Based View of strategy (Hoskisson *et al.,* 2009) which the current study underscores.

From the 1980s onwards, the focus of inquiry changed from the structure of the industry, for example Structure-Conduct-Performance (SCP) paradigm and the five forces model to the organization's internal structure with potential and capabilities of enhancing performance management. (Furrer *et al.*, 2008). The study reiterates that the resource-based view of strategy (RBV) has emerged as a popular theory of competitive advantage (Furrer *et al.,* 2008; Hoskisson *et al.,* 2009). The origins of the RBV go back to Penrose (2009) who observed that the resources possessed such as human capital are deployed and used by the organization because they are more important than industry structure. The term resource-based view was coined much later by Akio (2005) who viewed the organization as a bundle of stable assets which are tied semi-permanently to the organization and out of which, the strategies can be formulated. Gregory and Pemberton (2011) established the notion of core competencies possessed by human capital and which focus attention on a critical category of strategic capabilities such as leadership and performance.

Barney (2010) also argued that the resources of an organization are its primary source of competitive advantage. The current study takes this cognitive view and considers human capital as the primary source of an organization's competitive advantage. According to Kozlenkova and Palmatier (2014), the most prominent contribution to the discipline of strategic management was the Resource-Based View of strategy. In addition, the research by Akio (2004) and Barney (2010) adds to the two most influential studies in strategic management research that focus on human capital element. Early studies simply classified organizations' resources into three categories: physical, monetary, and human (Ansoff, 2005). These evolved into more detailed descriptions of organizational resources (talents, skills and knowledge) and technology (technical know-how) (Hofer & Schendel, 2008). Shoemaker (2013) proposed an alternative taxonomy involving physical, human strategic capabilities and other technological resources.

Lee *et al.* (2009) argued that there exists a distinction between individual-level and organization-level resources. Miller and Shamsie (2006) classified resources into two categories: property-based and knowledge-based. Knowledge bases to create talent pools can be ostensibly derived from human capital. Barney (2010) suggested that other than the general resources of an organization, there are additional resources, such as physical capital resources, human capital resource and organizational capital resources. Later, Barney and Wright (2008) added human capital management-related resources to this list of additional resources of an organization. These resources can be tangible or intangible (Hall, 2008). Barney (2010) drew attention to all strategic assets, capabilities, organizational processes, organization attributes, information, and knowledge among others that are controlled by an organization and which enables it to conceive of and implement human capital strategies that can influence management efficiency and effectiveness. Ultimately, the study concludes that organizations that are able to leverage strategic resources to implement a value creating strategy that are not simultaneously being implemented by any current or potential competitor can achieve competitive advantage.

Studies subscribing to the RBV theory argue that only strategically important and useful resources and competencies built through human capital strategies should be viewed as sources of competitive advantage (Barney, 2010). Strategic assets are therefore said to be difficult to trade and imitate, scarce, appropriable and specialized. Resources as such as leadership and other strategic capabilities can bestow the organization's competitive advantage (Shoemaker, 2013). The study observed that if resources are strategic for the firm, it implies that they are scarce, valuable, specific or difficult to transfer. The current study takes this cognitive view to suggest that it is possible if organizations consider implementing contemporary human capital strategies. SevOne (2014) suggested that performance monitoring and leadership development strategies can be viewed as critical strategic tools for manipulating human capital element to create competitive advantage. Core competencies are distinctive, rare, valuable organization-level resources that competitors are unable to imitate, substitute or reproduce (Gregory & Pemberton, 2011). Distinctive competencies refer to all the things that make the human capital a strategic asset (Papp & Luftman, 2005). This theory therefore recognizes the fact that human capital element influences competitive advantage in one way or the other within an organization.

Wang *et al.* (2012) outlined an approach to organization-level analysis that required stock-taking of an organization's strategic internal assets and capabilities. The assets in question could be physical assets and knowledge assets (intellectual capital) possessed by human asset, which in turn influences the success of an organization. Maier and Remus (2002) used the term performance monitoring strategy and define three steps in an organization's resourcing strategy; competence creation, competence realization and competence transaction and management. Competence creation defines and analyses human capital capabilities. Competence realization involves the execution. Competence transaction involves performance, order fulfilment and maintenance (Maier and Remus 2002). Other studies such as Del Canto and Gonzalez (2009); Hall (2008) distinguished between tangible and intangible strategic resources and concluded that intangible resources are often the most important ones from a strategic point of view. They argue that intangible resources that are possessed by human capital are more likely to be a source of sustained competitive advantage rather than tangible ones such as the equipment. Studies done by Barney and Wright (2008); Gregory and Pemberton (2011) treated human capital as the most valuable type of resource. In an effort to validate the theory, Gregory and Pemberton (2011) argued that the core competences should not be locked inside a business unit but should be strategically available for reuse by other parts of organization wherever a potential use yielding higher returns can be identified. Hall (2008) underscored the difficulties organizations go through to change its resources. The study suggests that redesigning specific human capital strategies can enable efficient and effective usage of core resources and capabilities which in turn help the organization achieve sustainable competitive advantage through effective management. It has been argued that the RBV theory ignores the nature of market demand and only focuses on internal resources (Hooley *et al.,* 2006). Maier and Remus (2002) defined the concept of fit as a balancing act between the human capital-oriented and the organization-oriented fits. Shoemaker (2013) pointed out the important link between the organization's internal resources and its external market conditions. Internal strategic resource normally dictates external market conditions and makes the organization attractive.

In the search for competitive advantage, studies on strategy increasingly acknowledge human capital (Hitt *et al.,* 2011), and intellectual capital (Kumar, 2013) as critical components of performance management and competitive advantage. In so doing, the RBV theory has provided an excellent platform for highlighting the importance of people aspect to management, and thus, the inescapable fact that RBV strategy research must bump up against human capital issues. In examining the direct and moderating effects of human capital on professional service firm performance, Hitt *et al.* (2011) indicated that the leveraging of human capital exhibits a positive effect on performance. The results of the study showed that human capital moderates the relationship between strategy and firm performance, thereby supporting a resource-strategy contingency fit. The results contribute to the knowledge on the resource-based view theory of the organization and the strategic importance of human capital.

2.2.2 Dynamic Capability theory

Barreto (2010) defines dynamic capabilities as the firm's potential to systematically solve problems based on its propensity to sense opportunities and make timely market-oriented decisions. Dynamic capabilities theory seeks to understand why one firm outperforms another firm in the same industry. The dynamic capabilities framework is an approach to strategic management that seeks to explain how firms acquire and maintain competitive advantages under conditions of change and uncertainty in their competitive environments. It is particularly focused on accounting for why some firms rather than others are able to adapt or reconfigure resources and operational capabilities to respond to (and even spark) disruptive, innovative change (Wadhwani & Jones, 2016).

Olszak (2014) notes that the concept of dynamic capabilities is rooted in the RBV of competitive advantage. RBV defines capability as the ability of a bundle of resources to perform an activity. It is a way of combining assets, people and processes to transform inputs into output. Dynamic capabilities specifically put emphases on the challenge managers in an organization face in leading the firm through periods of deep, fundamental change characterized by uncertainty (Teece, Peteraf *et al.*, 2016). Teece *et al*. (1997) propose a framework to capture how any firm entrepreneurially manages its different resources to outperform the competition. The authors' classically define dynamic capabilities as "the ability to integrate, build and reconfigure internal and external resources/ competences to address and shape rapidly changing business environments" (Teece *et al.*, 1997).

In their work, Teece *et al.* (1997) described dynamic capabilities as processes shaped by positions and paths. Those processes include co-ordination and integration, learning and reconfiguration. Positions and paths are the internal and external forces enabling and constraining dynamic capabilities. (Gathungu & Mwangi, 2012). Asli (2016) notes that the term 'capabilities' emphasizes the key role of strategic management inappropriately adapting, integrating, and re-configuring internal and external organizational skills, resources, and functional competences toward changing environment. Dynamic capabilities help an organization to operate, extend, modify, and create ordinary as well as change the firm's resource base to obtain a sustainable competitive advantage (Ambrosini & Bowman, 2009; Helfat *et al.*, 2007).

In the era of market globalization and internationalization, only firms that have the ability to create and sustain competitive advantage within the turbulent environment shall survive, that is, those firms that exploit their dynamic capability well. Dynamic capabilities are directed at the creation of future resources, which means that they are typically vulnerable to short-term pressures to trim costs, because whether their impact was valuable can only be assessed ex post (Gathungu & Mwangi, 2012).

2.2.3 Porter's Theory

Generic strategies were first presented in two books by Professor Michael Porter of the Harvard Business School (Porter, 1980, 1985). Porter (1980, 1985) suggested that some of the most basic choices faced by companies are essentially the scope of the markets that the company would serve and how the company would compete in the selected markets. Porter (1980) argues that a firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. A firm position itself by leveraging its strengths which ultimately fall into cost advantage and differentiation. The fundamental basis of a firm's average profitability in the long run is sustainable competitive advantage. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry which include cost leadership, differentiation, and focus (Nthigah, 2015).

In Cost Leadership strategy organisation positions itself as having a significant cost advantage over all its competitors in the industry. Cost leadership entails “aggressive construction of efficient scale facilities; vigorous pursuit of cost reductions from experience, tight costs and overhead control, avoidance of marginal customer accounts and cost minimization in areas such as research and development, service, sales force, advertising, etc.”, (Ogola, 2008).

If a firm can achieve and sustain overall cost leadership, then it was an above average performer in its industry, provided it can command prices at or near the industry average. In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs (Atikiya, 2015). Differentiation strategy involves uniqueness in doing something that is sufficiently valued by customers to allow a price premium (Johnson *et al.*, 2011). Kinyuira (2014) notes that the emphasis of differentiation can be on brand image, proprietary technology, special features, superior service, a strong distributor network or other aspects that might be specific to an industry. The uniqueness should also translate to profit margin that is higher than the industries average

Johnson *et al.* (2011) notes that focus targets a narrow segment of a market not served well by cost leadership or differentiation strategies and tailors its products to the needs of that specific segment to the exclusion of others. Muriira (2014) contends that focus strategy identifies the market segments where the company can compete effectively. The strategy matches market characteristics with the company's competitive advantages to select markets where a focus of the company's resources is likely to lead to desired sales volumes, revenues and profits.

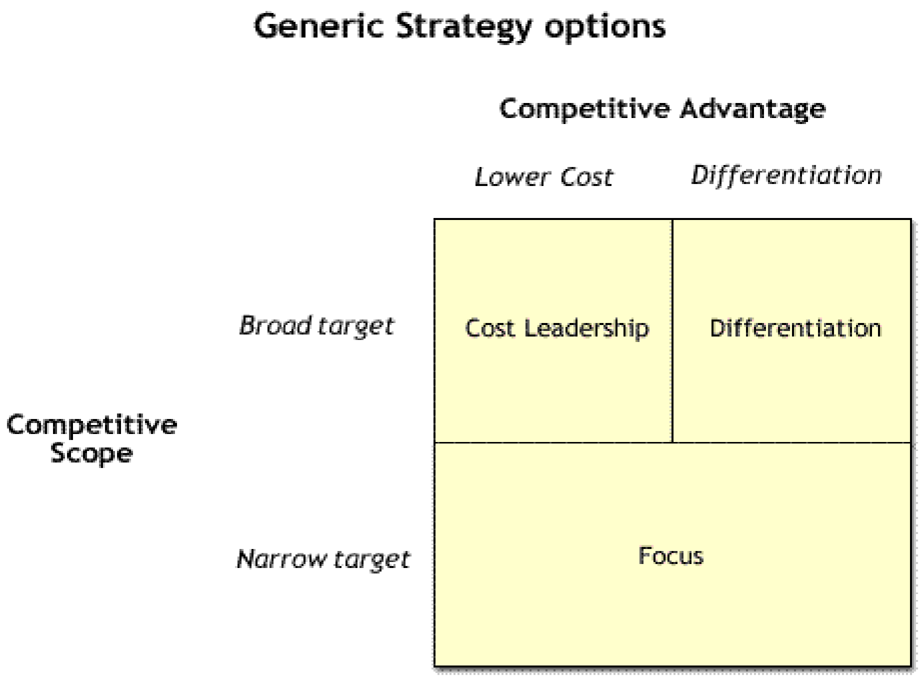

Figure 2.1: Porter's Generic Competitive Strategies

Source: Porter (1998). Competitive strategy Techniques for Analyzing Industries and Competitors (pp 39), Free Press

2.2.4 Configurational Theory

A strategy's success turns on combining external fit and internal fit. In essence, an organization with competitive strategies should have efficient management and a high level of performance, provided it is also able to achieve high levels of fit with its contemporary strategic initiatives (Thompson & Lockett, 2011). Emphasis is given to the importance of bundling strategic initiatives together with business strategies so that they are interrelated and therefore complement and reinforce each other. Implicit is the idea that strategies within bundles are interrelated and internally consistent and more particularly have a significant impact on the overall management of the organization. Effective management is as a result of ability and motivation of the human capital element. Thus; there are several ways in which workforce can acquire needed skills (such as careful selection, talent nurturing and mentorship, leadership development) and multiple incentives such as leadership and succession planning initiatives to enhance motivation and enhancement of performance management.

A key theme that emerges in relation to human capital is that individual strategies cannot be implemented effectively in isolation (Schuler & Storey, 2007)) but rather combining them into integrated and complementary bundles is crucial. Snow, *et al.* (2005) argues that a bundle creates the multiple, reinforcing conditions that support employee motivation, given the preposition that the workforce has necessary reservoir of knowledge and skills to perform its work effectively (Swanson & Holton, 2005). In the configuration school, cohesion is thought likely to create synergistic benefits which in turn enable the organization's strategic goals to be met. The aim of bundling is to achieve coherence which exists when a mutually reinforcing set of human capital strategies have been formulated and coupled with the overall organization's management strategies to attain a strategic fit. The approach of bundling is holistic as it is concerned with the organization as a total entity and addresses what needs to be done as a whole in order to enable it to achieve its organizational strategic objectives.

According to Snow *et al.* (2005), the notion of a link between business strategy and the strategic management performance of each individual in the organization is central to fit or vertical integration. Internal fit advocates bundle of strategies to ensure that organizations gain benefits from implementing a number of complementary strategies rather than only a single strategy. Most models of best fit focus on ways to achieve external fit. The most influential model of external fit is that from Schuler *et al.* (2007) which argues that business management and performance was improve if their human capital strategies support the choice of its business strategic goals. Under this model, organizations need to work out the required employee initiatives to implement a chosen human capital strategy and devise supporting policies to enable those unique behaviours to be strategically formulated, implemented and enhanced within the workforce fraternity. Vertical integration can be explicitly demonstrated through the linking of a business strategic goal to individual objective setting, to the measurement and rewarding of attainment of that specific strategic business goals.

In support to configuration theory, Schuler *et al.* (2007) described the appropriateness of 'people-side' strategy as a fit of strategies that help the organization realize quality outputs and innovation enhancement. The significant difference between the contingency and configurational approach is that these configurations represent non-linear synergistic effects and high-order interactions of people-side strategies that can result in effective management that leads to better performance of the organization (Peer *et al.*, 2013).

Robinson *et al.* (2008) noted that the key point about configurational perspective is that it seeks to derive an internally consistent set of human capital strategies that maximize bot vertical and horizontal integration and then link these to organizational strategic configurations in order to maximize vertical integration and thus resulting to better organizational management and performance. Thus, put simply, configuration theorists require an organization to formulate and implement people-based strategies that can help the organization realize a positive effect through horizontal and vertical integration. The configuration approach contributes to the debate on human capital as a critical asset in recognizing the need for organizations to achieve both vertical and horizontal fit through adoption of human capital strategies so as to contribute to an organization's competitive advantage and therefore be deemed strategic. The use of relevant strategies and competency frameworks are recommended for adoption to provide coherence management activities within an organization.

2.3 Conceptual Framework

According to Odhiambo and Waiganjo (2014) a conceptual framework can be said to be a graphical representation of the hypothesized interrelationships of the study variables. Ravitch and Riggan (2011) on their part reiterated that the conceptualization of variables in any research is important as it forms the basis for testing hypothesis and making inference and generalizations of the key findings of the study. Therefore, the conceptual framework in Figure 2.1 aims at to showing the effect of the predictor variables on the response variable. It is based on the Resource-Based View (RBV), contingency, configurational, and human capital theories respectively.

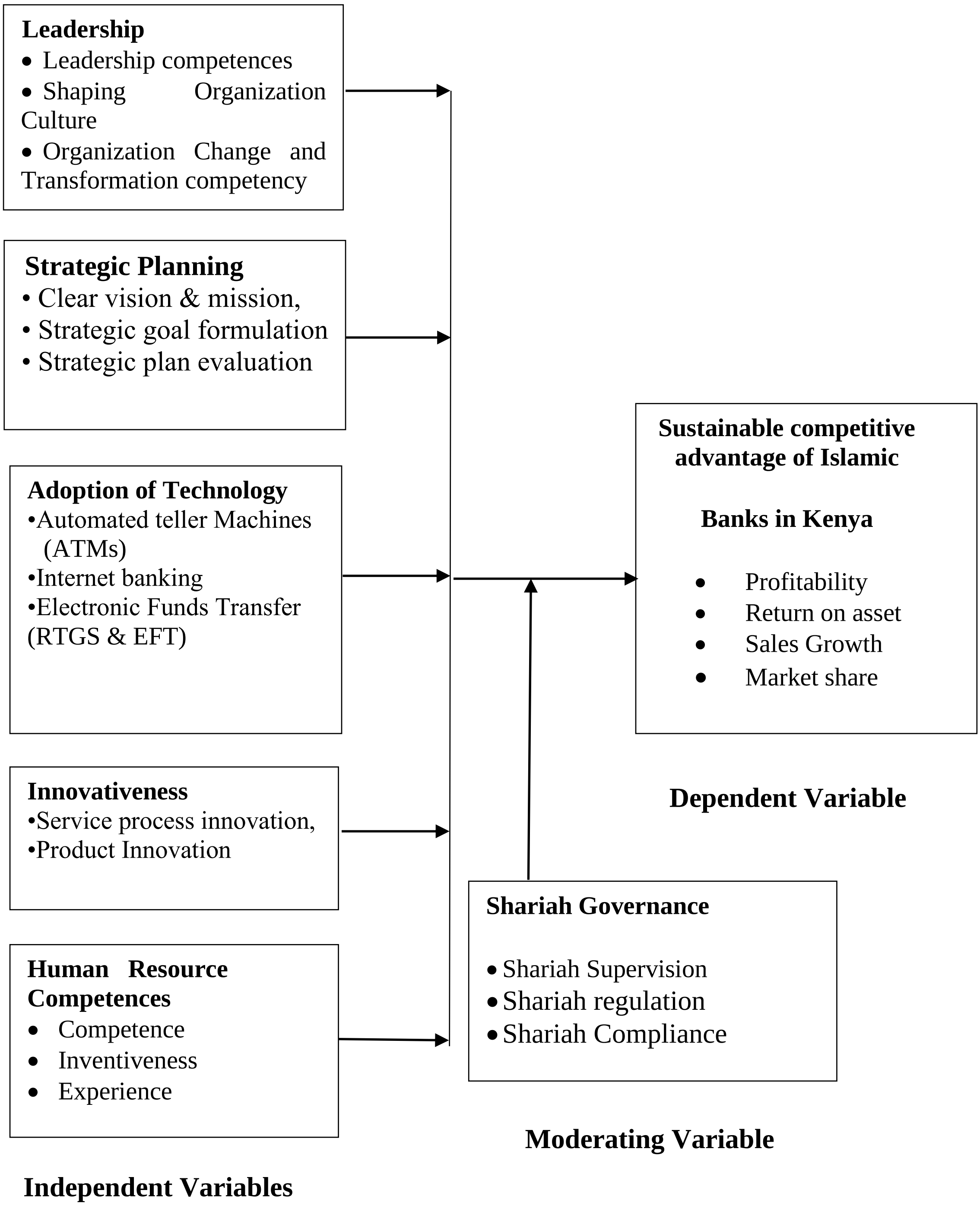

Figure 2.2: Conceptual Framework

2.3.1 Leadership

Strategic leadership is defined as the ability to envision and anticipate the future, think strategically, maintain flexibility, and initiate changes that was enhances a competitive advantage for the organization in the future (Daft, 2011). On the other hand, Carter and Greer (2013) defines strategic leadership as the ability of the top management team to create a vision and mission, think and act in a strategic manner, and create structural competitiveness sustainably. Strategic leadership revolves around turning a strategy of organization into actions and promotion of sustainable competitive advantage (Du Plessis, Marriott, & Manichith, 2016; Marriott, Du Plessis, Sukumaran, & Manichith, 2014).

In today's world of intense competition and turbulent conditions, the capability of organizations to steadily track environmental changes undertake and appropriate and timely responses is viewed as an important source of sustainable competitive advantages (Akhavan, Sanjaghi, Rezaeenoor, & Ojaghi, 2014). Leaders should be strategic planners who establish the sequence for attaining the goals towards which they are leading followers. The growing role of strategic leadership arouses the stakeholder's craving to understand the impact of the top management team on the performance of the organization (Carter & Greer, 2013).

Latham (2013) sought to explore the skills of top management teams who have successfully transformed their institutions to excellent performance and established that change of culture, excellence of teamwork, being values-driven and customer focused, valuing employees as well as instilling trust had a significant effect on creating performance excellence. Hence, the function of strategic leadership in the creation of enabling organizational culture and values is vital to the success of the organization (Mauri & Romero, 2013). From a project management perspective, stakeholders are individuals who can bring influence on a project and vice versa. It is important for the manager in charge of the project manager to conduct a stakeholder analysis in order to understand the dynamics of the relationship between the stakeholders and company on an ongoing basis (Jepsen & Eskerod, 2008).

According to Odumeru and Ifeanyi (2013), transformational leadership boosts the morale, motivation and performance of followers through different mechanisms. This include connecting the followers to a sense of identity to the project and the shared identity of the organization. The leaders being a role model for followers inspires them, makes them interested as well challenge followers to take ownership for their work. Leaders can align followers with tasks that enhance their performance by understanding the strengths and weaknesses of followers. They further note that transformational leaders were evaluated as higher performers, effective, more interpersonally sensitive and more promotable than their transactional counterparts. They also indicate that transformational leadership is strongly connected with employee work outcomes in terms of higher productivity level, lower turnover rates, goal attainment, employee satisfaction, creativity, and follower well-being.

Organizational performance relies on the dynamic managerial competences in resourcing an organization and the strategic decision-making framework used by an organization (Beck & Wiersema, 2013). Managerial capabilities comprise of various dynamic managerial competencies that have a significant influence in directing the organizational strategy (Tubs & Schulz, 2006). Developing various types of managerial cognition, human capital as well as social capital is a big step toward enhancing dynamic managerial capabilities (Beck & Wiersema, 2013). Efficient feedback mechanism including both internal and external market analysis as well as Dynamic decision-making, are key drivers of organizational performance (Beck & Wiersema, 2013). Marion and Bien (2007) pointed out that leadership offers a competitive advantage to human systems. Similarly, Harrison (2011) alluded that organizational performance depended on the role played by the leadership.

2.3.2 Strategic Planning

Alkhafaji (2003), Kaplan and Norton (2006), and Thompson et al (2007) are all in agreement that strategic planning is the initial stage of strategic management process. It is the basis on which strategy management operates. It begins with data and information collection on internal and external operating environment of the firm. This information is then evaluated and synthesized in line with organization's vision

(Ndukhu, 2014). Muriuki (2010) notes that strategic planning generates the capacity to proactively initiate action and reflex. It offers fundamental decisions and actions that shape and guide what an organization is, what it does and how and why it does it. It requires wide scale data gathering and exploration of alternatives and emphasis on the future or long-range planning. Strategic planning process involves formulation of vision and mission statement, performance of situational analysis and finally strategy formulation and choice (Pearce & Robinson, 2008). According to Davis (2015), strategic planning is crucial to a firm's growth. The researcher noted that if properly strategic planning is well implemented it can increase profitability.

According to Muriuki (2010) Systematic strategic thinking is important since it helps in finding out and deciding what to do about the big issues and challenges that faces an organization. It is the size and impact of these strategic issues that gives rise to the importance of the strategic plan. To achieve the intended goals of the organization, the organization needs to have a strategic work plan directed towards achievement of superior financial performance and a desirable position. According to Abdi (2014) strategic planning assesses both the internal and external environments to formulate strategy, implement the strategy, and evaluate the success of strategy. Strategic planning incorporates planning, employee motivation, new product development, and visionary views.

The relationship between formal strategic planning (FSP) and a firm's economic performance is "a controversial, problematic and unresolved issue" (Pearce, Freeman & Robinson, (2007). Study on the relationship between FSP and a firm's performance has showed inconclusiveness. Previous studies have suggested that FSP improved performance. Later studies on the view that there was no clear systematic relationship between FSP and an organizations performance (Shrader *et al.*, 2004). Some researchers have argued that FSP may be dysfunctional if it encourages extreme bureaucracy and presents rigidity. It is however recognized, that there may be non-financial consequences of strategic planning which provides benefits to the organization (Greenley, 2004).

Robbins and Coulter (2009) suggest the use of strategic planning by organizations is critical in order to survive the economic, political, social and technological changes in the environment by taking advantage of the emerging opportunities from the surrounding and reducing the impact of threats from the environment. Robbins and Coulter (2009); Summers and Hyman (2005); Taylor (1995); Thompson, Strickland and Gamble (2007) further suggest that allowing employees to participate in strategic planning is important when they advance organization behaviour to explain the success of strategic planning in increasing the organization's survival chance in an ever changing environment. Porter (2004) describes business environment as dynamic, complex and competitive. To create a performing business within a competitive industry the organization needs to strategize and use strategic planning practices as a crucial factor towards establishing or positioning themselves strategically in the market.

2.3.3 Adoption of Technology

Loonam and O'Loughlin (2008) notes that ICT advancements, competition, globalization, increased preferences for convenience as well as changing social trends such as heightened customer proactiveness have caused intense restructuring of the banking industry. Information and Communications Technology (ICT) is defined as any technology that facilitates communication and assists in capturing, processing and transmitting information electronically (Stiglitz, 2003). Laudon (2010) points out that Technological Innovation deals with softwares and physical devices that transfer data from one physical location to another by linking various computer hardware components. ICT products that are widely used in the banking industry include, Smart Cards, Automated Teller Machine, Telephone Banking, Electronic Funds Transfer, Electronic Home, Electronic Data Interchange and Internet Banking. Electronic Banking has tremendously improved the services of banks to their customers (Agboola, 2001).

The internet offers a potential competitive advantage for banks over their competitor and this lies in the areas of cost reduction as well as customer satisfaction (Bradley & Stewart, 2003; Jaruwachirathanakul & Fink, 2005). The results are in agreement with the findings of Huse et al. (2005) who stated that innovation is notable in three ways: the adoption of latest technologies with an intention to improve production methods, the improvement of products and services as well as the establishment of novel organizational structures and administrative systems. Polasik and Wisniewski (2009) argue that internet is the key and cheapest distribution means for standardized bank operations, such as funds transfer and account management. According to Davies (2000), adoption of technology improves service innovation thereby improving possibilities of innovation. Davies (2000).

2.3.4 Innovativeness

Strategic innovation is the creation of growth strategies, new product categories, services or business models that change the market and generate significant new value for consumers, customers and organization (Palmer & Kaplan, 2007). (Stanleigh, 2015) Innovation is rapidly becoming a key strategic implementation driver for organizations as we advance further into this century. Innovation refers to the process of translating an idea or invention into a good or service that creates value or for which customers was pay; it is finding a better way of doing something (Frame and White, 2004). Innovation can be viewed as the application of better solutions that meet new requirements, in-articulated needs, or existing market needs. Innovation is accomplished through having effective products, processes, services, technologies, or ideas that are readily available to markets, governments and society. The term innovation can be defined as something original and, as a consequence, new, that breaks into the market or society (Frankelius, 2009).

Polder *et al.* (2010) argues that organizations that embrace product innovation to enhance efficiency across the business and reflects the nature of strategy adopted by the organization. In today's highly competitive environment, organizations have to develop strategies meant to develop new products in order to meet customer's needs. The purpose of product innovation is to attract and retain new customers. Innovation denotes to the process of interpreting an idea or invention into goods or services for which customers was pay for and creates value; it is finding an improved way of doing something (Frame & White, 2004). Innovation can be viewed as the application of improved solutions that addresses new requirements, existing market needs or in-articulated needs. Innovation is gotten by having effective and efficient products, services, processes, technologies as well as concepts that are easily and readily available to markets, governments and society. The term innovation can be defined as something original and, as a consequence, new, that breaks into the market or society (Frankelius, 2009).

