DYNAMIC CAPABILITIES AND ORGANIZATIONAL PERFORMANCE IN MANUFACTURING FIRMS IN KENYA

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MASTER OF BUSINESS ADMINISTRATION CORPORATE MANAGEMENT

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SEPTEMBER, 2025

DECLARATION

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I attest that the accompanying dissertation proposal is all my own work and has not been published or submitted for credit elsewhere. Unless cited appropriately, I also affirm that it does not include any work by other authors or publishers

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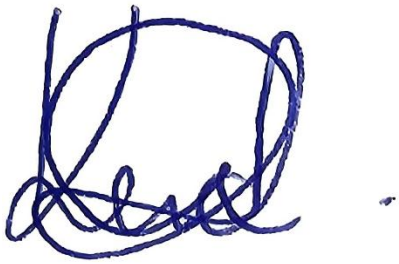

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And have certified that all revisions that the dissertation panel and examiners recommended have been adequately addressed

Sign:…… **Date:** …31/10/2025……

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DYNAMIC CAPABILITIES AND ORGANIZATIONAL PERFORMANCE IN MANUFACTURING FIRMS IN KENYA

ABSTRACT

The purpose of this study was to examine how dynamic capabilities impacted the organisational performance of manufacturing companies in Kenya. Specifically, the research investigated the relationship between dynamic capabilities and organisational performance in Kenyan manufacturing companies through the lenses of sensing, seizing, reconfiguring, and organisational learning capacities. Contingency Theory, RBV, KBV, and DYST served as the theoretical frameworks underpinning the research. Fifty of the most well-known industrial firms were the focus of the descriptive research. Data were collected from 150 respondents in 50 manufacturing firms. Data were analysed using both descriptive and inferential statistics.. The study revealed that Kenyan manufacturing firms moderately adopted sensing, seizing, and reconfiguration capabilities, all of which had a positive and significant effect on organizational performance. While firms effectively scanned environments, applied knowledge, and reengineered processes, gaps remained in systematic knowledge creation and continuous business model adaptation. Organizational learning was moderately supported internally but limited externally, and although the overall model was significant, its moderating effect on dynamic capabilities and performance was not. The study recommends that Kenyan manufacturing firms strategically strengthen their dynamic capabilities and organizational learning to boost performance and competitiveness. Firms should invest in advanced sensing systems, such as digital technologies for real-time market intelligence, and foster a culture of proactive information sharing to identify opportunities and threats effectively. Future studies could explore the sectoral variations in dynamic capabilities by extending the research beyond manufacturing firms to include service, technology, and agricultural sectors.

.**Key Words;** Dynamic Capabilities, Sensing Capabilities, Seizing Capabilities, Organizational Performance, Diagnostic Tests, Model Fit

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For directing me through my investigation, I offer credit and honour to God, who is the origin of all that is right and good.

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Teachers, students, and other scholars, you have my deepest thanks for inspiring me to take this giant leap in my academic career; your insightful enquiries and constructive comments pushed me to try new things and find solutions that worked.

Thanks also go out to my family, who were there for me every step of the way and gave me the encouragement I needed to finish my research endeavour.

May you all continue to be blessed by God. Thank you.

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DEDICATION

This study project is dedicated to my family as a way of expressing my gratitude for the spiritual support they have provided during my academic career.

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ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
GDP	Gross Domestic Product
KAM	Kenya Association Manufacturer
KIPPRA	Kenya Institute for Public Policy Research and Analysis
MSMEs	Micro, Small and Medium sized Enterprises
NSE	Nairobi Stock Exchange
RBV	Resource Based View
VIF	Variance Inflation Factor

OPERATIONAL DEFINITION OF TERMS

Dynamic capabilities	Define the company's capacity to recognise and grasp opportunities and risks, learn new things, and adjust its assets to adapt to changing conditions (Teece, 2020).
Sensing capabilities	The capacity of a business to identify market opportunities ahead of rivals entails facilitating opportunity identification, market research, information gathering, and processing (Teece, 2020).
Seizing Capabilities	Sensing capacities and seizing capabilities are related because opportunities or possibilities that are sensed must be addressed by new services, products, processes, or a combination of these options. It calls for the pooling of resources, the creation and gathering of information, and the introduction of novel approaches and goods (Teece, 2020).
Reconfiguration Capabilities	Describes a company's capacity to reclaim lost assets and educate itself in order to innovate, which in turn allows it to seize opportunities and fend off dangers; this encompasses practices like decentralisation, reengineering business processes, and continuous improvement (Sugiyarti & Ardyan 2022).
Organizational Learning	Organisational learning refers to the process of generating, storing, and sharing information amongst employees within an enterprise (Schiemann, 2019).
Performance	The capacity of an organisation to accomplish its goals and objectives via the

responsible and effective utilisation of its resources, which is predicated on the principles of efficiency, innovation, and the expansion of the business (Sundin and Brown, 2023)

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Environmental turbulence and increased worldwide rivalry are two powerful factors that put pressure on businesses to develop paradigms that improve their financial performance. According to Min and Kim (2021), one of the most significant methods to counteract these forces is to make advantage of the dynamic capabilities that are accessible when they arrive. In order for enterprises to effectively resist environmental upheavals, dynamic capacity serves as the foundation upon which they update both their internal and external capacities (Teece, 2020). Within the realm of thinking known as the resource based view (RBV), the concept of dynamic capacity was first established. Businesses are able to effectively connect their existing internal strengths with external prospects via the use of dynamic capabilities, which ultimately leads to increased financial performance.

Peng, Zhang, Yen, and Yang (2019) state that there are two types of dynamic capabilities in Taiwan: exploration capabilities and exploitation capabilities. This holds true all throughout the world. For Korean businesses to consistently improve their financial standing in the market and industry, they must have the essential dynamic competencies, claims Kwon (2021). Sensing, learning, and reconfiguration functions are the three main parts of Iraq's dynamic capabilities (Kareem and Alameer, 2019). In addition, they discovered that the skills of learning and reconfiguration had a substantial influence on the success of the company. During the course of his investigation into the Thai environment, Mongkol (2021) found three main dynamic capacity constructs: inventive capabilities, absorptive capabilities, and adaptive capabilities.

A variety of African business contexts have provided opportunities to study dynamic capacities. Fatoki (2021) found that in South Africa, the ability to sense, learn, integrate, and

coordinate are the most significant components of dynamic capabilities. Achieving one's goals is greatly affected by each of these abilities. If the organisation can adjust its dynamic capabilities to fit the opportunities it has identified, it can boost its performance (Eisenhardt & Martin, 2010; Teece, 2017).

Marweshe (2022) urged state enterprises to consistently enhance their innovative strategies, market innovation, and technological innovation capabilities, identifying dynamic capabilities as primary drivers of market competitiveness. Similarly, Wogwu and Hamilton (2018) found that dynamic capabilities significantly impact company performance in Nigeria. According to Leemann, Kanbach, and Stubner (2021), the company switched from printing to providing internet-based services after implementing dynamic capabilities. Sensing by grasping is presented as a dynamic capability that aids in the seizing of tangible possibilities.

The relevance of dynamic skills in improving company performance has grown in light of research done in Kenya. The majority of firms recognise the importance of dynamic skills for increasing organisational performance, according to study by Manyara, Nkaabu, and Moguche (2020). Sensory capabilities, seizing capacities, and reconfiguring capacities are the three unique constructions that may be distinguished from one another, as stated by Oluoch (2024). A significant influence on performance may be attributed to these constructs. Gicheru and Kariuki (2019) state that dynamic talents include a wide range of abilities, such as technical proficiency, creativity, providing excellent service, and fostering a culture of continuous learning.

The heightened competitiveness among enterprises has compelled Kenyan manufacturing firms to investigate novel approaches to resource reconfiguration in order to achieve improved firm performance (Kufwafwa2024). Manufacturing companies invest in various projects to reduce expenses, reduce risks, and above all improve company performance.

It has been stated by Nyachanchu, Chepkwony, and Bonuke (2019) that the dynamic capacity perspective is now considered to be one of the viable ways that might be used in order to advance the strategic agenda.

1.1.1 *Dynamic Capabilities*

According to Teece, one way a company might use dynamic capabilities is by methodically developing and changing operational procedures to boost financial performance (2020). Collective processes that are both stable and teachable make up dynamic capacities. A company's "dynamic capacities," as discussed by Helfat and Martin (2019), include its potential to generate resources, improve existing ones, or change their composition. Sugiyarti and Ardyan (2022) state that "dynamic capabilities" may be defined as a business strategy that encourages the utilisation of both internal and external talents to adapt to a constantly changing economic environment. This has made the company more flexible and responsive to changing market conditions. According to Oluoch (2024), a company's dynamic skills allow it to adjust to new circumstances by combining, reorganising, modernising, and constructing its fundamental and resource-based competencies. Having this frame of mind is essential for getting and staying ahead of the competition. Mpofu and Hlatywayo (2020) state that group dynamics are best understood as a set of taught and practiced behaviours. These capabilities equip an organisation with the ability to systematically build and modify its operational processes in an attempt to improve its efficiency.

According to Ferreira, Coelho, and Moutinho (2020), dynamic capabilities assist the company in developing, expanding, and altering its operational capabilities in a methodical manner. According to Osisioma et al,. (2019), dynamic competencies are especially important for businesses that operate in unstable external settings. According to Helfat and Martin (2019), the strategy can also benefit businesses operating in situations that are stable and somewhat stable. A third group of academics contends that businesses may use dynamic capabilities in both stable and quickly changing situations. According to Coreynen, Matthyssens,

Vanderstraeten, and Witteloostuijn (2020) and Min and Kim (2021), for example, businesses can use those dynamic skills in both stable and dynamic situations.

According to the findings of this research, the dependent variables that reflected dynamic capacities were adaptable capacity, marketing capability, alliancing capability, and managerial capability. It was pointed out by Riviere, Bass, and Andersson (2021) that different types of industries have different kinds of dynamic capacities. In order to operationalise dynamic capabilities, Teece (2020) used talents in sensing, seizing, learning, and reconfiguration. An developing consensus in the body of research that is now being published (Mendoza-Silva, 2021) asserts that the three dynamic skills that are most detrimental to the success of a company are innovation, learning, and resource reconfiguration. The ability to detect, seize, learn, and reconfigure is the main focus of this research since, according to Teece (2020), they are the foundational skills of dynamic capacities.

1.1.2 *Organizational Performance*

Despite being widely used in literature, the term "firm performance" has many different connotations, making it challenging to define. Mule and Mukras (2024) note that despite being a commonly utilised variable in research, company performance lacks a commonly agreed-upon definition. According to Sundin and Brown (2023), a company's success is characterised by how well it accomplishes its goals. Business performance is described by Mirza and Javed (2022) as the achievement of firm objectives via the efficient and effective utilisation of resources through key initiatives. According to Richard et al., (2019), one definition of performance is an organization's capacity to achieve its objectives via the efficient and wise utilisation of its resources. The interaction of productive resources that generate value is the basic idea behind a company, which helps to explain how businesses function. Researchers used a stakeholder theory framework to determine that performance is defined as how well a business met the financial and non-financial needs of its various stakeholder groups. This decision was reached after considering many plausible readings.

When companies invest in their employees' professional growth, they increase the likelihood that those workers will be able to use what they know in the workplace (Talaso, 2022). Consequently, the organization's total performance would improve since they would be more equipped to respond to changes in the market. In order for an organisation to reach its performance goals, Nzau (2021) argues that it must develop and execute a value-creating strategy that provides customers with goods and services that are worth more than they are willing to pay for. Management, advertising, and the efficient use of a company's resources determine the company's performance in the marketplace (Roch, Wanjau, and Namusonge, 2022). According to Salleh and Hashim (2021), a company's time effectiveness and efficiency will determine its performance.

Organisational effectiveness has been measured differently by various scholars and theorists (Ashraf & Kadir, 2016). Three separate company outcomes may be used to evaluate an organization's success, as stated by Richard, Devinney, Yip, and Johnson (2019). Quality, ROI, resource utilisation, innovation, product market performance (sales, market share, and profits), and total shareholder return are the outcomes that fall under financial performance. In contrast, Nzau (2021) quantified business success by tracking metrics like customer retention rate and market share. According to Harash, Al-Tamimi, and Al-Timimi (2021), in order to achieve a composite index of overall performance, organisations must integrate many performance metrics. With corporate development, innovation, and efficiency as its constructs, this study will use organisational performance as a dependent variable.

1.1.3 *Manufacturing Firms in Kenya*

Small, medium, and micro businesses comprise Kenya's manufacturing industry, along with large manufacturing organisations. Among the several categorisation schemes that are used in the manufacturing sector are the industrial classification systems, the mode of production

system, and other classification schemes. On the other hand, Kenyan manufacturing enterprises are classified into twelve different sectors according to the degree of similarity between their goods (KAM, 2024). The manufacturing sector was split into two groups by Chege, Ngui, and Kimuyu (2021): modern and informal. These categories were determined by the size of the enterprise and the degree to which technology was used. Contrast this with the informal sector, which comprises over 40% of all firms and is characterised by extremely small businesses that use almost no technology at all, and you have the current sector, which is defined by large and medium-sized enterprises that rely heavily on technology. Were (2016) also reports that MSMEs account for 14% of the GDP in the manufacturing sector and make up over 67% of all manufacturing enterprises. However, according to KIPPRA (2024), 86% of the GDP and 71% of the employment in the industry are attributed to medium- and large-sized firms.

Out of Kenya's industrial sector's total gross domestic product (GDP), 70% comes from manufacturing and 30% from the combined building, construction, mining, and quarrying industries. One of the main factors that might lead to a consistent yearly growth rate of 10% in the gross domestic product, according to Kenya Vision 2030, is the manufacturing sector (KIPPRA, 2024). Paper, plastic, metal, and food and drink production are all part of Kenya's manufacturing industry, as are related industries. The KAM reports that, on average, the manufacturing sector contributes 18% to the country's GDP (Cliff and Willy, 2023). This sector provides official and informal employment to about 2.3 million people. The manufacturing sector's contribution to wage employment is on the decline, even if it remains a steady 10% of GDP (KIPPRA, 2024).

