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COMPETITIVE RISKS AND COMPETITIVE ADVANTAGE AMONG COMMERCIAL BANKS IN KENYA

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Abstract
The business landscape has been greatly altered by globalization and technological advancement, making it difficult for banks to sustain competitive advantage. The need to enhance competitiveness has forced firms to consider competitive intelligence not only as a tool to guard against competitor risks but also as a mechanism for discovering new opportunities and trends. Competitive intelligence contributes to continuous improvement of the quality of products, services and solutions offered by companies to their clients as well as increasing a firm's innovative capability. Competitive risks have been identified as one of the strategy inputs of competitive intelligence that a firm needs to focus on in order to gain and sustain competitive advantage. This paper sought to examine the effect of competitive risks on the competitive advantage among commercial banks in Kenya. The target population for the study were directors or managers in-charge of planning or strategy in each of the forty banks in the country. Primary data was collected using a semi structured questionnaire tested for validity and reliability. The study found that competitive risks had significant effect on the ability of banks to sustain competitive advantage. The study therefore concluded that competitive risks could inhibit a company's strategy from succeeding in the marketplace and therefore should be detected early with the help of competitive intelligence. The study therefore recommends that banks should raise the level of use of competitive intelligence in monitoring the competitive landscape to enable early identification of competitive risks. The study further recommends that banks should develop strategies to neutralize, eliminate or ameliorate the competitive risks.

Keywords: Competitive risks; Strategy inputs; competitive intelligence; Competitive advantage

INTRODUCTION

Background of the Study

The increased environmental uncertainties have created a need to monitor and understand the environment more accurately for survival and success (Kalinowski, 2012). This recognition of the environmental challenges and risks that have continued to increase has brought a need for the companies to seek for advanced competencies to continuously monitor the competitive landscape to remain competitive (Heppes, 2006). During the current information age in which knowledge is power, organizations are using information to develop and maintain competitive advantage (Haag, Cumming & Philip, 2007). Competitive intelligence relies on the discreet sourcing of information in order to anticipate and outmaneuver competitors. In order to maintain a sustainable competitive advantage in the fierce business environment, it is certainly important to have a versatile and in-depth understanding of the determinants driving change in the business environment (Nasri, 2012).

Competitive intelligence has become a very important tool in the organization strategic planning and management processes (Safarnia, Akban & Abbasi, 2011). Nanzhelele (2012) noted that there was an increase in the number of organizations carrying out competitive intelligence activities either formally or informally due to its benefits. Knowledge and information have become vital elements in wealth creation by organizations. Agarwal (2006) noted that competitive intelligence is the key fundamental of any business and is the method for turning raw data into valuable information, turning that valuable information into strategy and turning strategy into business performance which can maintain a company's competitive advantage. It allows a company to proactively predict development in its environment and hence remain competitive by improving its strategic decisions that lead to gaining sustainable competitive advantage.

Strategy Inputs of Competitive Intelligence

The topic of intelligence is vast and has its roots in military science. One of the earliest sophisticated references is the art of war by Sun Tsu (Griffith, 1971) written about 500 BC and has been the basis for development in military intelligence. Intelligence has been a significant factor in military success for thousands of years (Mc Candles, 2003).The genesis of intelligence activities in the context of commerce and business, is however, a more recent development (Fleisher, 2001). Since the end of the Cold War, competitive intelligence once used in the military environment rapidly infiltrated into the business environment (Deng & Luo, 2010). When the Cold War came to an end in 1990, downsizing occurred in the United States of America armed forces and related intelligence activities, which resulted in many qualified intelligence officers seeking to apply their skills in other arenas. One arena where they found a home was in business organizations (CIR, 1999). Hence the widespread use of competitive intelligence in business organizations today.

The work of Porter (1980) on the strategic management and competitive analysis which focused on tracking specific competitor behaviour and linking competitive analysis to competitive strategy created the background for the development of competitive intelligence as a discipline (Viviers, Saayman & Muller, 2005). These writers believed that the true purpose of intelligence was to enable an organization gain competitive advantage. However, Wright, Pickton and Calof (2002) while chronologically reviewing relevant articles on competitive intelligence found none that tested the relationship between competitive intelligence and competitive advantage of organizations.