Process innovation entails refining the production and logistic methods significantly or bringing substantive improvements on supporting processes such as accounting, purchasing and computing. Process innovation includes enhancing improvement in terms of equipment, technology and software of the production as well as delivery method. Organizations bring innovations in the production and delivery method to boost efficiency in the business. The new techniques and processes must be relatively new to the organization and should not have implemented before. The Organization can develop new process either by itself or with the assistance of another organization (Polder *et al.,* 2010).

Buzzavo (2012) argues that strategic innovation is at the centre of the competition amongst organizations. He argues that organizations that embrace strategic innovations adopt strategies that blend efforts aimed at enhancing what is currently being practiced with efforts to achieve performance improvements through leaps and breakthrough. The resulting impact of such efforts is a competitive edge that an organization can use to beat competitors. The competitive advantage brought about by strategic innovation brings value to customers. This value can only be created if it is viewed to be rare, non-imitable and substitutable that eventually distinguishes the firm from the rest of its competitors (Barney, 2007).

Anderson and Markides (2006) affirms that strategic innovation takes place when an organization identifies gaps present in an industry positioning map and decides to fill them hence resulting in the gaps growing to become the new mass market. Gaps occur due to changing tastes and preference, demographics, as well as external changes. Buzzavo (2012), contribute to this by declaring that strategic innovation essentially results from the ability of a firm to identify a new blend of both tangible and intangible resources that includes two or more major elements of its strategy that existing players were either not capable of seeing or they were not capable of implementing.

Imitation together with recent developments in the banking industry as a whole such as high level of competition for market share, high operating cost, reduced profit margins, high regulatory changes, technology evolution and changing consumer demographics and behaviour are impacting the way Kenyan banks are innovating so as to have a competitive edge. Banks have come up with creative methods of innovating superior services so as to achieve competitive advantage (Kungu, Desta & Ngui, 2014).

Venter *et al.* (2008), notes that at the epicentre of entrepreneurship is innovativeness. Firms that are keen to adopt innovation are classified as being entrepreneurial. Entrepreneurial activities of an organization influence the firm's commitment to innovation by offering innovative processes and products. According to Huse *et al*. (2005), innovation has turned out to be a source of global competitive advantage. Innovation led services is earning banks income in terms of annual deductions and commissions. Banks charge a particular amount, flat fee or a percentage on products and service such ATMs and electronic funds transfer etc. If the eras of traditional banking were compared to the current e-banking eras then the results are that e-banking has positively contributed as well as proliferating bank's profits. Banks are gradually moving away from manual to the electronic means. Costs such as labour have been reduced as efficiency has risen as well as improved provision of services, reliability, time saved, accuracy, and quality of services (Sana, Mohammad, Hassan & Momina, 2011).

Talke *et al.* (2011) observes that strategic innovation is vital in driving an organization performance. He notes that strategic innovation orientation provides guidance that drives an organization to achieve sustainable competitive advantage. Firms with a proactive market orientation are suggested to strive more for discovering and satisfying unarticulated, emerging needs of customers than customer-led firms that only listen and respond to expressed needs of current customers. His study found out that the impact of the strategic innovation on the performance of the firm is significantly dependent on the support of top management team that has a responsibility of decision making.

2.3.5 Human Resource Competencies

Becker, Huselid and Ulrich (2001) define competence as 'an individual's knowledge, skills abilities or personality characteristics that directly influence his or her job performance'. Competencies are extremely important because they influence the way people (including HR professionals) effectively conduct their roles and ultimately add value to business success. According to Jackie (2008) organizations nowadays have realized the importance of aligning human resource practices to an organization's strategy. This awareness in an organization is a critical important in the performance of organizations (Rees, 2006).

Effective human resource management acquires superior employees, motivates them to perform at the peak and helps meet their social and psychological. This results in long term relationships with happy as well as skilled employees (Stewart & Brown, 2011). People performance include added value per employee, payroll costs as a percentage of sales, output per employee (productivity), retention rates, employee satisfaction. (Armstrong, 2006). Employee buy-in and participation is important in determining whether change initiatives would succeed in the organization or not. Change agents or initiators must expect some resistance to change and plan for it (Daley, 2006).

Effective Human resource management acquires superior employees, motivates them to enhance performance and helps acquire both psychological and social needs. This results in long term relationships with skilled and motivated employees (Stewart & Brown, 2011). Human resource management focuses on people resource in organizations. People are a key factor of any organizations success hence organizations with productive employees in most cases to be more successful. Employee productivity increases when organizations hire and motivate employees effectively. Employee satisfaction is created by good human resource practice. (Stewart & Brown, 2011).

In an organizations relentless pursuit of gaining competitive advantage, it has been discovered that all the improvement initiatives and programs had a common aim and that was the employee. Fix- it programs relied on the motivation, commitment, and special talents of employees who eventually determined if the program would succeed or fail. For most organizations their payroll is their largest recurring expenditure. It makes practical business sense to optimize that monthly investment. Improving an organization's talent management practices however, isn't a silver bullet approach but rather a multi-pronged strategy that tackles challenges on at least four principal fronts, and they are: recruitment, performance and learning management, leadership development, and bottom-up communications (Barney, 2008).

Talent management is the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining and utilizing people with the required skills and aptitude to meet current and future business needs (Stevenson, 2009). Caroline (2015) in her study of factors perceived to influence talent Management practices in the mobile phone sector in kenya found out that talents which are able to contribute especially in terms of intellectual to organizations are the most valuable assets. A successful organization is well reflected by the way their talents are being managed. Thus, organizations need to spend time and money to plan how they can best protect them. The study notes that there should be budget allocation t for talent management practices since it builds employees positively.

Moturi (2013) sought to find out whether talent management can be considered as a source of competitive advantage for Kenya Data Networks Ltd. The study found that talent management was a key strategic factor. Talent management was found to create customer focus which resulted in enhanced innovation and invention in products and services development. Decision making was found to be better and faster due to talent development. These factors helped the company to be competitive and be able survive in competition due to a boost on financial performance. Paul and Anantharaman (2009) in their study of 35 Indian software companies determined, developed and tested a causal model linking human resource management with organizational performance through an intervening process. They observed that there was not a single human resource practice had direct fundamental connection with organizational financial performance, on the other hand human practices have an indirect influence on the operational and financial performance of the organization.

Customer loyalty is turning out to be a trend influencing the face of human resource competencies and management. In current competitive world, low-quality as well as highly priced products and services are met with customer displeasure hence resulting in decrease in loyalty. The only way to build and enhance a competitive advantage is to be consistent in providing low-priced yet high-quality products and services with unique features and benefits. This entails identifying that the value of a workforce lies in being highly technically skilled, communicating effectively, highly capable of adapting to change as well as fostering interpersonal relationships (Rodriguez, Patel, Bright, Gregory, & Gowing, 2002).

2.3.6 Sharia Governance of Islamic Banking

Stewart (2010) observed that regulation have an influence on innovation. Regulation directs banks to observe compliance hence placing a burden on banks which may result in diversion of time and money from innovative to compliance efforts. One of the main goals of banking regulation is to enhance a regulatory framework that enables efficiency and competition. (Misati *et al.*, 2010). Sund (2008) demonstrated that regulations can enhance innovation as well as inhibit innovation of a sector. The supervision of banking activities involves seeing to the sound operation and purposeful development of the banking system and this broadly defined objective means in particular supporting the sound development, market discipline and competitiveness of banks, preventing systemic crises and strengthening public confidence in the banking system.

The banking industry has been earmarked as a key pillar to the achievement of vision 2030 (a long-term strategy to achieve sustainable growth by year 2030) through increased savings, encouragement of Foreign Direct Investment (FDI), safeguarding the economy from external shocks as well as propelling Kenya to become a leading financial centre in Eastern and Southern Africa (Amina, 2016). Islamic banks should carry out their activities as guided by Sharia rules. Islamic banks must have a specific body in place that carries out Sharia supervision known as Shariah boards or Shariah Committees. The presence of Sharia supervisory committees/boards, as a bank's internal religious supervisory body, ensures that all products and services developed and conducted by the Islamic banks meet Sharia standards. Sharia supervision should give the customer or investor the confidence that the products and services being offered by Islamic banks are compliant with the Sharia principles and religion of Islam (Shamsalden, 2017). Effective Sharia supervision reduce risks of having a negative impact of the Islamic bank's reputation. Hamza (2013) Alludes that the non-compliance with the Sharia affects public confidence in Islamic finance and exposes the Islamic commercial banks to the incredibility risk. He further notes that Islamic banks (IB) have the responsibility to ensure the compliance with the Sharia rules of their products, instruments, operations, practices and management hence boosting customer confidence and resulting in improved productivity and profitability.

Shariah supervisory board members have difference of diversity and belong to different jurisprudence schools hence resulting in inconsistency in shariah interpretation and may thus results in lack of harmonization of product and financial operations. A solid harmony between the key elements profit and religion, is urgent to the achievement and survival of the bank as an Islamic financial institution (Chong & Liu, 2009). Yusuf (2015) Noted that in a service-oriented market that is driven by competition, the firms with the better services was have the most success. Shari`ah supervision should engage consumer in education hence enhance products and service uptake and improve consumer confidence. Islamic banks in the world implement AAOIFI standards, either as a part of regulatory requirements or as internal guidelines, AAOIFI plays a key role in the international Islamic finance industry because it offers many important activities that complement its core standard-setting function. Islamic banks in the world implement AAOIFI standards, either as a part of regulatory requirements or as internal guidelines, means that this organisation indirectly helps Islamic banks reach their goal of attracting more clients. Implementing AAOIFI standards promotes client confidence towards Islamic banks and boosts funds from public investment (Shamsalden, 2017).

2.3.7 Sustainable Competitive Advantage

For an organisation to have a sustainable competitive advantage, the firm needs to be able to create higher value than its industry rivals. The firm also needs to be able to capture the value that it creates in the form of revenue that exceeds its total cost (Wachiuri, 2013). Anytime rivals can readily duplicate successful strategy features, making it difficult to out-strategies rivals and beat them in the market place with a superior strategy. The chief way to achieve lasting competitive advantage is to out-execute them. This can involve building core competences and competitive capabilities that are difficult or costly to rivals toemulate and that push the company closer to true operating excellence and promote very efficient strategy execution. (Wachiuri, 2013). Sifuna, (2014) alludes that sustainable competitive advantage is born out of core competencies that yield long term benefit to the company. To succeed in building a sustainable competitive advantage, a firm must try to provide what buyers perceive as superior value. Competition is generally believed to reduce the amount of slack a manager can afford and to have a positive Influence on managerial effort. Globally Islamic banking services is estimated to grow at a rate of 10%-15% from 1995-2005 (Khan, Hassan, & Shahid, 2007).

The growth success of Islamic Banking has resulted in many known conventional banks in the world setting up shariah compliant windows that offer Islamic finance products to its customers. A typical example of such banks are Standard Chartered Bank, HSBS, Deutche Bank, Barclays Bank, Citi Bank, Morgan Stanley, UBS and Goldman Sachs (Awan, 2009). Likewise, global institutions such as International Monetary Fund, International Finace Corporation, African Development Bank have all setup specific units to look at Islamic banking (Awan, 2009). Shariah compliant financial products offer new opportunities for organizations to address previously untapped consumer and business segments. Organizations offering Islamic financial services have continued to grow in number and availability courtesy of growing demand by a segment of the world’s 1.3 billion Muslims for shariah compliant products.

Egesa and Abuka (2007) note that both internal and external pressures alter the way banks perform, mainly through encouraging input saving and waste minimization. External pressure could arise from liberalization of financial markets, while internal pressure from investment in new technology. Newbert (2008) similarly posits that there are three types of performance measures which are regularly employed in the strategy literature, namely; objective financial performance, subjective financial performance and objective non-financial performance. O'Shannassy (2009), categorized the organization performance in the strategy literature into two measures, namely; strategic (for example sales growth, market share, customer satisfaction, quality) and financial objectives (for example return on asset, return on equity, return on sales). Dogan and Fausten (2007) stated that there are three factors that are important in measuring bank performance namely measure changes in efficiency and productivity of banks in developing countries using methodological and analytical approaches that address the specific issues of banking systems of small countries at various stages of development.

Part of measures adopted for financial institutions performance include: efficiency - rate of return on assets (ROA) and rate of return on equity (ROE) and financial management. Others are: size of market share (share of deposits and lending), size in terms of retail sales (number of branches, size of assets and deposits). These ultimately measure efficiency, prices and profitability, (Wilson *et al.,* 2010). Campbell (2010) observed that at the onset of the global financial crisis of 2008, Islamic banks on average showed stronger resilience during the global financial crisis as compared to conventional banks counterpart. Notwithstanding the gravity of the 2007–2008 financial crisis, it was noted that, unlike conventional banks, Islamic Financial Services Institutions (IFSIs) were not affected. For instance, the Saudi based Al-Rajhi Islamic bank reported an impressive return on average assets (ROAA) of 5.61%, compared to only 0.93% for the Bank of America in 2007 and 0.95% for Lehman Brothers in 2007. This rapid deterioration of the stability and performance of conventional banks triggered new reservations about this so-called classical financial system and drew greater attention to Islamic financial (Mohieldin, 2012).

Differentiation strategy is offering products and services that have unique and exclusive features as well as attributes. According to Svatopluk and Ljuba (2006) differentiation strategy aim is to create a unique difference between the products and services offered by a firm as compared to those of its rivals. Murphy (2011) argues that differentiation occurs when a firm tries to offer products and services that are more appealing to customer than the competition hence possibly commanding a higher price. These unique differences ensure that these organizations can demand for a premium price. This in return results in higher returns and eventually better performance than the organization’s competitors. Porter (1994) states that focus strategy entails identifying and a niche segment available in the market and developing products and services to satisfy the niche customers. This can enhance customer and brand loyalty to the products and services of the organization. By concentrating on a small but demanding segment of customer who are wasing to pay for premium prices; an organization can achieve superior profits and improve on overall performance (Anderson, 2006). Focus strategy is based on serving a narrow scope that most competitors do not get involved with (Maina, 2014).

By embracing low costs, organizations not only do they operate efficiently but also, they become an effective price leader hence undermining its competitors‟ growth in the industry through its success at price war and undercutting the profitability of competitors, then the firm can offer lower prices, higher quality, or both (Spulber, 2009). A brand is a distinguishing factor intended to differentiate the goods of one seller from another (Ghodeswar, 2008). According to Aaker and Joachimsthaler (2010), a brand uniqueness needs to reflect an organizations strategy and its ability as well as wasingness to invest in goods and services needed for brand to live up to the customer’s expectation. Organizations therefore, need a comprehensive understanding of customer behaviours, beliefs, attitudes, and competitors so as to build a reputable brand which was enjoy customer loyalty and create a potential to charge premium prices, considerable brand power to support new product and service launches.

2.4 Empirical Review

2.4.1 Leadership

Jansen, Vera and Crossan (2009) carried out a study on Strategic leadership for exploration and exploitation. They conducted empirical research at autonomous branches of a large European financial services firm with a broad range of financial services provided in various countries. They used a questionnaire to collect data. The sample size was 1108. Their findings, indicated that transformational leadership behaviors contributed significantly to adopting generative thinking and pursuing exploratory innovation. Transactional leadership behaviors, on the other hand, facilitated improving and extending existing knowledge and are associated with exploitative innovation. In general, they concluded that good performance on an organization dependent on good leadership behaviours and practices.

Rahman *et al.* (2018) conducted a study on the Impact of strategic leadership on organizational performance, strategic orientation and operational strategy in the automobile industry in Malaysia with a particular focus on Proton. With a sample of 400 respondents, questionnaires were used to collect data from selected senior executives, chief executive officers and members of the senior executive group. The study findings revealed a direct and positive relationship between strategic leadership, operational excellence, strategic orientation and business performance. They concluded that Strategic leadership was directly and positively associated with organizational performance. This therefore implied that the better the strategic leadership, the better the performance of an organization and vice versa.

O'Reilly, Caldwell, Chatman, Lapiz and Self (2010) sought to find out the effects of leaders' alignment on strategy implementation. The study was conducted targeting health care facilities physicians in eight specialty departments – ophthalmology, emergency medicine, head and facial surgery, pediatrics, surgery, urology and orthopaedics - working in six medical facilities and 46 departments were targeted. The findings were that most organizations do not have multiple layers of leaders, and that leader’s don’t leads in isolation. The study found out that leaders behaviour influences both group and organizational behaviour to a large extent. The findings also established that when leaders' effectiveness was considered at different levels then significant performance improvement occurred.

Kabuki (2013) on the other hand sought to find out the effect of transformational leadership in capacity building in Kenyan secondary schools as well as the perceptions of principals, teachers, students, and quality assurance team towards the principal's transformational leadership skills. The study also sought to find out the extent to which principals, teachers and quality assurance team understood the concept of transformational leadership and how effectively it was administered in school management. The study found out that leadership programs should develop viable extensions of their programs to assist principals in incorporating effective practice of transformational leadership roles into their day to day performance in school administration. The study recommended that newly recruited heads to be trained on transformational leadership in order to cope with change management. They should also provide support, empowerment and growth opportunities for teachers and other employees by empowering them to practice transformational leadership style.

Serfontein and Hough (2011) conducted a study on the nature of the relationship between strategic leadership, operational strategy and organisational performance of firms in South Africa. Their study sample included all 200 top performing organisations in South Africa for 2008 who comprised of major industries in South Africa, as published in the Financial Mail survey. Their study findings showed that strategic leadership was directly and positively associated with operational excellence and performance in business organisations in South Africa. Similarly, a study by Kahiga (2017) on the influence of Strategic Leadership Practices on Competitive Advantage of National Bank of Kenya concluded that good strategic leadership practices had a positive influence on Competitive Advantage. The researcher adopted a case study research design and sampled senior managers at National Bank were interviewed face to face.

2.4.2 Strategic Planning

Kiptugen (2003), in his case study of KCB, studied the strategic responses to an ever changing competitive environment and found out that proactive rather than reactive strategies such as research on shifting customer's preferences and needs form the foundation of its strategic planning. Akinyele and Fasogbon (2010) on the other hand studied on the impact of strategic planning on organizational performance and survival and found out that Strategic planning enhances better organizational performance in organizations. Data was collected through questionnaires to 100 respondents.

Another study by Sophia and Owuor (2015) on the effects of strategic planning activities on organizational growth, which used a descriptive research design and comprising of a sample of 50 employees of KEMRI, revealed that strategic planning if well implemented in the organization is effective towards growth of an institution. Similarly, a study by Nzuki (2017) on the influence of strategic planning on the competitive advantage of Sandoz GmbH Kenya concluded that adoption of sound strategic planning practices leads to the gaining of competitive advantage by firms. Innocent and Levi (2017) adopted a survey design in their study on the effects of Strategic Planning on Organizational Performance. Their target population was 180 members of staff of Nigerian Bottling Company Enugu out of which they sampled 124 of the employees through the Taro Yamen's formula. Their findings showed that there was a relationship between effective strategic planning and organizational performance.

Monye and Ibegbulem (2018) studied on the effect of Strategic Planning on Organizational Performance, Profitability and competitive advantage. They adopted a survey design and sampled 100 respondents. Their findings were that strategic planning enhances better organizational performance, thus impacting on profitability and competitive advantage. Another study by Olusanya, Awotungase, and Ohadebere (2012) on effective planning and organisational productivity (A Case Study Of Sterling Bank Nigeria Plc) found out that effective strategic planning influences competitive advantage of an organization.

2.4.3 Adoption of Technology

Agboola (2006), in his study found out that the application of information and communication technology concepts, policies as well as the implementation of strategies in banking services is of fundamental importance and concerns to all banking institutions and indeed a requirement for local and global competitiveness. ICT directly affects how managers plan, decide and the kind products and services offered in the banking industry as a whole. It has continuously impacted the way banks and their corporate relationships are organized worldwide as well as level of innovative devices available to improve the speed and quality of service delivery (Agboola, 2006).

Spiezia (2011) in his study found out that ICTs act as a catalyst for innovation and in particular for product and marketing innovation. Hernado and Nieto (2007) found out that the key benefits arising from the use of ICT in the improvement of operations and activities of commercial banks is overhead costs reduction of especially costs relating to maintenance of physical branches as well as marketing and labor can be reduced substantially. Daneshvar and Ramesh (2012) carried a study on panel data of two main public banks for the period between 1998 and 2009 to examine impact of IT investments on productivity and profitability of Indian public sector banks. The study used correlation and regression analysis as statistical tools. The results indicated that investments on IT contributed to increased amount of deposits and return on assets (ROA) as profitability, profit per employees as indicator of productivity and decrease in net staff cost and non-performing assets ratio. The study also showed that public banks tried to adopt assets quality strategies and cost reduction in order to compete in the Indian bank market.

Churchill (2014) in his study found out that technological innovations have expanded the income generating potential of bank and it has had a positive effect on customer acquisition and retention. He noted that technological innovations have influenced positively the increase income and technological innovations have enabled the bank to reduce risk as well as frauds and that technological innovations have had a positive effect of increasing commission fee based. Shaukat and Zafarullah (2009) conducted a study on the Impact of information technology on organizational performance in Pakistan’s banking and manufacturing companies. The study adopted survey research design and a sample size of 48 firms, with questionnaire as the main tool for data collection. Their findings were that IT has positive impact on organizational performance of all the organizations but the banking sector performance outstrips the performance of manufacturing sector.

Jacks, Palvia, Schilhavy and Wang (2011) conducted a study on the impact of information technology on organizational performance. A meta-analysis of literature on information technology from 2001-2009. Their findings showed that information technology had overreaching positive impact on organizations’ competitive advantage. Melville, Kraemer and Gurbaxani (2004) in their study on Information technology and organizational performance, they adopted an integrative model to synthesis information about Information technology. Their findings were that Information technology was very valuable to business performance and to an extent to which a firm gains competitive advantage.

García-Sánchez, García-Morales, and Martín-Rojas (2018) conducted a study on the influence of technological assets on organizational performance through absorptive capacity, organizational innovation and internal labour flexibility. A quantitative study was carried out that adopted questionnaire a data collection tool targeting the CEOs of companies. They adopted stratified random sampling techniques in their sampling leading to a sample size of 160 European technology companies. Their findings showed that support for technology and improvement of technological skills and technological distinctive competencies promoted improvement in organizational performance and thus realization of competitive advantage.

2.4.4 Innovativeness

Bwaley (2011) argues that banking sector in Kenya have embraced search of competitive advantage and they are aggressively leveraging on information technologies, branch network, human resources, relationship marketing, product offerings, transactional processes, diversifications, amongst others. He further notes that high level of competitor imitation is rapidly watering down these innovations hence eroding competitive advantages in the sector. Giraldo (2010) studied on understanding the impact of technology on service innovation and found that technology enables the interaction and transfer of knowledge from various sources, communication amongst different stakeholders of innovation process i.e. both external and internal. It regulates service characteristics which in return lead to shorter lead cycles, impacting delivery of new services and production while targeting clients more efficiently.

Mabrouk and Mamoghli (2010), studied on understanding the Dynamics of Sustainable competitive advantage Islamic commercial banks in Kenya and Performance of Banking Firms and they analysed the impact of the adoption of two types of sustainable competitive advantage Islamic commercial banks in Kenyas i.e product innovation such as telephone banking and SMS banking and process innovation such magnetic strip card comprising of debit cards and credit card, Automatic cash dispenser on the performance of banks. Their study included two adoption behaviours i.e. first mover in the adoption of sustainable competitive advantage Islamic commercial banks in Kenya and imitators of first movers. They found out that first mover inventiveness in product innovation enhances profitability while process initiative has a productive effect on efficiency and profitability. Banks that imitate were less efficient and less profitable compared to first mover.

Onay, Ozsoz and Helvacıoğlu (2008), studied on on the impact of internet banking on bank’s profitability in Turkey. The analysed the impact of online banking activities on the performance of the banking sector using panel data from 14 banks both commercial and savings in the country that had embraced internet banking between 1996 and 2005. They estimated the impact of internet banking activities on the three common determinants of bank performance comprising of return on equity return, return on assets and return on the financial intermediation margin. They established that despite investment in electronic banking being a gradual process, internet banking variable had a positive effect on the banking system performance in Turkey in terms of returns to equity only with a two years lag.

Karakaş, Öz, and Yıldız (2017) did a research on the effect of innovation activities on organizational performance, focusing on the hotel industry. A questionnaire was adopted as a data collection tool. A sample size of 48 five star hotels was selected. The results indicated that innovation positively influenced business performance at all stages. This meant that innovation influenced the competitive advantage of an organization. Karim *et al.* (2017) carried out a study on the relationship of innovation with organizational performance in the telecommunication sector. The research adopted a survey research design, using a questionnaire to collect the data. Sample size was 200 employees that are concerned with innovation in telecom industry in Islamabad and Rawalpindi. Their findings were that innovation (product, process and organizational) had a positive impact on organization performance and thus influenced competitive advantage positively.

2.4.5 Human Resource Competences

Kyongo (2016) in her study of management competence, firm-level institutions, Human resource management bundles and performance of companies listed on the Nairobi securities exchange found out that proper alignment of firm-level institutions to organizational competence development strategy would lead to enhanced organizational performance. Further, organizations that appropriately bundle human resource practices are more likely to improve their performance than those which do not. On the other hand christine (2015) from her survey in Coca Coca bottling company ltd indicate that HR practices aimed at enhancing employees core competences in delivery to customers more efficiently and effectively are to a very great extent in line with the business strategy of enhancing business competitiveness.

George Omondi *et al.* (2011) studied the extent of adoption of strategic human resource management practices among commercial banks in Kenya. The study also aimed to determine the factors that influence adoption of strategic human resource management practices by commercial banks in Kenya. He found out that a number of human resource practices can be adopted as key strategic strength for organization to remain competitive in the application of strategic grouping in the Kenyan banking industry. These can be adopted as the best human resources management practices. The key strategic resources management practices can be broken into two components. The first component is post-entry/on-the job strategic human resources management practices, which include the implementation of chosen human resources management strategy, efficiently and effectively with careful marshalling of resources that support the business strategy. he second component is pre-entry strategic human resources management practices, which include the recognition of the individual roles of employees before they are employed, keen selection, development and training of Human Resources; and lastly managerial competency modelling

Awad (2018) studied on the effect of human resources competencies on a firm performance: A marketing perspective (With Reference to Firms Located in UAE), adopting a cross sectional research design with questionnaire as the data collection tool. The researcher sampled 162 companies and adopted people in management as the study units. The findings revealed that human resource competencies had a positive influence on firm performance. The researcher also concluded that the competitive advantage of organization was influenced by human resource competencies among other determinants.

Similarly, a study by Mufti, Parvaiz, Wahab, and Durrani (2016) on Human Resource Competencies and Organizational Performance in the Banking sector in Pakstani was conducted. A cross sectional non-experimental survey design was used. Structured questionnaire data collection tool was used. 985 middle and entry level managers working in seven private banks were sampled using random sampling technique. Their findings revealed that the human competencies were positively and significantly related to organizational competitive advantage. Irvan, Mus, Su'un, and Sufri (2017) conducted a study on the effect of Human Resource Competencies on Good Governance and Local Government Financial Management Performance. They sampled 245 respondents from among the civil servants working on 49 local work units (SKPD). Data was analyzed using Structural Equation Model (SEM). Their study results showed that the human resources competencies had a positive and a significant effect on good governance and by extension influenced competitive advantage.

Rastgoo (2016) studied on the role of human resources competency in improving the manager performance in Bushehr University of Medical Sciences and Medical Services. He used questionnaires to collect data. The sample size was 149, which was achieved through simple random sampling. The results indicated that there was a positive and significant relationship between human resources competencies and performance of the managers of human resources, which resulted to a competitive advantage.