Under the manufacturing economic pillar, the current government of Kenya has adopted a number of steps in response to the dismal performance of the country's manufacturing sector. According to the KAM, manufacturing's value contribution jumped 11.6% from 2024, almost double the previous average. However, the value addition

contribution of the manufacturing sector is much lower than that of other economic sectors, which means that structural reforms are required in order to bring it back to life (KAM,2024). Rapid globalisation, technical development, shifting customer preferences, and changing governmental regulations are all contributing to the manufacturing industry's exponential transformation, speeding up competitiveness, and continuously raising the bar for business performance worldwide (KAM, 2024). Therefore, in order to stand out in this extremely dynamic environment and achieve exceptional firm performance, manufacturing companies must build dynamic capabilities.

1.2 Statement of the Problem

Kenya’s manufacturing sector has experienced a persistent decline in performance despite efforts to revitalize industrial growth. From 11.8% in 2019 to 8.4% in 2024, the sector’s contribution to GDP has been decreasing (KAM, 2024). In fact, output quantities have fallen, resulting in a 1.1% overall contraction in 2024 (KIPPRA, 2024), while the growth rate dropped sharply from 5.6% in 2019 to 0.2% in 2024. Despite a 15% increase in industrial investments over the same period, overall performance declined by 8% between 2021 and 2024 (KNBS, 2024). Rapid globalization, shifting consumer preferences, and continuous technological disruptions have further compounded these challenges, creating a highly dynamic and uncertain environment for firms (KAM, 2024). As noted by KAM (2023), the combination of sluggish growth and increased volatility poses a serious threat to employment, given that every 100 jobs in manufacturing support an additional 291 jobs in other sectors (Cliff & Willy, 2023). This downward trajectory highlights the urgent need for firm-level strategies that enhance adaptability and resilience, particularly in turbulent environments.

While much research has been conducted on dynamic capabilities in many industries and regions, there are still considerable gaps in empirical validation, contextualization, and

sectoral specificity. For instance, Peng et al. (2019) showed that flexibility had a strong link with performance in Taiwanese IT firms, whereas Kareem and Alameer (2019) found that learning and reconfiguration capabilities were significant, but sensing was not. Similarly, Manyara et al. (2020) and Okwemba (2019) both examined Kenya and found that sensing, seizing, and reconfiguration capabilities influenced performance strongly, and Gicheru and Kariuki (2019) established this relationship in the banking industry. However, many of those studies were limited to region or context, with other scholarship focusing on specific industries—such as banking—even though some, like Mpofu and Hlatywayo (2020) or Ali et al. (2021), focused on innovation performance versus overall performance. Therefore, overall, there is a base of limited empirical evidence for how dynamic capabilities influence performance in Kenyan manufacturing. Therefore, creating this evidence looks to provide an opportunity to examine how firms in emerging economies might leverage capabilities to effectively respond to systemic uncertainty—utilizing both theoretical evidence and practice related to industrial renewal.

1.3 Objectives of the study

The research focused on both general and specialised aims;

1.3.1 *General Objective*

The general objective of the research was to determine the effect of dynamic capabilities on organizational performance of manufacturing firms in Kenya.

1.3.2 *Specific Objectives*

The research was directed by the following precise goals;

i. To examine the effect of sensing capabilities on organizational performance of manufacturing firms in Kenya.

ii. To determine the effect of seizing capabilities on organizational performance of manufacturing firms in Kenya.

iii. To assess the effect of reconfiguration capabilities on organizational performance of manufacturing firms in Kenya.

iv. To examine the moderating effects of organizational learning on the relationship between dynamic capabilities and organizational performance of manufacturing firms in Kenya.

1.4 Research Questions

The study was guided by the following research questions;

i. What is the effect of sensing capabilities on organizational performance of manufacturing firms in Kenya?

ii. How does seizing capabilities affect organizational performance of manufacturing firms in Kenya?

iii. To what extent does reconfiguration capabilities affect organizational performance of manufacturing firms in Kenya?

iv. What is the moderating influence of organizational learning on the relationship between dynamic capabilities and organizational performance of manufacturing firms in Kenya?

1.5 Significance of the study

The study's conclusions was significant for the subsequent parties:

1.5.1 *Government and policy makers*

. The findings of the research were used by KAM and other regulatory agencies to formulate relevant regulations and recommendations for regulating manufacturing enterprises. This was a significant step toward developing the overall resilience of the sector. Furthermore, it aided them in developing rules that were useful to companies and other organisations in applying dynamic capabilities, which in turn helped improve performance and maintain competitiveness.

1.5.2 *Management of the Manufacturing Firms*

The findings of the research were utilized by KAM and other regulatory agencies to formulate relevant regulations and recommendations for the regulation of manufacturing enterprises. This

represented a significant step toward strengthening the overall resilience of the sector. In addition, the findings assisted in the development of rules that were beneficial to companies and other organisations in applying dynamic capabilities, thereby enhancing performance and sustaining competitiveness.

1.5.3 *Scholars and Academicians*

The results of this study were very useful for scholars and researchers in their continuous pursuit of understanding dynamic capabilities. Building on prior efforts, the study sought to improve performance through the use of dynamic capabilities by recommending realistic and efficient alternatives. Additionally, it offered new viewpoints to the existing body of knowledge while broadening the current corpus of literature. It was also used by higher education institutions as a research resource.

1.7 Scope of the Study

By investigating how dynamic capabilities affect the output of Kenyan manufacturing firms, this study hopes to close a gap in our understanding. This inquiry will concentrate on manufacturing businesses located in Kenya. According to Appendix I, all fifty manufacturing businesses will make up the research population. An essential component of the study's approach is the use of original data. It is anticipated that the duration of the research was six months, beginning in March 2024 and ending in August 2024. By investigating how dynamic capabilities affected the output of Kenyan manufacturing firms, this study sought to close a gap in understanding. The inquiry concentrated on manufacturing businesses located in Kenya. According to Appendix I, all fifty manufacturing businesses constituted the research population. An essential component of the study's approach was the use of original data. The duration of the research was six months, beginning in March 2024 and ending in August 2024.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section of the study examined the work done by other academics and researchers to comprehend the relationship between dynamic capabilities and organisational success. A theoretical framework was presented in subsection one, empirical data is reviewed in subsection two, and research needs are identified and the literature review is summarised in part three.

2.2 Theoretical Framework

This section reviews the major ideas that have been used to investigate how dynamic capabilities impact the success of businesses. The RBV, the knowledge-based perspective of the firm, and the contingency theory are all examples of such theory.

2.2.1 Dynamic Capabilities Theory

Teece et al. (1997) state that in order for enterprises adapt to changing conditions, they must be able to integrate, develop, and reorganise both internal and external skills. Ambrosini and Bowman (2009) cite Teece's (1990) work as the pioneering effort to describe dynamic capabilities in a simple and succinct manner. The author demonstrated that RBV was unable to drive itself, suggesting the approach that many successful businesses use in order to assume product innovation fast, provide flexibility, and have adequate management that coordinates and re-deploys both internal and external talents. According to Teece (1990), strategists need to think about how to "adapt, reconfigure, and incorporate resources of an organisation, both internal and external, in order to match dynamic market conditions" because of how the environment is constantly changing. According to Teece and Pisano (1994), an organization's ability to navigate a dynamic external environment by adjusting, integrating, and

reorganising its resources and skills determines its level of success. Despite the ever-changing external environment, a company's "dynamic capabilities" may be described as its capacity to develop, combine, and rearrange its internal and external skills (Teece et al., 1997).

Numerous criticisms have been levelled against the idea for a variety of reasons, one of which being the vagueness of the term "dynamic capability." According to Ambrosini et al. (2009), there have been arguments over the fact that it is challenging to conduct empirical measurements of dynamic capabilities, the operational processes that back them up, and the correlation between these two concepts and the performance of firms. The concept of dynamic capacities has come under particular fire for this reason. There is also the matter of quantifying processes and routines that are specific to businesses or parts of resource packages. According to Hedayati, Khalilzadeh, and Bahari (2021), there is no predetermined paradigm on which capabilities and the ways in which they influence the performance of the organisation may be measured. A further criticism levelled against this theory is that it is too repetitious and that it does not sufficiently address dynamic capabilities and the functioning of such capacities.

The dynamic capabilities theory will serve as the foundation for this investigation since it provided a framework for determining which dynamic skills businesses should prioritise in order to attain better results. becoming recognised as a source of long-term company performance in a setting that is changing quickly (Helfat et al., 2009). The idea is also useful for studying external and internal capacities, which is important for assessing how companies may improve their employees' ability to take advantage of new possibilities. There are many different types of resource endowments that may have an effect on the position of an organisation. Some examples include technology, relationships with consumers and suppliers, and intellectual property. The performance of an organisation may be improved by the implementation of these.

2.2.2 Resource Based View

The Resource-Based View (RBV) informs this research because it demonstrates how internal resources and capabilities increase organizational performance. The theory suggests that organizations obtain and maintain competitive advantage through the effective application of valuable, rare, inimitable, and nonsubstitutable (VRIN) resources (Barney, 1991). Richard, Penrose (1959), Wernerfelt (1984), and Barney (1991) were the original scholars who contributed to the development of this approach. This approach provides an opportunity to conduct an in-depth examination of a firm's tangible and intangible assets and how these assets contribute to the firm's ability to compete in a market. The Resource-Based View is solidly based on four theoretical foundations; studies of different abilities, Ricardian and Penrosian economics, and the antitrust implications of economics (Ireland, Hitt, & Sirmon, 2003).

Within this investigation, the RBV presents a lens to examine the impact of internal organizational capabilities—which consist of dynamic capability, knowledge, and human capital—on performance at the level of the organization. Specifically, when firms successfully routinize and deploy their strategic resources (namely: human resources, technology, and process) we assume that they can enhance capacities for productivity, innovation, and ultimately competitiveness. As a result, RBV demonstrates that superior performance of an organization requires strategic management of internal capabilities, as well as leveraged capabilities.

Despite its importance, the RBV has been under criticism as well. One of the main criticisms is that it cannot explain how organizations can have sustained superior performance, particularly in environments of rapid change (Kraaijenbrink et al., 2010). In a similar vein, Teece (2010) contended that RBV does not consider how successful organizations can have rapid product innovations and quick responses, and how management can reconfigure both

internal and external competencies. Second, inconsistencies in construct and variable definitions have resulted in conceptual ambiguity (Bromley, 2009; Kraaijenbrink et al., 2010).

Overall, while the RBV supports the performance conditional variable (i.e., organizational performance), it also implies that internal resources and competencies provide organizational advantages to achieve efficiency, adaptability, and sustained competitive advantage. Four reasons, organizations that consistently invest in the development of their resources, and utilize those resources to ensure congruance with their strategic choices and the orientation of their strategic intentions, tend to have greater performance, particularly in dynamic, competitive environments.

2.2.3 Knowledge Based View Theory of the Firm

Nonaka (1994), Spender (1999), and Decarolis and Deeds (1999) are among the proponents of this hypothesis. The thesis asserts that information is among the most strategically significant assets of the organisation. It describes how the organisation can't survive without producing, using, and applying knowledge. Organisational learning activities and procedures inside the company can be used to exploit dynamic capabilities. According to the principle, businesses ought to possess knowledge-based assets that are extremely difficult to imitate.Firms' diverse knowledge bases and competencies are the fundamental factors that keep them competitive. In order to remain competitive, the corporation can't reorganise or alter its goods due to a lack of data.

The KBV posits that the heterogeneity of firms' knowledge bases and competences is at the heart of their competitive advantage. Knowledge-based assets are generally tacit, complicated, and cumbersome to imitate and engender sustained performance. Firms that are proactive in learning and innovating can react to turbulent environmental conditions, while firms that fail to obtain similar relevant data and insight usually lack the capacity to reconfigure

or enhance their products and processes. As Arrwashdeh, Ibrahim, Emeagwali, and Alshanty (2019) discuss, knowledge can be viewed as a powerful strategic resource that firms may utilize to enhance adaptability and decision making.

Three major disadvantages, however, confront the KBV. The KBV has been described as overly descriptive and limited in scope. It does not provide a clear identification of measuring knowledge-based assets or flows of knowledge or any direct association to performance (Grant, 1996). Additionally, the KBV focuses solely on knowledge-based competition and ignores other vital determinants of competitive advantage — supplier relationships and customers. Winter (2003) also argues that while the KBV tends to emphasize long-term knowledge stock for a firm, firms often operate under short-term unanticipated competitive pressures and need to react quickly.

Nevertheless, this theory underpins the organizational learning variable in the current study. The KBV is essential for understanding how firms develop, retain, and apply knowledge to innovate, adapt, and remain competitive over time. By managing knowledge as a strategic resource, organizations can enhance decision-making, improve operational efficiency, and strengthen overall performance. In dynamic environments, continuous learning enables firms to acquire the new insights necessary to survive and thrive—thereby linking knowledge creation directly to firm competitiveness and sustained success

2.3 Empirical Review

The literature produced by scholars at the international, regional, and, finally, domestic levels is covered in this section.

2.3.1 Sensing Capabilities and Organizational Performance

(Teece, 2020) Sensing skills are the capacity of a firm to recognise market possibilities ahead of competitors. The capacity to do so gives the business an edge over its rivals. This capability may be developed by the utilisation of data, analytics, and technology in order to identify potential dangers posed by other companies, anticipate changes in customer requirements, and keep an eye out for emerging trends. The research conducted by Khristianto et al., (2021) focused on market sensing and how it is connected to innovation and competitive advantage. The inquiry primarily targeted tour companies operating their operations inside the US. In order to gather information, a systematic questionnaire was developed and administered. Next, SEM was used to evaluate the results. Based on the results of the experiment, a direct and strong association exists between market sensing. Along with this, it became abundantly evident that market sense and competitive advantage are directly and strongly tied to one another. However, in contrast to the current research, which will focus on Kenya, the study that was presented was carried out in the United States of America, which is located on a different continent. In spite of the fact that performance would be the primary focus of this investigation, competitive advantage was used as the independent variable.

Researchers Rashidirad, Salimian, and Soltani (2021) examined a product service approach using role-playing, ambient turbulence, and sensing capabilities. The quantitative technique was used to conduct this study among UK-based businesses providing telecom services. The kind of analysis that was being used was known as multiple regression analysis, and it was very necessary for putting the claimed interaction between the variables that were being investigated to the test. The results demonstrated that sensory capacities impact environmental turbulence. In contrast to the last study, which was carried out in a worldwide setting and concentrated on sensing capacity and environmental turbulence, the current

research will centre on sensing capabilities and performance in Kenya. Because this research will only look at Kenya, there is a lack of information in this area.

