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SENSING CAPABILITIES AND ORGANIZATIONAL PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES IN LAMU COUNTY, KENYA

¹ Umulkher Bakari Athman & ² Dr. Lucy Gichinga, PhD

¹ Masters Candidate, School of Business and Entrepreneurship, Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya

² Lecturer, School of Business and Entrepreneurship, Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya

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ABSTRACT

The study's objective was to determine the influence of sensing capability on organizational performance, to assess the influence of learning capability on organizational performance of small and medium enterprises in Lamu County, Kenya. The study's theoretical framework included review of dynamic capabilities theory. This study adopted descriptive survey design since it aids in identifying characteristics in the target population. The study targeted 335 licensed and operational small and medium enterprises based in Lamu County as at 31st December 2023, from which a sample of 124 was derived. Proportionate stratified random sampling technique was used to select respondents and self-administered questionnaires based on a five-point Likert type scale were distributed through drop and pick-up method for collection of primary data. Pilot testing was carried out and the research instrument was found to have data that were normally distributed, Cronbach alpha scores were above the recommended value .70 hence all variables were reliable, and the validity scores indicated the data was sufficient and correlated to measure the individual variables. The study established that sensing capability had a significant influence on organizational performance of small and medium enterprises. The study recommended that small and medium enterprises must embrace dynamic capabilities for strong interaction response capacity to attract and maintain customers and also to have a well-established database to serve customers better.

Key words: Sensing Capability, Opportunities Identification, Interpret Information, Response to Competition

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INTRODUCTION

Global competition and the swift growth in the business world in highly unpredictable environment has encouraged most business enterprises to develop a paradigm in order to understand how to attain and sustain their competitiveness and achieve superior organizational performance (Alshebami, 2023). One of the most vibrant efforts to address the challenges is through the dynamic capabilities approach, which is a relatively novel concept that has sought to provide a foundation of how business enterprises can renew their internal and external competences to address environmental turbulence (Gemici & Zehir, 2023).

Dynamic capabilities have emerged from the resource-based view of the firm, which explicates that unique, inimitable and rare resources are a central source of superior performance and achievement of continued competitive advantage (Maziriri, 2022).

Dynamic capabilities denote a firm's ability to integrate, build, and reconfigure internal and external proficiencies to address the swiftly changing environments, and these capabilities play a significant role in matching a firm's external opportunities with internal strengths through integration, building and reconfiguring of internal resources, and also ensure the attainment of sustainable competitive advantages and sustenance of superior organizational performance (Kimiti & Kilika, 2022).

Therefore, in order to successfully sense and seize opportunities in the dynamic operating environment, business firms ought to have the resources and ability to reconfigure their current asset bases and processes (Bianchi, 2022). Dynamic capabilities reflect a firms' ability to achieve new and innovative methods of competitive advantage based on their path dependencies and market positions; and building of the dynamic capabilities occurs in the rapidly changing environments through the application of innovation strategies thus becoming a key component in instituting mainly the common point between organizational performance and dynamic capabilities' view of the firm with the moderating influence of environmental dynamism.

In Finland, Huikkola, Kohtamaki and Ylimaki (2022) reviewed the interplay of capability realignment and dynamic capabilities as processes that firms can use to obtain, integrate, reconfigure and release resources, resulting into new resources and resource configurations or new positions. These capabilities have a direct influence on firm performance and competitive advantage, as well as an indirect effect through resource reconfiguration. In all these endeavours, organizational processes play a fundamental role and as such dynamic capabilities do not singularly focus on modeling the change to performance relationship without considering underlying organizational factors (Mikalef, Conboy, & Krogstie, 2021).