2.4.6 Shariah Governance

Buallay (2019) carried out a study on corporate governance, Sharia'ah governance and performance. The researcher studied 127 banks within the Mena countries for the 10 years 2007 through 2016, for a total of 1270 observations. He adopted questionnaire as data collection tool. The findings of the study gathered from the empirical results showed that Sharia'ah governance significantly influenced return on assets and return on equity. Overall, the results indicated that Sharia'ah governance influenced on competitive advantage of a firm. Nomran, Haron and Hassan (2018) in their study on Shari'ah supervisory board characteristics effects on Islamic banks' performance in Malaysia, sampled 15 Malaysian Islamic Banks is used to test the study hypotheses for the period from 2008 to 2015 using the Generalized Method of Moments estimator. The study results revealed that there was a strong support for a significant association between Shari'ah regulations and banks' performance.

Similarly, a study by Kusuma and Rosadi (2019) on the effect of Islamic Corporate Governance on the financial performance of Islamic banks in 2012-2016 showed that shari'ah regulations adopted by Islamic banks influenced competitive advantage and financial performance of the banks. The researchers adopted judgmental sampling technique, to pick their sample of 10 Islamic bank. In addition, Nowroz (2018) studied on the effect of Shari'ah supervisory board on Malaysian financial institutions' performance. Questionnaire was adopted as data collection tool and a sample of 100 financial institutions. The study results indicated that Shari'ah regulations had less influence on the firm performance.

Khalid, Haron, Sarea, and Masron (2018) in their study on the role of shari'ah supervisory board on internal shari'ah audit effectiveness, found out that the regulations on Shari'ah matters influenced competitive advantage of an organization. Zain and Shafii (2018) studied on the impact of Shari'ah Governance to Financial and Non-Financial Performance in Islamic Financial Institutions in Malaysia. The researchers adopted literature survey design in their study. The study findings were that Shari'ah governance was essential for Islamic financial institutions to realize competitive advantage.

2.4.7 Sustainable competitive advantage

Several studies such as Flamini *et al.* (2009) and others established that commercial banks performance is largely influenced by bank specific, industry specific as well as macroeconomic factors.). Irfan and Zaman (2014) found that Islamic banking efficiency to be approximately 98.19%, return on asset ratio, approximately 91.4% on return on equity ratio and net profit ratio of 77.03%. Tuitoek (2012) found that by offering new products and services such as Shar'iah compliant products contributes positively on financial performance of banks.

In Kenya, Issak and Kaswira (2012) had their study focus on strategies that are used to achieve growth among Islamic banks. The found out that Islamic banks need to ensure there is strict adherence to shari'ah principles in their day to day operations. A firm can have its products and services outdo those of its competitors if it has a wide marketing experience. Organizations competitiveness is improved by prior market information that includes information about customers, suppliers, competitors as well as distributors (Cui *et al.,* 2005).

Halake (2016) conducted a study on the effectiveness of competitive strategies adopted by Islamic commercial banks in Kenya. A descriptive case study design was adopted in the study and a sample of 50 respondents was obtained through stratified random sampling technique. The study concluded that competitive strategies enable strengthen the linkage of finance and economic activities that are real, when making contribution on inclusive and the balanced growth.

Similarly, a study by Bedoui (2012) on ethical competitive advantage for Islamic finance institutions and how to measure their performances. The research explored the performance measurement of conventional and Islamic finance and the responsibility of the latter industry with the new classifications of Maqasid Shari‘a. the research findings were that competitive advantage for Islamic finance institutions was positively related to performance.

Nimsith, Rifas and Cader (2016) studied on the impact of core competency on competitive advantage of banking firms in Sri Lanka. The study was conducted based on qualitative survey where primary data were collected through structured questionnaire. The study concluded that banking firms achieve competitive advantage, which was considered significantly successful, with sustainability of banks' success being realized by proper use of their core competencies.

2.5 Critique of existing literature relevant to the study

Previous studies on competitiveness of Islamic banks have not been comprehensive enough. Most of the previous studies focused on few factors that enhance performance of firms. On the other hand there have been no clear studies on factors that enhance competitiveness of Islamic banks in Kenya.

Jaffar (2016) studied impact of Islamic banking on the financial performance of conventional banks offering Islamic banking products in Kenya. The study focussed on study comprised of 6 conventional banks offering Islamic banking products and thus did not focus on fully fledged Islamic banks. The study specifically found that bank size and liquidity had the most statistical significance on the financial performance and didn't focus on other factors that impact performance of the banks.

Bintiomari (2010) studied response strategies by Islamic banks to competition in the commercial banking sector. The study focussed on the two fully fledged Islamic banks in Kenya First Community and Gulf bank hence the study did not capture strategies used by Islamic windows. The study only focussed on strategic and operational strategies used to cope with the fierce competition in the banking other factors such as leadership, and found out that the fully fledged Islamic banks do not perceive competition from the convectional banks as a threat for their survival because Islamic banking is different from the convectional way of banking.

Kitonga *et al.* (2016b) studied the link between strategic leadership practices on determining strategic direction, developing ethical practices, developing organizational control, developing human capital and organizational performance in non-profit making organizations in Nairobi County in Kenya. The study has a gap since it did not address the role of strategic leadership practices in sustainable competitive advantage of universities in Kenya such as fostering organizational learning, implementing knowledge management, and fostering organizational innovation.

Kibibi (2011) strategies adopted by Islamic banks to attract non-muslim customers. The study found out that the Islamic banks uses low cost strategy, differentiation, pricing and delivery and distribution strategy in order to attract Non-Muslim customers. The study has gaps since it does not address knowledge gap since though human capital plays a key role in a competitive environment, due to the fact that there constant changes in customers' preferences, in Islamic banking industry.

2.6 Research Gap

From the reviews of literature relating to Islamic banking, it is evident that research in the area of competition in Islamic banking has been done but not in a comprehensive approach. The literature reviewed indicates that previous researchers focused on a few variables of competition while this study entails more important variables that were omitted by previous studies like leadership aspects, human resource aspects and government regulations factors. Including these factors makes the study more comprehensive. From survey of relevant literature relating to Islamic banking, it has been found that there are only few studies specific to Islamic banking in Kenya on the link of competitiveness of Islamic banking and they omitted moderating variables. This study intends to address as well as fill these pertinent gaps in literature by studying strategic factors influencing competitiveness of commercial banks in Kenya.

2.7 Summary of Literature Reviewed

Chapter Two focussed on both the theoretical background, conceptual framework and empirical context through literature review. The topic of competitiveness of banks has gained widespread attention especially with the coming of technology, increasing innovation and adoption of Islamic banking by conventional banks.

This chapter reviews the various theories that explain the independent and dependent variables of the study. The theories adopted were Strategic Leadership theory; Theory of Planning; Technology, Organization and Environment Theory; as well as The Resource-Based theory. The reviewed theories were then critiqued for relevance to specific variables.

The chapter also analysed the conceptualization of both the independent and dependent variables by analysing the relationships between the two set of variables. The study presented and explained shari'ah supervision as intervening variables.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter seeks to describe the research philosophy, research design, target population, sampling frame, sampling frame, sampling techniques and sample size, instruments of data collection, data collection procedure, pilot study, and data analysis and presentation. Research methodology was used in the current study to guide the research on the identified research objectives. Against the backdrop of its importance, Industrial Research Institute (2010) indicates that research methodology helps the research to scientifically discover all the conceivable answers of given research queries to their logical conclusion.

3.2 Research Philosophy and Research Design

3.2.1 Research Philosophy

Research philosophy is the foundation of knowledge contains important assumptions about the way in which studies view the world or objects (Saunders *et al.*, 2007). Research methods are influenced by philosophical orientations. This philosophical approach is defined by assumptions concerning reality (ontology), epistemology (knowledge, human nature (predetermined or not) and methodology. Pragmatism argues that the most important determinant of the research philosophy adopted is the research question, one approach may be better than the other for answering particular questions. Moreover, if the research question does not suggest unambiguously that either a positivist or interpretivist philosophy is adopted, this confirms the pragmatist’s view that it is perfectly possible to work with both philosophies. This mirrors a theme which the current study was adopt. This is that mixed methods, both qualitative and quantitative, are possible, and possibly was highly appropriate for the current study.

The choice of pragmatism stance in this study was informed by the ontological, epistemological, axiological and methodological foundations of pragmatism in retrospect of the other paradigms. The study done by Alan (2009) states that research is always guided by philosophical stance in terms of epistemology, ontology, axiology and methodological orientations. Creswell (2008) indicated that pragmatism stance is the best suited for mixed methods research approach. Based on ontological perspective, the current study believes that pragmatism has a potential to offer optimal playground for mixed methods approach thus creating a fit between static environments in constructionism supported by positivists' quantitative designs and subjectivism as advanced by transformative, emancipatory paradigm's qualitative designs. Pragmatist's perspective of this study tests the veracity of facts through dialogue, the usefulness and consequences of knowledge, and negotiations within people element, all of which require ongoing dialogue.

Epistemologically, pragmatism helps the researcher to selectively interact with the study as opposed to positivism and post-positivism where the researcher distances from the research (Alan & Emma, 2011). From an axiological perspective, Creswell (2008) argue that pragmatism is best suited for mixed methods research approach in that the paradigm balances between quantitative research which is always unbiased and qualitative research and which is potentially value loaded. The pragmatic paradigm places the research problem as central and applies all approaches to understanding the problem (Creswell, 2008). With the research question central to this current study, data collection and analysis methods was chosen as the most likely to provide insights into the question with no philosophical loyalty to any alternative paradigm.

The other foundation that informs the researcher's choice of a particular research paradigm is the research methodology. Other proponents of pragmatism such as Teddlie and Tashakkori (2010); Kinyanjui (2014) indicated that methodologically, the paradigm balances between deductive logic used in quantitative research and inductive logic used in qualitative research. Since both deductive and inductive logic are desired in this study, pragmatism emerges as the best philosophical stance to guide the research methodology. Since both positivism and post-positivism helps to guide deductive logic, the current study believes that these paradigms would limit its quest for relevant insights of the research. On the other hand, methodologically, constructivism guides inductive logic which would limit the deductive aspects desired by the current study.

Pragmatism paradigm provides a philosophical stance that is compatible with the essential methodological characteristics of both qualitative and quantitative research, and can facilitate communication and cooperation between the two (Mark *et al.*, 2010). Maxwell *et al.* (2010) believed that pragmatism paradigm can make important contributions to mixed method research. These contributions involve not only an overall perspective within which qualitative and quantitative methods and assumptions can be better integrated, but also specific insights and strategies that can enable mixed method-based studies to better understand the phenomena under study.

A further important point why this current study considers pragmatism philosophy is because the study recognizes the importance of the level of the individual and group of people in the organization. Through pragmatism perspective, the study believes that there would be a positive consequence of the existence of procedures, practices and capacity of human capital and these strategies would have to interact with one another to influence management and achieve a strategic fit in the organization. The current study's stance is that since the social world is constantly changing, human capital strategies that are formulated and implemented should be in line with the purpose of business management strategic goals and management research of the organization.

Pragmatism paradigm therefore was not only help to integrate the two approaches into a more coherent combination, and promote closer and more equal cooperation between qualitative and quantitative approaches the current study is to employ but also serves to increase the usefulness of both approaches and as informed by this critical argument that the mixed method under research design was based on the philosophical foundations of pragmatism perspective.

3.2.2 Research Design

Thornhill (2003) describes research as something that people undertake in order to find out new things in a systematic way, thereby increasing their knowledge. Miller and Yang (2008) and Kothari (2004) defines research design as an arrangement of conditions for the collection as well as analysis of data in a way that aims to combine the relevance to the research purpose to economy in procedure. Kombo and Tromp (2009) define research design as the analysis of the overall research aim, the literature and chosen research methods. Cooper and Schindler (2008) describes research design as a plan and structure of investigation conceived so as to obtain answers to research questions. Research design is a model or an action plan upon which the entire study is built; dictates the manner in which a study is conducted and provides the road map of a study in terms of the sample, data collection instruments and analysis procedure. Approaches on the other hand, are paradigms, research frameworks, which may be either quantitative or qualitative or both (mixed approach (Creswell, 2003). This study adopted both descriptive and explanatory research design. The causal relationship between an independent variable(s) and one or more dependent variables will be discovered by causal inferences through experimental designs and statistical analysis (Cohen, Manion & Marison,2011) In this respect, understanding of phenomena in reality must be measured and supported by evidence (Hammersley, 2013). Therefore, positivist researchers clearly understand the subject matter through empirical tests and application of methods such as sampling, measurement, questionnaire and direct observation. A well carried out survey research coupled with appropriate methods of sampling, instrumentations and statistical treatments of data, the quantitative findings will provide practical working solutions to the many research questions (Cohen, Manion & Morrison, 2011).

The study adopted the descriptive research design because large amount of data can be collected to give detailed information about the study problem. This design allows researchers to collect original data intended to describe a large population. Mugenda and Mugenda (2003) posited that the focus of descriptive research design is on ensuring that the results obtained from field research are a true reflection of the actual setting where the research was conducted. The design therefore gives an ideal account of the respondents' views on the study problem. This study was adopted both explanatory and descriptive research deign since it would help to provide answers to the research question of how and to what extent strategic determinants of competitiveness influence Islamic banks in Kenya using both qualitative and quantitative approach.

3.3 Target Population

Lavrakas (2008) defines a population as any finite or infinite collection of individual elements. Berg (2001) defines target population as the total number of subjects of interest to the researcher. According to Zikmund *et al.* (2010) and Kothari (2004), a population refers to all items in any field of inquiry and is also known as the 'universe'. Population is the entire group of individuals or items under consideration in any field of inquiry and have a common attribute (Mugenda & Mugenda, 2003).

The Target population of this study was full-fledged Islamic banks and windows in Kenya. According to the Central Bank of Kenya annual report, as at 31st December 2016, the Kenyan banking sector comprised of the Central Bank of Kenya, as the regulatory authority, 43 banking institutions, 1 mortgage finance company, 8 representative offices of foreign banks, 13 Microfinance Banks (MFBs), 3 credit reference bureaus (CRBs), 17 Money Remittance Providers (MRPs) and 77 foreign exchange (forex) bureaus. Out of the 43 banking institutions 2 were fully fledged Islamic banks and 3 conventional banks were offer Islamic banking services. The study enquired information from 210 HOD, managers and supervisors from the headquarters of the 5 banks offering Islamic banking.

Table 3.1: Target population

	Target population (HOD/managers and supervisors)
FCB	38
Gulf bank	34
Barclays Bank	61
KCB	46
NBK	31
Total	**210**

Source; Cental bank of Kenya (2016), bank Database (2016)

3.4 Sampling Frame

Sampling is the process of selecting a member of individuals selected to represent the larger group Kirui (2016). Bryman (2012), Cooper and Schindler, (2011) define a sample frame as a list of all the accessible cases in a population from which a sample is drawn. A sampling frame is a list of all the items where a representative sample is drawn for the purpose of the study, (Nachmias & Nachmias, 2008). The sampling frame of the study was the full-fledged Islamic banks and windows licensed by the Central Bank of Kenya.

3.5 Sampling Technique and Sample Size

Sampling is the process of selecting a portion, piece, or segment that is representative of a whole is an important step in the research process because it helps to inform the quality of inferences made by the researcher that stem from the underlying findings (Kibicho, 2015).

Gerstman (2003) states that a sample is required since a study that is insufficiently precise, lacks the power to reject a false null hypothesis is normally a waste of time and money. On the other hand, a study that collects excess data is equally wasteful. Hence, prior to data collection, it is important to determine the sample size requirements for the study.

Mugenda and Mugenda (2003) describes sample as a set of observations drawn from a population by a defined procedure. Samples are collected and statistics are calculated from the samples so that one can make inferences or extrapolations from the sample to the population. There are various types of sampling techniques such as simple random sampling, purposive sampling, and stratified sampling among others.

The sample was obtained using Nassiuma's (2000) sample size formula. Nassiuma (2000) gives the formula for obtaining a sample size as follows:

$$n = \frac{Ne^2}{e^2+(N-1)e^2} = \frac{210(0.3^2)}{0.3^2+(210-1)0.3^2} = 100$$

Where: n=Sample size, N=Population, c=covariance, e=standard error

Using this formula, the researcher arrived at a sample of 100 employees as shown above.

3.5.1 Sampling Technique

The sample frame for this study was 210 HOD, managers and supervisors from the 5 banks offering Islamic banking. Cohen (2003) advised that a stratified random sample is a useful blend of randomization and categorization, which enables both a quantitative and qualitative process of research to be undertaken. The advantage of stratified random sampling is that it ensures inclusion, in the sample of sub-groups, which, otherwise, would be omitted entirely by other sampling methods because of their small numbers in the population. Neyman allocation formula was used to allocate employees into 5 banks offering Islamic banking (stratus). The purpose of the method was to maximize survey precision, given a fixed sample size. With Neyman allocation, the "best" sample size for stratum n_h was as follows:

$$n_{h=} \left(\frac{N_h}{N}\right) n$$

Where, n_h is the sample size for stratum h, n is total sample size, N_h is the population size for stratum h, N is the total population.

Therefore, the best sample size was as shown in Table 3.1 below.

Table 3.2: Sample Size

Bank	**Target Population (HOD/Managers and Supervisors)**	**Sample**
FCB	38	19
Gulf bank	34	17
Barclays Bank	61	27
KCB	46	22
NBK	31	15
Total	210	100

Stratified and Simple random sampling was used in this study to select employees. This was done by lottery method where the researcher assigned numbers to employees. Papers with numbers indicated on them were mixed well and the researcher randomly picked 100 papers from 210 papers with staff names. Creswell (2014) assert that, in simple random sampling, each member of the population under study has an equal chance of being selected. McMillan and Schumacher (2010) similarly aver that simple random sampling affords each member of the population or the sub-group an equal probability of being selected. Moreover, Shamoo and Resnik (2003) argued that, if simple random sampling is used in a study, each member of the population or sub-group has an equal chance of being selected as other members of the same group. In this study, bias was thus avoided by use of random sampling, because there was a high probability that all the population characteristics were represented in the sample.

3.6 Data Collection Instruments

The study shall use questionnaires to collect primary data. The primary data was collected using interview and questionnaires were comprising both open and closed-ended questions. According to Samson (2017) the use of structured questionnaire ensures consistency of questions and answers from the respondents. The questionnaires were subjected to tests for reliability during pilot study. This is mainly because the questionnaires allowed respondents to give their views regarding the researched problem and they are easy to administer.

A questionnaire is defined as a document that consists of a number a number of questions printed in a definite order on a form or a set of forms (Kothari, 2014). According to Mugenda (2008) an interview guide is a set of questions that the researcher asks when interviewing. It makes it possible to obtain data required to meet specific objectives of the study. According to Cooper & Schindler (2013) Questionnaires works best with standardized questions that are interpreted the same way by all respondents. The advantage of quantitative method is that it provides data that can be used after analysis to draw generalized conclusions and also analyzing quantitative data is easier and one can determine statistical relations which can then be tested in order to prove the research hypotheses (Caniato, Kalchschmidt, & Ronchi, 2011).

There were 8 interview guides that were used to collect data in addition to questionnaires. Interviews were conducted on selected managers in the Islamic banks. Interviews were assisting the researcher to explain issues from banks staff with deep knowledge and expertise or on key aspects of the study. Questionnaires were administered to both senior and middle senior managers who deal with operations and customer care. The questionnaire has five sections; section A was collected data on strategic leadership, section B on strategic adoption of technology, section C on strategic innovativeness, and section D on strategic HR competencies and section E on competitiveness. The interview guide was used to generate data from both open and closed- ended questions

3.7 Data Collection Procedures

According to Bryman (2012), data collection is the process of gathering data from a sample so that the research questions can be answered. There exist several tools that are used for data gathering however the choice of a particular tool is guided by the type of research. These tools include observations; focus group discussions, interview as well as questionnaire. In this study, a questionnaire was seen as the most appropriate tool.

The study used both primary and secondary data. The primary data was collected directly from Islamic banks. Louis, Lawrence and Morrison (2007) describe primary data as those items that are original to the problem under study while Ember while Ember (2009) describe primary data as data collected by the investigator in various field sites explicitly for a comparative study. The questionnaires were self-administered since they are advantageous in that they cost less than personal interviews and also enable the researcher to contact participants who might otherwise be inaccessible (Cooper & Schindler, 2003).

Secondary data was gotten from the Central Bank of Kenya as well as Banking survey manuals. Dawson (2009) states that secondary research data involves the data collected using information from studies that other researchers have made of a subject. Ember and Ember (2009) describe secondary data as data collected by others and found by the comparative researcher in ethnographies, censuses and histories.

3.8 Pilot Study

A pilot study is necessary for testing the reliability of data collection instruments (Sekeran, 2006). Various authors such as (Kothari, 2004; Saunders *et al.,* 2011) Stress the point that it is important for pilot test study to be undertaken to pre-test the questionnaire. Pilot study enables the researcher to obtain assessment of validity of questionnaire as well (Saunders *et al.,* 2011). Kombo and Tromp (2009) describe a pilot test as a replica and rehearsal of the main survey. For high precision pilot studies1% to 10% of the sample should constitute the pilot test size (Arain, Campbell, Cooper & Lancaster, 2010). For purposes of this study the pilot test was conducted using research instruments administered to employees from the Islamic banks.

For purposes of this study the pilot test was conducted using research instruments administered to 8 employees from the Islamic banks. One Islamic bank constitutes 12.5 % of the 8 Islamic banks. Ten individuals were used as respondents from the selected bank. The ten included managers from operations department, human Resource department, Customer Care department, Finance and Information Communication Technology (ICT) Departments. After carrying out the pilot-test, the study sought to establish the validity and reliability of the research instruments.

3.8.1 Validity of Research Instruments

Validity is defined as the extent to which the research findings accurately reflect the phenomenon under study (Collis & Hussey, 2009). According to Saunders *et al.* (2009) the questions used in the data collection instrument should be understood by the participants as intended by the researcher, and the answers provided by the researcher should understand the answers given by the respondents as intended by the respondents. Saunders *et al.* (2009) proposes three ways of validating a questionnaire i.e. content, construct, and external validity. Content validity explains how well the dimensions and elements of the concept have been delineated (Sekaran & Bougie, 2011).

To find out the reliability of the instruments, the instruments was reviewed to find out if they were yield same results after pre-testing. The reliability of the instrument (questionnaire) was analysed using Cronbach‘s alpha (α) and if found to be 0.7 or less ($\alpha \leq 0.7$), it was considered weak, otherwise if found to be 0.8 and above ($\alpha \geq 0.8$), it was considered appropriate.

$$\alpha = (\frac{k}{k-1})\ (1 - \frac{\sum_{i=1}^{k} \sigma^2{}_{y_i}}{\sigma^2 x})$$

Where: k refers to the number of scale items

$\sigma^2{}_{yi}$ refers to the variance associated with item i

$\sigma^2{}_x$ refers to the variance associated with the observed total scores

3.8.2 Reliability of Research Instruments

The reliability of a measure is an indication of the stability and consistency with which the instruments measure the concept and help to assess the goodness of a measure (Sekeran 2009) Reliability checks whether the results of an instrument are stable and consistent (Creswell, 2005) and It is the extent to which a given measuring instrument produces the same result each time it is used (Abbott & McKinney, 2013). Bryman (2012) alludes that reliability is the consistency of a measure of a concept. According to Mugenda (2008), a reliable measurement is one that if repeated a second time gives the same results as it did the first time and if the results are different, then the measurement is unreliable.

This study was enlisting reliability by developing questionnaire and interview guide research instruments built on items used previously by other researchers with acceptable tested reliability levels. Cronbach’s alpha coefficient (α) was also be used to measure both internal consistency and stability of scales as used in the research instruments.

To determine the reliability of the instruments; the instruments was checked to find out if they were yield same results after pre-testing. The reliability of the instrument (questionnaire) was analysed using Cronbach's alpha (α) and if found to be 0.7 or less ($\alpha \leq 0.7$), it was considered weak, otherwise if found to be 0.8 and above ($\alpha \geq 0.8$), it was considered appropriate.

$$\alpha = \left(\frac{k}{k-1}\right)\left(1 - \frac{\sum_{i=1}^{k}\sigma^2{}_{y_i}}{\sigma^2 x}\right)$$

Where: k refers to the number of scale items

$\sigma^2{}_{yi}$ refers to the variance associated with item i

$\sigma^2{}_x$ refers to the variance associated with the observed total scores

3.9 Data Analysis and Presentation

The purpose of any research undertaken is to provide information in order to help answer the research question (Zikmund 2010). According to Ngumi (2013) the amount of data collected in a study is rather extensive and research questions and hypotheses cannot be answered by a simple perusal of numeric information and therefore data need to be processed and analysed in an orderly and coherent fashion. First, the researcher examined the data collected to make inferences through a series of operations involving editing to eliminate inconsistencies, classification on the basis of similarity and subsequent tabulation to relate variables. The questionnaires were edited to enhance completeness and consistency and then data was coded before analysing through the use of Statistical Package for Social Sciences (SPSS). According to Allan and Emma (2003), data editing is the process of examining the collected raw data to detect errors and omissions and to collect this when possible. Phone call was made where clarity was required from the respondent.

3.9.1 Data screening

First and foremost, factor examination will be done to decrease the matters of questionnaire that were not binding and dependable with the concepts. Vivid statistics such as mean, standard deviations, reliability coefficients, and inter-correlations were worked out to comprehend the changeability and interdependence of the subscales resulting from the factor analysis. A main constituent factor examination with varimax turning will be showed to group the variables the questionnaire into several factors. To regulate the number of issues mined, a minimum Eigen value of one (1) will be used in the factor examination. Factors with Eigen value less than one were well-thought-out as unimportant and were omitted. Varimax orthogonal turning will be used to cluster variables with big loadings (correlations) for the same factors so that each factor will be signified by a precise group of variables. Varimax rotation would guarantee that the factors created are independent and not linked to each other. According to Thompson (2004), it is a multivariate arithmetical method that has numerous uses, three of which are briefly noted herein. First, factor examination decreases a big number of variables into a lesser fixed of variables (also referred to as factors). Secondly, it founds that fundamental scope between measured variables and latent concepts, thus agreeing the creation and improvement of model. Thirdly, it offers concept validity proof of self-reporting scales.

3.9.2 Descriptive Statistics

Descriptive analysis will be used to describe the population profile of objective respondents in frequency and percentage of the sample characteristics in the form of tables and written explanations as well as central tendencies measurement of constructs that included mean and standard deviation. These demographic profiles consist of gender, age, and race, flight experience and frequency.

3.9.3 Pearson Correlation Analysis

In this research, it will be used to examine the linear association the independent variables, moderator, mediator and dependent variable. The purpose is to check the strength of the correlation relationship and to prevent multicollinearity problem. The correlation analysis was used to give correlation coefficients between the four independent variables measured using seven-item Likert scales. The correlation coefficients indicate the strength of the association between the variables. A coefficient was considered significant if the p-value will be less than 0.05. There was significant correlation between all the independent variables and there are no high correlations of 0.90 or above. (Bryman A. and Cramer D., 1997) in (Boon., and Arumugam, 2006) suggest 0.80 instead of 0.90 as the threshold

3.9.4 Multiple Linear Regressions Multiple

The regression coefficient indicates the relative significance of the independent variables in the forecast of the dependent variable while the coefficient of multiple determinations (R square) provides the measurement of how well a predictor of the equation of multiple linear regressions is likely to be. Thus, the alternative hypothesis should not be rejected. If not, vice versa.

The study tests the significance level of each independent variable against the dependent variable at 95% confidence level using ANOVA, Correlation and regression techniques. A 95% confidence interval reflects a significance level of 0.05. This regression model was used to test the relationship between post tender negotiations and performance as a linear function of the independent variables. The βs in the equation represent the estimated parameters which represents the Beta coefficients of the respective independent variables as indicated below.

The regression model is represented below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon \text{.................Model 1}$$

Where,

Y = Competitiveness of Islamic banks

β_0 = Constant

X_1 = leadership

X_2 = Strategic Planning,

X_3 = innovativeness

X_4 = adoption of technology

X_5 = Human resource competencies

ε = Error term

$\beta_1, \beta_2, \ldots, \beta_5$ = Regression coefficients of the five independent variables.

In the model, β0 = the constant term while the coefficient βi= 1….5 was used to measure the sensitivity of the dependent variable (Y) to unit change in the predictor variables. ε is the error term which captures the unexplained variations in the model.

3.9.4 Hierarchical Regression for Testing Moderation Effect

In line with the recommendations of Baron and Kenny (1986) and Hayes (2012), Hierarchical multiple regression analysis was used to test the moderating effect. Further, the four sub-hypotheses of the fifth hypothesis sought to establish the moderating effects of shari'ah governance on specific strategic determinants–sustainable competitive advantage relationship. That is, would the effect of strategic determinants strengthen or weaken the relationship between strategic determinants and sustainable competitive advantage in a shari'ah governance than in a less shari'ah governance one.

