International Journal of Business Management, Entrepreneurship and Innovation, Volume 5, Issue 4, 2023, PP 22-35, ISSN 2707-8027
IJBMED

Customer Relationship Management and Competitive Advantage of Commercial Banks in Kenya

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ABSTRACT

To meet the changing needs of their customers, commercial banks have been diversifying their services and product offerings. However, increased competition from other financial institution and telecommunication companies has caused commercial banks to fall short of their targets. Therefore, this study sought to investigate the influence of customer relationship management on competitive advantage of commercial banks in Kenya. The specific objectives of the study were to examine the influence of technology, customer orientation, stakeholder involvement and product customization on competitive advantage of commercial banks in Kenya. The study was guided by resource-based view theory, Ansoff matrix theory, diffusion of innovation theory and stakeholder theory. The research used descriptive research design. The target population for this study was four selected commercial banks in Kenya namely, Kenya Commercial Bank, Equity Bank, Cooperative bank, and Family bank. In respect of this study, the total number of respondents was 183 respondents comprising of 145 sales and marketing staff and 38 management staff. The respondents in this study were stratified according to their respective responsibilities. A simple random sampling technique was used to choose the respondents from each stratum. The sample size was 126 respondents. A structured questionnaire was used as data collection instrument. Questionnaires were piloted to 12 respondents from the National bank of Kenya because it is one of the commercial banks in Kenya. Content validity was used to measure research instrument validity. Reliability was measured using Cronbach alpha test. Qualitative data was analyzed qualitatively by organizing data into themes based on study objectives and the results will be presented in narrative form. Quantitative data was analyzed using descriptive statistics such a mean and standard deviation. In addition, inferential statistics was applied using multiple regression analysis because there is more than one explanatory variable involved in this study. The analyzed data was presented using tables and figures. The study found from the regression analysis results that technology, customer orientation, stakeholder involvement and product customization had a positive significant influence on competitive advantage of commercial banks in Kenya. The study concluded that introduction of technology change's organizational structure and, in so doing, alters the rules of competition, creates competitive advantage by giving companies new ways to outperform their rivals and changes whole new businesses, often from within a company's existing operations. When customers feel that they are valued and their needs are being met, they are more likely to remain loyal to the bank. Effective engagement helps translate stakeholder needs into organizational goals and creates the basis of effective strategy development. Product customization leads to better customer insights because gaining customer insights provides businesses with a competitive advantage and helps them create products that customers are interested in. The study recommended that commercial banks in Kenya should increase automation of processes to increase efficiency and productivity while reducing costs. Commercial banks should put the customer at the very center of its values and goals and every department must be based on this philosophy. The commercial banks should have a clear vision *derived from a robust strategic planning process, and an effective strategic plan or marketing plan can only come from stakeholder engagement. The commercial banks should understand their customers' desires, preferences, and transaction habits to gain customer loyalty.*

Key Words: *Customer Relationship Management, Competitive Advantage, Commercial Banks*

DOI 10.35942/hjxgxf95

Cite this Article:

Langat, B., & Atheru, G., (2023). Customer Relationship Management and Competitive Advantage of Commercial Banks in Kenya. *International Journal of Business Management, Entrepreneurship and Innovation*, 5(4), 22-35. https://doi.org/10.35942/hjxgxf95

1.0 Introduction

1.1 Background of the Study

Competitive advantage is very important to every firm, and without one, it is very impossible to attract and maintain customers on a long-term basis (Majeed, 2019). Mahdi, Almsafir and Yao (2020) observe that to establish a competitive advantage, a business must first understand the demand landscape, evaluate the competition offerings available to consumers, and guarantee that its own offerings deliver more value. Furthermore, many businesses are overly focused on their own brands and completely underestimate both the demand landscape and the related competition risks. As a result, it is critical to thoroughly assess the important criteria for developing a competitive advantage for the company's product. According to Lakhal (2019), when a firm's value creation strategy is not pursued concurrently by competitors, it can obtain a competitive edge. Similarly, the core of strategy is to carry out activities that are distinct from those of the firm's competitors.