Petrisor and Strain (2013) noted that competitive intelligence contributes to the continuous improvement of the quality of products, services and solutions offered by companies, while on the other hand, has an important role in increasing the firm’s innovation capability. Fahey (2007) identified five competitive intelligence domains or strategy inputs that researchers in competitive intelligence needs to focus on. These are: market place opportunities; competitor threats; competitive risks; key vulnerabilities and core assumptions. This paper delves in the competitive risks domain.

Fahey (2007) explained that competitive risks include any market place change that could negatively impact on the firm’s current or potential strategy. On competitive risks the author further noted that the strategy is played over time in the market place or competitive context that extends well beyond competitors (Porter, 1980). These market place forces are a source not only of opportunities and competitive threats but also of competitive risks. Gilad (2005) stated that competitive intelligence allows for advance identification of risks and opportunities in the competitive arena. These include changes in customer preferences, channels, suppliers, government agencies and political parties. Competitive risks compels the intelligence team to extend their perceptions beyond competitive trends and patterns to isolate and assess risks, then demonstrate how the risks are likely to negatively influence the firm’s pursuit of specific opportunities(Nwokah & Onduku,2009).

The Global Intelligence Alliance (2007a) indicated a strong need for intelligence when they stated that the business environment demanded a comprehensive system for managing risks in the external business environment. Porter (1980) developed a framework for competitor and industry analysis which makes the assumption that company’s decisions are based on the so-called business black spots. Black spots are areas or events which a competitor would either not see as significance at all or would perceive incorrectly or be slow in paying any attention to them. Put differently, the decision makers could ignore or misinterpret events happening in their environment.

Competitive Advantage

Porter (1980) asserts that a firm can achieve competitive advantage through ownership or possession of certain valuable assets, factors or attributes such as strong market position. Barney (1991) noted that it could be developed from a firm being endowed with unique resources, while Hall (1992) says it could come from the firm's reputation. Lieberman and Montgomery (1998) stated that it could be achieved in the form of superior factor market or supply distribution channels. Moreover, a firm could enjoy competitive advantage through its superior knowledge, competencies or capability in conducting and managing its business processes (Teece, Pisano & Shuen, 1997). Safarnia et al., (2011) state that competitive advantage is born when a firm discovers a new and more efficient way to enter an industry and put that invention in concrete form, than its rivals. This could allow the firm to produce quality products at lower costs and deliver the right product/service in the right place, at the right price and time through the most convenient channel.

When implementing strategy, competitive advantage results out of the way firms perform discrete activities such as conceiving ways to conduct activities, employing new procedures, new technology or different inputs. It is gained by offering consumers greater value by means of lower prices or by providing greater benefits and services that justify higher prices. It is essentially a position of superiority on the part of the firm in relation to its competition in any of the multitude of functions/activities performed by the firm. Ma (1999) categorizes generic competitive advantages into three: ownership based; access- based and proficiency-based.

The evolution of competitive advantage is a function of the way an organization manages its activities. These organizational functions may be categorized into various activities: solicitation of customers, maintenance, conception and realization of new products through research and development (R&D). Each of these activities creates value for customers and the final value created is reflected by the price the customers agree to pay to obtain the product or service. The enterprise is profitable if this value is greater than what competitors gain from similar effort obtained through more efficient production or elaborate specific activities that generate greater final value and command higher purchase prices (Passemard & Kleiner, 2000). Waithaka (2020) recommends that managers of firms listed on the Nairobi securities exchange should deploy tactics oriented competitive intelligence in order to gain competitive advantage in the marketplace.

It is clear that divergent views exist on how various studies describe competitive advantage based on the objectives of each study. Tracey, Vonderembse and Lim (1999) perceived competitive advantage from the aspect of price, cost, delivery, flexibility and quality. Flexibility allows firms to be able to change direction quickly when necessary. Robert (2003) saw it as being made up of low cost, differentiation, innovation and growth while Shu and Ta Chien (2007) evaluated competitive advantage using four dimensions of reduced dependency, knowledge transfer, technology development and transfer. Chiang (2004) adopted low cost and differentiation as dimensions of competitive advantage although these are really strategies that firms can use to gain competitive advantage.