The hypotheses were tested using moderated regression analysis to establish the extent that the moderator variable affects the relationship between the specific strategic determinant's dimensions and sustainable competitive advantage. The moderator effect was examined using regression analysis procedures as outlined by Baron and Kenny (1986); Aiken and West (1991). The moderating effect of shari'ah governance on strategic determinants on sustainable competitive advantage relationship respectively, was consequently assessed using the following models.

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6a} X_1 * M + \varepsilon$...........Model 2

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6b} X_2 * M + \varepsilon$...........Model 3

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6c} X_3 * M + \varepsilon$...........Model 4

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6d} X_4 * M + \varepsilon$...........Model 5

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_{6e} X_5 * M + \varepsilon$...........Model 6

Where: -

Y is dependent variable (sustainable competitive advantage)

X_1 is independent variable # 1 (leadership)

X_2 is independent variable # 2 (strategic planning)

X_3 is independent variable # 3 (innovativeness)

X_4 is independent variable # 4 (adoption of technology)

X_5 is Human Resource competencies

M is moderating variable (Shariah Governance)

$X_{1.}M$ is interaction term of leadership and Shariah Governance

$X_{2.}M$ is interaction term of strategic planning and Shariah Governance

$X_{3.}M$ is interaction term of innovativeness and Shariah Governance

$X_{4.}M$ is interaction term of adoption of technology and Shariah Governance

$X_{5.}M$ is interaction term of Human Resource competencies and Shariah Governance

β_0 is a constant

ε is Error term (unexplained variation due to other unmeasured factors).

3.10 Diagnostic Tests

Regression analysis describes the statistical relationship between variables (Guerard, 2013) whereas a regression model is used for estimation purposes (Baron & Kenny, 1986; Campbell & Campbell, 2008). The data were fitted into a regression model under certain assumptions, however, if such assumptions are violated, the results may be unreliable, biased, and inconsistent. Hence, misleading conclusions and recommendations for future studies. The assumptions assessed were:

3.10.1 Test of Normality

In testing normality, the null hypothesis is the data is normally distributed against the alterative hypothesis the data is not normally distributed. In this research, the researcher was use Shapiro Wilk test to test for normality

If the p-value (significant value) > 0.05, then the data is normally distributed, otherwise if the value is < 0.05, then the null hypothesis is rejected, implying that the data is not normally distributed.

3.10.2 Test of Linearity

Linearity was tested using analysis of variance (ANOVA) to determine the relationship between independent and dependent variables. If the value sig. Deviation from linearity is > 0.05, then the relationship between the dependent and independent variables are linearly dependent while if < 0.05 there is no linear relationship (SPSS tests, 2015) (see table 4.23).

3.10.3 Test of Multi-collinearity

Multicollinearity occurs if two or more variables are highly correlated thus affecting the estimation of the regression parameters in the model (Hair *et al.,* 2009). It makes an assessment of the regression coefficients unknown, thus frustrating interpretations (Gujarati, 2003) and yield incorrect results (Palaniappan, 2017). Previous studies indicate that there is a problem of multicollinearity if the value of correlation among variables is > .9 (Hair *et al.*, 2010) and the value of VIF is > 10 (Stevens, 2009). In this regard, the study will be the correlation matrix and VIF to check for multicollinearity among the explanatory variables (results presented in Table 4.25).

3.10.4 Test of the Homoscedasticity:

Homoscedasticity assumes that the variance of the dependent variable is the same across the ranges of independent variables (Schutzenmeister *et al.*, 2012; Osborne & Waters, 2002). The present study reduced the chances of violating this assumption by ensuring that the data utilized in testing the hypotheses is normally distributed. In this regard, Levene's test statistic will be employed to check for homoscedasticity. The decision criteria are that if the Levene's test statistic value is greater than 5% ($\rho > .05$), then data is said to be homoscedastic (Hair *et al.*, 2010). (Results in Table 4.24).

3.10.5 Testing the goodness of the overall model

In testing the goodness of the model, the researcher was use ANOVA. The null hypothesis is: the model is not a good model (Ho: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = 0$) against the alternative hypothesis: the model is significant (H1: $\beta_i \neq 0$) for at least one i, for i = 1,…,5. If the F-Test p-value < 0.05, then reject the null hypothesis and conclude that the model is significant.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter discusses the research findings for quantitative. It is divided into sections covering: the response rate, treatment of missing data, reliability analysis, background characteristics of the respondents, results on the objectives, factor analysis and reliability techniques, findings of correlation analysis, multiple regression model and Hayes models.

4.2 Data Cleaning and Screening

The data screening and cleaning process normally involves an inspection of the collected data and correction (or removal) of any errors that potentially can cause substantial impacts on the analysis results (Osborne, 2013). Going by (Tabachnick & Fidell, 2014, it usually involves an assessment of missing values, establishing fundamental errors, management of unprocessed data for effective employing of the assessment and investigation of outliers and normality. When checking for missing links, the sequence of missing data is crucial since in the case a non-random pattern is discovered, it may impact the general applicability of outcomes. Pedazur, (1997). believe that finding errors and fixing them or getting rid of subjects when errors in their scores are not fixable is advisable.

SPSS 24 was employed to highlight any errors of perceived variables in the information file. Kurtosis and Skewness on every one variable were investigated for univariate anomalies. In the event (s) that anomalies were identified from the sample, distant and influence studies were carried out to determine individual case(s) as outliers at the multivariate level.

Dimensions with nonexistent data were measured using optimum probability imputations. This data imputations technique is said to demonstrate the lowest volume of prejudice (Stevens, 2002). The data was also checked for univariate outliers. Four univariate outliers were discovered using a threshold of z = +/-3.29

(Tabachnick & Fidell, 2006). Two univariate outliers were identified for scores and two univariate outliers were found for scores. The data was tested for multivariate outliers by use of a threshold of the independent value of 2.5 regulated deviations for standardized residuals and by utilizing the category p < .001 for Mahalanobis Distance (Tabachnick & Fidell, 2006). A single multivariate outlier was found using p < .001 criterion for Mahalanobis Distance. The statistics were also tested for significant observations by use of Cook's Distance with a threshold of 1 and DEFITS with a threshold of 2. No influential observations were discovered. Assessments were carried out with and without such outliers and no fundamental disparities in the outcomes were observed. Therefore, all cases identified as outliers were included in the final analyses.

4.3 Pilot Study Results

Cronbach Alpha was used to determine the reliability of the research instrument. The overall Cronbach Alpha value for the five independent variables and the mediating variable was 0.838 which was very good for the research instrument. Sarmah, and Hazarika (2012) allude that an alpha coefficient higher than 0.70 indicates that the data gathered have a relatively high internal consistency and could be generalized to reflect opinions of all respondents in the target population. The overall Cronbach Alpha value from Table 4.1 was 0.838 and that leadership was 0.871 (very Good), for Strategic planning was 0.732 (Good), for Adoption of Technology was 0.859 (Very Good), the Cronbach Alpha value for Innovativeness was 0.934 (Excellent), the value for Human Resource competencies was 0.822 (Very Good) and the one for the moderating variable (Shari'ah Governance) was 0.811 which was very good.

Validity of the research instrument on the hand is the extent to which a test measures what it is supposed to measure. The questionnaire was edited for correctness and accuracy. Content validity was adopted in testing the validity of the questionnaire. Sekaran and Bougie (2011) stated that content validity explains how well the dimensions and elements of the concept have been delineated.

Table 4.1: Reliability coefficients (Cronbach Alpha) of the independent variable

Variable	No. of Items	Cronbach Alpha Value	Cronbach's Alpha Based on Standardized Items	Decision
Sustainable Competitive Advantage	4	0.718	0.724	accepted
Leadership	11	0.871	0.724	accepted
Strategic Planning	11	0.732	0.728	accepted
Adoption of Technology	10	0.859	0.861	accepted
Innovativeness	11	0.934	0.823	accepted
Human Resource competencies	11	0.822	0.816	accepted
Shari'ah Governance	5	0.811	0.732	accepted
AVERAGE	**9.83**	**0.838**	**0.873**	**accepted**

4.4 Respondents Background Information

Respondents' background information capturing Age distribution, department where the respondent was placed and duration of time (experience) in the banking industry was analysed.

4.4.1 Distribution of Respondents by Age

Out of all the respondents interviewed, 53.1% were from the age bracket 21 – 30 years, 32.3% were of 31 – 40 years age bracket, 10.4% of the respondents were from 41 – 50 years' age bracket, whereas only 4.2% of the respondents were aged over 50 years. This implied that most of the respondents were youthful, which was an indication that a large fraction of employees in the banking industry were youthful. Table 4.2 below gives a summary of the age distribution.

Table 4.2: Distribution of Respondents by Age

Age Bracket	Frequency	Percent
21 - 30 years	51	53.1
31 - 40 years	31	32.3
41 - 50 years	10	10.4
Over 50 years	4	4.2
Total	**96**	**100**

4.4.2 Distribution of Respondents by Department

The distribution of respondents as per department was as provided in table 4.3 below. 38.5% of the total respondents were from the Human Resources department, followed closely by 31.3% being the respondents from Customer Care department. The respondents from Finance department were 19.8% of the total respondents, with 8.3% of the total respondents being from the ICT department, whereas only 2.1% were from the Operations department.

Table 4.3: Distribution of Respondents by Department

Department	Frequency	Percent
Operations	2	2.1
Human Resources	37	38.5
Customer Care	30	31.3
Finance	19	19.8
ICT	8	8.3
Total	**96**	**100**

4.4.3 Distribution of Respondents by Experience in Banking Industry

The respondents were also put in terms of their experience (time duration) in the banking industry, of which most of them (60.4%) indicated that they had been in the banking industry for a period between one (1) and five (5) years. 28.1% of the respondents said that they had been in the industry for a period between 5 years and 10 years. 11.5% of the respondents had been in the banking industry for a period exceeding 10 years. See Table 4.4. below.

Table 4.4: Distribution of Respondents by Experience in Banking Industry

Experience (Duration) in Banking	Frequency	Percent
Between 1 and 5 years	58	60.4
Between 5 and 10 years	27	28.1
Over 10 years	11	11.5
Total	**96**	**100**

4.5 Descriptive Analysis

Descriptive statistics enables researcher to explain the scores of data by use of statistics. Mean and percentages were used to present the study findings

4.5.1 Leadership

To get information on the first independent variable, several statements regarding Strategic Leadership were asked and the respondents required to provide feedback in a likert scale of one (1) to five (5), 1 being strongly disagree, 2 being disagree, 3 being neither agree nor disagree, 4 being agree and 5 being strongly agree to the statements. Findings in Table 4.5 showed that, On the statement “Leadership is a key factor that enhances organizational competitiveness in this organization” 3.1% of the respondents strongly disagreed to the statement, 8.3% disagreed to the statement, 10.4% of the respondents neither agreed nor disagreed to the statement, 55.2% of the respondents agreed to the statement whereas 22.9% of the respondents strongly agreed to the statement (Mean = 3.86, Std=.969). On the second statement “The leadership in our institution normally set SMART goals for staff” 5.2% strongly disagreed to the statement, 26.0% of the respondents disagreed to the statement, 17.7% of the respondents neither agreed nor disagreed to the statement, 41.7% of the respondents agreed to the statement whereas 9.4% of the respondents strongly agreed to the statement (Mean = 3.240, Std = 1.103).

On the statement “The leadership in the organization is generally considered to be aggressive and results oriented” 13.5% of the respondents disagreed to the statement, 16.7% of the respondents neither agreed nor disagreed to the statement, 51% of the respondents agreed to the statement while 18.8% of the respondents strongly agreed to the statement. On the statement “Leaders in our organization have problem-solving skills and as a result the organization is in a position to be competitive in the industry”, 4.2% of the respondents strongly disagreed to the statement, 9.4% of the respondents disagreed to the statement, 4.2% of the respondents neither agreed nor disagreed to the statement, 64.6% of the respondents agreed to the statement whereas 17.7% of the respondents strongly agreed to the statement.

Regarding the statement “Leaders in our organization have tactical and technical skills”, 6.3% of the respondents disagreed to the statement, 24.0% of the respondents neither agreed nor disagreed to the statement, 61.5% of the respondents agreed to the statement whereas 8.3% of the respondents strongly agreed to the statement. Concerning the statement “Leadership in our organization is generally considered to exemplify entrepreneurship and innovation”, 8.3% disagreed to the statement, 20.8% of the respondents neither agreed nor disagreed to the statement, 57.32% of the respondents agreed to the statement whereas 13.5% of the respondents strongly agreed to the statement.

On the statement “Leaders in our organization develop staff by leveraging on diversity”, 4.2% strongly disagreed to the statement, 17.7% of the respondents disagreed to the statement, 13.5% of the respondents neither agreed nor disagreed to the statement, 33.3% of the respondents agreed to the statement while 31.3% of the respondents strongly agreed to the statement. On the statement “Leadership in our organization develop strategic initiatives, particularly in terms of increasing banking profitability”, 15.6% disagreed to the statement, 18.8% of the respondents neither agreed nor disagreed to the statement, 28.1% of the respondents agreed to the statement whereas 37.5% of the respondents strongly agreed to the statement.

On the statement “Leaders in our organization are keen on building relationship”, 12.5% of the respondents disagreed to the statement, 12.5% of the respondents neither agreed nor disagreed to the statement, 57.3% of the respondents agreed to the statement whereas 17.7% of the respondents strongly agreed to the statement. Finally, concerning the statement “Leaders in our organization empower employees by providing training”, 4.2% of the respondents strongly disagreed to the statement, 18.8% of the respondents neither agreed nor disagreed to the statement, 43.8% of the respondents agreed to the statement while 33.3% of the respondents strongly agreed to the statement.

Table 4.1: Leadership

Leadership		**SD**	**D**	**NA**	**A**	**SA**	**Mean**	**Std. Dev.**
Leadership is a key factor that enhances organizational competitiveness in this organization	%	3.10	8.30	10.40	55.20	22.90	3.860	0.969
The leadership in our institution normally set SMART goals for staff	%	5.20	26.00	17.70	41.70	9.40	3.240	1.103
The leadership in the organization is generally considered to be aggressive and results oriented	%	0.00	13.50	16.70	51.00	18.80	3.750	0.918
Leaders in our organization have problem-solving skills and as a result the organization is in a position to be competitive in the industry.	%	4.20	9.40	4.20	64.60	17.70	3.820	0.973
Leaders in our organization have tactical and technical skills.	%	0.00	6.30	24.00	61.50	8.30	3.720	0.706
Leadership in our organization is generally considered to exemplify entrepreneurship and innovation.	%	0.00	8.30	20.80	57.30	13.50	3.760	0.791
Leaders in our organization develop staff by leveraging on diversity	%	4.20	17.70	13.50	33.30	31.30	3.700	1.206
Leadership in our organization develops strategic initiatives, particularly in terms of increasing banking profitability?	%	0.00	15.60	18.80	28.10	37.50	3.880	1.088
Leaders in our organization are keen on building relationship.	%	0.00	12.50	12.50	57.30	17.70	3.800	0.878
Leaders in our organization empower employees by providing training	%	4.20	0.00	18.80	43.80	33.30	4.020	0.951
Leaders in our organization are generally considered to exemplify coordination and organizing skills	%	0.00	8.30	26.00	43.80	21.90	3.790	0.882
Grade mean								**0.951**

Key: SD= Strongly Disagree, D=Disagree, NA=Neither Agree, A =Agree, SA=Strongly Agree

4.5.2 Strategic Planning

Information regarding the independent variable Planning was procured by use of nine (9) Statements, with feedback provided in a likert scale of one (1) to five (5), 1 being strongly disagree, 2 being disagree, 3 being neither agree nor disagree, 4 being agree and 5 being strongly agree to the statements. On the statement “The bank involves staff in different departments while setting objectives for self and the bank”, 7.3% of the respondents disagreed to the statement, 17.7% of the respondents neither agreed nor disagreed to the statement, 65.6% of the respondents agreed to the statement whereas 9.4% of the respondents strongly agreed to the statement. Regarding the statement “Evaluation of external threats and opportunities was included in different department’s strategic planning”, 13.5% of the respondents disagreed to the statement, 34.4% of the respondents neither agreed nor disagreed to the statement, 42.7% of the respondents agreed to the statement whereas 9.4% of the respondents strongly agreed to the statement. On the statement “Evaluation of internal strengths and weaknesses was included in different department's strategic planning”, 2.1% of the respondents strongly disagreed to the statement, 9.4% of the respondents disagreed to the statement, 26% of the respondents neither agreed nor disagreed to the statement, 45.8% of the respondents agreed to the statement and 16.7% of the respondents strongly agreed to the statement.

On the statement “Strategic planning assisted managers in our organization to consider the future implications of the current decisions”, 6.3% of the respondents disagreed to the statement, 21.9% of the respondents neither agreed nor disagreed to the statement, 51% of the respondents agreed to the statement whereas 20.8% of the respondents strongly agreed to the statement. On the statement “The bank has a policy to involve staff in decision making at their level”, 4.2% of the respondents strongly disagreed to the statement, 7.3% of the respondents disagreed to the statement, 22.9% of the respondents neither agreed nor disagreed to the statement, 54.2% of the respondents agreed to the statement whereas 11.5% of the respondents strongly agreed to the statement. Concerning the statement “Employees in different departments participate in external and internal information gathering that help define the banks strategic planning process”, 11.5% of the respondents disagreed to the statement, 33.3% of the respondents neither agreed nor disagreed to the statement, 36.5% of the respondents agreed to the statement whereas 18.8% of the respondents strongly agreed to the statement.

On the statement “Identification of needs and concerns of various stakeholders was included in our department's strategic planning process”, 14.6% of the respondents disagreed to the statement, 15.6% of the respondents neither agreed nor disagreed to the statement, 58.3% of the respondents agreed to the statement while 11.5% of the respondents strongly agreed to the statement. About the statement “Our staff, at all levels, are trained on strategic planning”, 10.4% of the respondents disagreed to the statement, 44.8% of the respondents neither agreed nor disagreed to the statement, 32.3% of the respondents agreed to the statement whereas 12.5% of the respondents strongly agreed to the statement. Similarly, on the statement “Our institution provides financial resources for strategic planning process”, 4.2% of the respondents strongly disagreed to the statement, 12.5% of the respondents neither agreed nor disagreed to the statement, 68.8% of the respondents agreed to the statement while 14.6% of the respondents strongly agreed to the statement. On the statement “Strategic planning has increased effectiveness of meeting the organization’s goals and objectives”, 29.2% of the respondents neither agreed nor disagreed to the statement, 46.9% of the respondents agreed to the statement whereas 24% of the respondents strongly agreed to the statement. Finally, on the statement “Our organization had the capability to gather and analyze data concerning performance in the institution”, 13.5% of the respondents neither agreed nor disagreed to the statement, 59.4% of the respondents agreed to the statement and 27.1% of the respondents strongly agreed to the statement.

Table 4.6: Planning statements

Strategic Planning		SD	D	NA	A	SA	Mean	Std. Dev.
The bank involves staff in different departments while setting objectives for self and the bank	%	0.00	7.30	17.70	65.60	9.40	3.770	0.718
Evaluation of external threats and opportunities was included in different department’s strategic planning	%	0.00	13.50	34.40	42.70	9.40	3.480	0.846
Evaluation of internal strengths and weaknesses was included in different department's strategic planning	%	2.10	9.40	26.00	45.80	16.70	3.660	0.938
Strategic planning assisted managers in our organization to consider the future implications of the current decisions	%	0.00	6.30	21.90	51.00	20.80	3.860	0.816
The bank has a policy to involve staff in decision making at their level.	%	4.20	7.30	22.90	54.20	11.50	3.610	0.933
Employees in different departments participate in external and internal information gathering that help define the banks strategic planning process	%	0.00	11.50	33.30	36.50	18.80	3.630	0.921
Identification of needs and concerns of various stakeholders was included in our department's strategic planning process	%	0.00	14.60	15.60	58.30	11.50	3.670	0.867
Our staff, at all levels, are trained on strategic planning	%	0.00	10.40	44.80	32.30	12.50	3.470	0.845
Our institution provides financial resources for strategic planning process	%	4.20	0.00	12.50	68.80	14.60	3.900	0.801
Strategic planning has increased effectiveness of meeting the organization’s goals and objectives	%	0.00	0.00	29.20	46.90	24.00	3.950	0.731
Our organization had the capability to gather and analyze data concerning performance in the institution.	%	0.00	0.00	13.50	59.40	27.10	4.140	0.626
Grade Mean								**0.822**

4.5.3 Adoption of Technology

Concerning the variable Adoption of Technology, information was obtained by use of statements, with feedback provided in a likert scale of one (1) to five (5), 1 being strongly disagree, 2 being disagree, 3 being neither agree nor disagree, 4 being agree and 5 being strongly agree to the statements. On the statement “Adoption of technology has had a significant Impact on organizations competitiveness”, 3.1% of the respondents neither agreed nor disagreed to the statement, 55.2% of the respondents agreed to the statement and 41.7% of the respondents strongly agreed to the statement. On the statement “The bank is keen on adoption of new technological and respond to changes in technology”, 3.1% of the respondents disagreed to the statement, 9.4% of the respondents neither agreed nor disagreed to the statement, 41.7% of the respondents agreed to the statement whereas 45.8% of the respondents strongly agreed to the statement.

Concerning the statement “Technological infrastructure helps the bank reach out to a broad customer base”, 3.1% of the respondents disagreed to the statement, 11.5% of the respondents neither agreed nor disagreed to the statement, 51% of the respondents agreed to the statement whereas 34.4% of the respondents strongly agreed to the statement. On the statement “Adoption of technology enhances efficiency and performance within our organization”, 3.1% of the respondents disagreed to the statement, 6.3% of the respondents neither agreed nor disagreed to the statement, 50% of the respondents agreed to the statement whereas 40.6% of the respondents strongly agreed to the statement. Equally, on the statement “Technology is key in reduction of operation cost”, 3.1% of the respondents disagreed to the statement, 63.5% of the respondents agreed to the statement whereas 33.3% of the respondents strongly agreed to the statement.

On the statement “Technology has helped our organization develop both attractive and innovative ways advertising and marketing”, 3.1% of the respondents disagreed to the statement, 2.1% of the respondents neither agreed nor disagreed to the statement, 53.1% of the respondents agreed to the statement whereas 41.7% of the respondents strongly agreed to the statement. Correspondingly, on the statement

“Our organization has adopted use of internet and mobile banking to enable customers transacts easily”, 2.1% of the respondents disagreed to the statement, 2.1% of the respondents neither agreed nor disagreed to the statement, 56.3% of the respondents agreed to the statement whereas 39.6% of the respondents strongly agreed to the statement. Concerning the statement “Use of technology enables our organization improve business processes and change the function of markets”, 7.3% of the respondents neither agreed nor disagreed to the statement, 45.8% of the respondents agreed to the statement while 46.9% of the respondents strongly agreed to the statement.

On the statement “Technology has enabled our organization increase the market size and market structure”, 5.2% of the respondents neither agreed nor disagreed to the statement, 75% of the respondents agreed to the statement whereas 19.8% of the respondents strongly agreed to the statement. Finally, on the statement “Use of technology has enabled our organization make informed and fast decision”, 3.1% of the respondents disagreed to the statement, 8.3% of the respondents neither agreed nor disagreed to the statement, 34.4% of the respondents agreed to the statement while 54.2% of the respondents strongly agreed to the statement.

Table 4.7: Adoption of Technology statements

Adoption of Technology		SD	D	NA	A	SA	Mean	Std. Dev.
Adoption of technology has had a significant Impact on organizations competitiveness	%	0.00	0.00	3.10	55.20	41.70	4.390	0.550
The bank is keen on adoption of new technological and respond to changes in technology	%	0.00	3.10	9.40	41.70	45.80	4.300	0.769
Technological infrastructure helps the bank reach out to a broad customer base	%	0.00	3.10	11.50	51.00	34.40	4.170	0.749
Adoption of technology enhances efficiency and performance within our organization.	%	0.00	3.10	6.30	50.00	40.60	4.280	0.721
Technology is key in reduction of operation cost	%	0.00	3.10	0.00	63.50	33.30	4.270	0.624
Technology has helped our organization develop both attractive and innovative ways advertising and marketing	%	0.00	3.10	2.10	53.10	41.70	4.330	0.675
Our organization has adopted use of internet and mobile banking to enable customers transacts easily	%	0.00	2.10	2.10	56.30	39.60	4.330	0.627
Use of technology enables our organization improve business processes and change the function of markets	%	0.00	0.00	7.30	45.80	46.90	4.400	0.624
Technology has enabled our organization increase the market size and market structure	%	0.00	0.00	5.20	75.00	19.80	4.150	0.481
Use of technology has enabled our organization make informed and fast decision	%	0.00	3.10	8.30	34.40	54.20	4.400	0.774
Grade Mean								**0.659**

4.5.4 Innovativeness

On Innovativeness, information was obtained by use of statements, with feedback provided in a likert scale of one (1) to five (5), 1 being strongly disagree, 2 being disagree, 3 being neither agree nor disagree, 4 being agree and 5 being strongly agree to the statements. On the statement “Innovativeness is a key factor for our organization in being competitive in the market”, 7.3% of the respondents disagreed to the statement, 10.4% of the respondents neither agreed nor disagreed to the statement, 63.5% of the respondents agreed to the statement while 18.8% of the respondents strongly agreed to the statement. On the statement “Innovative employees significantly contribute towards our organizational effectiveness and competitiveness”, 3.1% of the respondents disagreed to the statement, 8.3% of the respondents neither agreed nor disagreed to the statement, 65.6% of the respondents agreed to the statement while 22.9% of the respondents strongly agreed to the statement. On the statement “Our organization provides adequate resource base for innovation”, 3.1% of the respondents disagreed to the statement, 26% of the respondents neither agreed nor disagreed to the statement, 58.3% of the respondents agreed to the statement whereas 12.5% of the respondents strongly agreed to the statement. Concerning the statement “Our bank develops and leverages new products and services to get competitive advantage”, 7.3% of the respondents disagreed to the statement, 12.5% of the respondents neither agreed nor disagreed to the statement, 51% of the respondents agreed to the statement whereas 29.2% of the respondents strongly agreed to the statement.

Similarly, on the statement “Training and development in our organization has always been conducted to enhance innovativeness and productivity”, 4.2% of the respondents strongly disagreed to the statement, 7.3% of the respondents disagreed to the statement, 6.3% of the respondents neither agreed nor disagreed to the statement, 51% of the respondents agreed to the statement whereas 31.3% of the respondents strongly agreed to the statement. On the statement “Our bank constantly improve on existing product to meet the market demand and the consumer needs”, 11.5% of the respondents disagreed to the statement, 10.4% of the respondents neither agreed nor disagreed to the statement, 43.8% of the respondents agreed to the statement while 34.4% of the respondents strongly agreed to the statement. On the statement “We offer innovative products and services that are customer satisfying and thus we are able to retain and grow our customer base”, 7.3% of the respondents disagreed to the statement, 6.3% of the respondents neither agreed nor disagreed to the statement, 61.5% of the respondents agreed to the statement while 25% of the respondents strongly agreed to the statement. On the statement “Our bank adopts Service Market innovation is the implementation of a new marketing method", 7.3% of the respondents disagreed to the statement, 6.3% of the respondents neither agreed nor disagreed to the statement, 46.9% of the respondents agreed to the statement whereas 39.6% of the respondents strongly agreed to the statement.

On the statement "Our organization strives to align its strategic activities into end-to-end processes", 7.3% of the respondents disagreed to the statement, 2.1% of the respondents neither agreed nor disagreed to the statement, 49% of the respondents agreed to the statement whereas 41.7% of the respondents strongly agreed to the statement. On the statement "Our bank constantly improves on existing product to meet the market demand and the consumer needs", 7.3% of the respondents disagreed to the statement, 10.4% of the respondents neither agreed nor disagreed to the statement, 58.3% of the respondents agreed to the statement while 24% of the respondents strongly agreed to the statement. On the statement "Would you agree that innovativeness contributes towards your banks competitiveness", 7.3% of the respondents strongly disagreed to the statement and 92.7% of the respondents strongly agreed to the statement.