Access to resources, markets, or organizational opportunities, as well as business management foresight or talent, provide competitive advantage. According to Pomering (2017), good marketing for firms should be backed up with an effective and dependable strategy for meeting corporate objectives. As a result, firms require strategies to capitalize on market possibilities while overcoming numerous internal and external risks. Cooray, Wickramasinghe and Dissanayake (2017) indicate that companies work in an environment of intensive competition. Being aware of their advantages and possible opportunities and challenges in front of them, they plan and apply different strategies to survive. Bhat and Darzi (2021) observe that it is tough to discover customers and increase profits by employing traditional marketing approaches. Hassan, Nawaz, Lashari and Zafar (2019 indicate that Pakistan is regarded as one of the developing nations, and in the internet age, when customers worldwide have access to a wide range of goods and services, it is becoming increasingly difficult for Pakistani local banks to meet customer needs. As a result, these banks are having a harder time keeping their current customers than they are acquiring new ones. Anees, Nordin, Anjum, Cavaliere and Heidler (2020) argue that even though most Pakistani banks have recognized the value of CRM and installed its applications, many CRM goals do not provide the promised outcomes, and worse, some CRM users allege that CRM has harmed their customer relationships.

1.1.1 Customer Relationship Management

Customer relationship management (CRM) is a well-known and extensively used approach for managing and nurturing a company's connections with customers, clients, and sales prospects. It entails utilizing technology to organize, automate, and synchronize business processes, mostly sales activities, but also marketing, customer care, and technical support (Xu, Yen, Lin & Chou, 2019). Frow and Payne (2021) observe that CRM's overall goals are to locate, attract, and win new clients, nurture, and retain those the organization already has, coax former clients back into the fold, and cut marketing and client service costs. Customer relationship management refers to a company-wide business strategy that includes all client-facing departments and even goes beyond that. In this study, customer relationship management will be measured in terms of technology, customer orientation, stakeholder involvement and product customization.

The utilization of technology and innovation will assist the organization in adapting to a changing environment and improving its competitive position. Furthermore, it enables the organization to build commercial worth; it would be less difficult for them to provide superior items and services, increase efficiency, and expand benefits (Kaithia, 2018). Ghazinoory, S., Dastranj, Saghafi, Kulshreshtha and Hasanzadeh (2020) observe that the modern competitive advantage is represented by technical innovation, which is strongly supported by superior conventional capabilities in flexibility, efficiency, quality, and speed. A company's innovation strategy must be constructed in such a way that it incorporates the optimal exploitation of the many resources over which it has direct control to gain a competitive advantage through technical innovation.

1.1.2 Competitive Advantage

A company has a competitive advantage if it provides customers with something unique in comparison to other rivals' offerings, and these uniqueness benefits customers. Circumstances in which the company can accomplish something that competitors cannot or has something that competitors do not have but want, are examples of having a competitive edge. (Appelbaum & Gallagher, 2020). Similarly, Lakhal (2021) observe that when an organization can generate more economic value than its competitors, it has a competitive edge. As a result, an organization's competitive advantage can be defined as the difference between the economic value created by the company and the economic value created by its competitors. Sadri and Lees (2019) indicate that the economics of a company are the primary focus of the concept of competitive advantages, which examines the company's ability to link its strategy with the major financial markets over an extended period and to generate a significantly higher return on invested capital.

Williams (2021) indicate that a company has a competitive advantage when it owns and develops a unique set of characteristics that enable it to surpass its rivals. The speed at which competitors surpass the company determines the duration of a competitive advantage, which is dependent on this speed. Porter (1985) indicated that competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices or by providing greater benefits and services that justifies a higher price. A firm experiences competitive advantages when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions. According to According Barney (2019) one way to boost an organization’s competitive advantage is through introducing a CRM strategy that provides the organization with the competitive advantages. In this study, competitive advantage will be measured in terms of market share, brand equity and customer loyalty.

1.1.3 Commercial Banks in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act, and the various prudential guidelines issued by the Central Bank of Kenya. The banking sector was liberalized in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency, and proper functioning of the financial system (PWC, 2012). In Kenya, the banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector's interests.

