Journal of
Business and Strategic Management
(JBSM)

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Journal of Business and Strategic Management

ISSN 2520-0402 (Online)

Vol. 9, Issue No. 7, pp. 1 - 28, 2024

www.carijournals

Influence of Knowledge Capabilities on Performance of Kenyan Fintech Companies

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Accepted: 22nd Aug 2024 Received in Revised Form: 22nd Sep 2024 Published: 22nd Oct 2024

Abstract

Purpose: The purpose of the study was to examine the influence of knowledge capability on performance in Kenyan fintech companies. The research questions that guided the study were to establish the influence of knowledge acquisition, knowledge assimilation, knowledge transformation and knowledge exploitation on performance of Kenyan fintech companies. The theoretical review of the study used the dynamic capabilities theory.

Methodology: The study adopted a descriptive research design with a target population of 850 employees at management level working at 85 Kenyan fintech companies. Stratified random sampling technique was used to select a sample size of 272 management level employees. Primary data was collected using a questionnaire and analysed using descriptive and inferential statistics. The statistical package for the Social Science was used as a data analysis tool and thereafter the data was presented in figures and tables.

Findings: Findings on the first research question, indicated that there was a negative correlation between fintech performance and knowledge acquisition capability. The multiple linear regression results revealed that knowledge acquisition had no statistically significant influence on the performance of fintech. The results from the regression coefficients indicated that knowledge acquisition capability did not significantly predict the performance of fintech firms in Kenya. For the second research question, the correlation analysis findings indicated that knowledge assimilation capability had a negative relationship with performance of the fintech companies. The regression coefficient results indicated that knowledge assimilation capability did not significantly predict the performance of fintech organizations in Kenya. Regarding the third research question, correlation results noted that knowledge transformation capability had a negative relationship with performance of fintech firms. Findings of the regression coefficients indicated that knowledge transformation capability significantly did not predict performance of fintech organizations in Kenya. On the last research question, correlation results revealed that knowledge exploitation capability had a negative relationship with performance of fintech firms. Regression coefficients result indicated that knowledge exploitation capabilities did not significantly predict the performance of fintech firms in Kenya.

Unique Contribution to Theory, Policy and Practice: The study concluded that knowledge capabilities did not significantly influence the performance of Kenyan fintech companies. This is mainly attributed to the other elements and factors that influence performance more. The study recommends that fintech institutions should increase their focus on knowledge capabilities to compete sustainably in turbulent business environments. Fintech organizations can fully exploit the knowledge they receive to effectively achieve strategic objectives. Additionally, due to other factors being more influential in predicting performance, further research is required with these additional variables considered.

Keywords: *Knowledge Acquisition, Knowledge Assimilation, Knowledge Transformation, Knowledge Exploitation and Fintech Companies.*

Background of the Study

The era of static markets and predictable consumer behaviour is long gone. Instead, businesses must navigate a labyrinth of shifting trade winds, evolving customer demands, and relentless technological disruption. The global business environment today is characterized by constant change. The business environment is becoming increasingly volatile and unpredictable due to factors like rapid technological change, globalization, industry convergence, aggressive competition, and deregulation (Peng, Wang & Jiang, 2022). The current era of globalization is full of changes, organizations must develop internal orientation to develop and external orientation to find solutions for environmental dynamics and competition (Darmawan & Grenier, 2021). Dagnino, Picone & Ferrigno (2021) mention that the conventional sources of gaining competitive advantage tend to disappear quickly. Businesses strive to not only achieve, but also sustain competitive advantage to stay competitive (Tanrivedi & Zhang, 2020). Today's environments are fast-paced and ever-changing hence organizations need to be able to adapt quickly to new developments, driven by factors such as technological progress, globalization, and increased customer expectations (Schulze & Pinkow, 2020).

According to Gonyora, Migiro, Ngwenya & Mashau (2021), flexibility and competitiveness are essential for business models. A company's innovation knowledge resources and routines must be transformed to have a dynamic capability that encompasses organizational learning processes and routines founded in innovation knowledge (Ledi, Ameza-Xemalordzo, Amoako & Asamoah, 2023). More and more academic studies have found that dynamic capabilities are essential to business strategy, value generation, and competitive advantage (Alcalde, Ruiz-Palomino & Sáez-Martínez, 2022). The ability to reconfigure assets and structure them is essential for sustainable profits and market advantage, especially as the business, markets, and technologies grow and change over time (Gonyora et al., 2021). To perform its core knowledge processes effectively, each organisation requires a different set of knowledge capabilities. These capabilities may be static in nature; however, organisations need dynamic knowledge capabilities, especially in their market and strategic responses. Shifts in the business environment are resulting in an increasing emphasis on dynamic rather than static knowledge capabilities. Barinua & Bassey (2022) state that organizational knowledge is seen as a valuable resource that, despite being intangible, gives the company a competitive edge. In recent decades, corporations have steadily shifted their focus from work environments to knowledge management.

Ferreira & Coelho (2020) state that dynamic capability is a crucial factor that contributes to competitiveness and has a beneficial effect on the performance and survival of businesses and as a result, having dynamic capabilities is crucial for corporate success. Developing a company's dynamic capacities is essential to gaining a competitive edge and ensuring its continued existence (Menganyi, Abayo & Muraguri,2023). Alcalde et al. (2022) adds that SMEs with a high level of dynamic skills can take advantage of new opportunities in the marketplace and transform organizational resources into tangible and intangible assets and capabilities. To become adaptable, organizations and their leaders need to be able to respond to change quickly

and effectively (Schulze & Pinkow, 2020). They also need to be able to anticipate and manage uncertainty. “Knowledge is power.” The famous quote goes. A company's knowledge absorption capability is key to its success. This involves actively seeking valuable external knowledge (exploratory learning), then integrating it with existing knowledge (transformative learning) to create new ideas and drive business results (exploitative learning) (Sulistyo & Ayuni, 2018). The better a company absorbs and utilizes employee knowledge through these steps, the higher its overall employee performance will be. Ndirangu et al (2023) state that dynamic capabilities could be a source of competitive advantage. Teece (2007) states that dynamic capabilities framework was developed to assist in organizing and prioritizing the never-ending barrage of conflicting and competing information that cascades toward managers as they seek to establish competitive advantage.

