

**EFFECTS OF INFORMATION AND COMMUNICATION TECHNOLOGY  
INVESTMENTS ON SUSTAINABLE COMPETITIVE ADVANTAGE. A CASE OF  
KENYAN COMMERCIAL BANKS IN NYAHURURU TOWN**

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## **ABSTRACT**

The link between Information and Communication Technology (ICT) and Sustainable Competitive Advantage (SCA) has continued to take a central place in strategy research and scholarly debates. The perspectives through which ICT has been studied in organizational settings has appeared to strongly emphasize it as a powerful competitive weapon for sustainable competitive advantage, yet the extent to which the different aspects of ICT have contributed to the sustainability of that advantage has not been established. The study aimed at examining the effect of ICT investments on SCA of Kenyan commercial banks. The specific objectives were to determine the extent to which ICT assets have contributed to SCA of the banks; the extent to which ICT capabilities have contributed to SCA of the same banks; and also the extent to which the banks have invested in ICT. The study was based on the resource-based theory that seeks to direct organizations along the path to achieving sustainable competitive advantage through the use of resources and capabilities. Descriptive research design was adopted. The population of study was 94,102 customers from which a sample of 666 customers were selected. Systematic random sampling techniques was used in collection of data. Customers who filled the questionnaires and returned were 392. The data was then analyzed using both descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS) computer software tool. The results were presented using both graphical and summary measures in form of frequency tables, charts and graphs. Multiple regression analysis was used to draw inferences. The study found out that all the banks have invested in ICT infrastructure to a large extent and both ICT assets and ICT capabilities have a significant effect on sustainable competitive advantage. Each of these has a positive correlation with the sustainable competitive advantage. However, ICT capabilities has a stronger association with sustainable competitive advantage than ICT assets. The researcher recommends that all the banks come up with ICT strategic plans to address all the aspect of ICT investments. In addition, the study recommends that implementation and monitoring of the ICT strategic plans be ensured to enhance evaluation and justification of ICT investments made by banks.