The commercial banks in Kenya face challenges which include declining interest margins, global financial crisis which affect the banking industry in Kenya especially regarding deposits mobilization, reduction in trade volumes and the performance of assets and new regulations (Vutsengwa & Ngugi, 2013). According to Central Bank of Kenya report of 2021, Kenyan commercial banks have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market. Commercial banks have adopted several strategic response strategies to enhance their competitive advantage. However, the effects of dynamic environment have led the bank to face challenges due to high competition posed by the other commercial and noncommercial banks.

1.2 Statement of the Problem

The banking industry came into 2021 on solid ground and was ready to recover from the coronavirus (COVID-19) outbreak. Due to the different steps implemented at the start of the epidemic, Kenya's economy showed resilience to the COVID-19 shock. The evaluation of their business models, digital acceleration, examination of their delivery methods, sourcing for long-term capital, and considering equity injections and mergers/acquisitions were just a few of the ways that banks set themselves up for recovery (Maigua & Mouni, 2021). Ngugi and Karina (2021) observe that the government has implemented several reforms to enhance growth and competition in this sector. Currently, there is competitive pressure in the lending market for commercial banks given lending as their core activity. According to the Bank Supervision Annual Report of 2021, the number of bank branches decreased from 1,502 in 2020, to 1,459 in 2021, which translates to a decrease of 43 branches (2.86 percent). Nairobi County registered the highest decrease in the number of branches by 33 branches. The ratio of non-performing loans declined from 14.5 percent in December 2020, to 14.1 percent in December 2021. The marginal decline was mainly attributable to recovery efforts by banks as well as the country experiencing recovery from the COVID-19 pandemic. To meet the changing needs of its customers, commercial banks have been diversifying its services and product offerings.

1.3 Objectives of the Study

The general objective of this study was to investigate the influence of customer relationship management on competitive advantage of commercial banks in Kenya.

The specific objectives that guided this study were:

i. To examine the influence of technology on competitive advantage of commercial banks in Kenya
ii. To establish the influence of customer orientation on competitive advantage of commercial banks in Kenya.

iii. To determine the influence of stakeholder involvement on competitive advantage of commercial banks in Kenya.
iv. To find out the influence of product customization on competitive advantage of commercial banks in Kenya.

2.0 Literature Review

2.1 Theoretical Review

2.1.1 Resource Based View Theory

This study employed the Resource-Based View (RBV) theory which was propounded by Wernerfelt (1984). The theory argues that a firm can achieve and sustain competitive advantage if it possesses resources that are valuable, rare, imperfectly imitable, and non-substitutable. Not all resources are strategically relevant within an organization. The goal of an organization is to ensure it has access to and control of valuable resources by developing and securing all the relevant resources either internally or externally. Kraaijenbrink, Spender and Groen (2018) observe that through RBV, an organization can be considered as a collection of physical resources, human resources, and organizational resources. Resources of organizations that are valuable, rare, imperfectly imitable, and imperfectly substitutable are the main source of sustainable competitive advantage for sustained superior performance.

According to Conner (2019) RBV helps managers of firms to understand why competences can be perceived as a firms' most important asset and, at the same time, to appreciate how those assets can be used to improve business performance. RBV of the firm accepts that attributes related to past experiences, organizational culture and competences are critical for the success of the firm. This theory is relevant to the study because it suggests that resources that are valuable, rare, difficult to imitate, and nonsubstitutable best position a firm for long-term success. These strategic resources can provide the foundation to develop firm capabilities that can lead to superior performance over time. The organizations should enough capability to organize, manage and otherwise exploit resources in a manner that provides value added to customers and creates advantages over competitors.

2.1.2 Ansoff's Matrix Theory

The Ansoff matrix was invented by Igor Ansoff in 1965 and is used to develop strategic options for businesses. According to Ansoff (1965) there are four strategies. First, the market penetration strategy of existing markets occurs whenever an organization penetrates a market with its current products or offerings. Second, in the market development strategy the goal can either be to change an established product or change the customer segment of a more current product. Third, the product development strategy states that new products should be created so that the company can achieve growth and development. Fourth, diversification strategy involves moving simultaneously into new products and new markets.