Table 4.8: Innovativeness statements

Innovativeness		SD	D	NA	A	SA	Mean	Std. Dev.
Innovativeness is a key factor for our organization in being competitive in the market	%	0.00	7.30	10.40	63.50	18.80	3.940	0.765
Innovative employees significantly contribute towards our organizational effectiveness and competitiveness	%	0.00	3.10	8.30	65.60	22.90	4.080	0.660
Our organization provides adequate resource base for innovation	%	0.00	3.10	26.00	58.30	12.50	3.800	0.690
Our bank develops and leverages new products & services to get competitive advantage	%	0.00	7.30	12.50	51.00	29.20	4.020	0.846
Training and development in our organization has always been conducted to enhance innovativeness and productivity	%	4.20	7.30	6.30	51.00	31.30	3.980	1.026
Our bank constantly improve on existing product to meet the market demand and the consumer needs	%	0.00	11.50	10.40	43.80	34.40	4.010	0.957
We offer innovative products and services that are customer satisfying and thus we are able to retain and grow our customer base	%	0.00	7.30	6.30	61.50	25.00	4.040	0.780
Our bank adopts Service Market innovation is the implementation of a new marketing method	%	0.00	7.30	6.30	46.90	39.60	4.190	0.850
Our organization strives to align its strategic activities into end-to-end processes	%	0.00	7.30	2.10	49.00	41.70	4.250	0.821
Our organizational adopts innovative method in business practices, workplace organization and external relations	%	0.00	7.30	10.40	58.30	24.00	3.990	0.801
Grade mean								**0.840**

4.5.5 Human Resource Competencies

On the statement "Our organization continuously carries out training needs assessment", 3.1% of the respondents disagreed to the statement, 20.8% of the respondents neither agreed nor disagreed to the statement, 55.2% of the respondents agreed to the statement whereas 20.8% of the respondents strongly agreed to the statement. On the statement "Employees training needs in our organization are normally assessed on the basis of their performance appraisal", 16.7% of the respondents disagreed to the statement, 17.7% of the respondents neither agreed nor disagreed to the statement, 56.3% of the respondents agreed to the statement whereas 9.4% of the respondents strongly agreed to the statement. Regarding the statement "Training and development of staff is of key to the banks competitiveness", 4.2% of the respondents strongly disagreed to the statement, 13.5% of the respondents neither agreed nor disagreed to the statement, 58.3% of the respondents agreed to the statement whereas 24% of the respondents strongly agreed to the statement.

Regarding the statement "Our organization recruitment is based on skills relevant to the needs of the bank", 8.3% of the respondents disagreed to the statement, 15.6% of the respondents neither agreed nor disagreed to the statement, 35.4% of the respondents agreed to the statement whereas 40.6% of the respondents strongly agreed to the statement. On the statement "Our organization rewards employees based on competences", 4.2% of the respondents strongly disagreed to the statement, 10.4% of the respondents disagreed to the statement, 11.5% of the respondents neither agreed nor disagreed to the statement, 33.3% of the respondents agreed to the statement whereas 40.6% of the respondents strongly agreed to the statement. On the statement "Employees are given opportunities to fully contribute to the realization of the banks objectives" 4.2% of the respondents disagreed to the statement, 13.5% of the respondents neither agreed nor disagreed to the statement, 45.8% of the respondents agreed to the statement whereas 36.5% of the respondents strongly agreed to the statement. On the statement "Employees in our organization are empowered to make decisions", 9.4% of the respondents disagreed to the statement, 8.3% of the respondents neither agreed nor disagreed to the statement, 58.3% of the respondents agreed to the statement whereas 24% of the respondents strongly agreed to the statement.

Concerning the statement "Adequate and relevant information about recruitment is provided in a timely manner", 4.2% of the respondents disagreed to the statement, 5.2 % of the respondents neither agreed nor disagreed to the statement, 56.3% of the respondents agreed to the statement whereas 34.4% of the respondents strongly agreed to the statement. On the statement "Rewards and incentives in our organization are strictly based on employee performance", 4.2% of the respondents strongly disagreed to the statement, 6.3% of the respondents disagreed to the statement, 9.4% of the respondents neither agreed nor disagreed to the statement, 55.2% of the respondents agreed to the statement whereas 25% of the respondents strongly agreed to the statement. On the statement “Our organization motivates employees to work collectively towards achieving competitive advantage over our competitors”, 4.2% of the respondents disagreed to the statement, 11.5% of the respondents neither agreed nor disagreed to the statement, 64.6% of the respondents agreed to the statement whereas 19.8% of the respondents strongly agreed to the statement. On the statement “Our organization makes continuous efforts to create a sense of belonging among employees so as to make them feel like a corporate family”, 7.3% of the respondents disagreed to the statement, 12.5% of the respondents neither agreed nor disagreed to the statement, 44.8% of the respondents agreed to the statement whereas 35.4% of the respondents strongly agreed to the statement.

Table 4.9: Human Resource Competencies statements

Human Resource Competencies		SD	D	NA	A	SA	Mean	Std. Dev.
Our organization continuously carries out training needs assessment	%	0.00	3.10	20.80	55.20	20.80	3.94	0.74
Employees training needs in our organization are normally assessed on the basis of their performance appraisal	%	0.00	16.70	17.70	56.30	9.40	3.58	0.88
Training and development of staff is of key to the banks competitiveness	%	4.20	0.00	13.50	58.30	24.00	3.98	0.87
Our organization recruitment is based on skills relevant to the needs of the bank	%	0.00	8.30	15.60	35.40	40.60	4.08	0.95
Our organization rewards employees based on competences	%	4.20	10.40	11.50	33.30	40.60	3.96	1.15
Employees are given opportunities to fully contribute to the realization of the banks objectives	%	0.00	4.20	13.50	45.80	36.50	4.14	0.81
Employees in our organization are empowered to make decisions	%	0.00	9.40	8.30	58.30	24.00	3.97	0.84
Adequate and relevant information about recruitment is provided in a timely manner	%	0.00	4.20	5.20	56.30	34.40	4.21	0.72
Rewards and incentives in our organization are strictly based on employee performance	%	4.20	6.30	9.40	55.20	25.00	3.91	0.99
Our organization motivates employees to work collectively towards achieving competitive advantage over our competitors	%	0.00	4.20	11.50	64.60	19.80	4.00	0.70
Our organization makes continuous efforts to create a sense of belonging among employees so as to make them feel like a corporate family	%	0.00	7.30	12.50	44.80	35.40	4.08	0.88
Grade Mean								**0.87**

4.5.6 Shari’ah Governance

On the statement “Shari'ah board in our organization develop strategic initiatives, particularly in terms of increasing banking profitability”, 4.2% of the respondents strongly disagreed to the statement, 7.3% of the respondents disagreed to the statement, 10.4% of the respondents neither agreed nor disagreed to the statement, 72.9% of the respondents agreed to the statement whereas 5.2% of the respondents strongly agreed to the statement. In addition, on the statement “Shari’ah board in our organization promote a sound corporate culture which reflects the importance of adhering to Shariah requirements in product development and marketing", 4.2% of the respondents strongly disagreed to the statement, 4.2% of the respondents disagreed to the statement, 9.4% of the respondents neither agreed nor disagreed to the statement, 38.5% of the respondents agreed to the statement while 43.8% of the respondents strongly agreed to the statement. Concerning the statement "Shari'ah board in our organization receive adequate training to understand tits role in the internal control process and product development", 4.2% of the respondents disagreed to the statement, 27.1% of the respondents neither agreed nor disagreed to the statement, 45.8% of the respondents agreed to the statement whereas 22.9% of the respondents strongly agreed to the statement.

On the statement "Shari'ah board members in our organization continuously develop a reasonable understanding of the business and keep abreast with relevant market and regulatory developments", 11.5% of the respondents neither agreed nor disagreed to the statement, 55.1% of the respondents agreed to the statement and 36.5% of the respondents strongly agreed to the statement. Regarding the statement "Shari'ah board in our organization participate in marketing our products", 4.2% of the respondents strongly disagreed to the statement, 7.3% of the respondents disagreed to the statement, 8.3% of the respondents neither agreed nor disagreed to the statement, 45.8% of the respondents agreed to the statement while 34.4% of the respondents strongly agreed to the statement.

Table 4.10: Shari’ah Governance statements

Shari’ah Governance		SD	D	NA	A	SA	Mean	Std. Dev.
Shari'ah board in our organization develop strategic initiatives, particularly in terms of increasing banking profitability?	%	4.20	7.30	10.40	72.90	5.20	3.680	0.852
Shari’ah board in our organization promote a sound corporate culture which reflects the importance of adhering to Shariah requirements in product development and marketing.	%	4.20	4.20	9.40	38.50	43.80	4.140	1.032
Shari’ah board in our organization receive adequate training to understand tits role in the internal control process and product development	%	0.00	4.20	27.10	45.80	22.90	3.880	0.811
Shari’ah board members in our organization continuously develop a reasonable understanding of the business and keep abreast with relevant market and regulatory developments	%	0.00	0.00	11.50	52.10	36.50	4.250	0.649
Shari’ah board in our organization participate in marketing our products	%	4.20	7.30	8.30	45.80	34.40	3.990	1.051
Mean Grade								**0.879**

4.5.7 Sustainable Competitive Advantage

On the statement “Our organization has experienced market share growth”, 4.2% of the respondents disagreed to the statement, 11.5% of the respondents neither agreed nor disagreed to the statement, 66.7% of the respondents agreed to the statement while 17.7% of the respondents strongly agreed to the statement. Regarding the statement “Our organization has experienced profit growth”, 14.6% of the respondents neither agreed nor disagreed to the statement, 56.3% of the respondents agreed to the statement while 29.2% of the respondents strongly agreed to the statement. Concerning the statement “Our organization has experienced asset growth”, 6.3% of the respondents neither agreed nor disagreed to the statement, 64.6% of the respondents agreed to the statement while 29.2% of the respondents strongly agreed to the statement. Finally, on the statement "Our organization sales have been on an increasing trend", 4.2% of the respondents disagreed to the statement, 6.3% of the respondents neither agreed nor disagreed to the statement, 42.7% of the respondents agreed to the statement whereas 46.9% of the respondents strongly agreed to the statement.

Table 4.11: Sustainable Competitive Advantage statements

Sustainable Competitive Advantage	**%**	**SD**	**D**	**NA**	**A**	**SA**	**Mean**	**Std. Dev.**
Our organization has experienced market share growth	%	0.00	4.20	11.50	66.70	17.70	3.980	0.680
Our organization has experienced profit growth	%	0.00	0.00	14.60	56.30	29.20	4.150	0.649
Our organization has experienced asset growth	%	0.00	0.00	6.30	64.60	29.20	4.230	0.552
Our organization sales has been on an increasing trend	%	0.00	4.20	6.30	42.70	46.90	4.320	0.775
Grade Mean								**0.664**

4.6 Factor analysis

Factor analysis was administered in this study to reduce large number of intercorrelated measure to few representative constructs (Bartholomew, Knott, & Moustaki, 2011). In order conduct factor analysis for sustainable competitive advantage (dependent variable) and Shari'ah Governance and strategic determinants (Strategic Leadership, Planning, Adoption of Technology, Innovativeness and Human Resource Competencies) the analysis requirements were assessed following three basic steps recommendations by Ho (2013): (i) Computation of the correlation matrix for all variables. (ii) Extraction of initial factors (iii) Rotation of the extracted factors to a terminal solution.

Prior to conducting factor analysis, data was assessed for its suitability in terms of univariate and multivariate outliers and sample size. A sample size of 300 was deemed adequate for the study (Child, 2006; Tabachnick & Fidell, 2007). Bartlette's test of sphericity and Kaiser-Meyer-Olkin were then used to measure sampling adequacy (Bartlette's test of sphericity is statistically significant $P<.05$ and Kaiser-Meyer-Olkin (KMO) index should range from 0 to 1)(Hair *et al.*, 2013).

Principal component analysis (PCA) was further applied to identify the factors with the smallest unique variance of error variance when compared to the total variance based on eigenvalue greater than or equals to 1(Bartholomew et al., 2011). The details of factor analysis are presented below. Kaiser's (1974) classification shown was used to interpret the KMO index (Table 4.8).

Table 4.12: Kaiser's KMO Classification

KMO measure	**Meaning**
KMO≥0.9	Marvelous
0.8≤KMO<0.9	Meritorious
0.7≤KMO<0.8	Middling
0.6≤KMO<0.7	Mediocre
0.5≤KMO<0.6	Miserable
KMO<0.5	Unacceptable

Source: Kaiser (1974)

4.6.1 Factor analysis for Sustainable Competitive Advantage

Four items were initially identified to measure innovative work behaviour. PCA was conducted by first testing sampling adequacy and Bartlett's test of sphericity which are among the assumptions that PCA must satisfy. Sampling adequacy for the data measuring Sustainable Competitive Advantage was tested using the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy. According to Statistics (2015), the KMO measure is an index that confirms existence of linear relationships between the variables, which is required to run PCA on data. Kaiser's (1974) classification shown was used to interpret the KMO index (Table 4.8).

According to (Costello & Osborne, 2005), items with loading greater than .50 are considered to be substantial and important. Similarly Hair Jr, Sarstedt, Hopkins, and Kuppelwieser (2014) suggest factor loading with score .50 and greater as very significant. Following the above criterion factor analysis with help of Principal component analysis PCA was carried out. The EFA extracted 1 factor with an Eigenvalue of 2.413 which is above the accepted value of 1 (Yong & Pearce, 2013) and cumulative extracted variance of 56.668%. Thus, the items were appropriate to explain the variable.

Moreover, from the Table 4.13 below, Bartlett's Test of Sphericity produced a significant Chi-Square (χ^2) of 2596.24 (ρ<.05) and Kaiser – Meyer - Olkin measure of sampling adequacy was .915 above the acceptable value of .50 (Field, 2005), showing that it was appropriate to subject data for factor analysis on Sustainable Competitive Advantage (Leech *et al.,* 2013).

Table 4.13: Factor Analysis for Sustainable Competitive Advantage

Items	**Factor Loading** **1**	**2**
Our organization has experienced market share growth	.503	
Our organization has experienced profit growth	.702	
Our organization has experienced asset growth		.760
Our organization sales has been on an increasing trend		.821
Percentage of Cvar	*32.542*	*56.668*
KMO Measure of Sampling adequacy	*915*	
Bartlett's Test of Sphericity; Approx. Chi-Square	*2596.24,*	*P<.05*
Average Variance Extracted	.58	
Composite Reliability	.75	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

4.6.2 Factor analysis for leadership

Leadership was conceptualized as the one of the independent variables in this study. Eleven items were used to measure strategic leadership. A Principal Components Analysis (PCA) was run on the 11 items as depicted in Table 4.14. The suitability of PCA was confirmed by the overall Kaiser–Meyer-Olkin (KMO) measure of .893

which was meritorious on the classification of Kaiser (1974). Bartlett's test of sphericity was statistically significant Chi-Square (χ^2) of 1686.363 (ρ<0.05) (p<.05) indicating that data was likely factorable (Hair *et al.*, 2014). The EFA extracted 1 factor with an Eigen value of 2.91 which is above the accepted value of 1 (Yong & Pearce, 2013) and cumulative extracted variance of 53.751%. Thus, the items were appropriate to explain the variable.

Table 4.14: Factor Analysis for Strategic leadership

Items	**Factor Loading** **1**	**2**
Leadership is a key factor that enhances organizational competitiveness in this organization	.627	
The leadership in our institution normally set SMART goals for staff	.575	
The leadership in the organization is generally considered to be aggressive and results oriented	.727	
Leaders in our organization have problem-solving skills and as a result the organization is in a position to be competitive in the industry.	.805	
Leaders in our organization have tactical and technical skills.	.835	
Leadership in our organization is generally considered to exemplify entrepreneurship and innovation.	.554	
Leaders in our organization develop staff by leveraging on diversity		.728
Leadership in our organization develops strategic initiatives, particularly in terms of increasing banking profitability?		.652
Leaders in our organization are keen on building relationship.		.679
Leaders in our organization empower employees by providing training		.673
Leaders in our organization are generally considered to exemplify coordination and organizing skills		.586
KMO, Bartlett's Test and Variance Explained		
Eigen values	3.54	2.91
Percentage of Cvar	29.503	53.751
KMO Measure of Sampling adequacy	.893	
Bartlett's Test of Sphericity; Approx. Chi-Square	1686.363, p<.05	
Average Variance Extracted	.55	
Composite Reliability	.83	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

4.6.3 Factor analysis for Planning

Planning was conceptualized as the moderating variable in this study. A Principal Component Analysis (PCA) was run on the eleven items that were used to measure the desired characteristics on planning. Assessment of the suitability of PCA revealed that the Kaiser–Meyer–Olkin (KMO) index was .828 and fell in the meritorious category (Table 4.15). Bartlett's test of sphericity was statistically significant ($p<0.05$) and indicated that PCA could be run.

The EFA extracted 2 factors with an Eigen-value of 2.999 and 1.914 which are greater than 1 (Yong & Pearce, 2013) and cumulative extracted variance of 61.411%. Thus, the items were appropriate to explain the variable. Moreover, from the table 4.11 below, Bartlett's test of sphericity produced a significant chi-square (χ^2) of 1085.193 ($\rho<0.05$) (field, 2005), showing that it was appropriate to subject data for factor analysis on this variable of Planning (leech *et al.*, 2013).

Table 4.15: Factor Analysis for Planning

Items	**Factor Loading**	
The bank involves staff in different departments while setting objectives for self and the bank	1	2
Evaluation of external threats and opportunities was included in different department's strategic planning	.801	
Evaluation of internal strengths and weaknesses was included in different department's strategic planning	.849	
Strategic planning assisted managers in our organization to consider the future implications of the current decisions	.752	
The bank has a policy to involve staff in decision making at their level.	.502	
Employees in different departments participate in external and internal information gathering that help define the banks strategic planning process	.668	
Identification of needs and concerns of various stakeholders was included in our department's strategic planning process		.576
Our staff, at all levels, are trained on strategic planning		.853
Our institution provides financial resources for strategic planning process		.749
Strategic planning has increased effectiveness of meeting the organization's goals and objectives		.752
Our organization had the capability to gather and analyze data concerning performance in the institution.		.502
KMO, Bartlett's Test and Variance Explained		
Eigen values	2.999	1.914
Percentage of Cvar	37.49	61.411
KMO Measure of Sampling adequacy	.828	
Bartlett's Test of Sphericity; Approx. Chi-Square	1085.193	
Average Variance Extracted	.60	
Composite Reliability	.81	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

4.6.4 Factor Analysis for Adoption of technology

The factor analysis results for adoption of technology are presented in Table 4.16. The principal component analysis with varimax rotation was performed to identify the underlying factors for adoption of technology. The results depicted high factor loading scores by all items that were all above the minimum recommended value of 0.50 (Hair *et al.,* 2014). As outlined in Table 4.15, the items loadings ranged from 0.831 to 0.979 hence all the items were considered important in the explaining the adoption of technology construct. The Exploratory Factor Analysis (EFA) extracted 3 factors whose Eigen values were above the accepted value of 1 (Hair et. al. 2014; Yong & Pearce, 2013) and cumulative extracted variance of 84.839%. Thus, all the items were considered appropriate to explain the variable. Moreover, from the Table 4.15 below, Bartlett's Test of Sphericity produced a significant Chi-Square (χ^2) of 2063.8 (ρ<.05) and Kaiser – Meyer - Olkin measure of sampling adequacy was .694 above the acceptable value of .50 (Field, 2005), showing that it was appropriate to subject the data on adoption of technology to factor analysis (Leech *et al.,* 2013). Having observed that all items met the criteria, were supported by theory and statistical analysis in terms of loadings, Eigen values and significant contribution to the explained total variance of 84.3% they were all retained for further analysis. Therefore, all the seven items were considered key in explaining the underlying variable on utilization of financial services, hence taken into consideration during data transformation of the adoption of technology variable.

Table 4.16: Factor Analysis for Adoption of technology

	Component		
	1	**2**	**3**
Adoption of technology has had a significant Impact on organizations competitiveness	0.979		
The bank is keen on adoption of new technological and respond to changes in technology	0.963		
Technological infrastructure helps the bank reach out to a broad customer base	0.959		
Adoption of technology enhances efficiency and performance within our organization.		0.898	
Technology is key in reduction of operation cost		0.913	
Technology has helped our organization develop both attractive and innovative ways advertising and marketing			0.846
Our organization has adopted use of internet and mobile banking to enable customers transacts easily			0.831
Use of technology enables our organization improve business processes and change the function of markets			0.979
Technology has enabled our organization increase the market size and market structure			0.963
Use of technology has enabled our organization make informed and fast decision			0.959
Total Variance Explained: Rotation Sums of Squared Loadings			
Initial Eigenvalues	3.015	1.669	1.256
% of Variance	40.067	23.836	17.936
Cumulative %	40.067	66.903	84.839
KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.694		
Bartlett's Test of Sphericity			
Approx. Chi-Square	2063.81		
Df	21		
Sig.	0.000		
Average Variance Extracted	0.53		
Composite Reliability	0.73		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 4 iterations.

4.6.5 Factor Analysis for Innovativeness

The factor analysis results for Innovativeness are presented in Table 4.17. The principal component analysis with Varimax rotation was performed to identify the underlying factors of Innovativeness. The results depicted high factor loading scores between 0.726 and 0.929 all of which were above the recommended 0.5 (Hair *et al.*, 2014). The results indicate that all the five items explained Innovativeness and were important in measuring the variable. Furthermore, EFA extracted 1 factor with an Eigen value of 3.47 which is above the accepted value of 1 (Yong & Pearce, 2013) and cumulative extracted variance of 69.396% thus the items were all appropriate to explain the variable.

Table 4.17: Factor Analysis for Innovativeness

	Component 1
Innovativeness is a key factor for our organization in being competitive in the .	0.929
Innovative employees significantly contribute towards our organizational effectiveness and competitiveness	0.912
Our organization provides adequate resource base for innovation	0.792
Our bank develops and leverages new products & services to get competitive advantage	0.788
Training and development in our organization has always been conducted to enhance innovativeness and productivity	0.726
Our bank constantly improves on existing product to meet the market demand and the consumer needs	0.744
We offer innovative products and services that are customer satisfying and thus we are able to retain and grow our customer base	0.683
Our bank adopts Service Market innovation is the implementation of a new marketing method	0.686
Our organization strives to align its strategic activities into end-to-end processes	0.678
Our organizational adopts innovative method in business practices, workplace organization and external relations	0.671
Total Variance Explained: Extraction Sums of Squared Loadings	
Initial Eigenvalues	3.47
% of Variance	69.396
Cumulative %	69.396
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.783
Bartlett's Test of Sphericity	
Approx. Chi-Square	1662.839
Df	10
Sig.	0.00
Average Variance Extracted	0.694
Composite Reliability	0.805

Extraction Method: Principal Component Analysis.
a 1 components extracted.

In addition, Table 4.17 above indicates that the Bartlett's Test of Sphericity produced a significant Chi-Square (χ^2) of 1662.839 (ρ<.05) and Kaiser – Meyer - Olkin measure of sampling adequacy was 0.783 which is above the acceptable value of .50 (Field, 2009), showing that it was appropriate to subject the data for factor analysis on the Innovativeness variable.

4.6.5 Factor Analysis for Shari'ah governances

The principal component analysis with varimax rotation was performed to identify the underlying factors of Shari'ah governance. The results depicted high factor loading scores above the threshold of 0.5 (Hair *et al.*, 2014) by all the items that had been identified for measurement of the Shari'ah governance variable, all above the minimum recommended value of 0.50. The EFA extracted two factors with a cumulative extracted variance of 87.04 % thus indicating that the items were appropriate to explain the variable. The first factor had eight items whereas the second one had two items as depicted in Table 4.18 below.

In order to determine the key items that explain the Shari'ah governance variable which was theorized as one variable based on prior studies (such as Siddik et al., 2014), the study utilized the priori criterion (expected number of factors) to extract the required factor on the variable out of the 10 items. (*Hair et al.*, 2014). The study further took into consideration the recommendation by Yong and Pearce (2013), that factors that have less than three variables are undesirable. Therefore, the study once more undertook principal component analysis with varimax rotation while fixing the number of components to be extracted as one (1) hence obtaining the results depicted in Table 4.20 below.

The results indicate high factor loading scores (between 0.863 and 0.997) all of which are above the threshold of 0.5 (Hair et al., 2014) hence confirming that all the eights items emerged under one factor for measuring the Shari'ah governance variable. Similarly, the Bartlett's Test of Sphericity produced a significant Chi-Square (χ^2) of 7178.931 (ρ<.05) and Kaiser – Meyer - Olkin measure of sampling adequacy was 0.729, which is above the acceptable value of .50 (Field, 2009; Yong & Pearce, 2013), showed that it was appropriate to subject the data to factor analysis on the Shari'ah governance variable. Thus, the eight items listed in Table 4.20 were used for further analysis in the study including transformation of the variable as outlined in the next section.

Table 4.18: Initial Factor Analysis for Shari'ah governance

	1	2
Shari'ah board in our organization develop strategic initiatives, particularly in terms of increasing banking profitability?	0.821	
Shari'ah board in our organization promote a sound corporate culture which reflects the importance of adhering to Shariah requirements in product development and marketing.	0.907	
Shari'ah board in our organization receive adequate training to understand tits role in the internal control process and product development	0.94	
Shari'ah board members in our organization continuously develop a reasonable understanding of the business and keep abreast with relevant market and regulatory developments		0.932
Shari'ah board in our organization participate in marketing our products		0.934
Rotation Sums of Squared Loadings		
Total	6.623	1.744
% of Variance	66.629	17.435
Cumulative %	66.629	87.064
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.729	
Bartlett's Test of Sphericity		
Approx. Chi-Square	7178.931	
Df	45	
Sig.	0.00	
Average Variance Extracted	0.694	
Composite Reliability	0.805	
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
a Rotation converged in 3 iterations.		

4.6.6 Factor Analysis of Sustainable Competitive Advantage

The factor analysis results regarding sustainable competitive advantage, the four items (organization has experienced market share growth and organization has experienced profit growth) were loaded significantly on the first component and these can be summed up to relate to technology integration in purchasing and supply and use of information. This component accounts for 51.826% of the variance in sustainable competitive advantage. Sampling adequacy was tested using the Kaiser-Meyer- Olkin Measure (KMO measure) of sampling adequacy. As evidenced in Table 4.19, KMO was greater than 0.5 (0.870), and Bartlett's Test was significant, χ^2 (45) = 51.826, p-value < 0.000. The AVE for both factors was >.50 (Hair *et al.*, 2014; Bagozzi & Yi, 1988), thus, the convergent validity of the items was assured. Convergent validity in relation to this variable was held since the average extracted variance was .52 above the recommended value of .50 (Hair *et al.*, 2014; Bagozzi & Yi, 1988). The convergent validity of the research instruments was assessed using Average Variance Extracted (AVE) for all variables (Hair *et al.*, 2014).

Table 4.19: Factor Analysis of Sustainable Competitive Advantage

Rotated Component Matrix[a]	**Component**	
	1	2
Our organization has experienced market share growth		.530
Our organization has experienced profit growth		.800
Our organization has experienced asset growth	.773	
Our organization sales has been on an increasing trend	.810	
Kaiser-Meyer-Oklin	.870	
Bartlett's Test of Sphericity (df=45)	.000	
Total Variance Explained	51.826	
AVE	0.519	
CR	0.881	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

4.7 Data Transformation

The study adopted an 'average score approach' to calculate respondents' total score (Osborne, 2013). This approach aggregates and calculates only those items answered by the respondents (e.g., if five items are used to measure a scale and one item is missing, the syntax calculates the average of the four items answered). Therefore, it provides an accurate total score for each construct by eliminating the missing responses. The syntax used was "MEAN#.X (a,b,c…)" where X is the minimum number of items with a valid score. In order to use this method, a majority of items must be answered (Osborne, 2013). Table 4.16 shows the results on data transformation. From the findings, sustainable competitive advantage had the highest mean (4.04) followed by Adoption of technology (3.96), followed by innovativeness (3.957) followed by d Sharia Governance (3.92297), human resource competencies had mean of (3.813) while planning had the lowest (3.756). The standard deviations for the variables were less than 1 indicating less variation in the responses. Finally, all independent variables and the dependent variables were normally distributed as shown in Table 4.20 below.