Sensing competency and its impact on business financial performance was the major subject of the study carried out by Sudrajata et al., (2019). Participating in this investigation were logistics companies with operations in Indonesia. With a quantitative technique, this study polled 150 people, including managers from the participating companies. The bottom line is significantly affected by the company's detection ability, according to the research. However, the study does not provide enough context since it was conducted in Indonesia, which is located on a different continent than Kenya, the subject of the current analysis. This research looks at how well the company did as a whole, as opposed to the previous one, which just looked at financial performance.

Alshanty, Emeagwali, Ibrahim, and Alrwashdeh (2019) examined the relationship between market sensing capacities, knowledge development, and innovative ability, with a focus onSMEs in Jordan. The data acquired from the 304 participants, all of whom were from SMEs, was analysed using SEM. According to the research, market sensing, innovation, and knowledge creation are positively and substantially correlated with one another. Market sensing was the primary emphasis of this research, in contrast to the present investigation, which would investigate sensing capabilities in a more broad sense.

Sugiyarti and Ardyan's (2022) study concentrated on market sensing skills and how they relate to South Africa's edge in product creation. The study specifically focused on emerging markets. The aim and sample size was 122 people in total. The analytical method utilised to process the AMOS version 21-supported result was SEM. The investigation revealed that while market sensing competence has little effect on market performance, it is highly correlated with the quality of market entry. The AMOS tool was utilised for analysis, and structural equation modelling was the strategy that was used in this research. This is in contrast

to the present examination, which will depend on regression analysis. The product innovation advantage served as the dependent variable in the research, and the present investigation will establish a connection between performance and dynamic capabilities.

Acheampong, Kankam-Kwarteng, Sarpong, and Amofah (2021) concentrated on marketing sense and customer interaction orientation as their primary areas of research. The survey was carried out among Ghanaian firms that are focused on providing services. The approach that was used in this inquiry was a survey that had a convenient sample size of two hundred individuals. In order to facilitate the study, multiple regression models with a hierarchical framework was used. In the course of research, it was shown that there is a significant relationship between market performance and market sensing skills. Instead of concentrating on broad sensing aptitude, the study examined market sensing capability.

A research conducted by Okwemba (2019) with the intention of highlighting the influence of market sensing skills on performance was conducted with a particular emphasis on Kenyan telecoms businesses. A total of twenty-one individuals were chosen for the study by combining the survey method with stratified random selection. The results show a strong correlation between proficiency in market sensing and financial success. The study was conducted among telecommunications companies, which are subject to different regulations than the manufacturing companies that will be the subject of this investigation.

Ndambuki (2019) conducted a study that measured market sensing capacities for new product development success. In this study, 180 SMEs were sampled, and managers' perceptions were used to test the market sensing constructs. Confirmatory factor analysis was the methodology used to measure these constructs. Organisational articulation, company experience, consumer interactions, and analytical approaches are some of the key components of market sensing found in the literature, according to the study. The general public assumed that these buildings significantly impacted product innovation via their manufacturing. The

study's dependent variable was new product development, and the current study would link performance to dynamic capacities.

2.3.2 Siezing Capabilities and Organizational Performance

Sensing capacities and seizing capabilities are related because opportunities or possibilities that are sensed must be addressed by new services, products, processes, or a combination of these options (Teece, 2018). The capacity to grasp chances and the influence that this skill has on the development of new goods in China were the key topics of investigation in a research that was carried out by Min and Kim (2021). The research mainly focused on SMEs. Hierarchical ordinary least squares regression was the name of the approach that was used. Part of the study's sample are 215 SMEs that deal in the selling of IT products. The impact of capacity utilisation on new product development is well-established. The offered study was conducted in China, which is located on a separate continent from the previously supplied research that will centre on Kenya. This research will concentrate on performance, while the creation of new items will act as the independent variable. Performance will be the emphasis of the study.

The work that dealt with this subject was Darvizeh (2019), which emphasised the role of dynamic capacities in the creation of new items and the entity's overall performance. This research just employed a desk review methodology. The ability to comprehend new information directly affects the creation of new goods, as shown in the relevant research review. This study's limitation is that it relied on a desk review approach; in contrast, the present investigation will make use of original data.

Seizing was one of the variables in Breznik, Lahovnik, and Dimovski's (2018) study on dynamic capabilities. This variable was used in conjunction with other dynamic capability constructs, such as reconfiguration and sensing capabilities. The primary goal of the investigation was to review the body of existing literature. It became clear that businesses ought to be able to take advantage of all pertinent capabilities supported by the DCT. According to the study, businesses should always be dedicated to identifying, grabbing, and reworking their models to make them more viable. However, because this study mostly used the desk review approach, it introduces a methodological gap. Nonetheless, primary data will be used in the current investigation. An examination of the correlation between efficiency and proficiency in sieving will arise as a natural outgrowth of the study.

To be more precise, Ali et al. (2021) set out to learn the impact of dynamic capacities on innovation output. This investigation was conducted in the banking industry of Iraq. Survey data was gathered and processed using SEM. The survey sought to gather information via the use of a questionnaire. It was possible to finish the investigation with the help of research instruments like AMOS and SPSS. The research found that although intellectual capital does have an effect on innovation output, dynamic qualities like grasping ability reduce that effect. There is a lack of context in the study since it was conducted in Iraq instead of Kenya and focused on the banking sector, while this study will examine industrial firms in Kenya.

Matysiak, Rugman, and Bausch (2018) addressed dynamic capacities in MNCs, including sensing, transformation, and seizing. The study recognised the need of dynamic talents in order to understand how organisations build and maintain competitive advantages in a constantly changing industry. The research derived the rationale for RBV-based sensing capabilities for multinational corporations using the desk review method. According to the study, the relationship between sensing and evolutionary fit is positively moderated by competitive advantage. The study's foundation will be siezing performance and capacities.

In their study of Nigerian SMEs, Oluigbo and Nwankwo (2023) sought to determine the relationship between risk-taking capacity and business performance. In order to accomplish its aims, this study employs an explanatory research technique. Across the board, the ability to take risks was positively and statistically significantly correlated with every measure of business performance that was considered. The study's findings suggest that SMEs in Rivers state's agriculture sector benefit from a willingness to take risks, which is essential for improving firm performance. While this research will focus on Kenya, the one that was presented was really carried out in Nigeria.

Axel Springer in Rwanda was the subject of a longterm case study by Leemann, Kanbach, and Stubner (2021) to investigate ways to challenge the dynamic capacities paradigm. As stand-ins for dynamic capability, the study specifically focused on transformation, seizing, and sensing skills. Primary data was used in the study. Dynamic capacity has been widely used by the large media organisation that served as the case study. The company had switched from printing to providing internet-based services after implementing dynamic capabilities. Managers of the company were interviewed in order to obtain information. In terms of understanding transformation, capturing, and sensing components of dynamic capacity, the example demonstrated overlapping themes, linkages, and iteration. Sensing by grasping is presented as a dynamic capability that aids in the seizing of tangible possibilities. Only one firm was included in the study, which used case study methodologies. This runs counter to the current study, which will employ a number of manufacturing firms as a point of reference to gather data for analysis.

Using a focus on industrial enterprises in Kenya, Rono (2021) examined the correlation between dynamic skills and competitive advantage. A total of 321 out of 795 business entities were selected using a positivist paradigm and an explanatory research technique. Throughout the research, it was shown that grasping abilities and competitive advantage interact in a good

and meaningful way. However, since performance was not considered alongside competitive advantage as a dependent variable, a gap was established. The current study will use participant performance as its dependent variable in an effort to close this gap.

With a focus on shipping companies in Kenya, Oluoch (2024) aimed to predict the relationship between dynamic capacity and financial success. The investigation was built on two pillars: a knowledge-based perspective and a resource-based one. Thirty Mombasa-based shipping companies were the focus of the study's cross-sectional survey methodological investigations. More over three-quarters of those who were polled took the time to respond. Results showed a robust and favourable relationshipb between dynamic capacities and performance in the experiment. Unlike other studies, which focused on the shipping sector, this one would zero exclusively on Kenyan manufacturing enterprises.

2.3.3 Reconfiguration Capabilities and Organizational Performance

A company's "reconfiguration capabilities" are its ability to recover lost assets and learn new things in order to innovate, which in turn increases the company's chances of seizing opportunities and surviving dangers (Sugiyarti and Ardyan 2022). Performance in relation to reconfiguration and restructuring was one of the topics covered by Girod and Whittington's (2019) study. This study examined big American companies from 1985 to 2004 using dynamic panel data. Pervasive and limited restructuring were the two types of reorganisations that were identified. According to the study, an organization's performance results are positively correlated with a more widespread reorganisation. Restructuring might hurt the company's performance in a volatile climate, but reconfiguring could be better. One missing piece of the puzzle is that the study wasn't conducted in Kenya but rather in the US. Both primary and secondary data will be employed in this study, as opposed to panel data analysis in earlier studies.

To find out how Vietnamese companies' innovation performance is impacted by their capacity reconfiguration to deal with the external environment's rising dynamism, Cuong, Lo, and Linh (2021) performed study. For this study, researchers polled 266 SMEs directly or indirectly engaged in manufacturing. The capacity reconfiguration was shown to be favourably predicted by both internal endowments and external dynamisms, as was indicated in the previous sentence. The country of Vietnam, not Kenya, was the location of this research. When doing the analysis of the research, the general performance characteristics were not taken into consideration.

A study was carried out by Steward et al., (2019) to ascertain the role that reconfiguration capabilities had on the rollout of health-related data exchange. The study relies on 111 semi structured interviews with project and IT experts to back up its claims. The dynamic capability model was constructed using data systems, absorption capability, and reconfiguration capability as its building parts. The study's direction was based on this paradigm. The most prominent of these dynamic capability constructs that influence how health-related information sharing is implemented is reconfiguration capacity. In the setting of the health care business, this research was conducted, which is a limitation since the sole form of data collection that was used was interviews. In this study, information will be gathered from industrial manufacturing firms via the use of a questionnaire.

Kurnadi, Tirta, Pantri, and Boto studied the impact of disruptive innovation on continual reconfiguration capacity throughout 2019. Digital startups headquartered in Indonesia were the primary focus of the investigation. PLS-SEM was one of the quantitative approaches employed. A total of 107 different firms filled out the poll, which aimed to gather founders' perspectives. It was discovered that the capacities of reconfiguration have a substantial correlation with the level of innovation that occurs inside an organisation. Performance was employed as the dependent variable in the study, while disruptive innovation

was used as the independent variable by the researchers. The significant methodological flaw that this research introduced is that it used SEM for analysis, while regression analysis would have been utilised in this study to create insights.

Konlechner (2021) conducted an analysis on capability reconfiguration and reorientation. It has been demonstrated that when decision makers believe that the current capability reconfiguration will not be sufficient to achieve the firm's goals, they will perceive gaps in capabilities. The study produced a useful framework for elucidating the variables influencing how competence gaps are perceived. It was shown that attitudes on competence gaps serve as a foundation for starting the firm's search procedures and activities. Responses to this can take many different forms, such as capability replacement, renewal, redeployment, or even replication. This study's weakness is that it did not address performance-related issues, which will be a major focus of the current investigation.

Abiodun, Makama, and Babatunde (2019) investigated the findings of earlier studies on the suitability of implementing the elements of export market orientation and the possible effects of reconfiguring capability using PLS SEM Path Modelling on data gathered from 201 exporting SMEs in South Africa. Export performance was substantially and favourably correlated with the production, distribution, and responsiveness of export intelligence. The relationship between export performance, export intelligence dissemination, and export intelligence dissemination is mediated by reconfiguring capability. The performance variable, which was the dependent variable, was not investigated in this research. The research was carried out in South Africa, not Kenya, which has a distinct environment from South Africa.

Nigeria was the primary focus of Wogwu and Hamilton (2018)'s research in order to demonstrate the connection between the capacity of reconfiguration and the competitive advantage. The study was theoretically grounded on Porter's five forces and the knowledge-based methodology. The desk review was a method that was used. The analysis emphasised

the necessity of expanding and utilising all significant reconfiguration capabilities within the company. The fact that this inquiry took place in Nigeria and not Kenya caused a chasm to open up. The preceding study was primarily focused with competitive advantage, but the present research would concentrate on performance.

Kufwafwa (2024) states that a study was carried out in Nairobi County to ascertain the impact of dynamic skills on the efficiency of travel agencies. Primary data for this study came from self-administered questionnaires, and judgement sampling was used. A total of 129 tour operators and travel agencies were chosen for the data gathering process out of 350 that made up the research population. Researchers in Nairobi County discovered a favourable correlation between dynamic capabilities and the performance of small and medium-sized travel businesses. These skills included the ability to learn, as well as to innovate and reorganise resources. The moderating variable of business characteristics, which included firm age and firm size, substantially altered the link between dynamic abilities and company success. The success of the organisation was greatly affected by the moderating variable. Unlike earlier studies, which focused on tourist firms, this one will concentrate on manufacturing organisations.

Research by Nyachanchu, Chepkwony, and Bonuke (2019) indicates that performance is impacted by dynamic capacities. When conducting the research, the primary attention was placed on a select group of manufacturing enterprises that are located in Nairobi. Reconfiguration capability was one of the variables discussed as a stand-in for dynamic capability. The investigation was anchored by the RBV. Cross-sectional surveys were supported by the explanatory design that was used. Survey questionnaires were sent to the company CEOs to fill out. The firm's performance was found to be significantly improved after deploying reconfiguration capabilities. This research limited its scope to examine a subset of industrial farms rather than the whole industry.

2.3.4 Organizational Learning and Organizational Performance

The phrase "organisational learning" is defined by Schiemann (2019) as the way in which an organisation creates, stores, and shares knowledge. In particular, Pham and Hoang's (2019) study examined the relationship between organisational learning capacity and company success. There was an investigation that took place in Vietnam. In order to formulate and evaluate hypotheses, a thorough literature analysis was conducted. The survey was administered to master's students employed by various firms and enrolled in business-related programs. A favourable influence on performance was shown to be associated with the capacity of an organisation to learn, according to the results. Another piece of missing background is that this study wasn't carried out in Kenya, but in Vietnam.