Nwokah, Ugoji and Ofoegbu (2015) observe that product development facets of product quality and product lines/ product mix were positively and significantly correlated with the corporate performance facets of profitability, sales volume, and customer loyalty. Similarly, Fong, Lo and Ramayah (2017) observe that firm image, brand strength, product innovativeness and new product quality were found to be positively related to new product performance. Ansoff (1965) observe that the firm develops a new product to cater to the existing market. The move typically involves extensive research and development and expansion of the product range. The product strategy development strategy is employed when firms have a strong understanding of their current market and can provide innovative solutions to meet the needs of the existing market.

2.1.3 Diffusion of Innovation Theory

Diffusion of innovation (DOI) as propounded by Rogers in the year 1971 is a theory explaining why and to what extent a new idea or technology reaches individuals or organizations in a social system. The DOI theory, which is based on psychological and sociological theories, is perhaps the most used innovation adoption theory in ICT adoption. Rogers (1995) defines innovation diffusion as the process by which an innovation is communicated through communication channels over times among the members of a social system. In DOI, adoption is the acceptance of innovation taking place in five steps: knowledge, persuasion, decision, implementation, and confirmation.

Kaminski (2011) indicate that DOI suggests that perceived characteristics of an innovation, such as relative advantage, compatibility, complexity, tradability, and observability, determine the adoption or rejection of an innovation. Dearing (2019) show that in the DOI theory, the pattern of communication flow determines the pattern of adoption across the members of the adopting social system. The informed users are persuaded to adopt the innovations. Technology adoption enables the county government to automate the already existing structures for effective service delivery. The tenets of this theory illustrate how the diffusion of technology in each geographical area influences the acceptance of a related innovation that applies the already existing systems. This theory is used to explain technology adoption variable because for the commercial banks to gain their competitive advantage, the management must learn how to quickly leverage new technologies to ensure that their workforces improve their productivity.

2.1.4 Stakeholder Theory

Stakeholder theory developed by Freeman (1984) who shows that the organization itself should be thought of as grouping of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints. This stakeholder management is thought to be fulfilled by the managers of a firm. According to Freeman (1984) the managers should on the one hand manage the organization for the benefit of its stakeholders to ensure their rights and the participation in decision making and on the other hand the management must act as the stockholder's agent to ensure the survival of the firm to safeguard the long-term stakes of each group.

According to Laplume, Sonpar and Litz (2018) stakeholder theory show that there are other parties involved including employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations, and trade unions. Even competitors are sometimes counted as stakeholders – their status being derived from their capacity to affect the firm and its stakeholders. The nature of what is a stakeholder is highly contested. Friedman and Miles (2019) indicate that the stakeholder view of strategy integrates both a resource-based view and a market-based view and adds a socio-political level. One common version of stakeholder theory seeks to define the specific stakeholders of a company and then examine the conditions under which managers treat these parties as stakeholders: the descriptive theory of stakeholder.

2.2 Empirical Review

2.2.1 Technology and Competitive Advantage

Al-Shbiel and Al-Olimat (2016) study investigated the impact of information technology on competitive advantage in Jordanian commercial banks with accounting information system effectiveness as a mediating variable. The study population consisted of the CFOs and their deputies, internal audit managers, information systems managers and heads of departments of all Jordanian banks listed on Amman Stock Exchange. To achieve the objective of the study a questionnaire was developed and distributed to all individuals of the study population. Data were analyzed using simple regression analysis. The study found that there is an impact of information technology on competitive advantage, and the impact of accounting information system effectiveness on competitive advantage in Jordanian commercial banks. However, the study focused on Jordanian commercial banks.

A study by Mugusia (2018) examined the influence of technology on competitive advantage of commercial banks in Kenya. The research was carried through across-sectional survey design which questioned respondents on investment in technology and perceived competitive advantage. The respondents of the study were employees of banks with a focus on managers in operations, IT, and customer service departments. A total of 78 questionnaires distributed, however only 60 banks responded. The data collected was analyzed by use of frequency, percentage, means and correlation analysis. The findings revealed that, commercial banks have placed invested in technology in traditional practices such as use of ATMs, while embracing Mobile Banking mainly because of reacting to competition from mobile service providers. However, the study used a cross-sectional survey design.