Statement of the Problem

Despite recent growth, fintech firms still struggle to optimize performance. Muithya & Muathe (2020) highlight institutional constraints and a turbulent business environment as key hurdles. These challenges echo issues faced by fintech firms in other African countries, suggesting a broader need for improved knowledge management practices to navigate this dynamic landscape. The digital economy era has presented internal and external challenges to business firms that hinder their sustainability in the global marketplace (Azeem et al., 2021). Cyber fraud has become a major problem, characterised by fraudulent transactions, extortion, denial of service attacks, and credit card theft (Kaur et al., 2021). The financial system is increasingly vulnerable to cyberattacks, and fintech may increase this risk (Mwencha et al., 2019). The National Crime Research Centre, Kenya reports that cyber-crimes prevalence is at 0.6% of the reported cases in 2022 (National Crime Research Centre, 2022). According to the Kenya National Bureau of Statistics (2023) there was an increase in cybercrimes. The report highlighted those cyber-crimes had doubled from 339.1 million in 2021 to 452.4 million in 2022. Additionally, there was an increase in system vulnerabilities from 58 million in 2021 to 452.4 million in 2022 (KNBS, 2023). This increase is attributed to the dynamic nature of cyber threats. Cyber fraud hinders performance due to financial losses, operational disruption due to system downtimes and reputational damage in ways such as low customer satisfaction scores.

Furthermore, Mwencha et al. (2019) state that smaller-scale entities within the regulatory framework may be exempt from substantial financial reporting due to their size or licensing, and their innovative practices may not be captured by traditional reporting standards. This lack of comprehensive data hinders regulators' capacity to accurately assess the full extent of fintech activity and effectively monitor potential systemic risks within the financial system. This shortage of market data makes it difficult for fintech firms to identify and understand customers’ needs, which has hindered product development and market targeting (Intellecap, 2018). The uncertainty in evaluating the risk-return profile of fintech firms because of limited available historical data and clear benchmarks has impacted investment decisions. According to a study by (Bell & Cooper), an inability to fill institutional knowledge voids prevents firms from entering

specific markets where those voids are faced and cannot be overcome. Safaricom (2020) reported that the consumer Net Promoter Score decreased significantly during the FY18-FY19 period, and this trend continued in FY20. The company attributed this decline to the perception then that the company's products and services were expensive and the decrease in consumer trust that occurred when they introduced faster data speeds.

A study by Ndiege et al. (2018) on Kenyan SMEs identifies two categories of SMEs in the country, those with strong knowledge capability, and those with weak knowledge capability. Those with strong knowledge capability had the ability to acquire and share valuable knowledge and connect with stakeholders and partners by exploiting acquisition. The ones with weak absorptive capacity, made very little effort to acquire external knowledge. Those with weak absorptive capability appeared more wanting in their choice of IT adoption strategies. Studies have been conducted to examine the relationship between knowledge capabilities and innovation, performance, and entrepreneurial orientation (Dewi et al., 2020). Hakizimana et al. (2023) recommends further studies that focus on capabilities developed fintech niche markets, like transfer of funds, borrowing, and investment models. Wachira et al. (2022) recommends that managers focus on dynamic aspects such as learning culture, creation of new opportunities and appropriate resource allocation to strengthen dynamism. Findings of a study by (Namada, 2017) on the Export Processing Zone context in Kenya, indicated that organizational learning had a positive influence on non-financial performance measures.

Saunila (2020) recommended studies that could provide additional evidence on the types of capabilities that impact firm performance. There is currently a deficiency in research that concurrently investigates the interconnections among dynamic capabilities, innovation capabilities, entrepreneurial capabilities, and both financial and strategic performance (Vu, 2020). While firms' dynamic capabilities are crucial for success, existing research on this topic suffers from geographical bias, focusing primarily on developed countries (Mendoza-Silva, 2021). This study aims to address this gap by systematically reviewing knowledge capabilities in fintech companies in Kenya to understand the key determinants and consequences.

Specific Objectives

i To establish the influence of knowledge acquisition on performance of Kenyan fintech companies
ii To determine the influence of knowledge assimilation on performance of Kenyan fintech companies
iii To establish the influence of knowledge transformation on performance of Kenyan fintech companies
iv To establish the influence of knowledge exploitation on performance of Kenyan fintech companies

Literature Review

Influence of knowledge capabilities on performance.

Absorption capability as the ability of a firm to recognize the value of new information from the external environment, assimilate it into the firm's knowledge base, and apply it to commercial ends (Wang et al., 2019). Knowledge is a critical resource for organizations that contributes to the establishment of competitive advantage. Migdadi (2021) states that knowledge is now a proprietary competitive advantage and adds that companies ought to consider strategies that update their knowledge bases. Knowledge refers to the resources that create and nourish these organizational capabilities, such as relationships, corporate culture and the resources absorbed from suppliers and customers. Absorption capability is the ability of an organization to acquire, absorb, transform, and utilize knowledge (Ahmed et al., 2019). Scholars have divided this concept into constituent parts; Potential absorptive capability and realized absorptive capability (Ahmed et al., 2019). Potential absorptive capability includes knowledge acquisition and knowledge assimilation. Large organizations can improve their performance by developing their potential absorptive capacity, this can give organizations a strategic advantage by providing them with the knowledge they need to reconfigure processes more effectively, at a lower cost, and in less time (Chaudhary & Batra, 2018). Realized absorptive capacity involves the organizational capability to transform and exploit knowledge (Ahmed et al., 2019). The ability of an organization to transform new knowledge into new products, services, or processes is known as transformation capability. This can be measured by the number of novel initiatives that the organization takes. The outcome of transformation capability is exploitation capacity, which is the ability of the organization to apply new knowledge to its existing operations. This can be seen in the form of new products and services being introduced, or existing products and services being modified and improved (Ahmed et al., 2019).