Findings from a study by Hussain et al., (2018) investigated the link between learning capacities and their effects on business performance. There was also an examination of organisational innovation's mediating function in this study. Research was carried out inside the telecommunications technology industry within the context of Pakistan. The hypotheses were tested using regression analysis. Organisational learning and innovation are positively correlated with business success, according to the study's results. However, learning capacity will be the moderating element in this study, which will concentrate on Kenyan manufacturing companies.

Gomes and Wojahn (2017) conducted research to investigate the influence that organisational learning has on the earnings performance of South African businesses. Several relevant methodologies were used in this investigation, such as cross-sectional survey techniques, quantitative methods, causal methods, and descriptive methods. In order to provide support for the investigation, which included 92 different companies in total, SEM was used. The capacity of an organisation to learn does not significantly impact financial success,

according to the analysis. While this study will primarily concentrate on performance, the previous one used financial performance as a dependent variable. Hedayati, Khalilzadeh, and Bahari (2021) evaluated individual performance and organisational learning capacity at the firm level. SEM was the methodology employed in this study's data analysis. Evidence suggests that organisational learning significantly impacts individual productivity.

To find out how an organization's learning capacity relates to its innovation performance, Hongyun et al. (2021) ran a research. Its potential role as a mediating variable was also explored in the study. The individuals working at the bank were given questionnaires in order to gather information for the research. Learning capacities inside an organisation have been shown to have a positive and substantial influence on innovation performance, as proven by the results. The moderating variable was innovation performance. Organisational learning will be used in the study as a moderating factor between performance and dynamic capacities.

Researchers Mpofu and Hlatywayo (2020) looked at the Nigerian banking industry to see if there was a connection between staff development and service provision. A basis for the investigation was the primary data. The research shows that there is a considerable correlation between the training and development opportunities offered by Nigerian banks and the services they deliver. Three out of five training and development assessment factors really have significant coefficients. Research shows that keeping workers engaged throughout training program implementation is critical for training and development to significantly affect service performance. The present research, on the other hand, will concentrate on performance, while the study that is centred on service delivery will include dependent variables. The banking sector was the focus of the inquiry that is now being taken.

A case study of Ethiopia was used by Hailekiros and Renyong (2020) to examine the correlation between organisational learning capability and corporate performance. The researchers employed technological innovation capability as a mediating component in their investigation. The survey technique that was chosen included 243 SMEs as its target audience. In the study, both SEM and factor analysis were used. A company's capacity to learn and grow is directly and significantly related to its financial performance, as shown in the study. utilising SMEs in the textile sector as an example. Innovation in technology was employed as a moderating factor. Organisational learning will be used in the study as a moderating factor between performance and dynamic capacities.

Using the Sarova Whitesands Beach Resort and Spa as an example, Manyara, Nkaabu, and Moguche (2020) made an effort to figure out whether or not there is a link between performance and organisational learning. The proxies of organisational learning used in this study were team learning, mental modes, personal mastery, and shared vision. The RBV, organisational learning theory, and human capital theory are some of the theories that influenced the research. 300 employees of the company were targeted using a descriptive study approach, and 171 of them were sampled. Performance was shown to be favourably and considerably affected by organisational learning via its proxies, according to the findings of recent research. Although this case study used the Sarova Whitesands Beach Resort and Spa as its benchmark, the current investigation will concentrate on Kenyan manufacturing firms and companies.

Results from a research by Makabila that looked at the connection between organisational learning and competitive advantage were released in 2018. The majority of the research was conducted on Kenyan state-owned businesses. Several indices of organisational learning were used in this research endeavour. Culture of learning, leadership strategies, learning processes, and systems thinking are all signs of this. This investigation made use of a

variety of analytical tools in addition to a cross-sectional and correlational research strategy. Organisational learning significantly impacts a company's competitive advantage via its many intermediates, according to the study's results. This study's emphasis is on performance rather than competitive advantage, which was the dependent variable in the previous research.

2.4 Research Gaps

Table 1 provides a summary of the research that have been conducted on the topic of financial performance in relation to financial analysis and planning.

TABLE 1

Summary of Empirical Review and Research Gap(s)

Author	Focus of the Study	Methodology Used	Findings	Knowledge Gap	Focus of Current Study
Khristianto, Suharyono, Pangestuti and Mawardi (2021)	Market sensing and its significance for innovation and competitive advantage.	Structured questionnaire was designed	Competitive advantage and market sense are directly and significantly related.	Although this research will centre on Kenya, the provided study was actually carried out in the United States, which is on a different continent. The variable that was not controlled for was competitive advantage.	The research was conducted in Kenyan industrial organisations. Performance served as the independent variable.
Sugiyarti and Ardyan (2022)	The connection between South African SMEs' capacity for market sensing and their advantage in product innovation	The aim and sample size was 122 people in total. The analytical method that was employed was SEM.	Although it has little effect on market performance, market sensing capability is strongly correlated with the quality of market entry.	For analysis, the study used the AMOS tool, and the approach that was different was SEM. Product innovation advantage was the dependent variable in this study.	In this investigation, regression analysis was used. Achievement is going to be the one that stands alone.
Min and Kim (2021),	Capacity acquisition and its impact on	Hierarchical ordinary least squares regression was the approach used.	Research has shown that seizing abilities may greatly enhance	The provided research was carried out in China, which is situated on a distinct continent, in contrast to the present	Companies in Kenya's industrial sector that focud of the research. Performance was independent variable.

Author	Focus of the Study	Methodology Used	Findings	Knowledge Gap	Focus of Current Study
	China's new product development.		the innovation process.	study that will focus on Kenya. The independent variable was development of new products.	This report utilised regression analysis..
Oluigbo and Nwankwo (2023)	The ability of SMEs in Nigerian agribusiness to seize opportunities and their commercial performance	An explanatory research design was used in the study.	All company performance measures included in the research demonstrated a robust, positive, and statistically significant correlation with the capacity to capitalise on opportunities.	The research was conducted in Nigeria.	The research was conducted at industrial companies in Kenya.
Rono (2021)	Dynamic skills and how they relate to competitive advantage, with a particular emphasis on Kenyan manufacturing companies.	Explanatory research design	It has been demonstrated that seizing capacities significantly and favourably interacts with competitive advantage.	As the dependent variables, performance and competitive advantage were the primary emphasis of the research.	This research used performance as its dependent variable in an effort to fill that void.

Author	Focus of the Study	Methodology Used	Findings	Knowledge Gap	Focus of Current Study
Cuong, Lo and Linh (2021)	Businesses in Vietnam may improve their innovation performance by reshaping their capabilities to respond to a dynamic external environment.	The study employed a survey approach, covering 266 SMEs engaged in manufacturing.	Reconfiguration of capabilities is positively predicted by both internal and external dynamisms.	Research conducted in Vietnam rather than Kenya. There was an absence of consideration of general performance factors in the research.	Companies in Kenya's industrial sector focused of the research. Performance was independent variable.
Nyachanchu, Chepkwony and Bonuke (2019)	Dynamic capabilities' effect on output.	The cross-sectional survey was supported by the explanatory design that was used.	It was discovered that using reconfiguration capability greatly improves the firm's performance.	Instead of focussing on all manufacturing farms, this study only looked at a few.	Focused on all the manufacturing farms in Nairobi
Hedayati, Khalilzadeh and Bahari (2021).	Evaluation of individual performance and organisational learning capacity at the corporate level	The data in this research were analysed using SEM technique.	It was discovered that individual performance is significantly impacted by organisational learning.	To avoid any potential moderating effects, organisational learning was considered an independent variable.	The study adopted organizational learning as moderating variable between dynamic capacities and performance.

Author	Focus of the Study	Methodology Used	Findings	Knowledge Gap	Focus of Current Study
Makabila (2018)	The connection between competitive advantage and organisational learning	Research designs include cross-sectional and correlational studies	According to the study, competitive advantage at the company level is significantly impacted by organisational learning through its proxies.	Competitive advantage was the study's primary dependent variable.	Performance focused of this investigation.

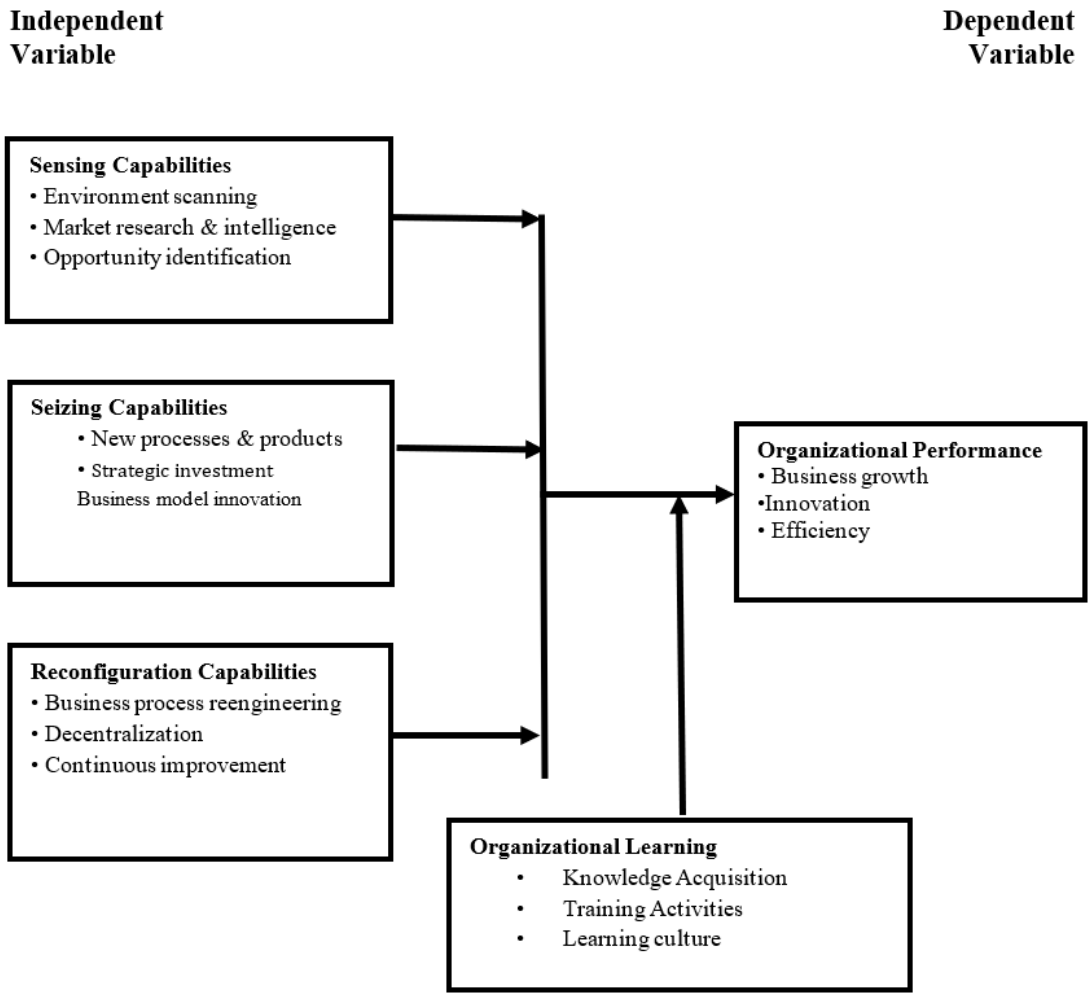
Source (Author, 2025

2.5 Conceptual Framework

A conceptual framework based on the relevant literature that was studied is shown in Figure 1. It illustrated the connection between organisational performance (a dependent variable) and different dynamic capabilities (an independent variable).

FIGURE 1

Conceptual Framework



2.6 Operationalization and Measurement of Research Variables

As seen in Table 1, the operationalisation of the variables and the methodology for measuring them are covered in the section above.

TABLE 2

Operationalization of Variables

Variable	Indicators	Operational Definition	Measurement Scale
Sensing Capabilities	Environment scanning Market research & intelligence Opportunity identification	suggest that a business might see opportunities in the market before its competitors do.	Likert/ Interval
Seizing Capabilities	Learning and making new discoveries Innovative methods and goods The process of gathering resources	Sensing capacities and seizing capabilities are related because opportunities or possibilities that are sensed must be addressed by new goods, procedures, services, or a mix of these options.	Likert/ Interval
Reconfiguration Capabilities	Business process reengineering Decentralization Continuous improvement	Means a company may get back on its feet and learn new things so it can take advantage of possibilities and avoid danger.	Likert/ Interval
Organizational Learning	Knowledge Acquisition Training Activities Learning culture	The process of producing, preserving, and disseminating knowledge inside an organisation is known as organisational learning.	Likert/ Interval
Organizational Performance	Business growth Innovation Efficiency	The capacity of a company to accomplish its goals by making prudent and effective use of its assets	Likert/ Interval

2.7 Summary of Reviewed Literature

This chapter discusses studies on dynamic capacities, their impact on organisational growth, and the conceptual elements that drive these interactions. A substantial number of theoretical and empirical research across many business sectors and organisations have examined how dynamic capabilities affect company performance. This article presented a plethora of ideas, such as RBV, dynamic capabilities, knowledge-based perspective, and contingency theory. The suggested theoretical framework used the organization's performance as its dependent variable and sensing, seizing, reconfiguring, and learning capacity as its independent variables. Various fields of study have investigated how dynamic skills affect business outcomes. It has been shown. A deficiency in information was found in the examined research, which has to be remedied. Much has been learnt on the connection between dynamic capabilities and organisational efficiency from this research.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section detailed the study's methodology, which encompassed the study's population, sampling strategy, research design, data collection instruments, procedures, and analysis. It also elaborated on how the research variables were operationalised and measured.

3.2 Research Design

The study employed a descriptive research design. Studies that aimed to give a thorough overview of current affairs, circumstances, or connections without changing the study setting benefited from this strategy. This method was recommended because it thoroughly described and analysed events with little room for bias in the data (Abutabenjeh & Jaradat, 2021). This approach was specifically endorsed by the study purpose, which was to evaluate and delineate factors within a certain group, including behaviours, perspectives, or attributes. This approach was effective because it streamlined the collection of numerical data amenable to analysis using descriptive and inferential statistics (Burkholder & Crawford, 2018).