Table 4.20: Data Transformation

N=96	**Min**	**Max**	**Mean**	**Std. Deviation**	**Skewness**	**Kurtosis**
Sustainable Competitive Advantage	1.750	5.000	4.043	0.774	-1.510	2.074
Leadership Score	1.450	4.820	3.806	0.725	-1.588	2.448
Planning	1.360	4.820	3.756	0.692	-1.552	2.992
Adoption of technology	1.500	4.900	3.958	0.799	-1.613	2.264
Innovativeness	1.550	5.000	3.957	0.774	-1.588	1.877
Human Resource Competencies	1.360	5.000	3.813	0.751	-1.766	2.533
Sharia Governance	1.400	5.000	3.922	0.761	-1.811	3.022

4.8 Correlation Results

Correlation analysis was conducted to test on the strength and extent of association between the study variables. Correlation is a statistical measure that shows the relationship between two or more variables. It is concerned with finding whether relationship exist, degree of the correlation, direction of relationship within the variables and whether the relationship is strong or Weak (Gogtay, 2016). In order to measure relationships between moderated mediation of leader-member exchange and employee engagement on the relationship between employee empowerment and employee innovative work behaviour, a Pearson correlation coefficient was calculated. Pearson correlation is a measure of the correlation (linear dependence) between two variables X and Y, giving a value between +1 and −1 inclusive (Nunnally, 1978). The Pearson's correlation coefficient was therefore used to accesses the degree to which quantitative constructs were linearly related (Nikolić *et al*. 2012). The larger the absolute value of the correlation coefficient, the stronger the relationship. In this test the null hypothesis is a zero-correlation coefficient (no relation). If the level of significance test is less than 0.05, null hypothesis was rejected.). In the resultant discussion, the resultant correlations were indicated by the prefix 'r' – where the degree of correlation was expressed by a value of the coefficient (Katz, 2006).

From the results in table 4.21, there is a positive and significant correlation between the independent variables and strategic competitive advantage. Particularly, the correlation results showed that Leadership has a positive and significant relationship with strategic competitive advantage (r =.352, ρ<.01). Therefore, this indicates that there is 35.2% chance that strategic competitive advantage would increase with the increase in leadership. It is also shown that Planning had a significant positively correlate with strategic competitive advantage (r =.279, ρ<.01) which implies that there is 27.9% chance that strategic competitive advantage would increase with the increase in Planning. Moreover, results indicate that adoption of technology positively relates strategic competitive advantage (r =.311, ρ<.01) which implies that there 31.1% chance of strategic competitive advantage increasing with increase in adoption of technology.

Likewise, results indicate that innovativeness positively relates strategic competitive advantage (r =.408, ρ<.01) which implies that there 40.8% chance of strategic competitive advantage increasing with increase in innovativeness. Similarly, results indicate that human resource competencies positively relates strategic competitive advantage (r =.278, ρ<.01) which implies that there 27.8% chance of strategic competitive advantage increasing with increase in human resource competencies. Further, results indicate that sharia governance positively relates strategic competitive advantage (r =.369, ρ<.01) which implies that there 36.9% chance of strategic competitive advantage increasing with increase in sharia governance.

Table 4.21: Correlation results

		1	2	3	4	5	6	7
1	r	1						
	Sig. (2-tailed)							
2	r	.352**	1					
	Sig. (2-tailed)	0.000						
3	r	.279**	.768**	1				
	Sig. (2-tailed)	0.006	0.000					
4	r	.311**	.830**	.779**	1			
	Sig. (2-tailed)	0.002	0.000	0.000				
5	r	.408**	.864**	.681**	.830**	1		
	Sig. (2-tailed)	0.000	0.000	0.000	0.000			
6	r	.278**	.724**	.548**	.708**	.785**	1	
	Sig. (2-tailed)	0.006	0.000	0.000	0.000	0.000		
7	r	.369**	.843**	.680**	.803**	.858**	.709**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	

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

Key:

1 *Strategic Competitive Advantage*

2 *Leadership Score*

3 *Planning*

4 *Adoption of technology*

5 *Innovativeness*

6 *Human Resource Competencies*

7 *Sharia Governance*

r *Pearson correlation coefficient*

4.9 Assumptions of Regression Models

Garson (2012), Osborne and Waters (2002) among many other scholars underscores the need to ensure that data meets the assumptions of the statistical procedures to be undertaken by the study. This is because tests of assumptions aid the examiner to authenticate the nature of the data and identify the applicable model for the study that ensures unbiased, consistent and efficient estimates. Greenland, Senn, Rothman et al. (2016) observed that there has been a lot of misinterpretation of use of statistical tests, planning intervals, and statistical power, thus they recommend due care when making interpretations in social research. Therefore, diverse statistical assumptions were tested as outlined in the section below to establish if the data met the normality, linearity, heteroscedasticity, multicollinearity and autocorrelation assumptions (Garson, 2012; Hayes, 2013; Osborne & Waters, 2002; Wasiams, Grajales, & Kurkiewicz, 2013). Without undertaking the tests, the meaningfulness of the interpretation of the regression coefficient in the diverse models would have been at risk. It was because of these results, that the tests of associations and prediction were subsequently performed.

4.9.1 Normality

Normality tests were undertaken to tests whether the research data was normally distributed. If the assumption is violated, there is a possibility that the residuals in the model were give misleading T-tests, F-tests and Chi-square tests results. For the purposes of this study, normality tests were performed by utilizing the commonly used methods namely the Kolmogorov-Smirnov and Shapiro-Wilk tests (Garson 2012; Ghasemi & Zahediasi, 2012). Where the outcome of the normality tests are found to be significant, it suggests that the data is not normally distributed. Thus, for data to be considered normal, the K-S and S-W tests should not be significant (Tabachnick & Fidel, 2013). Evidently, the results presented in Table 4.22 below, confirmed that normality of the data was not a problem because tests of K-S and S-W of all the variables were not significant. Hence, the data distribution in the study was considered fit for multivariate analysis.

Table 4.22: Normality Test

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	**Df**	**Sig.**	**Statistic**	**df**	**Sig.**
Unstandardized Residual	0.023	96	.200*	0.998	96	0.97
Standardized Residual	0.023	96	.200*	0.998	96	0.97
Studentized Residual	0.024	96	.200*	0.998	96	0.963

* This is a lower bound of the true significance.
a Lilliefors Significance Correction

4.9.2 Linearity

Generally, the assumption of linearity defines the response variable as a function of the predictor variables, thus, multiple regression can estimate the relationship between the dependent and independent variables when they are linearly related (Osborne & Waters, 2002). Wasiams *et al.* (2013), clarified that the response variable (sustainable competitive advantage in the case of this study) is assumed to be a linear function of the regression coefficients ($\beta1$, $\beta2$, $\beta3$… βp), but not necessarily a linear function of the predictor variables X1, X2, X3... Xp). Test for linearity may be conducted using analysis of Variance (ANOVA) and other diverse tests in SPSS (Field, 2009; Garson, 2012). When ANOVA is employed in testing the assumption of linearity, the rule of thumb is that if the ρ – value is less than 0.05, then the relationship between independent and dependent variables is said to be linear, so that those that deviate from linearity have a ρ – value greater than 0.05 (Hair *et al.*, 2010). For the purpose of the current study, Table 4.24 below showed that sustainable competitive advantage is a function of the leadership, planning, Adoption of technology, innovativeness and HR competencies. Evidently, all the relationships as shown in Table 4.23 indicated that they are linear, thus, can be considered reliable for regression analysis in the study. The results for each of the relationship are explained in this section as follows.

The results of tests of linearity in the table below depicts that there is a linear relationship between sustainable competitive advantage and leadership (F = 259.751, p = .000). There is also a linear relationship between planning and sustainable competitive advantage (F = 212.254, ρ = .000). Furthermore, results indicate that there is a linear relationship between Adoption of technology and sustainable competitive advantage (F = 199.727, ρ = .000). Similarly, innovativeness and sustainable competitive advantage are linearly related (F= 91.084, ρ = .000). Further, there is a linear relationship HR competencies and sustainable competitive advantage (F = 53.405, ρ = .000). It is further observed that the eta values for the relationship between sustainable competitive advantage and each of the predictor variables as outlined in Table 4.23 are almost equal to the correlation coefficient (Pearson's r), hence an indicator of linear relationship (Garson, 2012). In general, the results indicated that there is a significant linear relationship between all the predictor variables and the predicted variable (sustainable competitive advantage). This implied non-violation of the linearity assumption. This further connotes that linearity of the predictor variables with the response variable enabled the researcher to perform further regression analysis to infer on the casual-effect between the variables in the study.

Table 4.23: Linearity Test

	ANOVA for linearity		**Measures of Association**	
	F	Sig.	R	Eta
sustainable competitive advantage * Leadership	259.751	0.000	0.794	0.688
sustainable competitive advantage * Planning	212.254	0.000	0.584	0.653
sustainable competitive advantage * Adoption of technology	199.727	0.000	0.545	0.653
sustainable competitive advantage * innovativeness	91.084	0.000	0.385	0.642
sustainable competitive advantage * HR competencies	53.405	0.000	0.337	0.387
sustainable competitive advantage * Shari’ah governances	48.820	0.000	0.441	0.603

4.9.3 Heteroscedasticity

Osborne and Waters (2002) state, heteroscedasticity can be identified by plotting standardized (or studentized) residuals against the predicted values of the predicted variable. Homoscedasticity entails equality of variance of errors across all levels of the predictor variables (Wasiams *et al.*, 2013). In this study, heteroscedasticity was measured by Levene's test, which examines whether or not the variance between independent and dependent variables are equal. If the Levene's Test for Equality of Variances is statistically significant at α= .05 (that is less than 0.05), this indicates that the group variances are unequal or heteroscedastic and not homoscedastic which is a key assumption of linear regression models. The findings in Table 4.24 revealed that basing on Levene's statistic; homoscedasticity is not a problem given that all the variables had p-values > .05.

Table 4.24: Heteroscedasticity Test

	Levene Statistic	df1	df2	Sig.
Sustainable competitive advantage	0.016	3	92	.899
Leadership	2.594	3	92	.108
Planning	0.195	3	92	.659
Adoption of technology	4.276	3	92	.039
Innovativeness	3.741	3	92	.054
HR competencies	0.656	3	92	.419
Shari'ah governances	0.733	3	92	0.071

4.9.4 Multicollinearity

Multiple linear regressions assume that there is no multicollinearity in the data. Multicollinearity occurs when the independent variables are too highly correlated with each other. Multicollinearity may be checked through multiple ways, for example, the correlation matrix when computing a matrix of Pearson's bivariate correlations among all independent variables, the magnitude of the correlation coefficients should be less than .80 in order for multicollinearity not to be a problem.

More importantly, tolerance values and Variance Inflation Factor (VIF) are examined in order to determine presence of multicollinearity. As observed by Garson, (2012) tolerance (which is given by 1- R squared) of less than 0.2 indicates the presence of multicollinearity. Similarly, VIF values (which are the reciprocal of tolerance values) for each of the variables indicates the degree that the variances in the regression estimates are increased due to multicollinearity. VIF values higher than 4 indicates that multicollinearity could be present (Garson, 2012; Hair et al, 2014). The findings in Table 4.25 revealed that the VIF values for all the independent variables were below 4.0 and the tolerance values were all bellow 0.2. This means that for all the predictor variables, multicollinearity was not detected.

Table 4.25: Multicollinearity Test

	Tolerance	VIF
Leadership	.666	1.501
Planning	.715	1.398
Adoption of technology	.700	1.429
Innovativeness	.762	1.313
HR competencies	.920	1.087
Shari'ah governances	.415	2.991

Dependent Variable: Sustainable competitive advantage

4.9.5 Autocorrelation

Field (2009) observed that autocorrelation exists when the residuals of two observations in a regression model are correlated. The Durbin Watson (DW) statistic is used test for autocorrelation in the residuals from a statistical regression analysis. (Garson, 2012). The Durbin-Watson statistic is expected to have value between 0 and 4, the common expectation is that a value of 2.0 means that there is no autocorrelation detected in the sample. Values from zero to less than two indicate positive autocorrelation and values from two to four indicates negative autocorrelation (Field, 2009). Garson (2012) further clarifies that a value of between Durbin-Watson statistics should be between 1.5 and 2.5 for it to be confirmed that the observations are independent.

From the findings in Table 4.26 below, it is that the observations are independent (not auto correlated) since the Durbin- Watson values for the control, independent, mediating and moderating variables are all between 1.5 and 2.5. Therefore, it is observed that the study data does not violate the independence test (no autocorrelation) assumption.

Table 4.26: Autocorrelation Test

	Durbin-Watson
Independent variables	2.013
Moderating variable	2.012

4.10 Testing of Hypotheses

Regression analyses were performed to test the model fit and to establish the predictive power of the study models. Field (2009) observes that there are a number of methods of regression such as forced entry, hierarchical method and stepwise methods available in statistical packages including SPSS. This study used the Enter (forced entry) method to tests the direct effects of predictor variables on the predicted variable (financial inclusion). The Enter method is recommended for theory testing, and minimizes the effects of the experimenter decisions on entering of predictor variables since he/she makes no decision about the order in which variables are entered (Field, 2009). The study further adopted diverse multiple regression models developed by Hayes (Hayes, 2013) to test the other five study hypotheses. The sections below present the results for the main effects and the interaction effects of the study variables.

4.10.1 Influence of Leadership on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

$H_{O1:}$ Leadership has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.

The model summary statistics for influence on sustainable competitive advantage of Islamic commercial banks in Kenya revealed that 79.4 variation of sustainable competitive advantage is predicted by leadership. The results of linear regressions, as presented in Table 4.27 revealed that leadership has a positive and significant effect on the sustainable competitive advantage of Islamic commercial banks in Kenya with a beta value of (β) = 0.891 (p-value = 0.000 which is less than p = 0.05). Therefore, the study rejects the null hypothesis H01 and it is observed that for each unit increase in leadership, there is 0.891-unit increase in the sustainable competitive advantage of

Islamic commercial banks. This infers that leadership positively affect sustainable competitive advantage of Islamic commercial banks. The findings agree with Mauri and Romero, (2013) argument strategic leadership create enabling organizational culture and values that are vital to the success of the organization.

Similarly, Marion and Bien (2007) pointed out that leadership offers a competitive advantage to human systems. Similarly, Harrison (2011) alluded that sustainable competitive advantage depended on the role played by the leadership. Sustainable competitive advantage relies on the dynamic managerial competences in resourcing an organization and the strategic decision-making framework used by an organization (Beck & Wiersema, 2013). Leaders should be strategic planners who establish the sequence for attaining the goals towards which they are leading followers. The growing role of strategic leadership arouses the stakeholder's craving to understand the impact of the top management team on the performance of the organization (Carter & Greer, 2013).

The research findings were also in concurrence with a study by Mauri and Romerio (2013), who concluded that strategic leadership helped in creating an enabling culture and values that catapulted the success of an organization. The study also concurred with findings by Kimaku, Omwenga and Nzulwa (2019), who concluded that leadership commitment had positive influence on the successful implementation of strategic change in Performance of Islamic Commercial Banks in Kenya.

Table 4.27: Influence of Leadership on sustainable competitive advantage of Islamic commercial banks in Kenya

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.315	0.204		1.544	0.126
Leadership	0.978	0.051	0.891	19.055	0.000
Model Summary					
R	0.891				
R Square	0.794				
Adjusted R Square	0.792				
Std. Error of the Estimate	0.2501				
ANOVA(Goodness of Fit)					
ANOVA (F stat)	363.074				
ANOVA (F prob)	.000b				

a Dependent Variable: Mean Sustainable Competitive Advantage

4.10.2 Influence of Strategic Planning on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

H_{O2}: *Strategic planning has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.*

In respect to planning and sustainable competitive advantage of Islamic commercial banks in Kenya, the results showed that the standardized coefficient beta and *p* value of planning were positive and significant ($\beta = 0.756$, $p < 0.05$). Thus, the null hypothesis H_{02} was rejected and the study accepts the alternative hypothesis that planning has a positive and significant effect on the sustainable competitive advantage of Islamic commercial banks in Kenya. This indicates that, for each unit increase in sustainable competitive advantage of Islamic commercial banks in Kenya, there is 0.756-unit increase in sustainable competitive advantage of Islamic commercial banks in Kenya. The study concludes that planning enhances sustainable competitive advantage of Islamic commercial banks in Kenya. The findings are supported by Davis (2015) that strategic planning is crucial to a firm's growth. The findings agree with Akinyele and Fasogbon (2010) that strategic planning enhances better sustainable competitive advantage in organization. Similarly, a study by Nzuki (2017) concluded that adoption of sound strategic planning practices leads to the gaining of competitive advantage by firms.

The study findings that strategic planning affect sustainable competitive advantage of Islamic commercial banks in Kenya confers with Innocent & Levi (2017) findings that there was a relationship between effective strategic planning and sustainable competitive advantage. These findings are also supported by Monye and Ibegbulem (2018) findings hat strategic planning enhances better sustainable competitive advantage, thus impacting on profitability and competitive advantage. Olusanya, Awotungase, and Ohadebere (2012) on effective planning and organizational productivity (A Case Study of Sterling Bank Nigeria Plc) found out that effective strategic planning influences competitive advantage of an organization

Table 4.28: Influence of Strategic Planning On Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.835	0.293		2.853	0.005
Strategic Planning	0.869	0.076	0.765	11.499	0.000
Model Summary					
R	0.765				
R Square	0.584				
Adjusted R Square	0.580				
Std. Error of the Estimate	0.356				
ANOVA(Goodness of Fit)					
ANOVA (F stat)	132.228				
ANOVA (F prob)	0.000				

a Dependent Variable: Mean Sustainable Competitive Advantage

4.10.3 Influence of Adoption of Technology on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

H_{O3}: Adoption of technology has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya

Furthermore, in respect to adoption of technology process and sustainable competitive advantage of Islamic commercial banks in Kenya, p-value is significant ($p < 0.05$), and the beta value of adoption of technology was positive ($\beta = 0.868$). Therefore, the null hypothesis H_{03} was rejected and the alternative hypothesis accepted. The findings indicate that adoption of technology has a positive and significant effect on the sustainable competitive advantage of Islamic commercial banks in Kenya. Consequently, for each unit increase in adoption of technology, there is 0.868 unit increase in sustainable competitive advantage of Islamic commercial banks in Kenya. Finally, the effect of adoption of technology is shown by the t-test value of 16.915 which implies that the effect of adoption of technology surpasses that of the error by over 16 times.

The findings thus show that with higher adoption of technology, sustainable competitive advantage of Islamic commercial banks was high. The research findings were in congruent with findings by Powell and Dent-Micallef (2007) that Information Technology alone did not produce sustainable performance advantages in some retail industry. The findings further concur with verdict by Bhatt & Grover (2005) who alluded that the quality of information technology adopted by a firm did not have any significant effect on the firm's competitive advantage. In the contrast, the conclusions were in disharmony with finding by Kearns and Lederer (2003) in their study on a resource-based view of strategic IT alignment, who concluded that Information Technology adoption significantly influenced the competitive advantage of a business. Similarly, Byrd and Turner (2001) supported the view that there was a positive relationship between flexible Information Technology infrastructure and competitive advantage.

The positive effect of technology adoption on sustainable competitive advantage of Islamic commercial banks were supported by Spiezia (2011) findings that ICTs act as a catalyst for innovation and in particular for product and marketing innovation. The results were also in line with Hernado and Nieto (2007) findings that the key benefits arising from the use of ICT in the improvement of operations and activities of commercial banks is overhead costs reduction of especially costs relating to maintenance of physical branches as well as marketing and labor can be reduced substantially. Similarly, Churchill (2014) noted that technological innovations have influenced positively the increase income and technological innovations have enabled the bank to reduce risk as well as frauds and that technological innovations have had a positive effect of increasing commission fee based.

Table 4.29: Influence of Adoption of Technology on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.800	0.201		3.975	0.000
Adoption of technology	0.826	0.049	0.868	16.915	0.000
Model Summary					
R	0.868				
R Square	0.753				
Adjusted R Square	0.750				
Std. Error of the Estimate	0.274				
ANOVA(Goodness of Fit)					
ANOVA (F stat)	286.127				
ANOVA (F prob)	0.000				

a Dependent Variable: Sustainable Competitive Advantage

4.10.4 Influence of Innovativeness on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

H_{O4}: Innovativeness has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.

Furthermore, in respect to innovativeness and sustainable competitive advantage of Islamic commercial banks in Kenya, p-value is significant ($p < 0.05$), and the beta value of innovativeness was positive ($\beta = 0.901$). Therefore, the null hypothesis H_{03} was rejected and the alternative hypothesis accepted. The findings indicate that innovativeness has a positive and significant effect on the sustainable competitive advantage of Islamic commercial banks in Kenya. Consequently, for each unit increase in innovativeness, there is 0.901-unit increase in sustainable competitive advantage of Islamic commercial banks in Kenya. Finally, the effect of innovativeness is shown by the t-test value of 20.190 which implies that the effect of innovativeness surpasses that of the error by over 20 times.

The research findings were in concurrent with findings by Treece (2010) who concluded that for a business model to realize competitive advantage, then it must exhibit some innovation so as to meet changing customer needs. Findings by Noman (2002) also agreed that sustainable competitive advantage Islamic commercial banks in Kenya as well as adoption of innovative strategies were key in achieving competitive advantage within Islamic banking environment. Similarly, Lilly & Juma (2014) in their study on Influence of strategic innovation on performance of commercial banks in Kenya concluded that the strategic innovation measures adopted by the banks greatly affected the banks' performance and hence enabled realization of competitive advantage. Equally, Hong, Cheong & Rizal (2016) found out that Maybank realized competitive advantage through innovative environmentally and socially responsible business practices. Finally, Solleiro and Castañón (2005) concluded that systems innovation significantly influenced enterprises' competitive advantage.

Mabrouk and Mamoghli (2010), found out that first mover inventiveness in product innovation enhances profitability while process initiative has a productive effect on efficiency and profitability. Banks that imitate were less efficient and less profitable compared to first mover. Karakaş, Öz, and Yıldız (2017) findings were that innovation (product, process and organizational) had a positive impact on organization performance and thus influenced competitive advantage positively. Karim et al. (2017) indicated that innovation positively influenced business performance at all stages. This meant that innovation influenced the competitive advantage of an organization

Table 4.30: Influence of Innovativeness on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.410	0.188		2.180	0.032
Innovativeness	0.921	0.046	0.901	20.190	0.000
Model Summary					
R	0.901				
R Square	0.813				
Adjusted R Square	0.811				
Std. Error of the Estimate	0.239				
ANOVA(Goodness of Fit)					
ANOVA (F stat)	407.650				
ANOVA (F prob)	0.000				

a Dependent Variable: stainable Competitive Advantage

4.10.5 Influence of Human Resource Competencies on Sustainable Competitive Advantage of Islamic commercial banks in Kenya

H_{O5}: Human resource competencies has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya

Regarding, influence of human resource competencies on sustainable competitive advantage of Islamic commercial banks, the findings human resource competencies and sustainable competitive advantage of Islamic commercial banks in Kenya, p-value is significant ($p < 0.05$), and the beta value of innovativeness was positive ($\beta = 0.781$). Therefore, the null hypothesis H_{03} was rejected and the alternative hypothesis accepted. The findings indicate that human resource competencies have a positive and significant effect on the sustainable competitive advantage of Islamic commercial banks in Kenya. Consequently, for each unit increase in human resource competencies, there is 0.781-unit increase in sustainable competitive advantage of Islamic commercial banks in Kenya. Finally, the effect of innovativeness is shown by the t-test value of 20.190 which implies that the effect of innovativeness surpasses that of the error by over 12.108 times.

The study conclusions were in agreement with research findings by Cabrita and Bontis (2008) that human capital which is part of shari'ah governances significantly influenced competitive advantage in organizations. Similarly, findings were documented by Kamukama (2013); Kamukama, Ahiauzu and Ntayi (2011) in their research on Shari'ah governances and performance, where they found out that shari'ah governance elements explained competitive advantage in Uganda's microfinance industry. Likewise, Barney and Wright (2008) agreed that strategic human resource management had a positive correlation and influence on gaining competitive advantage.

Table 4.31: Influence of Human Resource Competencies on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	1.342	0.236		5.676	0.000
Human Resource Competencies	0.717	0.059	0.781	12.108	0.000
Model Summary					
R	0.781				
R Square	0.609				
Adjusted R Square	0.605				
Std. Error of the Estimate	0.345				
ANOVA(Goodness of Fit)					
ANOVA (F stat)	146.603				
ANOVA (F prob)	0.000				

a Dependent Variable: Mean Sustainable Competitive Advantage

4.10.6 Overall Regression for Influence of Strategic Determinants of Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

The model summary for the overall regression model for the strategic determinants of sustainable competitive advantage of Islamic commercial banks in Kenya as presented in Table 4.32 revealed that the model has a positive correlation with competitive advantage of Islamic commercial banks, R = 0.891. On the other hand, the value of R-square (0.891) and adjusted R-square (0.885) both indicate that 89.1% and 88.5% respectively of the variation in firm sustainable competitive advantage of

Islamic commercial banks is accounted for by the independent variables in the model. The model was fit to predict sustainable competitive advantage of Islamic commercial banks using human resource competencies, planning, innovativeness, adoption of technology, leadership. Based on the collinearity statistics, the VIF values were all less than 4 (Garson, 2012) and the tolerance values were all above 0.2 (Kutner *et al.*, 2005) indicating that multicollinearity was not a problem in the study.

Table 4.32: Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.944	0.891	0.885	0.18635

a Predictors: (Constant),Human Resource Competencies, Planning, Innovativeness, Adoption of technology, Leadership Score

The analysis of variance output in Table 4.33 is used to establish the amount of variation accounted for by the regression model compared to the residuals. The findings in Table 4.33 revealed that the mean square sum for the regression model was 5.093 while the one for the residuals was 0.035 giving a *F* statistic value of 146.66 which indicated that the regression model accounts for over 146 units in the change in sustainable competitive advantage of Islamic commercial banks in Kenya compared to the residuals. The *p*-value of 0.000 indicates that the model is fit in predicting the change in sustainable competitive advantage of Islamic commercial banks in Kenya.

Table 4.33: ANOVA (Goodness of Fit)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	25.465	5	5.093	146.66	.000
Residual	3.125	90	0.035		
Total	28.591	95			

a Dependent Variable: Sustainable Competitive Advantage
b Predictors: (Constant),Human Resource Competencies, Planning, Innovativeness, Adoption of technology, Leadership Score

The estimation of the regression coefficients in Table 4.33 enables the determination of the significance of the effect of the independent variables on sustainable competitive advantage given the variables in the model. The findings in 4.33 revealed that leadership has a positive and significant effect on sustainable competitive advantage β_1 = 0. 253, *p*-value = 0.000 meaning that for each unit increase in sustainable competitive advantage, sustainable competitive advantage increases by 0. 392units.

In addition, the findings revealed that strategic planning has a positive and significant effect on firm performance β_2 = 0. 252, *p*-value = 0.015 meaning that sustainable competitive advantage was improve by 0.252 units given a unit increase in strategic planning. Furthermore, the findings revealed that adoption of technology has a positive and significant effect on firm performance β_3 = 0. 228, *p*-value = 0.000 indicating that for each unit increase in adoption of technology, sustainable competitive advantage increases by 0. 228units. Finally, Innovativeness has no significant effect on sustainable competitive advantage, β_4 = 0. 117, *p*-value = 0.238. This means that despite the fact that Innovativeness carries a positive effect on firm performance, the effect is not significant

Table 4.34: Regression Coefficient

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
(Constant)	-0.077	0.166		-0.462	0.645		
Leadership	0.277	0.089	0.253	3.098	0.003	0.283	3.471
Planning	0.134	0.068	0.118	1.963	0.043	0.437	2.969
Adoption of technology	0.18	0.072	0.189	2.501	0.014	0.413	2.694
Innovativeness	0.353	0.084	0.345	4.182	0	0.778	1.614
Human Resource Competencies	0.118	0.053	0.129	2.233	0.028	0.367	2.727

a Dependent Variable: Sustainable Competitive Advantage

$$\mathbf{Y= -0.077 + 0.277X_1 + 0.134X_2 + 0.18X_3 + 0.353X_4 + 0.118\ X_5}$$

Where;

X_1 = Leadership

X_2 = Strategic Planning

X_3 = Adoption of technology

X_4 = Innovativeness

X_5 = Human Resource Competencies

4.11 Moderating Effect Shari'ah Governances on Strategic Determinants and Sustainable Competitive Advantage

The fourth objective of the study was to establish the moderating effect of shari'ah governances on the relationship between strategic determinants and sustainable competitive advantage of performance of Islamic Commercial Banks in Kenya. In order to confirm shari'ah governances making moderation effect on the relationship between strategic determinants and sustainable competitive advantage. The following steps were carried out; first, the study standardized all variables to make interpretations easier afterwards and to avoid multicollinearity. Second, the study fitted a regression model (model 3) predicting the outcome variable sustainable competitive advantage (SSA) from the strategic determinants s (leadership, strategic planning, adoption of technology, innovativeness and human resource competencies). The effects as well as the model in general (R2) should be significant. Third, the study added the interaction effect (LS*G) to the previous model (model, 3, 4, 5 6 and 7) and check for a significant R2 change as well as a significant effect by the new interaction term. If both are significant, then moderation is occurring. If the predictor and moderator are not significant with the interaction term added, then complete moderation has occurred. If the predictor and moderator are significant with the interaction term added, then moderation has occurred (Marsh et al, 2013), however the main effects are also significant. The hierarchical regression results are presented in Model 1 to 6 in Table 4.24.