Commercial Banks in Kenya

The banking industry in Kenya is governed by the Companies Act (Cap 486), the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK, 2017). The Industry comprises of 43 commercial banks, 2 mortgage finance companies and 123 foreign exchange bureaus (CBK, 2018). The CBK places commercial banks in Kenya in four broad categories based on ownership; foreign owned locally incorporated, institutions with government participation, foreign owned but locally incorporated institutions(partly owned by locals) and the locally owned institutions (CBK, 2018). Three of the commercial banks have however been placed under receivership by the regulator after experiencing some financial challenges. The study will therefore consider the forty banks that are operating with the direct control of Central Bank of Kenya.

During the period ended December 31, 2018, commercial banks recorded significant growth in assets driven by growth in deposit, injection of capital and retention of profit. Further, in the same period, commercial banks continued to embrace new technology to improve their customer service delivery. A considerable number of banks adopted the use of mobile phone technology as a service delivery channel to enhance convenience to their customers. In this regard, a number of new products that leverage on ICT, in particular mobile phone telephony were introduced by several institutions (CBK, 2018). In additions, there has been a significant change in customer's landscape in the commercial banks from the corporate clients due to the unprecedented interest in the individuals, micro finance sector and Small and Medium scale Enterprises (SME's).

In an effort to promote financial access by the majority of customers, the Central Bank and the banking industry has continued with initiative to put in place a credit information sharing mechanism which enables individuals to use their information capital as collateral to access bank services. The financial sector in Kenya has undergone tremendous changes in the last two and a half decades (1995-2000). In addition, the environment in which banks in Kenya are operating has been experiencing significant changes including rapid technological innovations, creating pressure on the services delivery cost (CBK, 2018). Further, the amendment of the Banking Act to permit banks to use agents in their outreach has also extended the formal financial services access frontier, thus enhancing the penetration level of commercial banks which has been very low (CBK, 2018). Agency banking would further enable institutions to provide banking services in a more cost effective way which is equally cheaper to the customers.

An appropriate banking environment is considered a key pillar as well as an enabler of economic growth (Koivu, 2002). Banks are essential for each country's economy, since no growth can be achieved unless savings are efficiently channeled into investments. Banking industry is competitive and thus requires a lot of creativity and innovation both in terms of new product development. As competition among the commercial banks continues to rise, the management of each bank must come up with novel ways of beating the competition, hence the adoption of competitive intelligence. For organizations in the banking industry to become competitive they need to have access to high quality, future oriented information that is necessary for good long term decisions (Hughes & White, 2005). Vargo and Lusch (2008) state that services enable a firm to co-create value based on competencies of company for the customer which leads to resources that are unique and hard to imitate (Wernerfelt, 1984).

Statement of the Problem

Gwahula (2013) stated that commercial banks play an important role in the socioeconomic development in both developed and developing countries by ensuring prudent allocation as well as efficient utilization of resources. They are continuously helping to channel funds from depositors to investors as well as providing access to a nation's payment system (Ongore & Kusa, 2013). However, rapid change, hyper competition, changing demographics and customer needs require banks to build adaptability competency for survival and fostering organizational performance (CBK, 2018).

Serieux (2008) noted that the financial systems in Africa and in Kenya specifically were shallow and fragile and hence unable to effectively contribute to economic development. The shallowness and fragility the author further observed was reflected in low lending levels, high interest spread, high levels of non-performing loans and failing of several banks. Upadhyaya (2011) argues that this has led to poor performance of the commercial banks. While Oloo (2013) noted that several commercial banks were declaring losses in their financial reports. This was further affirmed by Onuonga (2014) who stated that the performance of commercial banks in

Kenya was not impressive and profitability was on average erratic. This has necessitated the banking institutions to adopt competitive intelligence strategies in order to remain competitive and maintain their industry positions.