3.3 Target Population

The phrase "target population" was defined by Dahabreh et al. (2019) as the whole group of people or things from whom a statistically valid sample was drawn in a research project. According to KAM (2024), the population of interest was comprised of fifty significant manufacturing businesses that were situated in the city of Nairobi. These firms were listed in Appendix III (KAM, 2024).

Large manufacturing enterprises were defined as those with an annual turnover exceeding KSh. 100 million and employing at least 100 staff members (insert citation of the

source). The study focused on the manufacturing firm as a whole, with the general manager, HR manager, and finance manager of each company functioning as the units of observation. As shown in Table 3, this resulted in a total of 150 respondents.

TABLE 3

Target Population

Category	No	Number of Manufacturing Firms	Total
General manager	1	50	50
HR manager	1	50	50
Finance manager	1	50	50
Total			**150**

Source: KAM Report (2024)

3.4 Sampling and Sampling Procedure

census technique will be used in this study, which entails using all 150 participants in the population. This approach is justified by the relatively small and manageable population size, making it feasible to gather data from every member without excessive resource demands.

Cooper et al., (2016) state that the census technique is suitable when the investigation requires a high level of accuracy and reliability. Additionally, when there is a relatively small population, using a census is advised. A sample survey, on the other hand, picks a selection of components for inclusion and enumeration (Rominger, 2018). By contrast, a census often does not contain any sampling error.

The census technique was used in this study, which entailed including all 150 participants in the population. This approach was justified by the relatively small and manageable population size, which made it feasible to gather data from every member without excessive resource demands. Cooper et al. (2016) stated that the census technique was suitable when the investigation required a high level of accuracy and reliability. Additionally, when

there was a relatively small population, using a census was advised. A sample survey, on the other hand, selected a portion of components for inclusion and enumeration (Rominger, 2018). By contrast, a census often did not contain any sampling erro

3.5 Data Collection Instruments

The major objective of the research was to use primary sources of data. More structured surveys were used to gather primary data. Survey questionnaires were administered to collect data for the research. The use of primary data was warranted since it was essential to gather material that was contemporaneous, context-specific, and firsthand to achieve the study aims. According to Creswell and Creswell (2018), primary data was essential in situations where existing data sources were insufficient, poor, or out of date, or when they did not directly address the study goals. The questionnaire included two components, which were as follows: Section A was responsible for gathering demographic information, while Sections B, C, and E were devoted to information explicitly targeted at accomplishing the goals of the research. The views were measured as a result of this. To indicate their degree of agreement with the statements, each respondent was given five checkboxes on a Likert scale: "1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree, and 5 = strongly agree." This enabled the measurement of the views.

3.6 Data Collection Procedures

The systematic search for pertinent information about topics or issues of interest was what Saunders et al. (2019) referred to as statistics collection. The researcher used this technique to address the main study questions. For this reason, original data were collected as part of the investigation. The core data set was obtained using a structured questionnaire. Targeted respondents were provided with the questionnaires in a drop-and-pick method. At each company, the researcher distributed the surveys and later collected them once they had been completed.

3.7 Pilot Test

A pilot test was conducted to ensure that the study questionnaire was clear before it was administered to the selected group. The purpose of the pilot test was to identify design and instrument issues and to collect data that could serve as a backup for probability sampling. The data collected during the pilot test were first reviewed to determine whether they were sufficient for answering the study objectives, according to Saunders et al. (2019). Mugenda and Mugenda (2003) noted that the pre-test sample size could range from 1% to 10%, depending on the total sample size. This study employed a pilot test using ten percent of the total sample population. With a sample size of 150, the pilot study involved 15 questionnaires, representing 10% of the total. Respondents received the questionnaires from Kenya Wine Agencies Limited. The researchers argued that conducting the pilot study in the same companies where the main study would be carried out would have been unethical.

3.7.1 Validity of the Research Instrument

In order to verify that the research instruments reliably measured the specified components, Creswell and Creswell (2017) stated that this was an essential component of determining the study's validity. Proof of external and content validity was demonstrated by the research. Concurrently, the study's results were used to determine the conceptual model's external validity, and the research was designed to enhance content validity by consulting supervisors for input on study plans and incorporating their suggestions into the final document.

3.7.2 Reliability of Research Instruments

According to Bryman (2016), the reliability of a measurement was the extent to which it produced consistent and accurate results that could be reproduced by multiple observers at various periods or by the same observer. This research ensured that the results were scored in a fair and objective manner by using a rating system that was grounded in reality (Kline, 2015).

The internal consistency, inter-rater reliability, and parallel reliability of each variable were evaluated using Cronbach's Alpha to verify the dependability of each variable. According to Tavakol and Dennick (2011), variables were only considered for further analysis if their Cronbach's Alpha Coefficient was 0.7 or above.

3.8 Data Processing and Analysis

Explanations of the methodologies used for data analysis and interpretation were provided in this section. Processing included modifying, classifying, and tabulating the collected data to ensure it was prepared for analysis. SPSS Version 25 was used to import the coded data and facilitate analysis. Descriptive and inferential statistics were employed to analyse the data. Descriptive statistics covered a wide range of statistical aspects, including percentage and frequency distribution tables, measures of central tendency (such as the mean), and measures of variability (such as the standard deviation). For inferential statistics, multiple linear regression analysis was applied to deduce the nature of the relationship between the variables under study. For the overall model, the study hypothesized the following model:

$$Y=\beta_0+\beta_1 X_1+ \beta_2 X_2+\beta_3 X_3+\varepsilon \quad \text{.....Equation 1}$$

Where: Y = Operational Performance,

X_1 = Sensing Capabilities,

X_2 = Seizing Capabilities,

X_3 = Reconfiguration Capabilities,

$\beta_0, \beta_1, \beta_2, \beta_3$,= Beta Coefficients,

ε = Error Term

As shown in the preceding section, the research project was proceed to conduct a multiple regression analysis to ascertain the moderating effect of organisational learning on the relationship between organisational performance and dynamic capacities.

$$Y=\beta_0+\beta_1 X_1 M+ \beta_2 X_2.M+\beta_3 X_3 M +\varepsilon\ldots\ldots\ldots\ldots\ldots\ldots\text{Equation .2}$$

Where: Y = Organizational Performance,

X_1 = Dynamic capabilities,

$X_1.M$ = Interaction Term,

M = Organizational Learning,

$\beta_0, \beta_1, \beta_2$ = Beta Coefficients,

ε = Error Term

3.8.1 Diagnostic Tests

To determine whether the various assumptions of linear regression were met, a variety of diagnostic techniques were used. These included tests for heteroscedasticity, multicollinearity, and normality.

3.8.1.1 Normality and Linearity

An appropriate normality test required a normally distributed distribution for the residuals on the dependent variable's predicted scores. If the residuals were to be considered linear, then the relationship between them and the dependent variable's predicted scores had to be straight, as stated by Chen (2016). This indicated that there was no substantial departure from normality. In the course of this inquiry, the normality test was carried out with the assistance of the Shapiro-Wilk test.

3.8.1.2 Multicollinearity

As mentioned earlier, multicollinearity occurred when there was a high degree of correlation ($r = 0.9$ and above) between the independent variables. The multivariate regressions were significantly impacted as a result of this. According to Gujarati and Porter's (2020) research, it

was not advisable to employ two variables that had a bivariate correlation of 0.7 or greater in the same study without giving serious consideration to the situation. To determine whether or not there was multicollinearity, the VIF was used. According to the general rule, if the VIF values were fewer than 10, there was no need for concern about multicollinear

3.8.1.3 Heteroscedasticity

Heteroscedasticity occurred when the error-reflecting variable did not show a constant degree of volatility. The breadth of the residual scatter plots increased as the predictor variable's value rose, reflecting the fluctuation of the error term (Wooldridge, 2020). It was not accurate to assume that the error term would remain the same if the width of the P–P plots of the residuals either increased or decreased in proportion to the size of the predictor variable.

3.9 Ethical Consideration

Upon gaining authorisation and approval from KCA, the researcher proceeded to write a letter to the respondents, in which they provided an explanation of the objective of the study. Alongside guaranteeing respondents that their data would serve academic interests only, the study objectives were meticulously elucidated. All participants acknowledged and upheld their rights as research subjects, which encompassed the liberty to refuse or withdraw from any component of the study at any moment, including but not limited to responding to particular enquiries, supplying requested information, or retracting previously provided data. The ability to refuse or withdraw from a research endeavour exemplified the many rights to which individuals were entitled. Participants were under no pressure to participate, and their privacy and anonymity were respected at all times.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter provides a detailed analysis of the data collected in relation to the research objectives outlined in Chapter One. It begins with an overview of the response rate, highlighting the level of participation from the targeted respondents. The discussion then moves to the reliability test, followed by the background information of respondents, which offers valuable context on their demographics, experiences, and perspectives. Next, diagnostic tests are presented to evaluate the assumptions underlying the statistical techniques applied in the study. Finally, the findings on the study variables are presented through both descriptive statistics (mean and standard deviation) and inferential statistics (correlation, ANOVA, and regression analysis), capturing the core outcomes of the research.

4.2 Response Rate

The study targeted 150 respondents employed in various manufacturing companies registered under Kenya Association of Manufacturers. Of the questionnaires distributed, 140 were duly completed and returned, yielding a commendable response rate of 93.3%. This rate is not only adequate but also highly representative of the target population. According to Hennink et al. (2020), a response rate above 50% is considered acceptable, while Sileyew (2019) notes that 60% and above ensures sufficient representativeness.

The achieved response rate therefore surpasses these thresholds. When compared with previous studies, the result is equally impressive. For instance, Saunders, Lewis, and Thornhill (2011) reported a response rate of 81%, whereas Ledikwe et al. (2019) attained 72%. These comparisons highlight the effectiveness of the current study's data collection process and reflect strong engagement from respondents. A summary of the response rate is presented in Table 4.

TABLE 4

Response Rate

Response	Frequency	Percent
Returned	140	93.3%
Unreturned	10	6.7%
Total	**150**	**100%**

Source: Researcher (2025)

4.3 Reliability Test

The reliability of the questionnaire was assessed using Cronbach's Alpha, a statistical measure of internal consistency. According to the commonly accepted rule of thumb, a coefficient between 0.6 and 0.7 indicates acceptable reliability, while values of 0.8 or higher reflect good reliability. For this study, a threshold of 0.7 was adopted as the benchmark. The results of the reliability test are summarized in Table 5.

TABLE 5

Reliability Results

Variables (Constructs)	Number of items	Cronbach Alpha
Sensing Capabilities	5	0.851
Seizing Capabilities	5	0.899
Reconfiguration Capabilities	5	0.848
Organizational Learning	5	0.879
Organizational Performance	5	0.861
Overall	**20**	**4.087**

Source: Researcher (2025)

As presented in Table 4, the Cronbach's Alpha coefficients for all the study variables exceeded the minimum threshold of 0.7 (Creswell & Creswell, 2017). Specifically, the coefficient for sensing capabilities was 0.851, seizing capabilities was 0.899, reconfiguration capabilities was 0.848, organizational learning was 0.879 and lastly organizational performance was 0.861. These results indicate that the 5-point Likert scale items used to measure the study constructs were highly reliable and thus suitable for further analysis.

4.4 Demographic Information

This section presents the findings on the demographic characteristics of the respondents, focusing on gender, age, years of experience, and level of education.

4.4.1 Gender of Respondents

The study aimed to establish the gender distribution of the respondents, as presented in Table 6.

TABLE 6

Gender of Respondents

Gender	Frequency	Percentage
Male	95	67.9
Female	45	32.1
Total	**140**	**100.0**

Source: Researcher (2025)

Table 6 reveals that 67.9% of the respondents were male, while 32.1% were female. This shows that although the majority of respondents were male, both genders were represented in the study, helping to reduce the risk of skewed responses. This implies that the data collected reflects perspectives from both male and female respondents, thereby enhancing the reliability and generalisability of the findings across gender lines.

4.4.2 Age Distribution of the Respondents

The study established the age of the respondents, and the findings on their age distribution were shown in Table 7 below

TABLE 7

Respondents' Age Distribution

Age	Frequency	Percentage
25-30 Years	52	37.1
31-40 years	72	51.4
Above 40 years	16	11.4
Total	**140**	**100.0**

Source: Researcher, (2025)

Table 7 above shows that 51.4% of respondents were between the ages of 31 and 40, 37.1% were between 25-30 years and lastly above 40 years were 11.4%. This implies that the majority of respondents were in their early to mid-career stages, an age bracket often associated with active involvement in organisational operations and decision-making. Consequently, the data collected is likely to reflect insights from respondents with substantial workplace experience and a strong understanding of organisational processes, thereby enhancing the credibility of the study findings.

4.4.3 Respondents Years of Experience

The study examined the respondents' years of experience within the organization, as presented in Table 8 below.

TABLE 8

Respondents Years of Experience

Years of Experience	Frequency	Percentage
Below 10 Years	24	17.1

11-20 Years	57	40.7
21-30 Years	45	32.1
Over 30 Years	14	10.0
Total	140	100.0

Source: Researcher, (2025)

Table 8 indicates that 40.7% the respondents had served in their organizations for 11-20years, 21-30 years at 32.1%, below 10 years at 17.1% and lastly over 30 years at 10.0%. This implies that most respondents had accumulated substantial experience within their organizations, positioning them to provide well-informed views on internal processes and performance. The presence of respondents across different tenure categories also ensured diversity of perspectives, combining fresh insights from newer employees with seasoned knowledge from long-serving staff, thereby enriching the study findings.

4.4.4 Position held in the Organization by Respondents

The study sought to determine the positions held by respondents within their organizations, with the results presented in Table 9 below.

TABLE 9

Position held in the Organization by respondents

Level of Management	Frequency	Percentage
Senior Management	17	12.1
Middle Level	89	63.6
Low Level	34	24.3
Total	140	100.0

Source: Researcher, (2025)

Table 9 shows that middle level were at 63.6%, followed by low level managers at 24.3% and lastly lower managers at 12,1%. This implies that the majority of respondents were middle-level managers, who typically play a crucial role in implementing strategies, coordinating operations, and linking top management decisions with lower-level execution. Their involvement provides valuable insights into the practical aspects of dynamic capabilities and their influence on organisational performance. The inclusion of managers across different levels also ensures a balanced perspective on organisational practices and outcomes.