In Egypt, Abdelaziz, *et al.*, (2023) reviewed unlocking supply chain product and process innovation and noted that dynamic capabilities were an essential factor that affected a firm's strategic orientation especially the small and medium sized enterprises. These capabilities have a positive and direct impact on entrepreneurial orientation and the performance of small businesses. Since entrepreneurial orientation refers to among others the processes that lead to new entry, it is an intangible firm resource that creates competitive advantage and eventually promotes firm performance, just like dynamic capabilities, and differences in performance among different firms arise driven by intangible rather than physical assets due to the fact that intangible assets unlike physical assets are not vulnerable to imitation.

Sangwa and Muvunyi (2021) noted that dynamic capabilities through reconfiguration of operational capabilities could support the creation of sustainable competitive advantage and are capable of indirect rent generation, and that these capabilities are a part of the overall organizational resource base and these resources has to be valuable, rare, inimitable and nonsubstitutable. Basu, *et al.*, (2022) postulated that dynamic capabilities are necessary for business transformation and for identifying practices that develop those capabilities since they do not directly focus on the production of goods or the provision of marketable services hence do not directly affect a firm's output but the production process indirectly by integrating, reconfiguring,

gaining, and releasing resources to respond to environmental turbulence and also to create internal and external change.

When assessing the organization's performance as a whole, a cohort of measures need to be adopted so that all components can be monitored and evaluated comprehensively. In fact, there is a cognizant call to move towards a broader definition of organizational performance, one which recognizes and discourses sustainability of work processes and outcomes (Alam, 2022). Another significant variable in measuring organizational performance is integrating a formal assessment of strategic planning in its measurement; and when organizations evaluate their strategic planning using internal and external assessments with a cascading system of goals, strategies, and plans, the effectiveness of meeting these goals improves (Bertram & Mxenge, 2024).

In Kenya, small and medium enterprises (SMEs) are small businesses whose personnel and revenue numbers fall below certain limits. Small enterprises have average compliment of ten to forty-nine employees whereas a medium enterprise has between 50-99 employees, and there are all different types of SMEs in Kenya and have an annual turnover of KES. 50 million (Yahya, *et al.*, 2022). SMEs play a pivotal role in Kenya's economy since they contribute over 90 per cent of the total labour force and help to reduce poverty by contributing to the growth of the economy through innovation, competitiveness and an important outlet for the entrepreneurial spirit of the general people.

In Lamu County, just like in the rest of Kenya, SMEs can be found in various sectors, including manufacturing, retail, and professional services. Those under manufacturing produce products such as clothing, food and beverages, textiles, and household items. SMEs in retail operate small shops and stalls selling food, clothing, and household items. In the services sector, SMEs offer services such as hairdressing, dressmaking, cellphone repair, car repair, and other auxiliary services. These enterprises have proved their worth in terms of value addition, providing an important source of income for families and playing a critical role in providing basic goods and services to consumers. They contribute to global competitiveness by introducing new technologies and products to the market and help in enhancing consumer choice by providing a range of products and services that meet the needs of different consumers.

Statement of the Problem

The value of dynamic capabilities for businesses lies in their capacity to modify the resource base by way of creating, integrating, recombining, and releasing resources (Litvinenko, 2021). In as much as the four dimensions may be present when a company alters its resource base in order to increase its competitive advantage and performance, it is instructive that each dimension is not equally valuable for improving firm performance, particularly in the context of SMEs which tend to be more resource starved. Therefore, dynamic capabilities are especially critical for SME competition and success because, unlike their larger peers, SMEs may find it challenging to regularly renew their resource base to respond to a changing environment.

SMEs in Kenya are instrumental in economic growth and development and research shows that they account for over 80% of firms in Kenya and contributing 12% of the GDP, through creating jobs, aiding industrial development, satisfying local demand for services, innovation and support for large firms with inputs and services. However, according to a survey released by the Kenya National Bureau of Statistics (KNBS) in 2022, approximately 300,000 small and medium enterprises did not get to celebrate their second anniversary in the previous five years, raising concern over sustainability of this critical sector. A tough economic environment coupled with secondary factors such as engaging in replicative businesses, lack of proper skills to run the businesses and getting into SME space for lack of meaningful employment ensured that SMEs did not last.