2.2.2 Customer Orientation and Competitive Advantage

Bii and Wanyoike (2018) study investigated the influence of customer centric strategic approach for competitive advantage on competitive advantage in CFC Stanbic bank Kenya limited. The study employed a descriptive study design and a target population of 100 staff members of the five branches of this bank in Nairobi Kenya. Data was processed and analyzed using descriptive statistics and inferential statistics to show the relationship between the different variables. The study found that technology was an important predictor of competitive advantage. However, the study context was CFC Stanbic bank Kenya.

Nyanchama and Murigi (2019) study examined the effect of customer focus strategies on performance of Cooperative Bank of Kenya. The study adopted a primary research methodology, which involved use of closed questionnaires to collect data from a sample of 65 employees selected from among the staff and board members of Cooperative Bank of Kenya. Data collected was analyzed using descriptive analysis and regression analysis. Findings from the study revealed that customer focus strategies have a significant influence on performance of Cooperative Bank of Kenya. However, the study focused on Cooperative Bank of Kenya.

2.2.3 Stakeholder Involvement and Competitive Advantage

Mdasha, Kariuki and Wanjohi (2022) study examined the influence of stakeholder involvement on competitive advantage of large manufacturing firms in Kenya. The study adopted a descriptive and explanatory research designs. The target population for the study was 499 respondents. The study used questionnaires to collect the data. The results and discussion included the reliability results, factor analyses, correlation, hypotheses testing and regression analysis. The findings of the study showed that staff participation explain 20.7% of the variations in the competitive advantage of large manufacturing firms in Kenya. However, the study focused on large manufacturing firms in Kenya.

Kariuki (2020) study investigated the role of stakeholder management strategies on competitive advantage of smallholder tea sector in Kenya. The study adopted a survey research design. The target population comprised of 708 directors, production managers, field officers and the factory unit managers in the smallholder tea sector in different tea regions in Kenya. The study used stratified random sampling. Data was collected through use of questionnaires and analyzed using descriptive statistics and inferential statistics. The study found that stakeholder involvement enhances the competitive advantage of smallholder tea sector in Kenya in terms of reduction of costs, new product varieties, sales volume, and the quality of tea. However, the study focused on tea sector in Kenya.

Ontita and Kinyua (2020) study examined the role of stakeholder management on competitive advantage: an empirical analysis of commercial banks in Nairobi City County, Kenya. Descriptive research design was utilized for this study. The target population was commercial banks in Nairobi City County. The unit of observations was employees in the head offices of commercial banks in Nairobi while the unit of analysis was commercial banks in Nairobi. Proportionate stratified random sampling method was used to select 89 management staff of Commercial Banks in Nairobi City County to form the sample. Structured questionnaires were used for purposes of data collection. Both descriptive statistics and inferential statistics were used for data analysis. The study found out that stakeholder management affected competitive advantage of Commercial Banks in Kenya.

2.2.4 Product Customization and Competitive Advantage

Abdirahman and Wanjira (2021) study examined the effects of Product design on performance of commercial banks in Garissa County, Kenya. This study employed a descriptive survey research design. The population for this study was four commercial banks namely: Kenya Commercial Bank, Equity Bank, Cooperative Bank and National Bank in Garissa County, Kenya. The respondents were managers in top, middle and low-level management employees. A census of 82 respondents was carried out. Primary data was collected using a structured questionnaire. Quantitative data was analyzed using descriptive statistics. The study further carried out multiple regressions to determine the effect between variables. The study found that product design had a positive and significant effect on the performance. However, the study focused on performance of commercial banks in Garissa County, Kenya.

Murutu, Misoi and Okumu (2019) study examined the influence of product customization on competitive advantage of commercial banks in Eldoret Town, Kenya. This research used ex-post-facto research design and targeted employees working in all the 27 commercial banks in Eldoret town. This included the branch managers, operations and control managers making a total of 130 respondents. A census of the study population was done. The study used semi structured questionnaire to collect primary data. The study used descriptive and inferential statistics. Simple regressions analysis was employed for purposes of prediction and testing the hypothesis of the study. The study findings indicated that all the study variables; product customization influenced competitive advantage of commercial banks in Eldoret town. However, the study focused on commercial banks in Eldoret town.