Knowledge capability explains how a company consumes relevant information and knowledge resources (Miao et al., 2021). The company receives benefits from knowledge capabilities because it aids them to recognize the benefit of new knowledge obtained from internal and external sources; consume and use it in business decisions. Sulistyo & Ayuni (2018) concluded that a great knowledge management capability in sharia banking drives innovation capabilities and performance. The study on the sharia banking industry showed that knowledge was a main factor in improving the performance. Sharia banking firms use knowledge activities such as trainings, regular meetings and expert invitations. Ahmed et al., (2019) examined the dynamic role of absorptive capacity in the components of intellectual capital and business performance. The research suggests that companies with strong building blocks; a skilled workforce, well-oiled internal systems, and positive relationships with external partners, are better positioned to acquire, assimilate, transform and exploit knowledge. This study concluded that human capital positively affects absorptive capacity and the performance of business. Absorptive capability stems from the ability of a company to recognize the benefit of new external knowledge, assimilate it into the firm’s internal information resources, and use it for commercial purposes, such as creativity (Miao et al., 2021). Empirical study by (Phuong et al. 2022), on the impact of knowledge capability firm performance provided a linkage between knowledge capability and retailer performance. Knowledge capability had a positive relationship with innovation

capabilities and branding capabilities that play as mediation capabilities. Another study by (Kim et al., 2019) found that the firms' knowledge capacity works as a mechanism that plays an essential role in converting externally acquired knowledge into new products, thereby contributing innovation. Hernandez-Linares et al. (2023) study examined the relationship between firm performance and knowledge dynamic capabilities at SMEs. The study found that knowledge-based dynamic capabilities are associated with firm performance in SMEs.

Influence of knowledge acquisition on performance

Knowledge acquisition refers to the ability of a firm to identify and obtain information that is critical to its operations (Gurlek, 2021). The capability of a firm to recognize and obtain information from external sources that is pivotal for the firm's organizational processes and operations (Ahmed et al., 2019). Knowledge acquisition involves acquiring new and existing knowledge inside and across organizations (Pandey et al., 2018). The acquisition of knowledge helps businesses understand market dynamics by providing them with timely access to information. This information can be used to identify trends, understand customer needs, and develop new products and services. By understanding market dynamics, businesses can better position themselves to succeed. (Wang et al., 2019). According to Barinua & Bassey (2022), buying a knowledge-rich organization, conducting external surveys, sending staff members to training courses, buying a new invention, employing an employee, procurement of relevant data sets, following technological advancements, and gathering knowledge through intellectual capital are some examples of knowledge acquisition processes. The study by (Barinua & Bassey, 2022) found that these processes influenced an organizations performance.

Bell & Cooper (2018) in their study investigated the acquisition of institutional knowledge. The study concluded that knowledge capabilities influenced the firms' strategic decisions and helped them in the development of fresh competitive advantages which enhanced their international performance. Johnson (2017) states that knowledge acquisition from external partners is related to the significance and quality of communication and cooperation with external stakeholders. In his study, he established that advanced enterprises showed a more proactive and structured relationship with their suppliers and customers that can possibly foster acquisition of sustainability-oriented knowledge. Popescu et al. (2019) investigated the correlation between knowledge acquisition capabilities and Romanian SMEs' innovation performance. The study considered acquisition as a process through which firms acquire relevant knowledge resources as they interact with the environment. The study found that knowledge acquisition had a positive relationship with innovation performance. Knowledge acquisition involves both effectively generating new knowledge through active debate and making better use of already existing knowledge. This new knowledge must then be externalized and shared (Barinua & Bassey, 2022).

Barinua & Bassey (2022) examined the impact of knowledge acquisition on organizational performance. The study surveyed literature on organizational learning, knowledge initiation and knowledge transformation. The study found that variables such as, organizational learning,

organizational knowledge transformation, individual and group creation, and knowledge absorption motivate people to share experiences, articulate their mental models via conversation, systematize information and incorporate explicit knowledge. The study concluded that knowledge acquisition enhances organizational performance (Barinua & Bassey, 2022).

Faroque et al. (2022) in their study to analyse the influence of strategic orientations on the relationships between exploration and exploitation-related networking capabilities, foreign market knowledge, and market performance of 198 firms in Bangladesh. The results demonstrated that networking capabilities have a positive impact on accruing market knowledge. Studies demonstrate the importance of knowledge in generating competitive advantage. Through knowledge acquisition, firms are to strategically position, differentiate and promote products that positively impacts their revenues (Faroque et al., 2022). A study by Awan, Arnold & Golgeci (2021) set out to provide evidence that internal competencies and the role of buyers in knowledge transfer are critical for explaining the green product innovation and green process innovation. These competencies included knowledge acquisition capabilities. The results of the study suggest that involvement from customers drives firms to develop resource acquisition capability which enhances green product innovation (Awan et al. 2021).