4.4.5 Respondents Educational Level

The researcher asked the respondents what their greatest level of schooling was. The results of the investigation are displayed in Table 10.

TABLE 10

Respondents Educational Level

Highest Education Level	Frequency	Percentage
Graduate	94	67.1
Masters	29	20.7
Doctorate	17	12.1
Total	140	100.0

Source: Researcher, (2025)

The results indicate that most respondents (67.1%) were graduate holder, masters holder were at 20.7% and lastly doctorate at 12.1%. This implies that the majority of respondents possessed a high level of academic qualification, equipping them with the knowledge and analytical skills

necessary to understand and evaluate organisational processes. The strong educational background of the respondents enhances the credibility of the data collected, as it suggests that they were capable of providing informed and objective insights on how dynamic capabilities affect organisational performance.

4.5 Descriptive Analysis

This section presents the descriptive statistics for the study variables, namely dynamic capabilities and organisational performance. The interpretation of the mean values followed the categorization proposed by Amrhein, Trafimow, and Greenland (2019): a mean of 1.00–2.49 was classified as very weak, 2.50–3.49 as weak, 3.50–4.49 as strong, and 4.50–5.00 as very strong. The standard deviation was also analyzed to assess the degree of homogeneity, with values less than 0.5 indicating homogeneity, while higher values suggested greater variability in the data (Mishra et al., 2019). Overall, the descriptive statistics provide a summary of the key characteristics of the study variables.

4.5.1 Sensing dynamic capability and organizational Performance

The study aimed to examine the effect of sensing capabilities on the organizational performance on the Kenyan manufacturing companies. Table 11 presents the descriptive statistics for sensing capabilities.

TABLE 11

Descriptive Statistics on Sensing Capabilities

Sensing Capabilities	N	Mean	Std. Deviation
In order to find promising chances, this company continuously examines its external business environment	140	4.46	0.909
The company looks for potential hazards in the working environment.	140	4.31	0.786
The company conducts market research to identify potential gaps.	140	3.59	1.429

Market research offers valuable insights from this company's rivals.	140	3.68	1.421
This company does market research to obtain pertinent information about client wants.	140	3.64	1.409
Cumulative average	140	3.94	1.191

Source: Researcher, (2025)

The participants agreed that in order to find promising chances, this company continuously examines its external business environment as shown by a Mean of 4.46 and SD of0.909. The company looks for potential hazards in the working environment with a mean of 4.31 and S.D of 0.786. Market research offers valuable insights from this company's rivals with a mean of 3.68 and 1.421. This company does market research to obtain pertinent information about client wants by a Mean of 3.64 and SD of 1.409. With a mean of 3.59 and SD 1.429, the company conducts market research to identify potential gaps.

The results show that the standard deviation was 1.191 and the mean score was 3.94. The high mean score indicates that manufacturing firms have embraced sensing capabilities to a moderate extent. Overall, the findings imply that Kenyan manufacturing firms are relatively strong in external environmental scanning and hazard detection, which are critical for identifying opportunities and threats. However, there appears to be room for improvement in systematically leveraging market research to better understand customer needs and competitive dynamics, which are essential components of sensing capabilities.

These findings are consistent with Teece (2007), who emphasized that sensing opportunities and threats in the business environment is a foundational step in the development of dynamic capabilities. They also concur with Barreto (2010), who argued that firms that actively scan and interpret market signals are better positioned to adapt to changing conditions. The findings also corroborate the results of Eisenhardt and Martin (2020), who noted that sensing capabilities allow firms to reconfigure resources and align strategies with market demands. According to Amit and Zott (2022), dynamic capabilities such as sensing,

seizing, and transforming are central to sustaining competitive advantage, as they enable firms to exploit opportunities while mitigating risks in turbulent environments.

4.5.2 Seizing Dynamic Capability and Organizational Performance

The study aimed to examine the effect of seizing capabilities on the organizational performance on the Kenyan manufacturing companies. Table 12 presents the descriptive statistics for seizing capabilities.

TABLE 12

Descriptive Statistics on Seizing Capabilities

Sensing Capabilities	N	Mean	Std. Deviation
In order to find promising chances, this company continuously examines its external business environment.	140	3.28	1.357
The company has established essential infrastructures to generate new knowledge.	140	3.10	1.310
The newly developed knowledge is gained by employees across your company's departments.	140	3.52	1.300
The newly generated information aids in the development of new items for your company.	140	3.65	1.454
New procedures are created using the knowledge th at your company's employees have gained.	140	3.36	1.445
Cumulative average	140	3.38	1.373

Source: Researcher, (2025)

The participants agreed that the newly generated information aids in the development of new items for your company as shown by a Mean of 3.65 and SD of 1.454. The newly developed knowledge is gained by employees across your company's departments with a mean of 3.52 and S.D of 1.300. New procedures are created using the knowledge that your company's employees have gained by a Mean of 3.36 and SD of 1.445. With a mean of 3.28 and SD 1.357, find promising chances, this company continuously examines its external business environment. The company has established essential infrastructures to generate new knowledge with a mean of 3.10 and S.D of 1.310.The results show that the standard deviation

was 1.373 and the mean score was 3.38. Overall, the findings imply that while Kenyan manufacturing firms demonstrate moderate capabilities in generating and applying knowledge for product and process development, there is room for strengthening their infrastructures and systems for systematic knowledge creation and environmental scanning. Enhancing these areas would further improve their sensing capabilities, thereby enabling them to better anticipate opportunities and threats in a dynamic business environment.

The study results agree with Teece (2007), who asserted that sensing capabilities enable firms to identify opportunities and threats through continuous knowledge generation and environmental scanning. The findings also concur with Eisenhardt and Martin (2020), who emphasized that knowledge integration across departments enhances firms' ability to reconfigure resources and sustain competitiveness. The findings disagree with Jantunen et al. (2015), who found that most firms in dynamic environments place stronger emphasis on establishing formal infrastructures for knowledge creation compared to informal practices. These findings are consistent with Amit and Zott (2022), who argued that dynamic capabilities, particularly sensing, seizing, and transforming, are critical for sustaining competitive advantage in turbulent business environments.

4.5.3 Configuration Dynamic Capability and organizational Performance

The study aimed to examine the effect of reconfiguration capabilities on the organizational performance on the Kenyan manufacturing companies. Table 13 presents the descriptive statistics for reconfiguration capabilities.

TABLE 13

Descriptive Statistics on Reconfiguration Capabilities

Reconfiguration Capabilities	N	Mean	Std. Deviation
The business model is continuously modified by the company.	140	3.19	1.333
In order to achieve reconfiguration with the environment, the business model is rebuilt.	140	3.39	1.339
The company's core business processes have been overhauled.	140	3.68	1.242
This company is now more efficient because to business process reengineering.	140	4.03	1.217
The company's core business processes have been overhauled.	140	4.06	1.114
Cumulative average	140	3.67	1.249

Source: Researcher, (2025)

The participants agreed that the company's core business processes have been overhauled as shown by a Mean of 4.06 and SD of 1.114. This company is now more efficient because to business process reengineering with a mean of 4.03 and S.D of 1.217. The company's core business processes have been overhauled with a mean of 3.68 and S.D of 1.242. In order to achieve reconfiguration with the environment, the business model is rebuilt with a mean of 3.39 and S.D of 1.339. The business model is continuously modified by the company with a mean of 3.19 and .S.D 1.333.The results show that the standard deviation was 1.249 and the mean score was 3.67 moderate extent. The findings imply that Kenyan manufacturing firms demonstrate considerable effort in reengineering and overhauling core processes to improve efficiency and competitiveness. However, there is room to strengthen the continuous modification and adaptation of business models, which is essential for sustaining long-term alignment with dynamic market environments.

The study results agree with Teece (2007), who highlighted reconfiguration as a critical component of dynamic capabilities, enabling firms to align resources and processes with

shifting environments. The findings disagree with Zollo and Winter (2022), who argued that firms often struggle with continuous renewal of business models due to path dependency and rigid routines. These findings are consistent with Eisenhardt and Martin (2020), who emphasized that dynamic capabilities such as reconfiguration involve structured and repeatable processes, like business process reengineering, that enhance competitiveness in moderately dynamic markets.

4.5.4 Organizational Learning and organizational Performance

The study aimed to examine the moderating effect of organizational learning on the relationship between dynamic capabilities and organizational performance on the Kenyan manufacturing companies. Table 14 presents the descriptive statistics for organizational learning.

TABLE 14

Descriptive Statistics on Organizational Learning

Organizational Learning	N	Mean	Std. Deviation
The company actively learns from market research, competitors, and industry developments.	140	3.64	1.004

Initiatives that encourage ongoing knowledge acquisition are supported by management.	140	4.05	1.082
Feedback is used to assess the success of the training and make necessary adjustments.	140	3.95	1.068
The company creates an atmosphere that encourages learning and creativity among its staff.	140	3.83	1.038
Initiatives for ongoing learning and growth are encouraged and funded by leadership.	140	3.98	1.432
Cumulative average	140	3.89	1.1248

Source: Researcher, (2025)

The participants agreed that initiatives that encourage ongoing knowledge acquisition are supported by management as shown by a Mean of 4.05 and SD of 1.082. Initiatives for ongoing learning and growth are encouraged and funded by leadership with a mean of 3.98 and S.D of 1.432. Feedback is used to assess the success of the training and make necessary adjustments with a mean of 3.83 and S.D of 1.038. The company actively learns from market research, competitors, and industry developments with a mean of 3.64 and .D of 1.004.The results show that the standard deviation was 1.1248 and the mean score was 3.89 moderate extent. The findings imply that the organization moderately embraces continuous learning practices, where management provides considerable support, leadership allocates resources, and feedback mechanisms are in place to enhance training effectiveness. However, the relatively lower score on learning from external sources such as competitors and industry developments suggests that more emphasis could be placed on benchmarking and environmental scanning to strengthen organizational adaptability and competitiveness.

The study results agree with Argyris and Schön (1996), who emphasized the importance of organizational learning as a process that enhances adaptability and long-term performance. The findings disagree with Garvin (2000), who argued that effective learning organizations consistently integrate external market insights and competitor intelligence into their processes, a practice that appears less emphasized in the current study. These findings are consistent with Senge (2006), who noted that while organizations often invest in internal learning structures,

they sometimes fall short in leveraging external knowledge, thus limiting their competitiveness.

4.5.5 Organizational Performance

The study aimed to examine the dependent variable which was organizational performance on the Kenyan manufacturing companies. Table 15 presents the descriptive statistics for organizational learning.

TABLE 15

Descriptive Statistics on Organizational Performance

Organizational Performance	N	Mean	Std. Deviation
To satisfy the rising demand in the market, the company has expanded its production capacity.	140	3.65	0.959
Over the previous few years, the company's revenue has consistently increased.	140	3.84	1.084
The business makes significant investments in R&D to create new goods and procedures.	140	3.91	0.966
Recent introductions of new goods or services have helped the business succeed.	140	3.91	1.202
To cut expenses and waste, the company has streamlined its production procedures.	140	3.49	1.122
Cumulative average	140	**3.76**	**1.067**

Source: Researcher, (2025)

The participants agreed that the business makes significant investments in R&D to create new goods and procedures as shown by a Mean of 3.91 and SD of 0.966. Recent introductions of new goods or services have helped the business succeed with a mean of 3.91 and S.D of 1.202. Over the previous few years, the company's revenue has consistently increased with a mean of 3.84 and S.D of 1.084. To satisfy the rising demand in the market, the company has expanded its production capacity with a mean of 3.65 and S. D of 0.959. To cut expenses and waste, the company has streamlined its production procedures with a mean of 3.49 and S.D of 1.122. The findings imply that the organization moderately embraces innovation-driven growth, where

research and development initiatives, product introductions, and revenue improvements signal a positive trajectory. However, the relatively lower scores on production expansion and process streamlining suggest that while innovation efforts exist, they are not fully optimized to achieve maximum efficiency and competitiveness.

The study results agree with Schumpeter (1934), who argued that investment in innovation and new product development is a primary driver of business growth and competitive advantage. The findings disagree with Garvin (2021), who emphasized that continuous process improvement and operational efficiency are integral to sustaining long-term competitiveness, which in this study appear less emphasized. These findings are consistent with Senge (2023), who noted that organizations often pursue innovation through R&D and new product development but may lag in aligning these initiatives with systemic process improvements for holistic growth.

4.6 Diagnostic Test

The diagnostic tests conducted included normality, multicollinearity, and heteroscedasticity assessment

4.6.1 Normality Test

Normality tests are used to assess whether a dataset follows a normal distribution. According to Razali and Wah (2011), the normal (Gaussian) distribution is a symmetrical probability distribution widely used in statistics due to its mathematical tractability and common occurrence in natural phenomena. This study employed the Shapiro-Wilk test, which calculates a W statistic to evaluate the null hypothesis that the sample originates from a normally distributed population. As noted by Khatun (2021), if the p-value exceeds the chosen significance level, typically 0.05, the null hypothesis is not rejected, indicating that the data are normally distributed.

TABLE 16

Normality Test Results

	Shapiro-Wilk		
	Statistic	**df**	**Sig.**
Sensing Capabilities	0.839	140	0.839
Seizing Capabilities	0.736	140	0.736
Reconfiguration Capabilities	0.770	140	0.770
Organizational Learning	0.631	140	0.631
Organizational Performance	0.579	140	0.579

Source: Researcher, (2025)

The results of the Shapiro-Wilk test, presented in Table 16, show that all variables had p-values greater than 0.05. Since $p > 0.05$, the data are normally distributed, indicating that the study variables exhibit linearity.

4.6.2 Multicollinearity

Multicollinearity is a phenomenon in regression analysis where two or more independent variables in a multiple regression model are highly correlated (Daoud, 2017). High multicollinearity can complicate the interpretation of coefficients and produce unreliable and

unstable results. To address this, the study conducted multicollinearity tests using both the Variance Inflation Factor (VIF) and Tolerance measures. The results are presented in Table 17.