Previous studies have focused on dynamic capabilities and competitive advantage in commercial banks (Aduwo & Deya, 2022); dynamic capabilities, strategic orientation and competitive advantage of NSE listed

companies (Chemutai, *et al.*, 2022); other scholars have explored strategic capabilities and performance of selected media firms in Kenya (Mwangi, 2023); strategic capabilities and competitive advantage of microfinance institutions in Kenya (Menganyi, *et al.*, (2023) and therefore these studies have focused predominantly on the large firms in developed parts of the country but not small and medium enterprises especially in Lamu County, and also use of thematic classification of the capabilities as sensing, learning, reconfiguration and relational, hence occasioning a knowledge gap that this study seeks to bridge.

Objective of the Study

The objective of the study was to assess the influence of sensing capability on organizational performance of small and medium enterprises in Lamu County, Kenya.

Research Hypothesis

The study was guided by the following null hypothesis:

H₀1: Sensing capability has no significant influence on organizational performance of small and medium enterprises in Lamu County, Kenya.

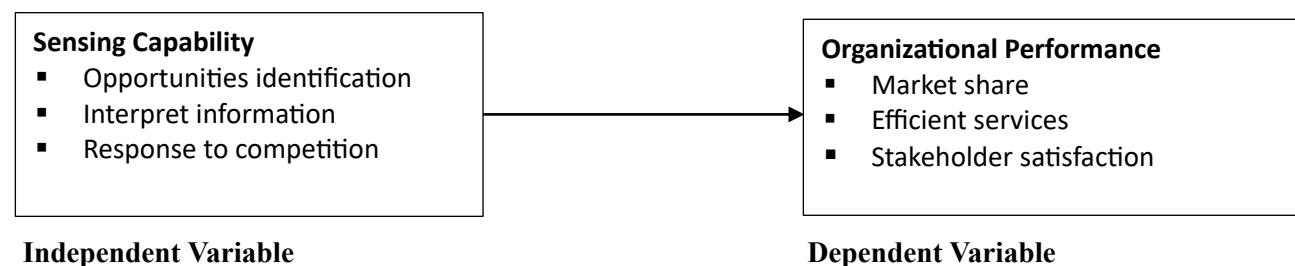
LITERATURE REVIEW

Dynamic Capabilities Theory

The dynamic capabilities theory sets out to explicate how competitive advantage is achieved and argue that successful companies in the global market place are those with the ability to demonstrate appropriate responsiveness to market dynamics and speedy product innovation (Teece, 1997) as cited by (Zia *et al.*, 2023). Additionally, successful companies are able to effectually coordinate and redeploy internal and external competence called dynamic capabilities in order to have the ability to achieve competitive advantage. The ability to renew the capacity and competences to achieve congruence with the changing business environment becomes relevant in situations where time to market is critical and the nature of competition is difficult to determine (Cennamo, 2022). Capabilities play a key role in strategic management by way of appropriately adapting, integrating and reconfiguring, internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment.

The approach explains that the manner in which organizations develop firm specific competences to respond to changes in the business environment is eventually related to the firm’s adopted business processes, market positions, and opportunities (Goh, *et al.*, 2024). Processes incorporate the way in which operations are done in organizations and they have three roles; coordination, learning and reconfiguration. Positions delineate the specific endowments of technology, intellectual property, complementary assets, customer base, and attendant external relations with stakeholders. Paths denote the strategic alternatives that are available to the firm and these are defined by path dependencies and technological opportunities and therefore the organizational processes that are formed by a firm’s asset positions and paths explain the essence of the firm’s dynamic capabilities and its competitive advantage (Illumudeen, 2022).

Conceptual Framework



Independent Variable

Dependent Variable

Figure 1: Conceptual Framework

Review of Literature on Study Variables

Sensing Capability

In today's dynamic and globally competitive environment, for the potential benefits of resources to be transmuted into realized outcomes, it is necessary to possess a distinctive sensing capability, which is the ability to spot, interpret, and pursue opportunities in the environment (Dias & Lages, 2021). This capability entails searching and exploring markets and technologies, both local and distant from the organization, and has a positive impact on achieving more innovative products, better methods and faster speeds to markets and also on improving the obtaining venture performance (Zhu & Gao, 2021).