Papa, Dezi, Gregori, Mueller & Miglietta (2020) studied the effects of knowledge acquisition on innovation performance and the moderating effects of human resource management (HRM), in terms of employee retention and HRM practices. The findings of the study indicated a positive relationship between knowledge acquisition and innovation performance of the 129 firms studied. The study further outlined the importance of retention of employees in improving the effect of knowledge acquisition on performance (Papa et al., 2020). Gope, Elia & Passiante (2018) in their study find that employees need to undertake learning through acquiring and sharing knowledge to improve innovation performance. Gope et al. (2018), state that knowledge acquisition is important in improving the breadth and depth of knowledge available to the company from outside, thus developing potential and self-transcending knowledge to cultivate completely new insights and promote innovation at all levels of the organization. In conclusion, a strong correlation exists between knowledge acquisition and performance across various contexts. Studies suggest that knowledge acquisition strategies like learning, information gathering, and knowledge sharing lead to positive performance outcomes in organizations, educational institutions, and even individuals. Based on this review, the study aims to establish the influence of knowledge assimilation on performance at Kenyan fintech companies.

Influence of knowledge assimilation on performance

Knowledge assimilation refers to the procedures and routines that allow a firm to analyse, process, interpret and understand the information acquired from external sources (Gurlek, 2021). Assimilation is the process of integrating external knowledge into the firm's knowledge base. A study by (Sulistyo & Ayuni, 2018) set out to examine the impact of knowledge sharing and knowledge absorption on the innovation capabilities and the performance of Sharia banks in Indonesia. The study found that knowledge sharing, and knowledge absorption influence the

innovation capability and performance. The study concludes that given innovation is a key success factor in improving performance and competitive advantage, organizations that implement knowledge assimilation through knowledge sharing have high innovation capability and good performance (Sulistyo & Ayuni, 2018). Popescu et al. (2019) state that assimilation capacity represents the firm's ability to absorb external knowledge. The study emphasizes that the ability of a firm to assimilate knowledge affects the rate of solving problems and development cycle of new products & services. In addition to assimilation, there is need for knowledge integration as knowledge standing alone does not create value for it. Popescu et al. (2019) investigated the correlation between knowledge assimilation capabilities and Romanian SMEs' innovation performance. The study found that knowledge assimilation had a positive relationship with innovation performance.

Knowledge integration capability can combine new knowledge with original knowledge, creating a unified knowledge setting and, consequently, realizing a process of successful innovation (Popescu et al., 2019). The study investigated the mediation knowledge integration capabilities on the relationship between knowledge assimilation and Romanian SMEs' innovation performance. The findings demonstrated that knowledge integration mediated the relationship between knowledge assimilation and Romanian SMEs' innovation performance. Assimilation of knowledge refers to the integration of new knowledge into the firm's knowledge base, and this process requires a shared interpretation of the newly acquired knowledge (Gebauer et al., 2018).

Bell & Cooper (2018) stated that assimilation involved the utilisation and combination of both existing and new learning, to increase knowledge capacity for institutional knowledge, to extensively and intensively problem solve, innovate new products, formulae, processes, health claims, and marketing and market entry strategies, innovations which they may not have undertaken. Martinez-Caro, Cepeda-Carrión, Cegarra-Navarro & Garcia-Perez. (2020) investigated the relationship between IT, absorptive capacity, and organizational agility in a B2B context. The study examines how IT influences both potential and realized absorptive capacity, two understudied areas, and explores whether enhancing these capacities contributes to improved organizational agility, ultimately leading to better performance in B2B scenarios. Martinez-Caro et al. (2020) define the concept of IT assimilation in their study as the ability to diffuse and establish routines for IT applications. The study also pointed out that an organization's ability to seize opportunities and counteract external challenges could determine how successful new organizational knowledge is. In conclusion, the literature supports the influence of knowledge assimilation on performance. Studies demonstrate that effectively integrating new knowledge with existing cognitive structures enhances performance in organisations. Based on this review, the study aims to establish the influence of knowledge assimilation on performance at Kenyan fintech companies.

Influence of knowledge transformation on performance

Transformation refers to the ability of a firm to develop and advance the routines that facilitate combining existing knowledge with newly acquired and assimilated knowledge (Gurlek, 2021). Knowledge transformation involves manipulating existing knowledge to create something novel. This can encompass activities like refining knowledge through critical analysis, combining knowledge from diverse sources, and applying knowledge to new contexts (Easterby-Smith et al., 2020). Alavi & Leidner (2019) found that it was essential for an organization to have a supportive culture that encourages knowledge sharing, critical thinking, and experimentation. Several studies draw attention to the complex nature of knowledge transformation. For example, Weng et al. (2020) propose a framework with four dimensions: knowledge articulation (making knowledge explicit), integration (combining knowledge), leveraging (applying knowledge), and innovation (generating new knowledge). According to this framework, knowledge articulation involves making implicit knowledge explicit. This happens through documentation, knowledge sharing, and training. Knowledge integration focuses on combining knowledge from external and internal sources. Knowledge leveraging involves leveraging information to solve problems, improve efficiency and performance. The final step of the framework is innovation which is the ultimate goal of knowledge transformation.

Knowledge transformation and exploitation allows firms to determine successfully: if products could enter markets in their existing forms; which innovations or variations were required to comply with pre-market authorisations; if new markets were attractive to enter; to generate more positive regulatory compliance applications; determined what resources were required for market entry; and identified the specific mode of entry needed (Bell & Cooper, 2018). Additionally, se

In a study on boundary capabilities in MNCs, (Tippmann et al., 2017), advance the concept of MNC knowledge transformation and examine the relationship with solution creativity. The study aims to establish if MNC knowledge transformation is positively associated with opportunity formation. The findings demonstrated that knowledge transformation positively influenced opportunity formation at MNCs (Tippmann et al., 2017). A company's innovation knowledge resources and routines must be transformed to have a dynamic capability that encompasses organizational learning processes and routines founded in innovation knowledge (Ledi, Ameza-Xemalordzo, Amoako & Asamoah, 2023).