H_{06a} specified that shari'ah governances moderates the relationship between leadership and sustainable competitive advantage (β =. 314, ρ< .05). So, the null hypothesis was rejected. This was also confirmed by $R^2\Delta$ of .010 which indicate that shari'ah governances moderate the relationship between leadership and sustainable competitive advantage by 1%. This implies that shari'ah governances enhance the relationship between leadership and sustainable competitive advantage. The implication is that, the inclusion of employees who are adequately equipped with skills to manage risks enhances the sustainable competitive advantage. The research findings were in concurrence with a study by Mauri and Romerio (2013), who concluded that strategic leadership helped in creating an enabling culture and values that catapulted the success of an organization. The study also concurred with findings by Kimaku, Omwenga and Nzulwa (2019), who concluded that leadership commitment had positive influence on the successful implementation of strategic change in Performance of Islamic Commercial Banks in Kenya. The results meant that at 5% level of significance, the intervening role of Shariah Governance was statistically significant and therefore it played an intervening role on the relationship between Leadership and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The research findings concurred with conclusions by Majid & Ghazal (2012) who found out that Shari'ah regulations played any intervening role in the relationship between Strategic Leadership and performance of Islamic Commercial Banks in Kenya, He same as Government regulations.

H_{06b} predicted that shari'ah governances do not moderate the relationship between strategic planning and sustainable competitive advantage. However, the regression results showed a positive and significant moderating effect of shari'ah governances on the relationship between strategic planning and sustainable competitive advantage (β = .550, ρ< .05). Hence, the null hypothesis was rejected. This was also supported by change of R squared of 1.9% ($R^2\Delta$= .019) indicating that shari'ah governances moderate the relationship between strategic planning and sustainable competitive advantage by 1.9%. This implies that shari'ah governances strengthen the relationship between strategic planning and sustainable competitive advantage of state corporations. The research findings were not consistent with findings by Moutinho and Phillips (2012) conclusions that Islamic regulations did not play any moderating role on the relationship between effective planning and realization of competitive advantage in the Banking industry. Awino, Muturia and Oeba (2012) were of the same divergent view.

H_{06c} stated that shari'ah governances do not moderate the link between adoption of technology and sustainable competitive advantage. However, the regression results showed that shari'ah governances positively moderated the relationship between adoption of technology and sustainable competitive advantage (β = 0.419, ρ< .05), rejecting the null hypothesis. The moderating effect was also revealed by change in R squared ($R^2\Delta$ .015) and F change (F Δ =12.541) (This suggests that shari'ah governances facilitates the relationship between adoption of technology and sustainable competitive advantage. The study findings concur with conclusion by Bhatt & Grover (2005) who stated that Shari'ah regulations did not influence the relationship between the quality of information technology adopted by a firm and her competitive advantage in the industry. Similar verdict was given by Powell and Dent-Micallef (2007).

H_{06d} stated that shari'ah governances does not moderate the link between innovativeness and sustainable competitive advantage. The regression results showed that shari'ah governances does not moderated the relationship between innovativeness and sustainable competitive advantage (β = 0.007, ρ>.05), accept the null hypothesis. The moderating effect was also revealed by change in R squared ($R^2\Delta$ .000) (This suggests that shari'ah governances does not facilitates the relationship between innovativeness and sustainable competitive advantage. Sharia supervision should give the customer or investor the confidence that the products and services being offered by Islamic banks are compliant with the Sharia principles and religion of Islam (Shamsalden, 2017). Effective Sharia supervision reduce risks of having a negative impact of the Islamic bank's reputation. Hamza (2013) Alludes that the non-compliance with the Sharia affects public confidence in Islamic finance and exposes the Islamic commercial banks to the incredibility risk. He further notes that Islamic banks (IB) have the responsibility to ensure the compliance with the Sharia rules of their products, instruments, operations, practices and management hence boosting customer confidence and resulting in improved productivity and profitability.

H_{06e} stated that shari'ah governances does not moderate the link between human resource competencies and sustainable competitive advantage. However, the regression results showed that shari'ah governances positively moderated the relationship between human resource competencies and sustainable competitive advantage (β = 0.66, ρ< .05), rejecting the null hypothesis. The moderating effect was also revealed by change in R squared ($R^2\Delta$ =.01) and F change ($F\Delta$ =0.012) (This suggests that shari'ah governances facilitates the relationship between human resource competencies and sustainable competitive advantage.

Table 4.35: Moderating effect shari’ah governances on strategic determinants and sustainable competitive advantage

	Model 1 B(Se)	Model 2 B(Se)	Model 3 B(Se)	Model 4 B(Se)	Model 5 B(Se)	Model 6 B(Se)	Model 7 B(Se)
(Constant)	0.001(.042)	0.006(.038)	0.006(.155)	(-0.012)(.036)	(-0.006)(.035)		0.03(.03)
Zscore(LS)	(0.143)(.042)*	(0.321)(.038)*	(0.123)(.607)*	(0.018)(.036)*	(-0.021)(.035)	0.002(.071)	(-0.00(.03)
Zscore(PN)	0.226(.057)**	0.151(.053)**	0.053(.838)	0.08(.062)**	0.079(.06)	0.057(.071)	0.02(.04)
Zscore(ICT)	0.352(.068)**	0.219(.065)**	0.181(2.764)**	(0.139)(.105)*	0.05(.115)	0.14(.071)	0.01(.04)
Zscore(INV)	0.29(.067)**	0.197(.062)**	0.156(2.479)*	0.155(.061)*	(-0.081)(.089)	(-0.07)(.071)	0.25(.08)**
Zscore(HRC)		0.42(.08)**	0.32(.06)**	(0.17(.08)*	0.18(.09)*	0.25(.08)**	(-0.09(.08)
Zscore(SG)		0.38(.057)**	0.229(2.874)**	0.139(.092)*	(-0.031)(.091)	0.002(.071)	(-0.16(.08)*
Zscore(LS_SG)			0.314(2.674)**	0.214(.117)**	0.22(.113)*	(0.19(.08)*	0.13(.05)*
Zscore(PN_SG)				0.550(.144)**	0.25(.164)*	0.15(.06)**	(-0.45(.09)**
Zscore(ICT_SG)					0.419(.118)**	0.13(.06)*	0.09(.13)
Zscore(INV_SG)						(0.07(.08)	0.63(.14)**
Zscore(HRC_SG)							0.66(.16)**
Model Summary							1
R	0.817	0.855	0.861	0.871	0.88	0.88	0.88
R Square	0.667	0.731	0.741	0.759	0.775	0.77	0.78
Adjusted R2	0.656	0.721	0.73	0.748	0.763	0.77	0.77
Std. Error	0.587	0.528	0.52	0.502	0.488	0.63	0.62
Change Statistics							
R2Δ	0.639	0.064	0.01	0.019	0.015	0.12	0.01
F Δ	121.464	45.116	7.152	14.528	12.541	0.1	.012
df1	3	1	1	1	1	1	1
df2	190	189	188	187	186	193	194
g. F Δ	0	0	0.008	0	0.001	0.145	0.1

a Dependent Variable: Zscore (PERF)**p<.01, *p.05 LS= Leadership, EG=ERM Governance, EP=ERM Process, IC=Shari’ah governances and PERF= Sustainable competitive advantage

4.12 Moderating Effect of IC using Mod Graphs

Moderation indicates that causal relationship between two variables changes as a function of the moderator variable. This implies that the statistical test of moderation must measure the differential effect of the exogenous variable on the endogenous variable as a function of the moderator. A moderation effect could be (a) Enhancing, where increasing the moderator would increase the effect of the predictor (IV) on the outcome (DV); (b) Buffering, where increasing the moderator would decrease the effect of the predictor on the outcome; or (c) Antagonistic, where increasing the moderator would reverse the effect of the predictor on the outcome (Hayes, 2013).

Moderation is said to exist if the following three conditions are fulfilled. First, the amount of variance accounted for with interaction should be significantly more than the variance accounted for without the interaction. Secondly, the coefficient for the interaction term should be different from zero. This is the simple slope for the interaction which is the basis of the examination of the simple slopes in probing the nature of the interaction. Lastly, the overall models with and without the interaction should be significant (Hayes, 2013).

Previous scholars reiterated that the most optimal way to know the nature of the interaction effect of the moderator is to plot them in a graph (Jose, 2008; Aiken & West, 1991). Mod Graphs help to simplify the interpretation of the complex nature of interactions in the model. Thus, the results in Table 4.24 can be plotted on Mod Graphs to provide a logical interpretation of interaction effects of shari'ah governances in the relationship between strategic determinants and sustainable competitive advantage.

The Mod Graphs are presented in Figures 4.1, 4.2 and 4.3 respectively. This was done by plotting the mean and standard deviation with unstandardized coefficients of the main effects ((leadership, strategic planning, and adoption of technology, innovativeness and human resource competencies)), moderator (shari'ah governances) and the interaction effect on the Mod Graph. All were interpreted on low and high levels based on the main effects and the moderator (Jose, 2008). In addition, the rule of thumb is that for interaction effects to be significant, the graphs should not be parallel but have different slopes or gradient.

Figure 4.1 demonstrated that higher levels of shari'ah governances within the state corporations showed a steeper slope between ERM structure practices and sustainable competitive advantage, hence, the null hypothesis 4a was not supported. This implied that shari'ah governances positively and significantly moderate the relationship between leadership and sustainable competitive advantage.

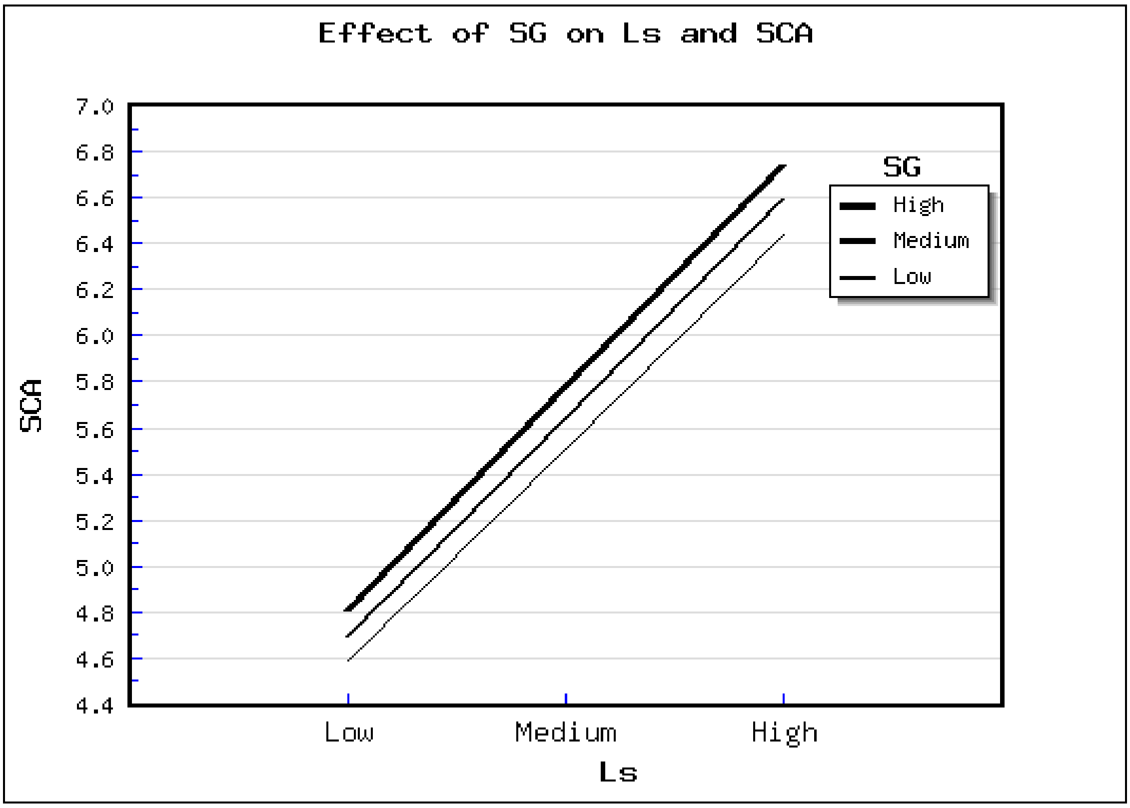

Figure 4.1: Moderated effect of Shari'ah Governances on the Relationship between Leadership and Sustainable Competitive Advantage

The graph in Figure 4.2 revealed that when state corporations have high levels of shari'ah governances, strategic planning contributes more to sustainable competitive advantage compared to when there are low levels of shari'ah governances, as shown by the steepness of the slope. So, the null hypothesis 4b was rejected. Thus, shari'ah governances positively and significantly moderate the relationship between strategic planning and sustainable competitive advantage.

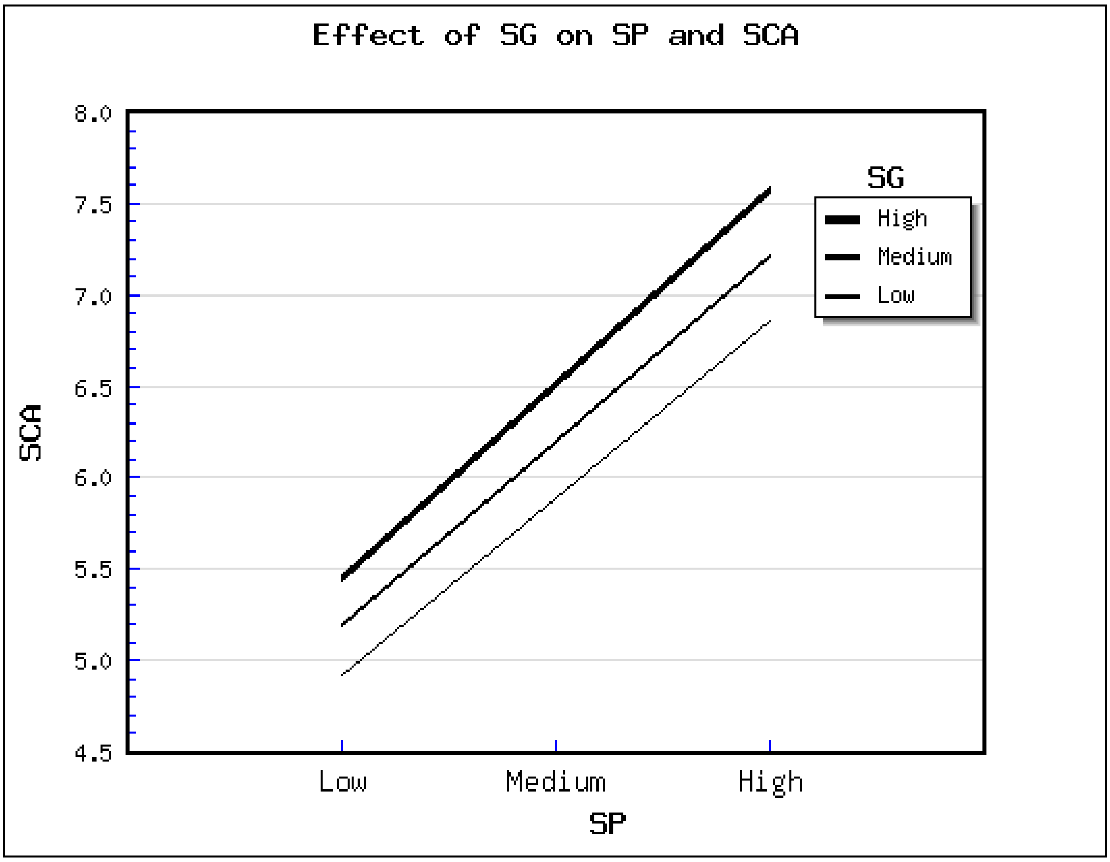

Figure 4.2: Moderated effect of shari'ah governances on the relationship between strategic planning and sustainable competitive advantage

The interaction plot in Figure 4.3 displays an enhancing effect that as shari'ah governances increases in commercial Islamic banks, the effect of adoption of technology on sustainable competitive advantage of commercial Islamic banks increases as well, as depicted by the steepness of the slope. Hypothesis 4c was therefore rejected. This implies that in the presence of shari'ah governances, adoption of technology has been able to facilitate performance of Islamic banks which enhance competitive advantage of banks. Thus, shari'ah governances positively and significantly moderate the relationship between adoption of technology and sustainable competitive advantage.

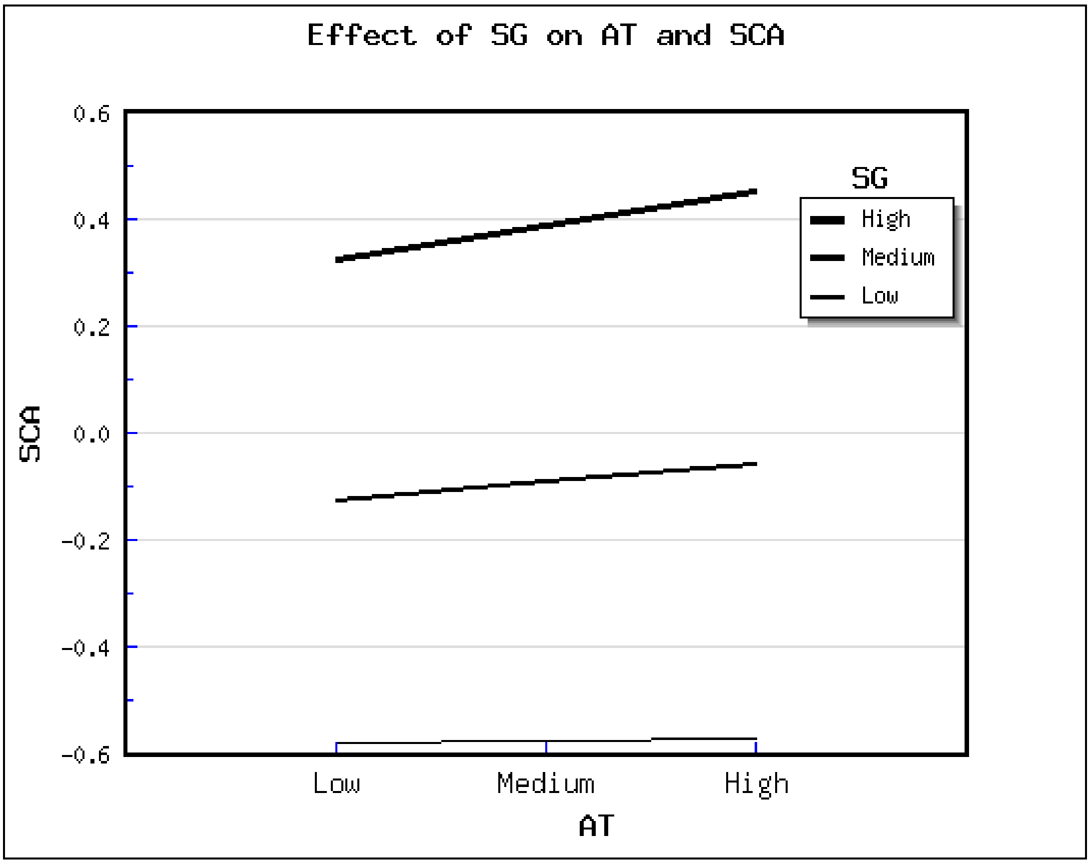

Figure 4.3: Moderated effect of shari'ah governances on the relationship between adoption of technology and sustainable competitive advantage

4.13 Summary of the Hypothesis Test

The results presented in Table below 4.28 indicated the summary of both multiple and hierarchical regression models. Thus, the table shows (R^2) and Δ in (R^2) for both main and interaction effects as well as the decision on the formulated hypothesis.

Table 4.36: Summary of Hypotheses Testing Results

Hypothesis Formulated	Beta (β)	ρ – values	Decision
Main Effects			
Ho_1: *Leadership has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.*	.891	<.001	Rejected
Ho_2: *Strategic planning has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.*	.765	<.001	Rejected
Ho_3: *Adoption of technology has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya..*	..868	<.001	Rejected
Ho_4: *Innovativeness has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya.*	.901	<.001	Rejected
Ho_5: *Human resource competencies has no significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya..*	.781	<.001	Rejected
Model 4 – moderating effect	$R^2\Delta$		
Ho_{5a}: Shari'ah governances does not moderate the relationship between leadership and sustainable competitive advantage Islamic commercial banks in Kenya	.314*	.010	Moderated
Ho_{5b}: Shari'ah governances does not moderate the relationship between strategic planning and sustainable competitive advantage Islamic commercial banks in Kenya	550*	.019	Moderated
Ho_{5c}: Shari'ah governances does not moderate the relationship between adoption of technology and sustainable competitive advantage Islamic commercial banks in Kenya	.419*	.015	Moderated
Ho_{5d}: Shari'ah governances does not moderate the relationship between innovativeness and sustainable competitive advantage Islamic commercial banks in Kenya	.055**	.004	Not Moderated
Ho5c: Shari'ah governances does not moderate the relationship between HR competencies and sustainable competitive advantage Islamic commercial banks in Kenya	.660**	.001	Moderated

*Level of significance, *p< .05, **p< .01,*

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter addresses the summary of the study findings, conclusions made and provides recommendations for possible further research

5.2 Summary of major findings

The major findings of the study are summarized per variable.

5.2.1 Influence of Leadership on Sustainable Competitive Advantage

The study sought to establish the influence of Strategic Leadership on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. From the research results, Strategic Leadership was found to have a positive significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya. The findings of the study also revealed that there was positive significant relationship between Strategic Leadership and Sustainable Competitive Advantage of Islamic commercial banks in Kenya.

The study concluded that leadership in any organization was a key element towards realization of competitive advantage. These findings were in congruent with a study by Mauri and Romerio (2013), who concluded that strategic leadership helped in creating an enabling culture and values that catapulted the success of an organization. The study also agree with findings by Kimaku, Omwenga and Nzulwa (2019), who concluded that leadership commitment had positive influence on the successful implementation of strategic change in State Corporations in Kenya. Similarly, the outcomes were in harmony with findings by Jansen, Vera and Crossan (2009); Rahman *et al.* (2018); O'Reilly, Caldwell, Chatman, Lapiz and Self (2010) and Kahiga (2017) who all concluded that leadership was a vital component towards achieving competitive advantage.

5.2.2 Influence of Planning on Sustainable Competitive Advantage

The study sought to find out the influence of Strategic Planning on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The research results showed that Strategic planning had a positive significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya. The findings of the study also revealed a positive significant relationship between Strategic Planning and Sustainable Competitive Advantage of Islamic commercial banks in Kenya.

The research findings were consistent with outcomes by Moutinho and Phillips (2012) conclusions that effective planning, programming, budgeting and control seemed to trigger high levels of marketing effectiveness and thus leading to competitive advantage. Similarly, the findings agreed with Awino, Muturia and Oeba (2012) in their study on Strategic planning, planning outcomes and organizational performance, an empirical study of Commercial Banks in Kenya concluded that there are a positive and significant relationship between strategic planning and firm performance (competitive advantage).

Additionally, the findings were in harmony with study results by Kiptugen (2003), Akinyele and Fasogbon (2010), Sophia and Owuor (2015) and Nzuki (2017) who found out that proactive rather than reactive strategies such as research on shifting customer’s preferences and needs form the foundation of its strategic planning, that Strategic planning enhances better organizational performance in organizations, strategic planning if well implemented in the organization is effective towards growth of an institution and adoption of sound strategic planning practices leads to the gaining of competitive advantage by firms respectively. Other concurring studies were done by Innocent and Levi (2017); Monye and Ibegbulem (2018); Olusanya, Awotungase, and Ohadebere (2012) with outcomes that strategic planning had a positive significant influence on sustainable competitive advantage of organizations.

5.2.3 Influence of Adoption of Technology on Sustainable Competitive Advantage

The study aim was to find out the influence of adoption of technology on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The research results showed that adoption of technology did not have any significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya. The findings of the study also revealed adoption of technology was not a determinant to the realization of Sustainable Competitive Advantage of Islamic commercial banks in Kenya.

The research findings were in congruent with findings by Powell and Dent-Micallef (2007) that Information Technology alone did not produce sustainable performance advantages in some retail industry. Further, the findings concurred with verdict by Bhatt and Grover (2005) who alluded that the quality of information technology adopted by a firm did not have any significant effect on the firm's competitive advantage.

Contrary, the conclusions were in conflict with findings by Kearns and Lederer (2003) in their study on a resource-based view of strategic IT alignment, who concluded that Information Technology adoption significantly influenced the competitive advantage of a business. Similarly, Byrd and Turner (2001) supported the view that there was a positive relationship between flexible Information Technology infrastructure and competitive advantage. In addition, the findings disagreed with Agboola (2006) who concluded that ICT impacts the way banks and their corporate relationships are organized worldwide as well as level of innovative devices available to improve the speed and quality of service delivery. As well, the research conclusions mismatched that of Spiezia (2011) who found out that ICTs act as a catalyst for innovation and in particular for product and marketing innovation.

More so, the findings disagreed with that of Hernado and Nieto (2007) who found out that the key benefits arising from the use of ICT in the improvement of operations and activities of commercial banks is overhead costs reduction of especially costs relating to maintenance of physical branches as well as marketing and labor can be reduced substantially. Daneshvar and Ramesh (2012) also had dissimilar conclusions that ICT contributed to increased amount of deposits and return on assets (ROA) as profitability, profit per employees as indicator of productivity, decrease in net staff cost and non-performing assets ratio and the realization of competitive advantage. As well, Jacks, Palvia, Schilhavy and Wang (2011) study findings showed that information technology had overreaching positive impact on organizations' competitive advantage which was in conflict with the finding of this study.

5.2.4 Influence of Innovativeness on Sustainable Competitive Advantage

The study to establish whether innovativeness had any influence on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The research results showed that innovativeness had significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya. The findings of the study also revealed a positive significant relationship between innovativeness and Sustainable Competitive Advantage of Islamic commercial banks in Kenya.

The research findings were in concurrent with findings by Treece (2010) who concluded that for a business model to realize competitive advantage, then it must exhibit some innovation so as to meet changing customer needs. Findings by Mabrouk and Mamoghli (2010) who established that first mover inventiveness in product innovation enhances profitability and competitive advantage, were in harmony with the findings of this study. Equally, research by Hong, Cheong & Rizal (2016) who found out that Maybank realized competitive advantage through innovative environmentally and socially responsible business practices, was in support of the results of this study.

Other studies whose results were in agreement to the findings of the current study are that by Solleiro and Castañón (2005) concluded that systems innovation significantly influenced enterprises' competitive advantage, Karakaş, Öz, and Yıldız (2017) who concluded that innovation positively influenced business performance at all stages and Karim *et al.* (2017) whose findings were that innovation (product, process and organizational) had a positive impact on organization performance and thus influenced competitive advantage positively.

5.2.5 Influence of Human Resource Competencies on Sustainable Competitive Advantage

The study sought to find out whether human resource competencies had any influence on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The research results showed that human resource competencies had significant influence on sustainable competitive advantage of Islamic commercial banks in Kenya. The findings of the study also revealed a positive significant relationship between innovativeness and Sustainable Competitive Advantage of Islamic commercial banks in Kenya.