2.3 Conceptual Framework

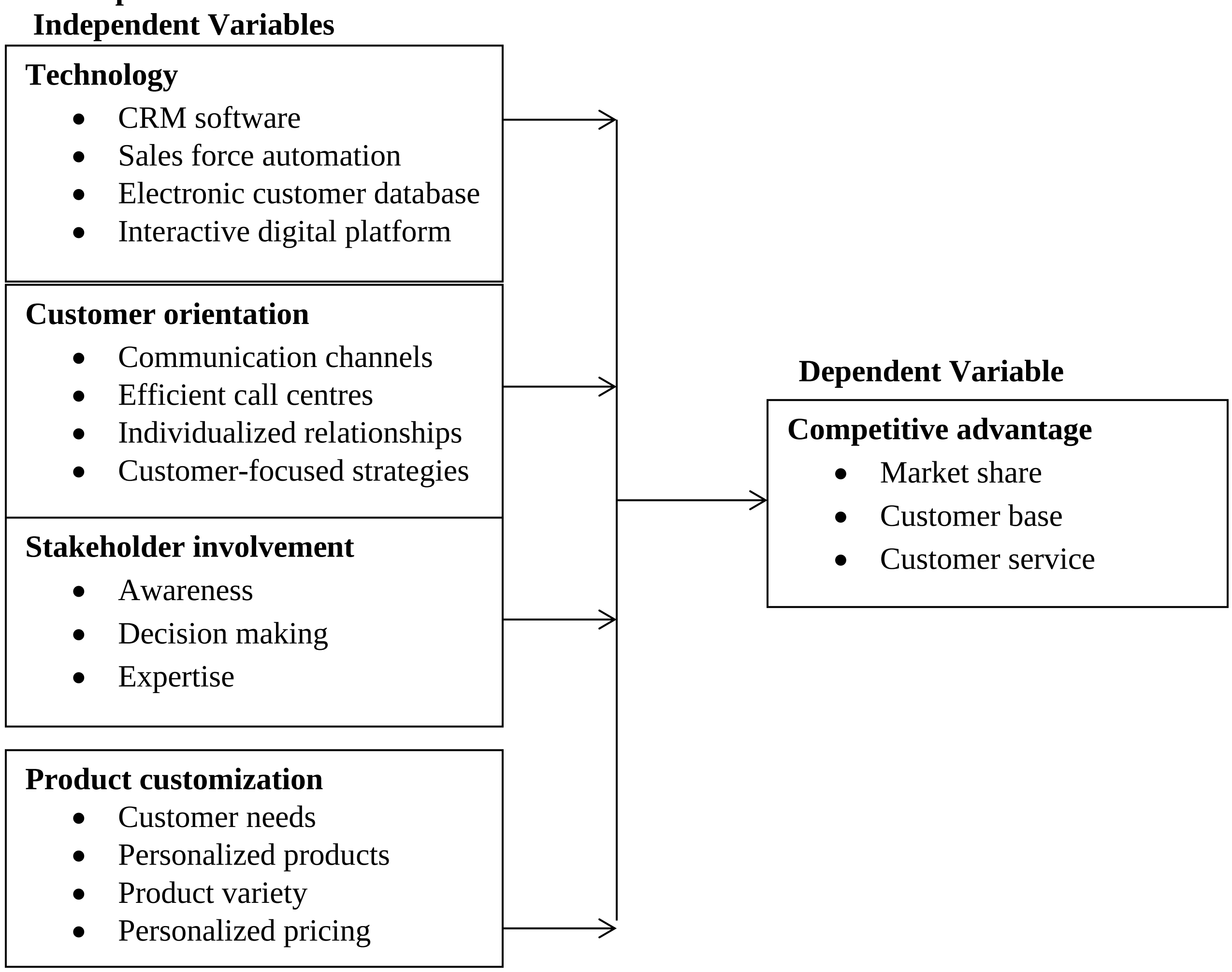

Figure 1: Conceptual Framework

Source: Researcher (2023)