In conclusion, the literature suggests a complex relationship between knowledge transformation and performance. While some studies point out the benefits of transforming knowledge into new applications or innovations, leading to enhanced performance, others point to potential drawbacks. These drawbacks might include the time and resources required for transformation or the risk of misinterpreting or misapplying transformed knowledge. demonstrate that effectively integrating new knowledge with existing cognitive structures enhances performance in organisations. Based on this review, the study aims to establish the influence of knowledge transformation on performance at Kenyan fintech companies.

Influence of knowledge exploitation capabilities on performance

Mitchell (2019) describes knowledge exploitation as the organizational ability to incorporate and utilize the acquired, assimilated, and transformed knowledge into their operations and routines to solve everyday challenges, letting them create new operations and competencies, and eventually, translate that knowledge into profit. Popescu et al. (2019) reviews studies that demonstrate the influence of integrating, exploiting and applying knowledge on performance. Popescu et al. (2019) investigated the correlation between knowledge exploitation capabilities and Romanian SMEs' innovation performance. The study found that knowledge exploitation had a positive correlation with innovation performance. Faroque et al. (2022) analyse the influence of strategic orientations on the relationships between exploration and exploitation-related networking capabilities, foreign market knowledge, and market performance of 198 firms in Bangladesh. The study sought to establish how network exploitation capabilities affect firms' stock of market knowledge. The findings showed that networking capabilities have a positive impact on accruing market knowledge. The study recommended that managers of internationally operating firms should deploy exploitation-related networking capabilities to optimize their stock of foreign market knowledge (Faroque et al., 2022).

Gonzalez & Melo (2018) state that for companies to achieve organizational ambidexterity, companies need to leverage knowledge exploration and exploitation. Studies show that companies must maintain an appropriate balance between exploitation and exploration. The study shows that the influence of knowledge exploitation is precise and short-term and generates great variation in performance (Gonzalez & Melo, 2018). According to findings from a study conducted by Marin-Idarraga et al. (2022), managers can create the best plans of action to enhance organizational performance by having a thorough understanding of the nature and behavior of exploitation and exploration. The performance of the company can be enhanced by both exploration and exploitation, but certain moderator elements must be taken into account as they have the potential to either increase or decrease this influence. These elements include organizational structure, inter-organizational relationships, competitive intensity, environmental dynamism, region, size, and sector, data sources and performance measurements (Marin-Idarraga et al., 2022).

In closing, the literature review exposes a complex relationship between knowledge exploitation and performance. Studies confirm that effectively utilizing existing knowledge to improve processes, solve problems, and make informed decisions leads to positive performance outcomes. However, research also suggests potential downsides to over-reliance on exploitation. Achieving optimal performance likely requires a balance between knowledge exploitation and exploration (seeking new knowledge). Based on this review, the study aims to establish the influence of knowledge exploitation on performance at Kenyan fintech companies.

Research Methodology

The study adopted descriptive research design. The target population for this study comprised of 850 management level employees from 85 fintech companies in Kenya. Yamane (1967) was used in this research study to derive a sample of 272 respondents. The study adopted structured questionnaire as a method of collecting data from the field. The researcher analysed the data using descriptive statistics that included the percentage and frequency distribution. The research study used inferential statistics to analyse the data that was collected multiple linear regression analysis was used to predict the statistical significance of each of the independent variables on performance. Pearson's correlation analysis was applied to determine the strength between the various variables considered in the research study and how they influence performance of fintech companies. Multiple regression model was used to establish the influence of knowledge capabilities on performance of fintech companies in Kenya as summarized below:

$$\mathbf{Y= \beta_0+ \beta_1X_1+\beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \varepsilon}$$

Where Y is the dependent variable (performance), β_0 is the regression constant, β_1, β_2, β_3 and β_4 are the coefficients of independent variables, X_1 is knowledge acquisition, X_2 is knowledge assimilation, X_3 is knowledge transformation and X_4 is knowledge exploitation. The coefficient correlation was used to test the fitness of the regression model.

Results

A total of 272 questionnaires were administered to respondents out of which 234 were filled and returned. This translated to a response rate of 86% which is considered adequate. A response rate that is ≥ 80% is considered adequate in business research.

Descriptive Findings and Analysis

Knowledge Acquisition Capabilities and Performance.

Respondents were asked to specify their agreement with statements about the influence of knowledge acquisition capabilities on performance of fintech organizations in Kenya using a 5-point Likert scale, where; 1- strongly disagree, 2- disagree, 3- moderate, 4- agree and 5 strongly agree. Findings in Table 1 indicate that the respondents strongly agreed that their organization acquire knowledge from external sources (*M=4.71, SD=0.579*). The respondents strongly agreed that the organization reviews professional literature to acquire knowledge (*M=4.90, SD=0.304*). Respondents strongly agreed that their organizations monitor technical advances to acquire knowledge (*M=4.87, SD=0.335*). Additionally, the respondents strongly agreed that their organizations use external and internal training as a source of knowledge (*M=4.84, SD=0.370*). Finally, respondents strongly agreed that their organizations participate in collaborative knowledge acquisition projects (*M=4.85, SD=0.365*).

Table 1 Descriptive Statistic for Knowledge Acquisition Capabilities and Performance

	Mean	SD
The organization acquires knowledge from external sources.	4.71	0.579
The organization reviews professional literature to acquire knowledge	4.90	0.304
The organization monitors technical advances to acquire knowledge.	4.87	0.335
The organization uses external and internal training as a source of knowledge.	4.84	0.370
The organization participates in collaborative knowledge acquisition projects	4.85	0.365

Correlation between Knowledge Acquisition Capabilities and Performance.

A correlation analysis was conducted to establish the relationship between the knowledge acquisition capabilities and performance of fintech firms in Kenya. The results are presented in Table 2. The results suggest that there is a no significant relationship between knowledge acquisition capability and performance of Kenyan fintech organizations, r (234) = -0.092, p >.05.