For small and medium enterprises in particular, Yang *et al.*, (2022) noted that a firm's sensing capability usually has a positive correlation with their performance especially when the firms properly apply knowledge management. In line with the obtaining outlook and considering that SMEs are deemed to have a more personalized touch with their customers, it makes it relatively easier to access relevant information, suggesting that the sensing capability facilitates the ascertainment and detection of changing opportunities in the external environment thus offering SMEs with a way to enhancing their performance (Troise *et al.*, 2022).

The rapid changes in the environment and general market conditions make the challenge to forecast and recognize the paths of future development unpredictable and new ideas, information and knowledge have the likelihood to create opportunities for development (Alvarez & Porac, 2020). Sensing capability comprises three basic processes namely generation of market information which identifies customer needs, responds to marketing trends and identifies market opportunities; secondly, interpretation of the gathered market information and thirdly, responses to market information (Rahman *et al.*, 2021). It is the first level of dynamic capabilities since it is the point where a possible need or opportunity to build, extend or modify existing capabilities are identified based on changes in the internal and external business environment and how these could affect the organization's business and the ability to identify the extent to which an organization responds with their current capability endowment (Varadarajan, 2020).

Organizational Performance

Vallentin (2022) noted that organizational performance is a complex concept to describe in management but put simply, it is connected to an organization's ability to generate value in the future, and it evokes the ability to achieve previously set objectives that may be sufficed as reducing the differences between ends and means. On the other hand, defines organizational performance as measures directly related to the organizational structure and not to its possible social and economic consequences. The indicators become interesting in so far as they make it possible to discriminate organizational difficulties through their initial manifestations, before the effects induced by them are felt from an economic point of view (Galatti *et al.*, 2022)

Organizational performance has three dimensions including productivity, efficiency and profitability and these play a part to identify four sub-dimensions to define performance hence the accomplishment of the mission of the organization, acquisition and control of resources and skills, delivery of quality services and the development and maintenance of a common culture and values. Organizational performance is an organization's ability to increase its market share, operate efficiently, improve service delivery, products, sales, innovative practices, and overall profitability (Sohu *et al.*, 2020). Organizational performance has a nexus to efficiency, effectiveness, financial stability as well as relevance of the organization in the ecosystem.

Meece (2023) indicated that organizational performance is measured at diverse graded levels and can be evaluated for individuals, groups and the whole organization, bearing in mind that the measures for organizational performance are reliant on who requested for them and why there is necessity for adopting performance metrics. Samson and Bhanugopan (2022) noted that measuring and reporting organizational performance included justifying the valid use of investors' resources, guiding the managerial process of

decision making by singling out the pain-points within the organization, comparing individual performances of diverse functions within the organization and exercising requisite control.

Empirical Review

Sensing Capability and Organizational Performance of Small and Medium Enterprises

Harvey (2023) reviewed micro-foundations of sensing capabilities from managerial cognition to team behavior, and proposed a novel mechanism through which managerial cognition scaled to a collective level in support of sensing capabilities and considered how organizational design influenced the relationship; positing that high-construal managers engaged in more environmental scanning than low-construal managers, given that their mental horizons were broader and encompassed further alternatives such that over time their behavior became modeled by their teams. The study also put forth that managers' degree of task-related interdependence with peer managers across the firm influenced the direction of their relationship, with low interdependence reversing it.

Aghimien *et al.*, (2023) analyzed dynamic capabilities for construction organizations in the fourth industrial revolution era and revealed that construction organizations needed to possess transformation capabilities that were related to technology governance, knowledge management and creation of new resources and processes in order to gain a better competitive advantage and transform the levels of service delivery. Akpan *et al.*, (2022) reviewed dynamic capabilities and organizational resilience of manufacturing firms and affirmed that sensing capability was positively correlated with the measures of organizational resilience inferring that sensing capability amplified the manufacturing firms' resilience.