3.0 Research Methodology

The research used descriptive research design. Descriptive research design enables the researcher to investigate and describe the current phenomena on focus (Mugenda & Mugenda, 2003). Therefore, this design will be used to enable the researcher to achieve, among other things an in-depth collection and analysis of data. The design was to be also appropriate because it enabled the researcher to describe situations, perceptions, opinions, attitude, and general demographic information on the influence of influence of customer relationship management on competitive advantage commercial banks in Kenya. A population is defined as a complete set of individuals, cases or objects with some common observable characteristics (Mugenda & Mugenda, 2003). The target population for this study was four selected commercial banks in Kenya namely, Kenya Commercial Bank, Equity Bank, Cooperative bank, and Family bank. In respect of this study, the total number of respondents was 183 respondents comprising of 145 sales and marketing staff and 38 management staff.

The banks' administration was visited to ask for permission to collect data from the employees. The researcher will then visit the respondents through booking appointments with the heads of departments to request for permission to collect data. The questionnaires were left with the respondents within duration of 2 weeks to give the respondents ample time to go through all the questions. This aided in enhancing the response rate and ensuring that the information gathered is accurate and reliable. Data obtained from the questionnaires will be edited, cleaned after which data will be coded. Qualitative data was analyzed qualitatively by organizing data into themes based on study objectives and the results will be presented in narrative form. Quantitative data was analyzed using descriptive statistics such a mean and standard deviation. In addition, inferential statistics involving multiple regression analysis was used because there is more than one explanatory variable involved in this study. The analyzed data was presented using tables and figures. This was made possible by using Statistical Package for Social Sciences (SPSS) version 21.0. The regression equation was $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$. Whereby **Y** = Competitive advantage, $\mathbf{X_1}$= Technology, $\mathbf{X_2}$= Customer orientation, $\mathbf{X_3}$= Stakeholder involvement, $\mathbf{X_4}$= Product customization, $\boldsymbol{\beta_1 - \beta_4}$ = Coefficients, **ε** = Error term

4.0 Research Findings

The results of regression analysis are presented as follows:

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.809[a]	.731	.723	1.916.

Source: Research Data (2023)

The results from the model summary as presented in Table 1 show that the value of R was at 0.809 which is closer to 1. This means that the independent variables and the dependent variable were strongly related. The R square value was 0.731 which was closer to 1. Thus, the model's increased explanation of variability. The value of the adjusted R square was 0.723 which shows that there was a variation of 72.3% of competitive advantage of commercial banks in Kenya which was caused by technology, customer orientation, stakeholder involvement and product customization. This also indicates a gap of 27.7% that represent other variables not studied.

Table 2: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	231.001	4	57.750	65.179	.001
	Residual	150.624	170	.886		
	Total	381.625	174			

Source: Research Data (2023)

The results as presented in Table 2 shows that model was statistically significant since the F statistical value was 65.179 which was greater than the statistical mean value of 57.750. In addition, the level of significance was 0.000 less than 0.05.

Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	.510	.114		4.447	.000
Technology	.711	.258	1.203	2.756	.000
Customer orientation	.836	.364	3.197	2.297	.000
Stakeholder involvement	.757	.420	2.700	1.802	.000
Product customization	.809	.119	1.642	6.798	.000

Source: Research Data (2023)

The results as presented in Table 3 show that the competitive advantage of commercial banks in Kenya would be at 0.510 without the influence of technology, customer orientation, stakeholder involvement and product customization. A unit increase in technology would lead to an increase in competitive advantage of commercial banks by 71.1%. A unit increase in customer orientation would lead to an increase in competitive advantage of commercial banks by 83.6%. A unit increase in stakeholder involvement would lead to an increase in competitive advantage of commercial banks by 75.7% and a unit increase in product customization would lead to an increase in competitive advantage of commercial banks by 80.9%. Based on this finding the final regression equation was as follows: $Y = 0.510 + 0.711X_1 + 0.836X_2 + 0.757X_3 + 0.809X_4$, where Y= competitive advantage, X_1= technology, X_2= customer orientation, X_3= stakeholder involvement, X_4= product customization.