Table 2: Correlation between Knowledge Acquisition Capabilities and Performance

		Knowledge Acquisition	Performance
Knowledge Acquisition	Pearson Correlation	1	-.092
	Sig. (2-tailed)		.162
Performance	Pearson Correlation	-.092**	1
	Sig. (2-tailed)	.162	
	N	234	234

Regression Analysis between Knowledge Acquisition Capabilities and Performance.

Regression Model Summary

The findings in Table 3 indicate that 0.8% of the variation in performance can be explained by Knowledge Acquisition Capabilities, R^2 =.008

Table 3: Regression Model Summary between Knowledge Acquisition Capabilities and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.092[a]	.008	.004	.64401

a. Predictors: (Contant), Knowledge Acquisition Capabilities

Analysis of Variance

The regression ANOVA results presented in Table 4 indicate that knowledge acquisition capabilities had a statistically insignificant influence on the performance of Kenyan fintech organizations F (1, 232) = 1.967, p >.05.

Table 4: Regression ANOVA between Knowledge Acquisition Capabilities and Performance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.816	1	0.816	1.967	.162[b]
Residual	96.223	232	0.415		
Total	97.038	233			

a. Dependent Variable: Performance
b. Predictors: (Constant), Knowledge Acquisition Capabilities

Regression Coefficients

The regression coefficient results in Table 5 indicate that knowledge acquisition capabilities didn't significantly predict the performance of Kenyan fintech organizations, β= -0.212, p>.05.

The regression equation was:

$$\mathbf{Y = 4.543 + -0.212X_1}$$

Table 5: Regression Model Coefficients between Knowledge Acquisition Capabilities and Performance

	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	4.543	0.731		6.215	<.001
Knowledge Acquisition Capabilities	-0.212	0.151	-0.092	-1.402	.162

a. Dependent Variable: Performance

Knowledge Assimilation Capabilities and Performance.

Descriptive Statistic for Knowledge Assimilation Capabilities and Performance

Respondents were asked to specify their agreement with statements about the influence of knowledge assimilation capabilities on performance of fintech organizations in Kenya using a 5-point Likert scale, where; 1- strongly disagree, 2- disagree, 3- moderate, 4- agree and 5 strongly agree. Findings in Table 6 indicate that the respondents strongly agreed that their organization has procedures and routines that analyze, process, interpret and understand information acquired from external sources (*M=4.79, SD=0.411*). The respondents strongly agreed that their organization has procedures and routines that analyze, process, interpret and understand information acquired from internal sources (*M=4.77, SD=0.432*). Respondents strongly agreed that their organizations have procedures to minimize resistance to change during assimilation (*M=4.80, SD=0.409*). Additionally, the respondents strongly agreed that their organizations assimilate new technologies and innovations that are useful or have proven useful (*M=4.78, SD=0.424*). Finally, respondents strongly agreed that their organizations assimilate the basic, key business knowledge and technologies from successful experiences of businesses in the same industry (*M=4.77, SD=0.442*).

Table 6 Descriptive Statistic for Knowledge Assimilation Capabilities and Performance

	Mean	SD
The organization has procedures and routines that analyse, process, interpret and understand information acquired from external sources.	4.79	0.411
The organization has procedures and routines that analyse, process, interpret and understand information acquired from internal sources.	4.77	0.432
The organization has procedures and routines to minimize resistance to change during assimilation.	4.80	0.409
The organization assimilates new technologies and innovations that are useful or have proven potential.	4.78	0.424
The organization assimilates the basic, key business knowledge and technologies from the successful experiences of businesses in the same industry.	4.77	0.442

Correlation between Knowledge Assimilation Capabilities and Performance.

A correlation analysis was conducted to establish the relationship between the knowledge assimilation capabilities and performance of fintech firms in Kenya. The results are presented in Table 7. The results suggest that there is a no significant relationship between knowledge assimilation capabilities and performance of Kenyan fintech organizations, r (234) = -0.069, p >.05.

Table 7: Correlation between Knowledge Assimilation Capabilities and Performance

		Knowledge Assimilation	Performance
Knowledge Assimilation	Pearson Correlation	1	-.069
	Sig. (2-tailed)		.296
	Pearson Correlation	-.069**	1
Performance	Sig. (2-tailed)	.296	
	N	234	234

Regression Analysis between Knowledge Assimilation Capabilities and Performance.

Regression Model Summary

The findings in Table 8 indicate that 0.5% of the variation in performance can be explained by Knowledge Assimilation Capabilities, R^2 =.005

Table 8: Regression Model Summary between Knowledge Assimilation Capabilities and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.069[a]	.005	.000	.64521

b. Predictors: (Constant), Knowledge Assimilation Capabilities

Analysis of Variance

The regression ANOVA results presented in Table 9 indicate that knowledge assimilation capabilities had a statistically insignificant influence on the variation in performance of Kenyan fintech organizations F (1, 232) = 1.099, p >.05.

Table 9: Regression ANOVA between Knowledge Assimilation Capabilities and Performance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	.458	1	0.458	1.099	.296[b]
Residual	96.581	232	0.416		
Total	97.038	233			

c. Dependent Variable: Performance

d. Predictors: (Constant), Knowledge Assimilation Capabilities

Regression Coefficients

The regression coefficient results in Table 10 indicate that knowledge assimilation capabilities didn't significantly predict the performance of Kenyan fintech organizations, β= -0.117, p>.05.

The regression equation was:

$$\mathbf{Y = 4.078 + -0.117X_2}$$

Table 10: Regression Model Coefficients between Knowledge Assimilation Capabilities and Performance

	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	4.078	0.534		7.633	<.001
Knowledge Assimilation Capabilities	-0.117	0.1511	-0.069	-1.048	.296

b. Dependent Variable: Performance

Knowledge Transformation Capabilities and Performance.

Descriptive Statistics for Knowledge Transformation Capabilities and Performance.