TABLE 17

Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	**VIF**
(Constant)		
Sensing Capabilities	0.313	3.190
Seizing Capabilities	0.169	5.904
Reconfiguration Capabilities	0.155	6.469
Organizational Learning	0.247	4.045

Dependent Variable: Organizational Performance

Source: Researcher, (2025)

The multicollinearity test results in Table 17 indicate that all the independent variables sensing capabilities, seizing capabilities, reconfiguration capabilities, and organizational learning have tolerance values below 0.5 and variance inflation factor (vif) values above 3.0, with seizing capabilities (vif = 5.904) and reconfiguration capabilities (vif = 6.469) showing particularly high levels. This suggests the presence of multicollinearity, meaning that these predictors are highly correlated with each other. While VIF values below 10 are generally considered acceptable, the low tolerance and high VIFs in this case indicate potential redundancy among the variables, which may affect the stability and interpretability of the regression coefficients when predicting Organizational Performance.

4.6.3 Heteroscedasticity Test

In this study, heteroscedasticity was tested using the Breusch-Pagan test, which examines whether the variance of residuals (errors) from a regression model is constant across all levels

of the independent variables. Heteroscedasticity violates a key assumption of Ordinary Least Squares (OLS) regression, which assumes homoscedasticity (equal variance of errors). Violation of this assumption can lead to inefficient estimates and biased inference.

TABLE 18

Breusch-Pagan Test for Heteroskedasticity

df	Sig.
1	.000

a. Dependent variable: Organizational Performance

b. Tests the null hypothesis that the variance of the errors does not depend on the values of the independent variables.

Source: Field Data (2025)

In table18, the Breusch-Pagan test produced a significance value (p-value) of 0.000, which is less than 0.05. This means there is statistically significant evidence of heteroscedasticity in the regression model. The error variances are not constant, but instead depend on the values of one or more independent variables.

4.7 Correlation Analysis

This section presents the correlation coefficients for the study variables. The Spearman's rho correlation analysis was employed to examine the relationship between the independent variable, strategic innovation, and the dependent variable, financial performance, as well as to determine the strength of this relationship. Spearman's rank correlation coefficient (ρ), introduced by Pearson (1909), is a non-parametric measure of statistical dependence between two variables. It evaluates both the strength and direction of a monotonic relationship, which describes a consistently increasing or decreasing association between the variables (Weisstein, 2006).

TABLE 19

Correlation Analysis Results

		Sensing	Seizing	Reconfiguring	Organizational Learning	Performance
Sensing Capabilities	Pearson Correlation	1	.811**	.676**	.674**	.304**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	140	140	140	140	140
Seizing Capabilities	Pearson Correlation	.811**	1	.851**	.738**	.322**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	140	140	140	140	140
Reconfiguration Capabilities	Pearson Correlation	.676**	.851**	1	.854**	.401**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	140	140	140	140	140
Organizational Learning	Pearson Correlation	.674**	.738**	.854**	1	.591**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	140	140	140	140	140
Performance	Pearson Correlation	.304**	.322**	.401**	.591**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	140	140	140	140	140

Source: Researcher, (2025)

The correlation results show that all the dynamic capability variables—Sensing, Seizing, Reconfiguring, and Organizational Learning are strongly and positively correlated with each other at a significance level of 0.01, with the highest correlation observed between Reconfiguring and Organizational Learning (r = 0.854). These findings align with Khristianto et al. (2021), though they contrast with the conclusions of Peng et al. (2019).

In relation to performance, all four variables also demonstrate positive and significant correlations, albeit at varying strengths: organizational learning shows the strongest association with performance (r = 0.591), followed by reconfiguring (r = 0.401), seizing (r = 0.322), and sensing (r = 0.304). this outcome supports the findings of manyara et al. (2020) and is also consistent with okwemba (2019). overall, the results suggest that while all dynamic capabilities contribute to performance, organizational learning emerges as the most influential factor, underscoring its central role in driving organizational outcomes.

4.8 Inferential Statistics

The following section presents the R^2 value from the regression model summary, the F-statistic from the ANOVA, and the t-statistics for the regression coefficients, which collectively describe the linear relationship between dynamic capabilities and organizational performance

4.8.1 Model Summary

The study employed multiple regression analysis to examine the effect of strategic innovation on financial performance, with the results presented in Table 20

TABLE 20

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	.812[a]	.659	0.151	0.7905

a. Predictors: (Constant), sensing capabilities, seizing capabilities, reconfiguration

Source: Researcher, (2025)

The model summary presented in Table 20 indicates a strong association between the predictors and the dependent variable, with an R value of 0.812, reflecting a robust linear relationship. The R^2 value of 0.659 shows that sensing capabilities, seizing capabilities, reconfiguration collectively explain about 65.9% of the variation in firm performance, while the remaining 34.1% is due to other factors beyond the scope of this study.

4.8.2 Regression Analysis of Variance

The regression model was evaluated using ANOVA to assess its significance, and the results are presented in Table 21.

TABLE 21

Analysis of Variance Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.355	3	5.785	9.258	.000[b]
	Residual	84.981	136	0.625		
	Total	102.336	139			

a. Dependent Variable: Performance

b. Predictors: (Constant), Reconfiguring, Sensing, Seizing

Source: Researcher, (2025)

As presented in Table 21, the ANOVA results show that the model is statistically significant in predicting the effect of sensing capabilities, seizing capabilities, reconfiguration on the firm performance ($F = 9.258$; $p < 0.05$). Given that $p < 0.05$, the model is significant at the 95% confidence level, confirming that the variables included in the equation are important predictors of firm performance.

4.8.3 Regression Coefficients

The regression coefficients in Table 22 indicate that dynamic capabilities has a statistically significant effect on firm performance.

TABLE 22

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.245	0.330		6.814	0.000
	Sensing	0.128	0.118	0.145	1.082	0.281
	Seizing	-0.145	0.139	-0.196	-1.042	0.299
	Reconfiguring	0.409	0.130	0.470	3.152	0.002

a. Dependent Variable: Performance

Source: Researcher, (2025)

The regression results show that, holding other factors constant, the constant term (B = 2.245, $p < 0.001$) is statistically significant, indicating a positive baseline level of organizational performance. Among the predictors, reconfiguring capabilities have the strongest positive and statistically significant effect on performance (B = 0.409, p = 0.002), suggesting that improvements in reconfiguring capabilities substantially enhance organizational performance. This implies that the ability to realign and adjust resources and processes plays a critical role in driving organizational success. The findings concur with Khristianto et al. (2021), who emphasized the importance of reconfiguration in strengthening organizational competitiveness, but on the other hand disagree with Peng et al. (2019), who found sensing and seizing capabilities to have greater influence.

On the other hand, sensing capabilities (B = 0.128, p = 0.281) and seizing capabilities (B = -0.145, β = -0.196, p = 0.299) both show statistically insignificant effects on performance,

as their p-values are greater than 0.05. This indicates that, within this model, sensing and seizing capabilities do not contribute significantly to organizational performance compared to reconfiguring. The findings highlight that while dynamic capabilities are essential, the ability to reconfigure resources stands out as the most influential driver of organizational performance in this context. These results concur with Manyara et al. (2020), who also noted the dominance of reconfiguring in explaining performance outcomes, but on the other hand contradict Okwemba (2019), who argued that sensing and seizing are equally critical in shaping organizational performance.

4.9 Moderating Effect of Organizational Learning

Organizational learning is viewed as a moderator that may strengthen the link between dynamic capabilities and firm performance by enabling firms to adapt to changing environments. In this study, regression and ANOVA analyses were conducted to test the moderating role of organizational learning, with results in Tables 23, 24, and 25 showing the extent to which it influences the relationship between the independent variable and firm performance.

TABLE 23

Regression Model Summary after Moderating

R	R Square	Adjusted R Square	Std. Error of the Estimate
.821a	0.226	0.051	0.193

Predictors: (Constant), Organizational Learning, Independent variable, Interaction variable

Source: Researcher, (2025)

In order to establish the significance of the regression model used after moderation, ANOVA test results in Table 23 was used. The P-value = 0.000 was less than 0.05 and the

study interprets this to mean that the moderating model predicted by dynamic capabilities, organizational learning and interaction term was having a significant relationship with firm performance.

TABLE 24

Regression Model ANOVA after Moderating

	Sum of Squares	df	Mean Square	F	Sig.
Regression	17.355	3	5.785	9.258	.000[b]
Residual	84.981	136	0.625		
Total	102.336	139			

Dependent Variable: Firm Performance

Predictors: (Constant), Organizational learning, independent variable, Interaction variable

The ANOVA results in Table 24 show that the regression model incorporating organizational learning, the independent variable, and the interaction term is statistically significant in predicting firm performance ($F = 9.258$, $p = 0.000$). The regression sum of squares (17.355) compared to the residual sum of squares (84.981) indicates that the model explains a meaningful proportion of the variance in firm performance. With a significance level well below the 0.05 threshold, the findings confirm that the moderating model provides a good fit and that the predictors collectively have a significant effect on firm performance.

TABLE 25

Regression Model Coefficients after Moderating

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**

(Constant)	2.593	0.95		2.731	0.008
Interaction variable	0.000	0.001	-0.594	-0.63	0.531
Independent variable	0.005	0.003	1.355	1.581	0.119
Organizational learning	0.143	0.23	0.142	0.623	0.535
Dependent Variable: Firm Performance					

Source: Researcher, (2025)

The regression coefficients after moderation indicate that the constant term (B = 2.593, p = 0.008) is statistically significant, suggesting a positive baseline level of firm performance. The findings concur with Okwemba (2019), who observed that organizations generally maintain a baseline performance level even in the absence of strong predictors. However, the interaction variable (B = 0.000, p = 0.531), the independent variable (B = 0.005, p = 0.119), and organizational learning (B = 0.143, p = 0.535) are all statistically insignificant, as their p-values exceed the 0.05 threshold.

The findings agree with Manyara et al. (2020), who similarly found that organizational learning does not always strengthen the link between dynamic capabilities and performance outcomes. This implies that neither the independent variable, organizational learning, nor their interaction term significantly predict firm performance within this model. Therefore, while the model demonstrates a positive constant effect, the moderation effect of organizational learning on the relationship between the independent variable and firm performance is not supported. The findings disagree with Khristianto et al. (2021), who emphasized the critical moderating role of organizational learning in enhancing the impact of dynamic capabilities on performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the study, discusses the key findings in relation to the study objectives, and presents conclusions and recommendations on the relationship between dynamic capabilities on organizational performance of manufacturing firms in Kenya.

5.2 Summary of the Study

The main aim of the study was to examine the effect of dynamic capabilities on organizational performance of manufacturing firms in Kenya. The study was further guided by specific objectives.

5.2.1 Sensing Capabilities on Organizational Performance

The first objective of the study was to examine the effect sensing capabilities on organizational performance of manufacturing firms in Kenya. The findings indicate that sensing capabilities is widely adopted across manufacturing firms, though to a moderate extent, Kenyan manufacturing firms are relatively strong in external environmental scanning and hazard detection, which are critical for identifying opportunities and threats. Additionally, there exists a positive and moderate association between sensing capabilities and firm performance. Regression analysis further confirms a statistically significant positive relationship at $p < 0.05$, highlighting the meaningful contribution of sensing capabilities to the firm performance.

5.2.2 Seizing Capabilities on Organizational Performance

The second objective of the study was to examine the effect of seizing capabilities on organizational performance of manufacturing firms in Kenya. The descriptive statistics revealed Kenyan manufacturing firms demonstrate moderate capabilities in generating and applying knowledge for product and process development, there is room for strengthening their infrastructures and systems for systematic knowledge creation and environmental scanning. A positive and moderate relationship was observed between seizing capabilities and organizational performance at the 95% confidence level, and regression analysis confirmed a statistically significant positive relationship at $p < 0.05$, demonstrating that improvements in seizing capabilities are associated with increased firm performance.

5.2.3 Reconfiguration Capabilities on Organizational Performance

The third objective of the study was to examine the effect of reconfiguration capabilities on organizational performance of manufacturing firms in Kenya. The descriptive statistics revealed reconfiguration capabilities was adopted at moderate extent by manufacturing firms. Kenyan manufacturing firms demonstrate considerable effort in reengineering and overhauling core processes to improve efficiency and competitiveness. However, there is room to strengthen the continuous modification and adaptation of business models, which is essential for sustaining long-term alignment with dynamic market environments. The results also show a positive correlation between reconfiguration capabilities and organizational performance at $p < 0.05$. Furthermore, regression analysis confirms a statistically significant positive relationship at $p < 0.05$, indicating that enhanced reconfiguration capabilities contributes meaningfully to improved firm performance.

5.2.4 Moderating effect of Organizational Learning on Dynamic Capabilities and Organizational Performance

The findings reveal that while the organization moderately embraces continuous learning practices through management support, resource allocation, and feedback mechanisms, limited emphasis on external learning weakens adaptability and competitiveness. The ANOVA results confirmed that the overall moderating model was statistically significant ($p = 0.000$), indicating that dynamic capabilities, organizational learning, and the interaction term collectively relate to firm performance. However, the regression coefficients showed that neither the independent variable, organizational learning, nor their interaction significantly predicted performance, despite the constant term being positive and significant.

5.3 Conclusions

The study conclusions are discussed below in relation to the specific objectives

5.3.1 Sensing Capabilities on Organizational Performance

The study concludes that sensing capabilities play a vital role in enhancing the performance of manufacturing firms in Kenya. While their adoption is moderate, firms demonstrate strength in environmental scanning and hazard detection, which are essential for identifying opportunities and mitigating risks in a dynamic business environment. The positive and moderate association between sensing capabilities and firm performance, reinforced by regression results showing a statistically significant relationship ,underscores their contribution to organizational success. Therefore, firms that invest in strengthening their sensing capabilities are better positioned to remain competitive and achieve sustainable performance outcomes.

5.3.2 Seizing Capabilities on Organizational Performance

The study concludes that seizing capabilities significantly contribute to the performance of manufacturing firms in Kenya. Although these firms exhibit moderate capacity in generating and applying knowledge for product and process development, there remains a need to

strengthen infrastructures and systems that support systematic knowledge creation and environmental scanning. The positive and moderate relationship observed, coupled with the regression results confirming a statistically significant effect, indicates that enhancing seizing capabilities directly improves firm performance. This highlights the importance of investing in robust mechanisms for innovation and knowledge application to drive sustainable competitiveness in the manufacturing sector.