Wright, Bission and Duffy (2012) state that in order to enter, survive and develop in their industry and markets, firms have to gain competitive advantage. Gracanin, Kalac and Jovanovic (2015) state that competitive intelligence can be a source of competitive advantage, enabling a company to develop and implement strategies that improve business efficiency and effectiveness. One of the ways of gaining this competitive advantage in the market is the application of competitive intelligence strategies in enterprises. Wright (2010) noted that competitive intelligence strategies provide a firm with an objective review of the market place; reduces decision making time; minimizes risks and avoid surprises; helps in identification of opportunities before competition does; identification of early warning signals of competitors moves and reduction of uncertainty. Waithaka (2016) found that competitive intelligence practices significantly affected the performance of firms listed on the Nairobi securities exchange. Ngugi, Gakure and Mugo (2012) in an empirical study found the existence of a high correlation between competitive intelligence practices and profitability of firms in the banking industry in Kenya. This study sought to determine the effect of competitive risks on sustainable competitive advantage among commercial banks in Kenya.

Objective of the Study

To establish the effect of competitive risks on competitive advantage among commercial banks in Kenya

Research Hypothesis

H_{01}: Competitive risks have no effect on competitive advantage among commercial banks in Kenya

Significance of the Study

This study would be of significance to the management of the banking institutions as it will enable them gain insights on how to apply competitive intelligence strategies to ensure sustained competitive advantage for their organizations. Central bank as the regulator of all the organizations in the banking industry will also gain an understanding on the policies they should formulate to allow the banks to gain competitive advantage. The study has made a contribution to empirical knowledge in this discipline which future researchers can use as a basis for their studies.

LITERATURE REVIEW

Porter's Five forces Model

Porter's (1980) work on the analysis of competitive forces affecting firms, which focused on tracking specific contestant behavior and connecting competitor analysis to competitive strategy, created the background for the development of competitive intelligence as a business discipline (Peyrot, Childs, Van Doren, & Allen, 2002). Porter took a view of scanning the external environment to gather intelligence on rivals. He (Porter) then developed the Five Forces Model to elucidate the forces that shape competition in an industry. This well-defined analytical structure helps strategic managers to link remote factors and their effects on a firm's operating environment. Porter (1985) identified customers, suppliers, potential entrants, current competitors and substitute products as competitors that may be more or less prominent or active, depending on the industry.

This five forces framework (Porter, 1980) allows a firm to assess both the attractiveness (potential profitability) of its industry and its competitive position within that industry through an evaluation of the strength of the threat of new entrants to the industry; the threat of substitute products; the power of buyers or customers; the power of suppliers (to firms in the industry); and the degree and nature of rivalry among businesses in the industry. According to Porter, the potential for a firm to be profitable is negatively associated with increased competition, lower barriers to entry, a large number of substitutes, and increased bargaining power of customers and suppliers. On the basis of analysis of these forces, Porter argues that an organization can develop a generic competitive strategy of differentiation or cost leadership, capable of delivering superior performance through an appropriate configuration and coordination of its value chain activities (Porter, 1985).

Thompson and Strickland (2003) argued that the collective strength of these forces determines the ultimate profit potential of an industry. Whatever their collective strengths, the corporate strategists' goal should be to find a position in the industry where the firm can best defend itself against these forces or can influence them in its favour. They highlight the vital strengths and weaknesses of the company, animate the situation of the company in its industry, elucidate the areas where strategic adjustment might yield the greatest payoffs, and stress the places where industry trends promise to hold the most significance as either opportunities or threats (Charles & Gareth, 2010). Understanding these forces also proves to be assistance in considering areas for diversification. The model is relevant to this study, as it helps managers identify the boundaries of an industry and its key players and their uniqueness so as to develop strategies to deal with competition in the particular industry.

This model helps firms to understand competitors, their strengths and weaknesses, and gain a thorough knowledge of the competitor's products. With the right kind of information provided by competitive intelligence domains, firms can avoid unpleasant surprises by anticipating competitor's moves and decreasing response time. Competitive intelligence domains identify and describe threats. Understanding the significance and possibility of each threat is valuable since it allows a firm employ more intense defense for its business.

Competitive Risks and Competitive Advantage

Risk is inherent in every business, but organizations that embed risk management practices into business planning and performance management are more likely to achieve strategic and operational objectives. Risk management process involves identifying risks relative to an organization's objectives, assessing them for likelihood and impact, developing a response strategy and monitoring progress. However, Calof (2008) assert that competitive intelligence protects organizations against future risks and recognize hidden opportunities. Empirical evidence has documented that firm performance and competitive advantage and industry competition are negatively related (Beiner, Schmid & Wanzenried, 2011). Karuna (2007) noted that firms in highly competitive industries are easily influenced by aggregate shocks and risks since none of them has the power to dominate the market. Companies that succeed in turning risk into results would create competitive advantage through more efficient deployment of scarce resources, better decision-making and reduced exposure to negative events.