Ngeche and Kaluyu (2023) reviewed organizational agility capabilities and sustainable competitive advantage in private multi-practice hospitals. The study's findings established that organizational agility vide sensing capability had a significant positive effect on their sustained competitive advantage of private multi-practice hospitals. Khalif *et al.*, (2022) reviewed sensing capability and performance of commercial state corporations and the study found that sensing capability was positively and significantly related to performance of commercial state corporations and that strategic fit was a significant moderating variable in the relationship between sensing capability and performance of commercial state corporations.

METHODOLOGY

This study adopted descriptive survey research design. According to Kenya National Chamber of Commerce and Industry Annual Report 2023, there were three hundred and thirty-five (335) licensed and operational small and medium enterprises in Lamu County, Kenya as at 31st December 2023 and they were spread across various sectors as shown in Table 1;

Table 1: Target Population

Sector	Target Population	Percentage (%)
Information Technology	46	13.7
Transport and Logistics	55	16.4
Fishing	72	21.5
Entertainment and Sports	34	10.2
Tourism	67	20.0
Trade	61	18.2
Total	335	100

Source: Kenya National Chamber of Commerce and Industry, 2023

In this study, the sampling frame consisted of 335 small and medium enterprises in Lamu County as at 31st December 2023. This study adopted proportionate stratified random sampling in which case study elements were selected from the subcategories thus obtaining a sample that is representative of the entire population.

Sample size was determined using Nasiruma (2000) model as shown; $n = (Ncv^2) / (cv^2 + (N-1) e^2)$

Where; n = sample size N = population size cv = Coefficient of variation (take 0.7)

e = tolerance at desired level of confidence (take 0.05 at 95% confidence level) On substitution; $n = 335 * 0.7^2 / (0.7^2 + (335-1) 0.05^2)$ $n = 164.15 / 1.325$ $n = 124$

This study used proportionate stratified random sampling procedure to identify the respondents and the researcher contacted owners or managers of the selected firms to fill the questionnaires.

The pilot questionnaires were tested on approximately 20% of the study sample that was identified from the target population but who did not form part of the final sample, principally to avoid repeat bias which is what most social scientists recommend (Bryman & Bell, 2022). The researcher used purposive sampling in choosing respondents for pilot testing.

Internal consistency among items of study constructs were determined by Cronbach's alpha coefficient. Construct validity was tested using KMO and Bartlett's test whose lower threshold values 0.5 and significance of less than or equal to .05.

Quantitative data analysis was done to test the theories postulated in the theoretical framework with the purpose of corroborating or disproving them. Descriptive data was presented in form of frequencies and central tendencies and were presented in the form of tables and pie charts.

The research data was collected and analyzed using Statistical Package for Social Sciences (SPSS) version 26 using descriptive statistics such as mean, median, standard deviation and proportions. F-tests were calculated for all the variable coefficients to determine their significance in the statistical model.

FINDINGS AND DISCUSSIONS

General Characteristics of the Study Sample

The researcher distributed to respondents one hundred and twenty four (124) questionnaires out of which one hundred and thirteen (113) were collected after being fully filled forming a response rate of 91%. This study was considered excellent and fit to be used for further analysis and reporting.