The study conclusions were in agreement with research findings by Cabrita and Bontis (2008) that human capital which is part of intellectual capital significantly influenced competitive advantage in organizations. Similarly, findings were documented by Kamukama (2013); Kamukama, Ahiauzu and Ntayi (2011) in their research on Intellectual capital and performance, where they found out that intellectual capital elements explained competitive advantage in Uganda's microfinance industry. Likewise, the study findings agreed with findings by Barney and Wright (2008) that strategic human resource management had a positive correlation and influence on gaining competitive advantage. On the same breath, the results of the current study were in congruent with research outcomes by George Omondi *et al.* (2011) who studied the extent of adoption of strategic human resource management practices among commercial banks in Kenya and found out that a number of human resource practices can be adopted as key strategic strength for organization to gain competitive advantage in the Kenyan banking industry.

5.2.6 Moderating effect of Shari'ah Governance on the relationship between Strategic Determinants and Sustainable Competitive Advantage

The study sought to ascertain intervening effect of Shari'ah Governance on the relationship between leadership and Sustainable Competitive Advantage of Islamic commercial banks in Kenya. The study results showed that Shari'ah Governance played an intervening role on the relationship between Leadership and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The research findings concurred with conclusions by Majid and Ghazal (2012) who found out that Shari'ah regulations played any intervening role in the relationship between Strategic Leadership and performance of Islamic Commercial Banks in Kenya, the same as Government regulations. The findings also agreed with Zain, Abdullah and Muda (2018) who found out that Islamic regulations meditated the relationship between corporate leadership structures and Firm Performance of Islamic Banks.

The study sought to ascertain intervening effect of Shari'ah Governance on the relationship between planning and Sustainable Competitive Advantage of Islamic commercial banks in Kenya. The results of the investigation revealed that the intervening role of Shari'ah Governance was not significant and therefore Shari'ah Governance did not play any intervening role on the relationship between Planning and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The research findings were not consistent with findings by Moutinho and Phillips (2012) who made deductions that Islamic regulations did not play any intervening role on the relationship between effective planning and realization of competitive advantage in the Banking industry. Awino, Muturia and Oeba (2012) were of the same divergent view.

The study sought to ascertain intervening effect of Shari'ah Governance on the relationship between adoption of Technology and Sustainable Competitive Advantage of Islamic commercial banks in Kenya. The results showed that the intervening role of Shariah Governance was statistically insignificant and therefore did not play any intervening role on the relationship between adoption of technology and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The study findings were in congruent with findings by Bhatt and Grover (2005) who stated that Shari'ah regulations did not influence the relationship between the quality of information technology adopted by a firm and her competitive advantage in the industry. Similar verdict was given by Powell and Dent-Micallef (2007).

The study sought to ascertain intervening effect of Shari'ah Governance on the relationship between innovativeness and Sustainable Competitive Advantage of Islamic commercial banks in Kenya. The results meant that at 5% level of significance, the intervening role of Shari'ah Governance was not statistically significant and therefore did not play any intervening role on the relationship between Innovativeness and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. In disagreement to the study findings were conclusions by Muia (2013) in his study on the moderating influence of Shari'ah regulations on the relationship between sustainable competitive advantage Islamic commercial banks in Kenya and growth in profitability of Islamic Banking in Kenya. He concluded that Shari'ah regulations did not moderate the Competitive Advantage of Islamic Commercial Banks in Kenya.

The study sought to ascertain intervening effect of Shari'ah Governance on the relationship between human resource competencies and Sustainable Competitive Advantage of Islamic commercial banks in Kenya. The results meant that at 5% level of significance, the intervening role of Shariah Governance was not statistically significant. This was an indication that Shari'ah Governance did not play any intervening role on the relationship between Human Resource Competencies and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The study conclusions were in disagreement with research findings by Musibah and Alfattani (2014) whose findings concluded that Shari'ah Supervisory Board Effectiveness (SSBE) did not play any moderating in the relationship between Capital Employee Efficiency (CEE) and the performance of Islamic Commercial Banks.

5.3 Conclusions of the study

5.3.1 Influence of Leadership on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

This study examined strategic leadership capabilities and sustainable competitive advantage. The findings reveal that a significantly positive effect is present in this relationship, indicating that sustainable competitive advantage is improved when strategic leadership is applied. Leadership was found to have a positive significance on the Sustainable Competitive Advantage of Islamic commercial banks in Kenya. This means that the better the leadership practices an organization subscribes to, the higher the probabilities that the organization realize competitive advantage. It also means that the more skillful the leadership is of an organization, the better the performance the organization realizes. It also implies that return on assets (ROA) and return on investments (ROI) of Islamic Commercial banks in Kenya is positively related to the quality of leadership of the banks, meaning that leadership influences performance in the banking industry. Similarly, the study results meant that top management quality of decision making, their level of expertise and their leadership strategies in ensuring coordination of processes has a direct effect on the level of achieving of competitive advantage and success in the banking industry.

The findings also conclude that leaders in for Islamic banking normally set SMART goals for staff and their aggressive and results oriented which has high probability of improving the competitive advantage of Islamic banking. In addition, based on the findings the study concludes that leaders in banks offering Islamic banking have problem-solving skills, tactical skills, technical skills .and as a result the organization is in a position to be competitive in the industry. Moreover, Leadership in Islamic banking is generally considered to exemplify entrepreneurship and innovation as well as developing staff by leveraging on diversity. The study also incurred that leadership in Islamic banking develop strategic initiatives, particularly in terms of increasing banking profitability and are keen on building relationship. Empowering employees by providing training with exemplify coordination and organizing skills increase chances of competitive advantage for Islamic banking

5.3.2 Influence of Strategic Planning on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

The study concludes that strategic planning influences the Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. This implies that good planning has a direct impact on the level or rate of achieving of competitive advantage by Islamic Commercial Banks in the Kenyan banking industry. It also implies that the involvement of employees in the overall planning, the training of staff on strategic planning and the allocation of resources for planning process positively affects the realization of Competitive Advantage of Islamic Commercial Banks in Kenya. This is an indication that there is a positive relationship between effective planning and the performance of Islamic Commercial Banks in Kenya.

Further, the study concludes that involving staff at all levels while coming up and reviewing its Vision and Mission, involving staff in different departments while setting objectives for self and the bank and evaluating of external threats and opportunities was included in different department’s strategic planning improves Islamic banking competitiveness. The also concurs that evaluating internal strengths and weaknesses for Islamic banking in strategic planning assisted managers in our organization to consider the future implications of the current decisions. it was further concluded that having a policy that involve staff in decision making and participation of employees in external and internal information define the banks strategic planning process and Identification of needs and concerns of various stakeholders was included in our department's strategic planning process of Islamic bank. It also revealed that training on strategic planning and providing financial resources for strategic planning process increase effectiveness of meeting the organization’s goals and objectives

5.3.3 Influence of adoption of Technology on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

Adoption of Technology was found not to influence the Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. Contrary to the belief by many people, adoption of technology was found not to impact on the performance of Islamic Banks in Kenya. This can be explained by the fact that most organization nowadays have adopted technology and thus by an organization adopting technology alone, that has already been adopted by the competitors, does not give any competitive advantage to that organization over the competitors. It is therefore clear that adopting technology alone does not influence realization of competitive advantage.

For an organization to realize competitive advantage, it must consider other parameters in addition to adoption of technology. Adoption of technology has hada significant Impact on organizations competitiveness. The bank is keen on adoption of new technological and respond to changes in technology. Technological infrastructure helps the bank reach out to a broad customer base. Use technology in training employees is key in reduction of operation cost. The study agrees that Technology has helped Islamic banking develop both attractive and innovative ways advertising and marketing and has adopted use of internet and mobile banking to enable customers transacts easily. Based on the findings the study also concludes that Use of technology enables our organization improves business processes and changes the function of markets and has enables our organization increase the market size and market structure. Use of technology has enabled our organization make informed and fast decision

5.3.4 Influence of Innovativeness on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

The study concludes that innovativeness influenced the Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. This means that the more innovative a bank is, the better its position to realize competitive advantage. The results means that when an organization becomes innovative in regards to systems, processes, products features, service market and business practices, then there is an assurance of gaining competitive advantage over her competitors.

5.3.5 Influence of Human Resource Competencies on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

Human Resource Competencies was found to have a positive influence on sustainable competitive advantage of Islamic commercial banks in Kenya. This implies that the more skilled the work force of an organization is compared to other players in the industry, the more likely competitive the organization was over the competitors. It also means that when organizations invest in training of staff, undertake employee recruitment based on competencies and award employees based on their performance and competencies, then the organization is likely to achieve competitive advantage over her competitors.

5.3.6 Moderating Effect of Shari'ah Governance on the Relationship between on Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya

The study concludes that shari'ah governance did not influence on the relationship between strategic planning and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya, adoption of technology and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya, innovativeness and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya as well as human resource competencies and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya. The study however found out that Shari'ah governance played an intervening role on the relationship between strategic leadership and Sustainable Competitive Advantage of Islamic Commercial Banks in Kenya.

This implies that irrespective of the available shari'ah laws and regulations, with good planning is done and competent human resources, competitive advantage shall be realized by a player in the Islamic banking industry. It also means that shari'ah governance shall play an intervening role between the relationship between strategic leadership and sustainable competitive advantage. This is an indication that in presence of shari'ah regulations, good leadership practices would result to sustainable competitive advantage.

5.4 Recommendations of the study

The study revealed that sustainable competitive advantage in the Islamic banking industry is dependent on the quality of leadership, planning, level of innovativeness as well as the quality of skills by the human resources. It is therefore recommended that the top management of the Islamic commercial banks to embrace good leadership practices, undertake and encourage proper planning, focus on innovation (systems, process, products features, business practices and service market) as well as allocate resources to improve skills of employees so as to realize and sustain competitive advantage.

Based on the findings and conclusion above, the study concludes that to have a stronger competitive advantage for Islamic banking there is need to hire leaders who are knowledgeable and experience in setting SMART goals for staff, aggressive and results oriented. In addition, having leaders who have problem-solving skills, tactical skills, and technical skills will put Islamic banking in a position to be competitive in the industry. The findings showed that developing human capital and social capital has statistically strong and significant effect on sustainable competitive advantage. Strategic leadership capabilities are generally vital for the success of organizations according to the great groups' view of strategic leadership, resource-based and knowledge-based views. The combination of organizational resources, capabilities, and deployed knowledge needs to be developed, and protected in order to enhance sustainable competitive advantage. The theoretical research framework developed in this study also contributes new knowledge to the field of strategic leadership and sustainable competitive advantage

Regarding the influence strategic planning on sustainable competitiveness of islamic banking, the study recommends that Islamic banks management should involves staff at all levels while coming up and reviewing its Vision and Mission, involving staff in different departments while setting objectives for self and that they should evaluate of external threats and opportunities that need to be included in different department's strategic planning improves Islamic banking competitiveness. The also suggest that there need for to evaluate internal strengths and weaknesses for Islamic banking in strategic planning which can assist managers in our organization to consider the future implications of the current decisions. it further advice Islamic bank management to have policy that involve staff in decision making and participation of employees in external and internal information define the banks strategic planning process and Identification of needs and concerns of various stakeholders was included in our department's strategic planning process of Islamic bank. It also recommends for training on strategic planning and providing financial resources for strategic planning process increase effectiveness of meeting the organization's goals and objectives

Based on findings that adoption of technology increase competitiveness of Islamic banking, the study recommends that there is need to adopt technology in order to improve competitive advantage. Islamic banking must consider other parameters in addition to adoption of technology. Adoption of technology has had a significant Impact on organizations competitiveness. The bank is keen on adoption of new technological and respond to changes in technology. Technological infrastructure helps the bank reach out to a broad customer base. Use technology in training employees is key in reduction of operation cost. The study agrees that technology has helped Islamic banking develop both attractive and innovative ways advertising and marketing and has adopted use of internet and mobile banking to enable customers transacts easily. Based on the findings the study also concludes that Use of technology enables our organization improves business processes and changes the function of markets and has enables our organization increase the market size and market structure. Use of technology has enabled our organization make informed and fast decision

Another recommendation is that adoption of technology alone does not always guarantee competitive advantage, so the leadership of the Islamic banks should not embrace technology as a stand-alone, but combine it with other determinants like good planning and upgrading skills of employees. The study further recommends that in presence of shari'ah regulations, banks should give keen focus to the leadership styles and practices since the results have shown that shari'ah governance has intervening influence on the relationship between strategic leadership and the realization of competitive advantage.

5.5 Suggestions for further research

The study has shown that there is need for further research on other strategic determinants of sustainable competitive advantage of Islamic commercial banks in Kenya. From the results, strategic leadership, planning, innovativeness and human resource competencies explain to some extent sustainable competitive advantage of Islamic commercial banks in Kenya, with some percentage not being explained. When shari'ah governance was introduced as intervening variables, only the relationship between strategic leadership and sustainable competitive advantage of Islamic commercial banks was explained up to about twenty nine percent. The study suggests further research to be carried out on the other strategic determinants of sustainable competitive advantage of Islamic commercial banks in Kenya not captured in the current study.

Because the study only focused on the Islamic commercial banks in Kenya, the researcher therefore recommends a replication of the study in other entities like manufacturing, production sector as well as other service industries in order to establish the relatable trends in regards to strategic determinants of sustainable competitive advantage. Finally, the researcher further recommends future studies to adopt other research designs (e.g., experimental, causal or descriptive research designs) in studying issues strategic determinants of sustainable competitive advantage

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

REF: CONSENT FOR PROVISION OF ACADEMIC DATA

I am a student at Jomo Kenyatta University of Agriculture and Technology pursuing a Doctor of Philosophy in Strategic Management. I am currently conducting a study on ‘***’Strategic Determinants of Competitive Advantage of Islamic Commercial Banks in Kenya’’.***

You have been selected to take part in this study would be very grateful if you would complete the attached questionnaire for me. I request you to respond to the questions frankly and honestly. Your responses and information was treated with utmost confidentiality and the findings purely used for academic purposes.

Thank you very much for your time and cooperation.

Yours faithfully,

Mohamed Abdi

HDB411-C003-5094/2016

Appendix II: Questionnaire

This questionnaire is meant to collect data regarding the Strategic Factors Influencing Competitiveness of Islamic Banking in Kenya. The data collected was treated with utmost confidentiality and was used for academic purposes.

Kindly respond to each item as truthfully and accurately as you can.

SECTION A: GENERAL INFORMATION

1. Bank Particulars

Name of the Bank (Optional) ……………………………

2. Age Bracket (circle as appropriate)

Code	Age Bracket
i	10-20
ii	21-30
iii	31-40
iv	41-50
v	Over 51

3. Department (tick as appropriate)

Code	Department
i	operations department
ii	human Resource department
iii	Customer Care department
iv	Finance Department
v	Information Communication Technology (ICT) Departments

4. What duration have you been with in the Banking Sector (tick as appropriate)

Code	Department
i	Less than 1 Year
ii	Between 1-5 Years
iii	Between 5-10 Years
iv	Over 10 Years

SECTION B: STRATEGIC LEADERSHIP

This section has statements regarding strategic leadership. Kindly respond by marking the item that matches your opinion with a tick (√) or cross mark (x).

LEADERSHIP						
1 Strongly Disagree 2 Disagree 3 Neither Agree Nor Disagree 4 Agree 5 Strongly Agree		1	2	3	4	5
1	Leadership is a key factor that enhances organizational competitiveness in this institution.					
2	The leadership/management style has an impact on organizational survival and profitability of this institution.					
3	The leadership in our institution normally set SMART goals for staff					
4	The leadership in the organization is generally considered to be aggressive and results oriented					
5	Leaders in our organization have problem-solving skills and as a result the organization is in a position to be competitive in the industry.					
6	Leaders in our organization have tactical and technical skills.					
7	Leadership in our organization is generally considered to exemplify entrepreneurship and innovation.					
8	Leaders in our organization develop staff by leveraging on diversity					
9	leadership in our organization develop strategic initiatives, particularly in terms of increasing banking profitability?					
10	Leaders in our organization are keen on building relationship.					
11	Leaders in our organization empower employees by providing training					
12	Leaders in our organization are generally considered to exemplify coordination and organizing skills					

13. What strategies does leadership in your organization apply in building a competitive and successful organisation?

Planning, setting target and carrying out reviews to track progress

……………………………………………………………………………………………

14. What role top management of your organization played in contributed to the success of your organization?

They provide leadership and guidance…………………………………………

SECTION C: PLANNING

This section has statements regarding strategic planning. Kindly respond by marking the item that matches your opinion with a tick (√) or cross mark (x).

PLANNING						
1 Strongly Disagree 2 Disagree 3 Neither Agree Nor Disagree 4 Agree 5 Strongly Agree		1	2	3	4	5
1	The bank involved staff at all levels while coming up and reviewing its Vision and Mission					
2	The bank involves staff in different departments while setting objectives for self and the bank					
3	Evaluation of external threats and opportunities was included in different department’s strategic planning					
4	Evaluation of internal strengths and weaknesses was included in different department's strategic planning					
5	Strategic planning assisted managers in our organization to consider the future implications of the current decisions					
6	The bank has a policy to involve staff in decision making at their level.					
7	Employees in different departments participate in external and internal information gathering that help define the banks strategic planning process.					
8	Identification of needs and concerns of various stakeholders was included in our department's strategic planning process					
9	Our staff, at all levels, are trained on strategic planning					
10	Our institution provide financial resources for strategic planning process					
11	Strategic planning has increased effectiveness of meeting the organization’s goals and objectives					
12	Our organization had the capability to gather and analyse data concerning performance in the institution.					

13. How does strategic planning contribute towards your organization's competitiveness?

Setting goals and committing resources to achieve the goals. Scanning the environment both internal and external to do SWOT analysis

………………………………………………………………………………………

14. What is your bank doing to achieve sustainable competitiveness?

Continuous planning and goal alignment to the overall organizational objective

……………………………………………………………………………………….

ADOPTION OF TECHNOLOGY

This section has statements regarding strategic adoption of technology. Kindly respond by marking the item that matches your opinion with a tick (√) or cross mark (x).

ADOPTION OF TECHNOLOGY						
1 Strongly Disagree 2 Disagree 3 Neither Agree Nor Disagree 4 Agree 5 Strongly Agree		1	2	3	4	5
1	Adoption of technology has had a significant Impact on organizations competitiveness.					
2	The bank is keen on adoption of new technological and respond to changes in technology					
3	Technological infrastructure helps the bank reach out to a broad customer base					
4	Our organization adopts use of technology in training					
5	Adoption of technology enhances efficiency and performance within our organisation.					
6	Technology is key in reduction of operation cost					
7	Technology has helped our organization develop both attractive and innovative ways advertising and marketing					
8	Our organization has adopted use of internet and mobile banking to enable customers transacts easily					
9	Use of technology enables our organization improve business processes and change the function of markets					
10	Technology has enables our organization increase the market size and market structure.					
11	Use of technology has enabled our organization make informed and fast decision					

12. How has the strategic adoption of technology impacted on your competitiveness?

It has enhanced operational efficiency leading to more customer satisfaction and loyalty.

Technology has also made banking available to customers round the clock

13. What does your organisation do to thwart competitors through strategic adoption of technology?

Leading in innovative technology-based solutions……………………………….………

………………………………………………………………………………………

SECTION E: INNOVATIVENESS

This section has statements regarding strategic innovativeness. Kindly respond by marking the item that matches your opinion with a tick (√) or cross mark (x).

INNOVATIVENESS						
1 Strongly Disagree 2 Disagree 3 Neither Agree Nor Disagree 4 Agree 5 Strongly Agree		1	2	3	4	5
1	Innovativeness is a key factor for our organization in being competitive in the market.					
2	Innovative employees significantly contribute towards our organizational effectiveness and competitiveness.					
3	Our organization provides adequate resource base for innovation					
4	Our bank develops and leverages new products & services to get competitive advantage.					
5	Training and development in our organization has always been conducted to enhance innovativeness and productivity.					
6	Our bank constantly improve on existing product to meet the market demand and the consumer needs					
7	We offer innovative products and services that are customer satisfying and thus we are able to retain and grow our customer base					
8	Our bank adopts Service Market innovation is the implementation of a new marketing method					
9	Our organization strives to align its strategic activities into end-to-end processes					
10	Our organizational adopts innovative method in business practices, workplace organization and external relations					

11. Would you agree that innovativeness contributes towards your banks competitiveness?

…Yes.

………………………………………………………………………………………………

12. If yes, briefly explain how strategic innovativeness contributes to competitiveness in your bank Innovative products and good service is the biggest differentiator ……………………………………………………………….

…………………………………………………………………………………………

………………………………………………………………………………….

SECTION F: HUMAN RESOURCE COMPETENCIES

This section has statements regarding strategic human resources competencies. Kindly respond by marking the item that matches your opinion with a tick (√) or cross mark (x).

STRATEGIC INNOVATIVENESS						
1 Strongly Disagree 2 Disagree 3 Neither Agree Nor Disagree 4 Agree 5 Strongly Agree		1	2	3	4	5
1	Our organization continuously carries out training needs assessment					
2	Employees training needs in our organization are normally assessed on the basis of their performance appraisal					
3	Human resource competencies are critical for banks competitiveness					
4	Training and development of staff is of key to the banks competitiveness					
5	Our organization recruitment is based on skills relevant to the needs of the bank					
6	Our organization rewards employees based on competences					
7	Employees are given opportunities to fully contribute to the realization of the banks objectives					
8	Employees in our organization are empowered to make decisions					
9	Adequate and relevant information about recruitment is provided in a timely manner					

10	Rewards and incentives in our organization are strictly based on employee performance.					
11	Our organization motivates employees to work collectively towards achieving competitive advantage over our competitors.					
12	Our organization makes continuous efforts to create a sense of belonging among employees so as to make them feel like a corporate family.					

13. How can strategic human resource competencies contribute towards your competitiveness?

By identifying the right competencies for each role and placing the right persons in each role

…………………………………………………………………………………………

……………………………………………………………………………….

14. What mechanisms are in place to ensure each employee understands their role in the overall bank performance?

Specific job description for each role and SMART performance plans ………………………………………………………………………………

……………………………………………………………………………….

SECTION G: SHARIAH GOVERNANCE

This section has statements regarding sustainable competitive advantage determinants. Kindly respond by marking the item that matches your opinion with a tick (√) or cross mark (x).Kindly respond by marking

SHARIAH GOVERNANCE						
1 Strongly Disagree 2 Disagree 3 Neither Agree Nor Disagree 4 Agree 5 Strongly Agree		1	2	3	4	5
1	Shari'ah board in our organization develop strategic initiatives, particularly in terms of increasing banking profitability?					
2	Our organization appoint Shari'ah board with Islamic finance knowledge, Shariah governance and business strategy skills					
3	Shari'ah board in our organization take reasonable steps to resolve any shariah related differences between customers and					

	the bank					
4	Shari'ah board in our organization oversee the implementation of internal control environment to prevent Shariah non-compliance					
5	Shari'ah board in our organization promote continuous improvement of our control processes					
6	Shari'ah board in our organization promote a sound corporate culture which reflects the importance of adhering to Shariah requirements in product development and marketing.					
7	Shari'ah board in our organization receive adequate training to understand tits role in the internal control process and product development0					
8	Shari'ah board members in our organization continuously develop a reasonable understanding of the business and keep abreast with relevant market and regulatory developments					
9	Shari'ah board in our organization conducts regular assessment on the compliance of the operations, business, affairs and activities with Shariah requirements.					
10	Shari'ah board in our organization participate in marketing our products					

11. What other factors contribute towards shariah governance?

Independence of the Shariah board and support by management

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SECTION F: SUSTAINABLE COMPETITIVE ADVANTAGE OF ISLAMIC COMMERCIAL BANKS

This section has statements regarding sustainable competitive advantage determinants. Kindly respond by marking the item that matches your opinion with a tick (√) or cross mark (x).Kindly respond by marking

SUSTAINABLE COMPETITIVE ADVANTAGE						
1 Strongly Disagree 2 Disagree 3 Neither Agree Nor Disagree 4 Agree 5 Strongly Agree		1	2	3	4	5
1	Our organization has experienced market share growth					
2	Our organization has experienced profit growth					
3	Our organization has experienced asset growth					
4	Our organization sales has been on an increasing trend					

5. What other factors have contributed to your banks' sustainable competitive advantage?

Strong brand, regional presence and wide branch network with experienced and dedicated staff

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Appendix III: Secondary Data Collection Sheet

YEAR	ROA	MARKET SHARE	DEPOSITS	FACILITIES	PROFIT
2012					
2013					
2014					
2015					
2016					

Appendix IV: Interview Guide

A) STRATEGIC LEADERSHIP

i. What is the role of the bank leadership in ensuring competitiveness?

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ii. How does your bank's leadership ensured sustainable competitive advantage?

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iii. What strategies have your top managers undertaken to ensure significant and sustainable market presence?

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B) STRATEGIC PLANNING

i. What is the degree of stakeholder involvement on strategic planning in your bank?

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ii. How does the bank deal with unforeseen market economic changes that may distort the actualization of the plans?

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STRATEGIC ADOPTION OF TECHNOLOGY

i.What is the degree of adoption of technology in your bank?

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ii. What factors motivated your bank to adopt technology in its operations?

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iii. How do you use technology to outperform your industry competitors?

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STRATEGIC INNOVATIVENESS

I To what level does your bank engage in research and development?

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ii. What does your bank do to keep pace with customers changing needs and requirements?

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iii. Assuming innovativeness is critical to organizational survival. What strategies has your bank put in place to ensure uniqueness of its offerings?

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STRATEGIC HR COMPETENCIES

i. What measures has your bank put in place to ensure HR competencies?

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ii. What is the role of Human resources in realization of the bank's strategic objectives?

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iii. What strategic HR strategies has your bank put in place to enhance workforce competencies?

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SUSTAINABLE COMPETITIVE ADVANTAGE OF ISLAMIC COMMERCIAL BANKS

i. What has your bank done to ensure it captures a significant share of the market?

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iii. What strategies has the bank put in place to ensure improvement in:-

Increased sales

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………………………………………………………………………………………

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customer satisfaction and loyalty

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Profitability growth

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Appendix V: Secondary Data Collection Sheet

YEAR	ROA	MARKET SHARE	DEPOSITS	FACILITIES	PROFIT
2012					
2013					
2014					
2015					
2016					

Appendix VI: Interview Guide

B) STRATEGIC LEADERSHIP

i. What is the role of the bank leadership in ensuring competitiveness?

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…………………………………………………………………………

ii. How does your bank's leadership ensured sustainable competitive advantage?

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……………………………………………………………………………………,,,,

………………………………………………………………………………………

iii. What strategies have your top managers undertaken to ensure significant and sustainable market presence?

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C) STRATEGIC PLANNING

i. What is the degree of stakeholder involvement on strategic planning in your bank?

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ii. How does the bank deal with unforeseen market economic changes that may distort the actualization of the plans?

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C) STRATEGIC ADOPTION OF TECHNOLOGY

i.What is the degree of adoption of technology in your bank?

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……………………………………………………………………………………….

……………………………………………………………………………………….

ii. What factors motivated your bank to adopt technology in its operations?

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iii. How do you use technology to outperform your industry competitors?

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D) STRATEGIC INNOVATIVENESS

I To what level does your bank engage in research and development?

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ii. What does your bank do to keep pace with customers changing needs and requirements?

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iii. Assuming innovativeness is critical to organizational survival. What strategies has your bank put in place to ensure uniqueness of its offerings?

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E) STRATEGIC HR COMPETENCIES

i. What measures has your bank put in place to ensure strategic HR competencies?

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ii. What is the role of Human resources in realization of the bank's strategic objectives?

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iii. What strategic HR strategies has your bank put in place to enhance workforce competencies?

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F) COMPETITIVE ADVANTAGE OF ISLAMIC COMMERCIAL BANKS

i. What has your bank done to ensure it captures a significant share of the market?

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ii. How has the trend been for growth in: -

- Assets uptake

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- Deposits

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iii. What strategies has the bank put in place to ensure improvement in:-

- employees satisfaction

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- customer satisfaction and loyalty

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- Efficiency levels?

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Appendix VII: List of Islamic Banks

ISLAMIC BANKS LICENSED BY CBK

1. Barclays Bank Kenya Nairobi
2. Chase Bank Nairobi
3. Equity Bank Ltd Nairobi
4. First Community Bank Ltd
5. Gulf Bank Ltd
6. Kenya Commercial Bank Ltd
7. National Bank of Kenya Ltd
8. Standard Chartered Bank Nairobi