Several studies support the importance of this resource-based view (Foss & Knudsen, 2003; Gottschalg & Zollo, 2007). When this strategy is well-formulated and implemented, it could significantly affect a firm's level of competitive advantage (Porter & Kramer, 2006). The resource-based view provides an avenue for organizations to plan and execute their organizational strategy by examining the role of their internal resources and capabilities in achieving competitive advantage (Sheehan & Foss, 2007). Empirical research around the world indicates that companies that succeed in turning risk into results create competitive advantage. This is the time for senior business executives to evaluate existing risk investments and consider how to move beyond compliance to addressing the issues around strategic business value and the approach outlined in this study can serve as an invaluable road map.

Previous studies have shown a significant relationship between cost-based advantage and organizational performance. Firms that enjoy cost-based competitive advantages over their rivals -for example, lower manufacturing or production costs, lower cost of goods sold, and lower-price products have been shown to exhibit comparatively better performance (Morgan, Kaleka, & Katsikeas, 2004). Furthermore, a significant relationship between product-based advantage and the performance of organizations has also been identified. Firms that experience a product-based competitive advantage over their rivals-for example, higher product quality, packaging, design and style have been shown to achieve relatively better performance (Gimenez & Ventura, 2002). Similarly, research has further illustrated that there is a significant relationship between service-based advantage and organizational performance. Firms that benefit from service-based competitive advantage compared to their rivals-for example, more product flexibility, accessibility, delivery speed, reliability, product line breadth and technical support-have demonstrated comparatively better performance (Morgan, Kaleka, & Katsikeas, 2004).

Ade, Akaninbi and Tubosun (2017) investigated the influence of competitive risks opportunities on business competitive advantage of diamond bank in Nigeria and found a strong direct correlation. The study also found that competitive risks had significant influence of business competitive advantage. Waithaka, Bula and Kimencu (2016) found that tactics oriented competitive intelligence helps inform the sales force of the competitive risks a firms products encounter from the products of a rival firm. Rezaeian and Bolooki (2010) developed a model that studied the effect of competitive intelligence and its components to competitive advantage of scientific industries in Isfahan, Iran. Data was collected by the use of questionnaire. The results indicated that the application of competitive intelligence gave the companies competitive advantage over their rivals and ensured their survival.

RESEARCH METHODOLOGY

This study adopted both descriptive and explanatory research designs. Descriptive studies sought to answer who, what, and how questions whereas explanatory research design is about identifying the boundaries of the environment in which the problems, opportunities and situations of interest reside and to identify the salient factors that may be found there that are relevant to the research (Babbie,2002). Mugenda and Mugenda (2003) stated that descriptive design is the process of collecting data in order to test hypothesis or to answer questions on the current status of the subject under study. Descriptive research design approach is credited due to the fact that it allows analysis on the relationship between variables (Creswell, 1999).

The target population for the study were all the commercial banks in Kenya. There are 43 licensed commercial banks that operate in the country but three have been placed under statutory management by the regulator, which is the Central Bank of Kenya. These three banks were not included in this study as their operations are under the regulators and not the managers per se, therefore the population were 40 of the commercial banks. Hence, the unit of analysis in this study was those commercial banks. A census study of those 40 commercial banks was carried out. The population of 40 respondents meets the threshold size of thirty (30) recommended by Mugenda and Mugenda (2003) as ideal to allow normal approximations. The study targeted the manager or director in-charge of planning /strategy in each firm as the unit for observation. Those are the experts in the subject matter within the firm and are believed to be responsible for activities responsible for monitoring competitors' moves in their firm; therefore they were best positioned to provide information for this study. Primary data was collected using a semi-structured questionnaire which was tested for validity and reliability and found to meet set threshold.