Table 2: Response Rate

Response	Frequency	Percentage (%)
Returned	113	91
Not Returned	11	9
Total	124	100

Reliability and Validity of Research Instrument

Reliability Analysis

Table 3: Reliability Statistics

Variable	Cronbach Alpha	No. of Items	Comments
Sensing Capability	.888	7	Accepted
Learning Capability	.728	7	Accepted
Reconfiguration Capability	.722	7	Accepted
Relational Capability	.702	7	Accepted
Performance of SMEs	.867	7	Accepted

Validity of Research Instrument

Table 4: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.707
Bartlett's Test of Approx. Chi-Square	1362.474
Sphericity Df	861
Sig.	.000

A principal component analysis with varimax rotation was applied to the thirty-five subscale of items related to dynamic capabilities to look into the dimensionality of the various subvariables and organizational performance of small and medium enterprises in Lamu County, Kenya. Kaiser-Meyer-Olkin (KMO) test of sampling adequacy found the questionnaire items to be valid measures of the intended concept, having yielded a score of .707, hence the variable items indicated a high acceptability for the use of factor analysis and denoted sufficient correlation. Bartlett's test of Sphericity was significant (Chi-Square = 1362.474, p-value = .000). The rule of thumb states that a KMO measure with a value above 0.5 and a Bartlett's test with significance level below 0.05 indicates that there is substantial correlation in the data.

Descriptive Statistics

Questionnaire items were grounded on a five-point Likert scale which was coded appropriately to facilitate for rated responses and these were premised on assigned values where 1 signified strongly disagree, 2 signified disagree, 3 signified neither agree nor disagree, 4 signified agree then 5 signified strongly agree. Values of standard deviation above two (>2) were taken to indicate that there was discernible divergence in responses to the questionnaire items.

Sensing Capability and Organizational Performance of Small and Medium Enterprises

Respondents gave their feedback on statements about sensing capability and its influence on organizational performance of small and medium enterprises and returned the results shown in Table 5;

Table 5: Sensing Capability

	N	Mean	Std. Deviation
Our firm analyzes the environment to identify customer needs.	113	3.78	.842
Our firm always anticipates actions of competitors.	113	4.08	.734
Our firm usually embraces new ideas for continuous improvement.	113	3.89	.828
Our firm proactively remains aware of the changes in the environment.	113	3.83	.905
Our firm's operations involve predicting customers' demands.	113	4.06	.711
Our firm has a well-established database to serve our customers.	113	3.78	.942
Our firm has strong interaction response capacity.	113	3.78	.933
Valid N (listwise)	113		

The results indicate that all items recorded standard deviation values below two (<2) signifying that the views by respondents were not distinctly divergent. The strongest convergence in opinion was on the statement about firms' operations being involved in predicting customers' demands (M = 4.06, SD = .711). This study concurs with Wong and Ngai (2023) who reviewed the effects of analytics capability and sensing capability on operations performance with the moderating role of data-driven culture, and found that indeed sensing and analytics capabilities had a positive impact on operational performance.

This findings concur with Gatama and Kavindah (2024) study on strategic capabilities and performance of Kenya Revenue Authority, that indicate that holding marketing capabilities, market sensing capabilities,

information technology capabilities and management capabilities as the independent variables studied performance of Kenya Revenue Authority. According to the findings, the study concluded that the capacity to market sense has a favorable and significant impact on the quality of market entry, having information communication capabilities allows a company to acquire unique access to client information and preferences while also lowering future business search costs, management capacity is critical in inspiring employees to work harder, developing channels for bilateral communication, and allowing for employee engagement, recommendations, and criticism. Further, the study findings agree with Ng'ang'a, *et al.*, (2024) study on sensing capabilities and performance of supermarkets in Kenya. The study was anchored on the dynamic capability theory (DCT). The study was grounded on positivism research philosophy and adopted cross-sectional descriptive research design. The study demonstrated that it is vital for supermarkets' management to consciously design business models and allocate resources that can facilitate the optimal exploitation of new business opportunities to add value to the supermarkets. The management should develop a resource mobilization strategy to fund long term projects that are aimed at seizing opportunities that will improve supermarket's survival and performance.

Kareem and Alameer (2023) study on sensing capabilities and organizational effectiveness, this study results concurs with the authors findings. The analytical results indicate that sensing capability does not have a positive impact on organizational effectiveness while learning capability and reconfiguration capability have a positive impact on organizational effectiveness. Thus, this study provides a better understanding of the effects of dynamic capabilities. The results of this study have the potential to help the decision-makers of universities to develop learning capability and reconfiguration capability, in turn, universities will be able to achieve superior organizational effectiveness.