5.3.3 Reconfiguration Capabilities on Organizational Performance

The study concludes that reconfiguration capabilities are a key driver of organizational performance among manufacturing firms in Kenya. While these capabilities are moderately adopted, firms demonstrate notable efforts in reengineering and transforming core processes to enhance efficiency and competitiveness. Nonetheless, greater emphasis is needed on the continuous modification and adaptation of business models to ensure sustained alignment with changing market dynamics. The positive and statistically significant relationship established through correlation and regression analyses affirms that strengthening reconfiguration capabilities meaningfully improves firm performance, positioning firms to remain resilient and competitive in dynamic environments.

5.3.4 Moderating effect of Organizational Learning on Dynamic Capabilities and Organizational Performance

The study concludes that organizational learning, though moderately embraced through management support, resource allocation, and internal feedback mechanisms, does not significantly moderate the relationship between dynamic capabilities and firm performance among manufacturing firms in Kenya. While the ANOVA results confirmed that the overall model was statistically significant (, the regression coefficients revealed that neither organizational learning, the independent variable, nor their interaction had a significant effect on performance. This suggests that although organizational learning contributes to a positive organizational baseline, its moderating role in strengthening the impact of dynamic

capabilities on performance is limited, largely due to the insufficient emphasis placed on external learning, benchmarking, and environmental scanning.

5.4 Recommendations

Based on the study findings, several recommendations were made to enhance sensing capabilities, sensing capabilities, reconfiguration capabilities and moderating influence of organizational learning on the relationship between dynamic capabilities and organizational performance of manufacturing firms in Kenya. First, manufacturing firms should invest more strategically in strengthening their sensing capabilities by institutionalizing advanced market intelligence systems, scenario planning, and hazard detection frameworks. This includes leveraging digital technologies such as big data analytics, artificial intelligence, and predictive modeling to enhance real-time environmental scanning and early detection of market shifts or risks. In addition, firms should cultivate an organizational culture that promotes proactive information sharing across departments to ensure timely identification of opportunities and threats.

Second, to enhance seizing capabilities, firms should build stronger infrastructures and systems for systematic knowledge creation, product innovation, and process development. This can be achieved through increased investment in research and development, strategic partnerships with universities and research institutions, and fostering cross-functional innovation teams. Firms should also implement structured knowledge management systems to capture, store, and disseminate knowledge, ensuring that valuable insights are applied to improve decision-making, product development, and competitiveness.

Third, reconfiguration capabilities should be prioritized to ensure long-term adaptability and resilience in a dynamic business environment. Firms need to institutionalize continuous process reengineering and business model innovation to remain aligned with evolving market needs. This may involve adopting flexible supply chains, investing in digital

transformation initiatives, and establishing agile management practices that allow for rapid restructuring in response to disruptions. Furthermore, leadership commitment to fostering a culture of adaptability and innovation is crucial for sustaining competitiveness.

Finally, the study recommends strengthening the role of organizational learning to amplify the effect of dynamic capabilities on firm performance. Firms should place greater emphasis on external learning through benchmarking, industry networks, and collaborations with international players to acquire fresh perspectives and best practices. At the same time, internal mechanisms such as training, feedback systems, and resource allocation should be enhanced to support continuous improvement. By integrating both internal and external learning strategies, manufacturing firms can overcome the current limitations of organizational learning and leverage it more effectively as a moderator of dynamic capabilities and organizational performance.

5.5 Limitations of the Study

The investigator encountered several challenges during the study. Some respondents were hesitant to share information they considered confidential, fearing that their responses might be used against them, which limited the depth of data collected. Additionally, many potential respondents had demanding schedules, making it difficult for them to complete the feedback forms within the allotted time. The process was further complicated by the firms' strict regulatory requirements, which added layers of bureaucracy and prolonged data collection.

This study was limited by its reliance on self-reported data collected through questionnaires, which may have been subject to response bias, social desirability, or misrepresentation by participants. Since managers and employees from manufacturing firms provided the information, there is a possibility that some responses reflected perceptions rather than actual practices. Consequently, while the findings provide valuable insights, they may not

fully capture the true extent of dynamic capabilities and organizational performance in the sector.

Another limitation is the scope of the study, which focused exclusively on manufacturing firms in Kenya. Although this sector is critical to the country's economic development, the findings may not be directly generalizable to other industries such as services, agriculture, or technology-based enterprises. Additionally, the study concentrated on selected dynamic capabilities sensing, seizing, and reconfiguration and the moderating role of organizational learning, without considering other internal and external factors (such as leadership styles, market conditions, or government policies) that may also influence organizational performance.

5.6 Recommendations for Future Research

Future research should consider adopting a longitudinal research design to capture how dynamic capabilities evolve and influence organizational performance over time. Unlike the cross sectional design used in this study, longitudinal studies would provide deeper insights into causal relationships and the sustainability of dynamic capabilities in responding to changing market conditions. This would also help to establish whether improvements in sensing, seizing, and reconfiguration capabilities lead to long-term performance gains in the manufacturing sector.

Additionally, future studies should expand the scope of analysis by including other industries beyond manufacturing, such as service, technology, or agricultural firms. This would enhance the generalizability of the findings and provide comparative insights into how dynamic capabilities function across diverse contexts. Researchers could also examine additional organizational factors such as leadership styles, innovation culture, regulatory frameworks, and external partnerships, which may further influence the relationship between dynamic capabilities and performance.

Finally, it is recommended that future research explores the role of organizational learning in greater depth, with particular attention to external learning mechanisms such as benchmarking, industry collaborations, and strategic alliances. Since this study revealed that organizational learning did not significantly moderate the relationship between dynamic capabilities and firm performance, further research should investigate alternative moderating or mediating variables that could strengthen this relationship. Mixed-methods approaches, combining quantitative surveys with qualitative case studies, could also provide a more holistic understanding of the mechanisms through which dynamic capabilities drive performance outcomes.

5.7 Areas for future Research

Future studies could explore the sectoral variations in dynamic capabilities by extending the research beyond manufacturing firms to include service, technology, and agricultural sectors. Comparing how sensing, seizing, and reconfiguration capabilities influence performance across different industries would provide richer insights into the generalizability and sector-specific applicability of the Dynamic Capabilities Theory. This would also highlight industry-specific practices that enhance competitiveness in diverse business environments.

Another area for future research involves examining the mediating or moderating role of other organizational factors beyond organizational learning. Factors such as leadership styles, digital transformation, innovation culture, strategic alliances, and regulatory environments could provide a deeper understanding of what strengthens or weakens the relationship between dynamic capabilities and performance. Exploring these factors may reveal alternative pathways through which firms can leverage capabilities to achieve sustained performance.

Finally, future research should consider the temporal and contextual dimensions of dynamic capabilities by employing longitudinal or mixed-methods designs. Such approaches

would capture how capabilities evolve over time and adapt to external shocks, such as economic crises, technological disruptions, or policy changes. Contextualizing research within regional, cultural, or global perspectives would also provide broader insights into how dynamic capabilities shape organizational performance in both developing and developed economies.

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APPENDICES

Appendix I: KCA University Consent Letter

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BOARD OF POSTGRADUATE STUDIES

KCAU/BPS/2025 *Date: Wednesday, August 27, 2025*

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: MAUREEN KENDI KIOGORA- REG NO. 23/08436

It is my distinct pleasure to introduce Maureen Kendi Kiogora, a student at our institution pursuing a Master of Business Administration Corporate Management degree within the School of Business.

Kendi is conducting research on the topic: ***"Dynamic capabilities and organizational performance in manufacturing firms in Kenya"*** which is part of the requirements of the program she is pursuing. The research as well as the data procured thereof shall be used for academic purposes only.

Any assistance accorded to her is highly appreciated.

In case of further inquiry, do not hesitate to contact the undersigned.

Yours faithfully,

DR. JACKSON NDOLO
DIRECTOR, BOARD OF POST GRADUATE STUDIES

Appendix II: Letter of Introduction

Dear Respondent

REF: REQUEST FOR RESEARCH DATA

I am pursuing a Master of Business Administration Corporate Management at KCA University. Right now, I'm researching how dynamic capabilities affect the organisational success of Kenyan manufacturing companies. I sincerely hope that you will be able to contribute to the research by taking 25 minutes to complete the enclosed questionnaire. Please fill out the form using your personal opinions rather than the organization's. Every piece of information that is supplied will be handled with extreme confidentiality. You will get a detailed report on the research whenever you request it. Your response will be much appreciated.

Thank you in advance

……

Maureen Kendi Kiogora

Appendix III: Questionnaire to Respondents

This study's primary goal is to evaluate how dynamic capabilities affect Kenyan manufacturing companies' organisational performance.

SECTION I: DEMOGRAPHIC INFORMATION

You are requested to fill out your personal information in the spaces below

Please tick only one response.

1. Indicate your gender: Male [ ] Female [ ]

2. What is your age?

Below 25 yrs [ ] 25- 30 yrs [ ] 31-40 yrs [ ] Above 40 yrs [ ]

3. Years of experience in the organization

Below 10 [ ] 11-20 [ ] 21-30 [ ] Above 30 [ ]

4. Level of Management

Senior level [ ] Middle level [ ] Lower level [ ]

5. Your highest attained education level?

Diploma [ ] Graduate [ ] Masters[ ] Doctorate [ ]

SECTION TWO: DYNAMIC CAPABILITIES

Kindly indicate the extent of your agreement or disagreement with the below statements on your company's skills in detection, seizure, and reconfiguration. On a scale of 1 to 5, assign a score of 1 for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree, and 5 for strongly agree.

Sensing Capabilities	**1**	**2**	**3**	**4**	**5**
In order to find promising chances, this company continuously examines its external business environment.					
The company looks for potential hazards in the working environment.					
The company conducts market research to identify potential gaps.					
Market research offers valuable insights from this company's rivals.					

This company does market research to obtain pertinent information about client wants.					
The information gathered from market research is processed to help the company make decisions.					
This company does market research to find market possibilities.					
Seizing Capabilities	**1**	**2**	**3**	**4**	**5**
In order to find promising chances, this company continuously examines its external business environment.					
The firm has developed critical infrastructures to produce new knowledge.					
The newly acquired information is obtained by staff across your company's divisions.					
The newly generated information aids in the development of new items for your company.					
New procedures are created using the knowledge that you r company's employees have gained.					
This company mobilises sufficient resources to develop new items.					
Reconfiguration Capabilities	**1**	**2**	**3**	**4**	**5**
The business model is continuously modified by the company.					
The company model is reconstructed to facilitate reconfiguration with the environment.					
The company's fundamental business practices have been reformed.					
This corporation has become more efficient due to business process reengineering.					
The company's fundamental business procedures have been restructured.					
This company has a decentralised decision-making process.					

SECTION THREE : ORGANIZATIONAL LEARNING

This section includes declarations about organisational learning inside enterprises in Kenya. Kindly indicate your agreement or dissent by selecting the corresponding box. Use a scale of 1-5, where (1-Stronly Disagree, 2-Disagree, 3-Neutral, 4-Agree and 5- Strongly agree.

Organizational Learning					
The company actively learns from market research, competitors, and industry developments.					
Initiatives that encourage ongoing knowledge acquisition are supported by management.					
Feedback is used to evaluate the efficacy of the training and implement needed modifications.					
The company creates an atmosphere that encourages learning and creativity among its staff.					
Initiatives for ongoing learning and growth are encouraged and funded by leadership.					
When workers use fresh information to enhance procedures, they are rewarded and acknowledged.					

SECTION FOUR: PERFORMANCE

Statements regarding performance in Kenyan enterprises are included in this section. Please tick the corresponding box to indicate whether you agree or disagree. On a scale of 1 to 5, assign a score of 1 for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree, and 5 for strongly agree.

Performance					
To satisfy the rising demand in the market, the company has expanded its production capacity.					
Over the previous few years, the company's revenue has consistently increased.					
The business makes significant investments in R&D to create new goods and procedures.					

Recent introductions of new goods or services have helped the business succeed.					
To cut expenses and waste, the company has streamlined its production procedures.					
Initiatives for continuous improvement have produced quantifiable increases in efficiency.					

Thank You

Appendix IV: KAM List of Large Manufacturing firms

No	Manufacturing Firm
1.	Abu Engineering Ltd
2.	Acme Container Ltd
3.	Adhesive Solutions Africa Ltd
4.	Africa Oil Kenya B.V
5.	African Cotton Industries Ltd
6.	Ali Glaziers Ltd
7.	Alpha Dairy Products Ltd
8.	Athi River Mining Ltd
9.	Bamburi Cement Ltd
10.	BIDCO Oil Refineries
11.	British American Tobacco Kenya Ltd
12.	Chloride Exide Kenya Limited
13.	Colgate-Palmolive(East Africa) Ltd
14.	Commercial Motor Spares Ltd
15.	Creative Fabric World Co Ltd
16.	Crown Paints Kenya
17.	East Africa Glassware Mart Ltd
18.	East African Breweries Limited
19.	Eveready East Africa Limited
20.	Foam Mattress Ltd.
21.	Geomatic Services Ltd.
22.	Kapa Oil Refineries Limited
23.	Kenya Electricity Generating Company Limited.
24.	Kenya Fluorspar Company Ltd (KFC)
25.	Kenya Grange Vehicle Industries Ltd
26.	Kenya Petroleum Refineries Ltd
27.	Kenya Solar
28.	Lake Turkana Wind Power Limited
29.	Limited Blue Triangle Cement
30.	Magadi Soda Company
31.	Metal Crown Ltd
32.	Octagon Express (Kenya) Limited
33.	Orbit Chemical Industries Ltd
34.	Packaging Industries Ltd
35.	Patco Industries Ltd
36.	Polythene Industries Ltd
37.	Print Fast Kenya Ltd.
38.	Pwani Oil products Limited
39.	PZ Cussons East Africa Ltd.
40.	Ramco Printing Works Limited
41.	Rhino Special Products Ltd
42.	Sameer Group

43.	Sanpac Africa Ltd
44.	South Hill Motor Spares Ltd
45.	Steel Structures Limited
46.	Tamoil Africa Holdings Limited
47.	Unga Group Ltd.
48.	Unilever Kenya Limited
49.	Williamson Power Ltd
50.	Wines Of The World Limited

Source: Kenya Association of Manufacturers Directory (2024)