Descriptive statistics such as mean scores, standard deviations, percentages, and frequency distribution were computed to describe the characteristics of the variables of interest in the study. Qualitative response were categorized, coded and grouped into themes that emerge and then triangulated with quantitative data of the study. As suggested by Muthen and Muthen (2007), inferential statistics such as correlation and regression analysis was used to establish the nature and magnitude of the relationships between the variables and to test the hypothesized relationships. A simple regression model was adopted as follows:

$Y= \beta_0+ \beta_1 X_1 + \varepsilon$

Where: Y = Competitive Advantage

X_1= Competitive risks,

β=Beta coefficient

ε = Error term

FINDINGS AND DISCUSSIONS

In the course of the study, a total of 40 questionnaires were distributed to managers or directors-in-charge of planning/strategy in each of the 40 commercial banks operating in Kenya. Out of these questionnaires, 31 of them were completely filed up and returned by these respondents. This was equivalent to a 77.5% response rate which was in line with Yin (2017) who recommended that an over 70% response rate as sufficient for presentation of the findings.

Most (71%) of the respondents were male. Majority (52%) of the respondents had bachelor's degrees as their highest level of academic qualifications, while (39%) had master's degrees as their highest level of academic qualifications. Those with Ph. D as their highest level of education were only three per cent (3%). The position held by the highest number (35%) of the respondents was strategy managers, closely followed by planning managers (29%) and director planning (26%). Most (52%) of the respondents had worked for 6-10 years in their current position, only 13% had worked for less than 5 years.

From the above findings, it can be inferred that respondents of the study were educated and thus had knowledge on how to read and interpret the research questions. It can also be deduced that they had worked in their respective banks for a long period of time and thus were knowledgeable in what goes on in the bank. The other inference drawn from the above findings is that the respondents who took part in the study were generally in managerial position which in most cases deals with the formulation of key strategies including competitive intelligence and thus they were quite informed in the field.

Majority (55%) of the banks studied were Tier III banks. About (32%) of the banks had been in operation for more than 20 years and only 13% had operated for less than 5 years. Most (42%) of the banks studied had 301-400 employees, 13% had over 500 employees and 10% had less than 200 employees. Many of the banks (45%) had an Annual competitive intelligence Activities Budget of less than 10 Million shillings and only 10% of the banks had an over 20 million shillings annual budget. A number of banks (29%) had over 41 branches in Kenya and 26% had 31-40 branches. Those with high frequency of collection and analysis of information were more (58%) than those with less frequency (42%). This shows that majority of the studied banks were stable and had invested in competitive intelligence as way of remaining competitive.

Table 1: Descriptive analysis of Competitive Risks

	Mean	**Std. Dev**
Firm is continuously evaluating risks currently faced	4.21	0.495
Management proactively seeks for ways of eliminating risks	4.29	0.824
The firm encourages knowledge sharing among employees about our operations, products and services	3.87	0.856
Firm is continuously evaluating potential risks that could be faced in the future.	4.20	0.702
The firms keeps tracking trends in the industry	3.77	0.894
Management keeps monitoring patterns in industry environment.	4.00	0.856
Management regularly assesses the impact of risks to the firms operations.	4.12	0.702
Competitive intelligence assists in positioning the firm in its competitive environment	4.03	0.894

The results in Table 1 indicate that the management proactively seeks for ways of eliminating risks (M=4.29; SD=0.824), the firm is continuously evaluating risks currently faced (M=4.21; SD=0.894), the firm is continuously evaluating potential risks that could be faced in the future (M=4.20; SD=0.702), the management regularly assesses the impact of risks to the firms operations(M=4.12; SD=0.702) and that the management keeps monitoring patterns in industry environment(M=4.00; SD=0.866). Competitive intelligence assists in positioning the firm in its competitive environment. The above statements have the value of means above 4.00; this implies that respondents agreed on them. Respondents further agreed that the firm encourages knowledge sharing among employees about operations, products and services (M=3.87; SD=0.856) and that the firms keeps tracking trends in the industry as shown (M=3.77; SD=0.894) respectively. The values of standard deviations on these statements are all less than 1. The high mean indicates that the respondents agreed with the statements, and the low standard deviation indicated high clustering around the mean of the distribution. This implied that there was close agreement among the respondents on the ability of competitive intelligence activities to help identify competitive risks and to enable managers to formulate strategies to neutralize them.