Organizational Performance of Small and Medium Enterprises

Respondents provided their feedback on the questionnaire statements concerning organizational performance and the findings are presented in Table 6;

Table 6: Organizational Performance of Small and Medium Enterprises

	N	Mean	Std. Deviation
Our firm endeavours to achieve customer satisfaction.	113	3.76	.848
Customer retention is always a priority by our firm.	113	4.05	.754
Our firm seeks to attain a good market share.	113	3.91	.840
Our firm works towards ensuring that all staff are effective in their roles.	113	3.84	.872
Our firm encourages staff to enhance productivity in their roles.	113	4.06	.723
Our firm endeavours to offer high quality goods and services.	113	3.88	.832
Growth in sales volumes is foremost in our firm's plans.	113	3.86	.833
Valid N (listwise)	113		

Standard deviation values for all the items were less than two (< 2) signifying a general convergence in opinion around the item on firms encouraging staff to enhance productivity in their roles ($M = 4.06$, $SD = .723$). The results are in agreement with Amin *et al.*, (2023) who examined whether organizational learning and innovation increased organizational performance of small and medium enterprises. The results are in agreement with Rumanti *et al.*, (2023) who explored the role of organizational creativity and open innovation in enhancing small and medium enterprises' performance. The study provided evidence that organizational creativity had the ability to directly improve small and medium enterprises' performance.

CONCLUSION AND RECOMMENDATIONS

Sensing capability had a positive influence on organizational performance of small and medium enterprises in Lamu County, Kenya. Actions of competitors being always anticipated by firms attracted the highest convergence in opinion on explaining sensing capability. Attendant aspects explaining sensing capability included firms' operations involving predicting customers' demands; firms always embracing new ideas for continuous improvement; firms proactively remaining aware of the changes in the environment and firms analyzing the environment to identify customer needs. Since it was concluded that all aspects of sensing capability had a positive influence on organizational performance of small and medium enterprises, the null hypothesis was rejected.

The results of the study indicated that sensing capabilities had a statistically significant influence on organizational performance of small and medium enterprises in Lamu County, Kenya. These results advocate that senior managers should elaborate on how to exploit new opportunities to achieve optimal value. Senior managers should have the skills to mobilize and allocate resources to pursue new business opportunities that will improve the survival and performance of SMEs. The study recommends that it is essential for senior management to have clarity on the best strategy to sense new opportunities.

The general objective of this study was to examine the influence of sensing capabilities on organizational performance of small and medium enterprises in Lamu County, Kenya. From the findings, sensing capability positively influenced organizational performance of small and medium enterprises and the same further reinforced existing theoretical literature suggesting that incisive dynamic capabilities lead to improved organizational performance. However, future studies could be conducted to establish why the contribution of sensing capability was marginal in influencing organizational performance.

This study employed descriptive survey research design and data was collected at one point in time while organizational performance is a continuous process with varied dynamics at different time periods. In such circumstances, compact conclusions concerning the direction of causality as anticipated in the model may not be significantly drawn hence relationships among study variables may need to be construed in a better and incisive way, and this occasions deficiency in universal interpretation of models using multiple regression analysis. It is thus useful for future research to study the general influence of dynamic capabilities on organizational performance using longitudinal research design where data is collected over a span of time which facilitates the re-evaluation of the direction of causality among the study variables.

This study's accessible population was confined to owners and managers or designates within the small and medium enterprises. Such a population concentration constitutes a very small proportion of the entire population that directly deals in small and medium enterprises across the length and breadth of the major sectors in Kenya. With such a constrained and confined accessible population, challenges proliferate on the generalizability of the results in the entire ecosystem of small and medium enterprises and therefore future research encompassing a better and representative population would suffice to ensure acceptable generalization of the study findings.

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