The results from Table 3, show that the t- value of technology was positive at 2.756 with a significance value of 0.000. Therefore, this means that technology had a positive significant influence on the competitive advantage of commercial banks in Kenya. This finding agrees with a study by Mang'ana (2022) study which examined the influence of telephone banking on competitive advantage of commercial banks in Kenya. The study findings were that the adoption of Telephone banking technologies had positive and significant influence on competitive advantage of Commercial banks in Kenya. The study found that customer orientation had a positive significant influence on competitive advantage of commercial banks in Kenya as shown by t-value of 2.297 with a significance level of 0.000. This finding agrees with the findings of a study by Nyanchama and Murigi (2019) study which examined the effect of customer focus strategies on performance of Cooperative Bank of Kenya. Findings from the study revealed that customer focus strategies have a significant influence on performance of Cooperative Bank of Kenya.

The study revealed that stakeholder involvement had a positive significant influence on competitive advantage of commercial banks in Kenya as shown by t-value of 1.802 with a significance level of 0.000. This finding concurs with the study conducted by Ontita and Kinyua (2020) study examined the role of stakeholder management on competitive advantage: an empirical analysis of commercial banks in Nairobi City County, Kenya. The study found out that stakeholder management affected competitive advantage of Commercial Banks in Kenya. The study revealed that product customization had a positive significant influence on competitive advantage of commercial banks in Kenya as shown by t-value of 6.798 with a significance level of 0.000. The result is supported by the findings of the study by the study by Kireru, Ombui and Omwenga (2016) which investigated the influence of product customization strategy in achieving competitive advantage in commercial banks: A case of Equity Bank Limited. Regression analysis indicated that there was a statistical significance of influence of product differentiation in achieving competitive advantage in commercial banks.

5.0 Conclusions and Recommendations

5.1 Conclusions

The study concluded that introduction of technology change's organizational structure and, in so doing, alters the rules of competition, creates competitive advantage by giving companies new ways to outperform their rivals and changes whole new businesses, often from within a company's existing operations. Technology can automate all the back-office functions to make workflows better, faster, and cheaper. Having technology in place that delivers baseline security standards present across the organization can provide the company with a secure, sound, reliable, and predictable operation.

The study concluded that when customers feel that they are valued and their needs are being met, they are more likely to remain loyal to the bank. This can lead to repeat business and referrals, which can help a bank grow. A customer-focused company is likely to develop a good reputation in the marketplace. This can make it easier to attract new customers and business partners. Employees who feel they make a difference and bring value to customers are often more satisfied with their jobs. This can lead to higher productivity and higher quality work.

The study concluded that effective engagement helps translate stakeholder needs into organizational goals and creates the basis of effective strategy development. Discovering the point of consensus or shared motivation helps a group of stakeholders to arrive at a decision and ensures an investment in a meaningful outcome. Stakeholder involvement also brings people together to pool knowledge, experience, and expertise to co-create solutions and helps build collaborative partnerships and new relationships that generate value.

5.2 Recommendations

The study recommended that commercial banks in Kenya should increase automation of processes to increase efficiency and productivity while reducing costs. Use data analytics to understand their clients' needs on a whole new level. Improve customer experience through using technologies and use digital platforms to get feedback on customer experiences on their products. The commercial banks should also use technology to protect their operations by securing data to keep you safe from cybercrime. A cloud-based cybersecurity solution will keep commercial banks operating while preventing cyber-attacks. The study recommended that commercial banks should put the customer at the very center of its values and goals and every department must be based on this philosophy. The commercial banks should train all employees in customer service covering everything from handling complaints to dealing properly with loyal customers. Seek customer feedback through surveys, focus groups, or simply by talking to customers directly to ensure that they are meeting the needs of their customers is to collect their feedback regularly and use it to make improvements.

The study recommended that the commercial banks should have a clear vision derived from a robust strategic planning process, and an effective strategic plan or marketing plan can only come from stakeholder engagement. The commercial banks should outline the engagement required from stakeholders by mapping out the process along with key milestones where stakeholder engagement will be needed and why it is valuable and arranging a series of interactive engagements where stakeholders can be included in discussion and debate.

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