Respondents were asked to specify their agreement with statements about the influence of knowledge acquisition capabilities on performance of fintech organizations in Kenya using a 5-point Likert scale, where; 1- strongly disagree, 2- disagree, 3- moderate, 4- agree and 5 strongly agree. Findings in Table 11 indicate that the respondents strongly agreed that their organization explains the meaning of new technical knowledge to employees (*M=4.79, SD=0.428*). The respondents strongly agreed that the organization leverages technology like knowledge repositories and data analytic tools to transform knowledge (*M=4.79, SD=0.418*). Respondents strongly agreed that their organizations foster collaboration across departments and encourages knowledge sharing (*M=4.82, SD=0.385*). Additionally, the respondents strongly agreed that their organizations integrate knowledge from different units (*M=4.80, SD=0.412*).

Table 11: Descriptive Statistics for Knowledge Transformation Capabilities and Performance.

	Mean	SD
The organization explains the meaning of new technical knowledge to employees.	4.79	0.428
The organization leverages technology like knowledge repositories and data analytic tools to transform knowledge.	4.79	0.418
The organization fosters collaboration across departments and encourages knowledge sharing.	4.82	0.385
The organization integrates knowledge from different units.	4.80	0.412

Correlation between Knowledge Transformation Capabilities and Performance.

A correlation analysis was conducted to establish the relationship between the knowledge transformation capabilities and performance of fintech firms in Kenya. The results are presented in Table 12. The results suggest that there is a no significant relationship between knowledge transformation capability and performance of Kenyan fintech organizations, r (234) = -0.049, p >.05.

Table 12: Correlation between Knowledge Transformation Capabilities and Performance

		Knowledge Transformation	Performance
Knowledge Transformation	Pearson Correlation	1	-.049
	Sig. (2-tailed)		.457
	Pearson Correlation	-.049**	1
Performance	Sig. (2-tailed)	.457	
	N	234	234

Regression Analysis between Knowledge transformation Capabilities and Performance.

Regression Model Summary

The findings in Table 13 indicate that 0.2% of the variation in performance can be explained by Knowledge transformation Capabilities, R^2 =.002

Table 13: Regression Model Summary between Knowledge Transformation Capabilities and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.049[a]	.002	-.002	.64597

c. Predictors: (Contant), Knowledge Transformation Capabilities

Regression Analysis of Variance

The regression ANOVA results presented in Table 14 indicate that knowledge transformation capabilities had a statistically insignificant influence on the performance of Kenyan fintech organizations F (1, 232) = 0.555, p >.05.

Table 14: Regression ANOVA between Knowledge Acquisition Capabilities and Performance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.232	1	0.232	0.555	.457[b]
Residual	96.807	232	0.417		
Total	97.038	233			

e. Dependent Variable: Performance
f. Predictors: (Constant), Knowledge Transformation Capabilities

Regression Coefficients

The regression coefficient results in Table 15 indicate that knowledge transformation capabilities didn't significantly predict the performance of Kenyan fintech organizations, β= -0.212, p>.05.

The regression equation was:

$Y = 3.927 + -0.085X_3$

Table 15: Regression Model Coefficients between Knowledge Transformation Capabilities and Performance

	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	3.927	0.549		7.154	<.001
Knowledge Transformation Capabilities	-0.085	0.114	-0.049	-0.745	.457

c. Dependent Variable: Performance

Knowledge Exploitation Capabilities and Performance.

Descriptive Statistics for Knowledge Exploitation Capabilities and Performance.

Respondents were asked to specify their agreement with statements about the influence of knowledge exploitation capabilities on performance of fintech organizations in Kenya using a 5-point Likert scale, where; 1- strongly disagree, 2- disagree, 3- moderate, 4- agree and 5 strongly agree. Findings in Table 16 indicate that the respondents strongly agreed that their organization has easy access to new knowledge through partnerships with other companies, academic institutions & consulting firms (*M=4.71, SD=0.579*). The respondents strongly agreed that their

organization is investing in the research and development of new technologies to improve or develop products/processes (*M=4.79, SD=0.435*). Respondents strongly agreed that their organizations monitor technical advances to acquire knowledge (*M=4.80, SD=0.419*). Additionally, the respondents strongly agreed that their organization introduces new technologies into processes or products without any great resistance to change (*M=4.85, SD=0.362*). Finally, respondents strongly agreed that their organizations leverage newly acquired knowledge to support achievement of strategic objectives (*M=4.84, SD=0.370*).

Table 16: Descriptive Statistics for Knowledge Exploitation Capabilities and Performance.

	Mean	SD
The organization has easy access to new knowledge through partnerships with other companies, academic institutions & consulting firms.	4.79	0.435
The organization is Investing in the research and development of new technologies to improve or develop products/processes.	4.80	0.419
The organization introduces new technologies into processes or products without any great resistance to change.	4.85	0.362
The organization leverages newly acquired knowledge to support achievement of strategic objectives.	4.84	0.370

Correlation between Knowledge Exploitation Capabilities and Performance.

A correlation analysis was conducted to establish the relationship between the knowledge exploitation capabilities and performance of fintech firms in Kenya. The results are presented in Table 17. The results suggest that there is no significant relationship between knowledge exploitation capability and performance of Kenyan fintech organizations, r (234) = -0.039, p >.05.

Table 17: Correlation between Knowledge Transformation Capabilities and Performance

		Knowledge Exploitation	Performance
Knowledge Exploitation	Pearson Correlation	1	-.039
	Sig. (2-tailed)		.551
Performance	Pearson Correlation	-.039**	1
	Sig. (2-tailed)	.551	
	N	234	234

Regression Analysis between Knowledge Exploitation Capabilities and Performance.