Table 2: Regression Coefficients

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	11.194	4.527		2.473	.021
Competitive risks	1.406	.286	1.098	4.914	.000

The results in Table 2 indicate that competitive risks ($p=0.000>0.05$, $\beta=1.406$) were found to have significant effect on competitive advantage of commercial banks. On the basis of the formulated hypotheses, competitive risks have significant effect on competitive advantage among commercial banks. The findings of the study indicated that the management proactively seeks for ways of eliminating risks; the firms are continuously evaluating risks currently faced and continuously evaluating potential risks that could be faced in the future. The management regularly assesses the impact of risks to the firms operations and keeps monitoring patterns in industry environment.

Competitive intelligence was found to serve as a tool to uncover new opportunities, threats and risks and therefore acts as a radar that enable banks to discern the environment more promptly and accurately. Competitive intelligence assists in positioning the firm in its competitive environment. Therefore, managers should encourage knowledge sharing among employees about operations, products and services. The firms should keep tracking trends in the industry. Competitive risks assessment is a vital aspect of competitive intelligence as a strategy which every organization competing in the local or international market should take into consideration based on its influence on gaining competitive advantage.

These findings concurs with Ade, Akaninbi and Tubosun (2017) who found that competitive risks had influence on business competitive advantage in a case of diamond bank that found a strong direct correlation between those two factors. The study also found that competitive risks had significant influence of business competitive advantage. The findings further agree with those of Moneme, Nzwewi and Mgbemena (2017) in a study that examined the influence of competitive intelligence on product development of selected pharmaceutical firms in Anambra state in Nigeria. They found that competitive risks had a positive and a statistically significant influence. Nwokah and Onduku (2009) found a significant and positive association between competitive risk and competitive advantage in corporate firms in Nigeria. The results show that there is a correlation between competitive intelligence and firm competitive advantage and enhanced firm competitiveness. This furthermore agrees with Heppes and Toit (2009) who found that competitive intelligence enhances the enterprises competitive advantage through better understanding of its competitive environment leading to improved strategic management and resultant competitive advantage.

CONCLUSIONS

Competitive risks have significant effect on competitive advantage among commercial banks. In today`s competitive global business environment, banks need the skills to translate indicators in the competitive environment into business opportunities and to apply the intelligence in decision-making and developing competitive strategies. Firms are continuously evaluating potential risks that could be faced in the future. The management regularly assesses the impact of risks to the firms operations and keeps monitoring patterns in industry environment. Competitive intelligence assists in positioning the firm in its competitive environment.

In the dynamic and changing competitive market, banks with a successful proactive competitive intelligence programme would respond more wisely and rapidly to changes in the markets and competition which present risks and should thereby gain success and competitive advantage in the longer term. Early identification and assessment of the implications of the marketplace risks associated with the current or potential bank strategy would help the executive team to understand how to proactively avert the impact of such risks. Competitive intelligence provides the executive team with insights which can be transformed into an array of pre-emptive and responsive actions that the bank might be able to use to enable the executives avert possible risks in the business environment.

RECOMMENDATIONS

This paper recommends the adoption of competitive intelligence by the banks as it is a critical source of their competitiveness. In order to improve the firm's competitive advantage there is need for a comprehensive understanding of the various risks posed by the competitive situations in the business environment. The study recommends that firms should continuously measure or assess the risk of competing in a particular market, under which information should be gathered and proper market research should be conducted towards assessing the implications of competing head to head with major competitors in the marketplace. The top management should analyze carefully the competition that exists within the banking industry and also consider the characteristics of the competitive strategy employed with purposes of improving the competitive position in the industry. Banks should encourage knowledge sharing among employees about their operations, products and services and that the firms keep tracking trends in the industry.

Banks should through regular and continuous scanning of the external environment and identifying major sources of risks to the firms in the marketplace analyze acquired data and then use the information obtained to enhance performance in their operations. The banks monitoring and assessment of risks posed by competitors should not only focus on the rival's existing visible manifestations such as end products and financial performance indicators which might only provide a transient view. Instead attention should be shifted to the less-emphasized skill base and organizational factors. The management of banks should proactively seek for ways of eliminating risks. Future studies should be carried out with a focus on other industries such as the insurance industry.

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