Regression Model Summary

The findings in Table 18 indicate that 0.2% of the variation in performance can be explained by Knowledge Exploitation Capabilities, R^2 =.002

Table 18: Regression Model Summary between Knowledge Exploitation Capabilities and Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.039[a]	.002	-.003	.64624

d. Predictors: (Constant), Knowledge Exploitation Capabilities

Regression Analysis of Variance

The regression ANOVA results presented in Table 19 indicate that knowledge exploitation capabilities had a statistically insignificant influence on the performance of Kenyan fintech organizations F (1, 232) = 0.356, p >.05.

Table 19: Regression ANOVA between Knowledge Exploitation Capabilities and Performance

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	0.149	1	0.149	0.356	.551[b]
Residual	96.890	232	0.418		
Total	97.038	233			

a. Dependent Variable: Performance
b. Predictors: (Constant), Knowledge Exploitation Capabilities

Regression Coefficients

The regression coefficient results in Table 20 indicate that knowledge exploitation capabilities didn't significantly predict the performance of Kenyan fintech organizations, β= -0.068, p>.05.

The regression equation was:

$$\mathbf{Y = 3.846 + -0.068X_4}$$

Table 20: Regression Model Coefficients between Knowledge Exploitation Capabilities and Performance

	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
(Constant)	3.846	0.549		7.000	<.001
Knowledge Exploitation Capabilities	-0.068	0.114	-0.039	-0.597	.551

a. Dependent Variable: Performance

Conclusions

Knowledge Acquisition Capability and Performance

The correlation tests revealed that knowledge acquisition capability does not have a significant relationship with performance of fintech companies in Kenya, $r(234)= -0.092$, $p>.05$. The multiple linear regression coefficient test indicated that knowledge acquisition capability does not significantly predict the performance of Kenyan fintech organizations, $\beta= -0.212$, $p>.05$. Based on the findings, the study concludes that knowledge acquisition capabilities do not significantly influence the performances of fintech companies in Kenya.

Knowledge Assimilation Capability and Performance

The correlation tests revealed that knowledge assimilation capability does not have a significant relationship with performance of fintech companies in Kenya, $r(234)= -0.069$, $p>.05$. The multiple linear regression coefficient test indicated that knowledge assimilation capability did not significantly predict the performance of Kenyan fintech organizations, $\beta= -0.117$, $p>.05$. Based on the findings, the study concludes that knowledge assimilation capabilities do not significantly influence the performances of fintech companies in Kenya.

Knowledge Transformation Capability and Performance

The correlation tests revealed that knowledge transformation capability does not have a significant relationship with performance of fintech companies in Kenya, $r(234) = -0.049$, $p>.05$. The multiple linear regression coefficient test indicated that knowledge transformation capability significantly predicted the performance of Kenyan fintech organizations, $\beta= -0.212$, $p>.05$. Based on the findings, the study concludes that knowledge transformation capabilities do not significantly influence the performances of fintech companies in Kenya.

Knowledge Exploitation Capability and Performance

The correlation tests revealed that knowledge exploitation capability does not have a significant relationship with performance of fintech companies in Kenya, $r(234) = -0.039$, $p>.05$. The multiple linear regression coefficient test indicated that knowledge exploitation capability significantly predicted the performance of Kenyan fintech organizations, $\beta= -0.068$, $p>.05$. Based on the findings, the study concludes that knowledge exploitation capabilities do not significantly influence the performances of fintech companies in Kenya.

Recommendations

Knowledge Acquisition Capability and Performance

The study found that knowledge acquisition did not significantly influence on the performance of fintech companies in Kenya. Consequently, to compete and perform sustainably, management teams should foster an environment that supports acquisition of knowledge both internally and externally. In addition, fintech organizations should invest in modern knowledge collection instruments such as big data, research and development, feedback from customers and environmental scanning to enable gathering of insights. Further, focus should be placed on process improvement, product, and market innovation as knowledge acquisition capability is considered valuable in ensuring sustained competitive advantage.

Knowledge Assimilation Capability and Performance

The study found that knowledge assimilation had a non-significant influence on the performance of fintech companies in Kenya. Management teams should not only look to acquire knowledge, but also develop procedures and routines to easily assimilate knowledge. Organizations need to have dynamic capabilities such as effective assimilation of knowledge as a prerequisite for sustainable competitive advantage. Dynamic capabilities require an organization to adapt to change quickly. Knowledge assimilation capabilities reduce the resistance to change in an organization and allow the organization to respond quickly to market changes. Further, focus should be placed on assimilating new technologies and key business knowledge from successful businesses in the same industry to build knowledge assimilation capabilities.

Knowledge Transformation Capability and Performance

The study found that knowledge transformation did not significantly influence on the performance of fintech companies in Kenya. Management teams should foster a culture of knowledge sharing, invest in up-to-date knowledge management systems and develop knowledge transformation competencies. Fintech management should leverage technology repositories and data analytic tools to measure and assess performance, and to learn and adapt in a turbulent business environment. Knowledge transformation capabilities drive innovation and sustain competitiveness. Further, focus should be placed on fostering collaborations across departments and encouraging knowledge sharing. Management teams should encourage open communication and collaboration for effective knowledge transformation.

Knowledge Exploitation Capability and Performance

The study found that knowledge exploitation capabilities did not significantly influence on the performance of fintech companies in Kenya. Top management should seek out collaborations and partnerships with academic institutions and consulting firms to fully exploit the broad amount of information they receive. Scholars and academics provide a skilled labor force that can apply newly acquired knowledge to solve business shortcomings. Businesses can use avenues such as internships and consultancy as platforms for knowledge exploitation capabilities. The importance of research and development cannot be overlooked in today's turbulent business environment. Management should invest in research and development to solve everyday business problems as well as achieve strategic goals. Additionally, focus should be placed on leveraging new technologies and acquired knowledge for achieving of objectives. Through these activities, fintech organizations can fully exploit the knowledge they receive to effectively achieve strategic objectives.

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