# INNOVATION CAPABILITIES AND PERFORMANCE OF FINTECH FIRMS IN NAIROBI

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**A MANAGEMENT RESEARCH PROJECT PRESENTED IN PARTIAL FULFILMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI**

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## DECLARATION

This research project is my original work and has not been presented for examination to any other university.

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This research project has been submitted for examination with my approval as University Supervisor.

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## DEDICATION

This research is a fruit of countless and arduous sacrifices. Through the researchers' effort this work is proudly dedicated to the people who serve as a source of inspiration and encouragement. From parents and guardians to colleagues and friends who offered their support amidst the challenges when carrying out the study.

To the Faculty and staff of the University for their guidance. Above all, I look up and dedicate this whole study to our Almighty God who gave me the patience, strength, knowledge, and wisdom to complete this research.

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## TABLE OF CONTENTS

## ABSTRACT

The objective of this study was to determine the influence of innovation capabilities on the performance of fintech firms in nairobi. The specific objectives were to investigate the influence of product innovation, market innovation, organizational innovation and process innovation as independent variables on firm performance, the dependent variable. This study was based on dynamic capability, diffusion of innovation theory and resource based View perspectives to explain how innovation capability influnces the performance of fintech firms. A descriptive research technique was used in this study in identifying the existing link between the independent variables (product innovation, market innovation, organizational innovation, and process innovation) and the dependent variable, firm performance. The study was a census approach involving 91 registered fintech companies in Kenya in which a 81% response rate was achieved. Primary data was collected using structured questionnaire in which the respondents were business development managers or marketing managers or strategy managers in these fintech companies. Data was analyzed using SPSS 26. A simple linear regression analysis was done, which established that product innovation, market innovation, organizational innovation and process innovation had a statistically significant and positive effect on frm performance (R square = 0.884, $p < 0.100$). Adjusted R square value showed that 87.7% of the variation in firm performance was explained by product innovation, market innovation, organizational innovation and process innovation. The results of regression ANOVA test, showed that there was a significant difference between the variable [$F(4, 69) = 131.519$, $P < 0.01$ ]. The analysis of regression coefficients revealed that firm performance is negatively influenced by indicators of product innovation ($B = -0.033$), similarly process innovation ($B = -0.011$). On the other hand firm performance is positively influenced by market innovation ($B = 0.002$) as well as organizational innovation ( $B = 0.858$), however, onlythe effect of organizational innovation is stattistically significant ( $p < 0.01$). The study established that four types of innovation capabilities: product innovation, market innovation, organizational innovation, and process innovation affect diverse firm performance aspects.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Many firms place a high priority on innovation in order to remain competitive and guarantee that they have future products and can guarantee continuity (Nagji & Tuff 2012). In this pursuit, businesses depend on fundamental capabilities that enable them to reach this level of innovation. As a result, one of the most pressing concerns is how to maintain and improve current as well as new capabilities in this area. Empirical research has demonstrated that the deployment of innovation activities has a favorable impact on an organization's future performance (Uzkurt et al., 2013; Yusheng & Ibrahim, 2019). The contrast between innovation capabilities and other forms of capabilities, such as dynamic capabilities, is not clearly articulated, and the concept's relevance to other resource- and capability-based ideas within strategy theory is not established (Kalay & Lynn, 2015). Despite the fact that innovation is increasingly recognized as critical for a firm's long-term competitiveness in dynamic and complicated markets, current research on the strategy-innovation relationship is limited.

This study is grounded using the dynamic capabilities theory, the diffusion of innovation theory and the resource based view. The dynamic capabilities theory (Teece, Pissano & Shuen, 1997) holds that a firms's resource base has to be re-engineered in response to changes in its environments. The diffusion of innovation theory (Rogers, 1965) describes how innovation spreads over time inside a single market, as prospective consumers share knowledge and opinions about new technology through communication channels. The resource based view

seems to be based on the idea that businesses can better manage their own distinctive resources and capabilities than they can control their industry(Penrose, 1959). These theories explain the relationship between innovation capability and performance.

Kenya's Vision 2030 has an Economic pillar which lays down the role that financial actors in Kenya are expected to play in the growth of the economy. Fintech businesses play a significant part in the Kenyan economy, and the country is on track to become one of the world's top mobile money economies by 2020. Fintech firms, particularly in payment technologies, lending, retail banking, and SME banking, are in a competitive market, and technological startups are up against conventional considerations (McDowell, 2016). As a result of the high number of players in this subsector of the financial econmy in Kenya, distinguishing one company's products and services from those of other companies is quite a challenge. As a result therefore, one of the easiest routes out of this predicament has been innovation. Innovation is, however, only a possibility when the firm is in posession of innovation capabilities. The focus of thios study is to establish the relationship between a company's innovation capability and that firms' performance.

### 1.1.1 Innovation Capability

The capacity to continually turn information and ideas into new products, processes, and systems for the benefit of the organization and its stakeholders is referred to as a firm's innovation capability (Saunila & Ukko, 2012). It has been proposed that innovation capabilities are higher-order capabilities, or the capacity to shape and control various skills (Lawson & Samson, 2001). Firms with these qualities may effectively combine essential capabilities and

resources of their company to encourage innovation. As a result, efforts to define innovation capability have collided with dynamic capability theory. Furthermore, the notion that capacity is tied to a business's renewal and performance over time, particularly in changing markets, and the idea that a firm must be flexible and adapt services and goods supplied is included in the conceptualization of innovation capability. Furthermore, innovation capacity entails the coordination and coordination of resources in order to retain fitness in the face of external changes. Again, the above description seems to overlap with dynamic innovations; however, whereas dynamic capacity stresses environmental fitness as a performance indicator, innovation capability focuses more directly on the firm's ability to adapt its offers (Helfat, et al., 2007).

Narcizo et al., (2017) reported a new bibliometric analysis that found a total of 19 alternative definitions for innovation capacity, concluding that the term's heterogeneity makes a consistent definition problematic. Different studies have classified innovation talents into many categories. Lawson and Samson (2001) proposed that innovation capabilities are made up of seven components (vision, competence base, organizational intelligence, creativity, idea management, organizational structures, culture and climate, and management of technology). On the other side, Terziovski (2007) proposed just two categories: cooperation and knowledge transmission. Den Hertog et al. (2010) identified six dynamic service innovation capabilities: conceptualizing, unbundling, coproducing and orchestrating, scaling and stretching, and learning and adapting. They argue that innovation capability is context-dependent, i.e. whether the innovation is aimed at product or service improvements. As a result, the ambiguity of definitions in the literature may be due to the many methodologies discussed above, as well as the various settings from which innovation skills might be regarded.

According to the findings of empirical investigations, radical innovation processes vary from more gradual innovation methods (Sandberg & Aarikka-Stenroos, 2014). The level of originality determines the sort of innovative capabilities necessary for success. For instance, the innovation skills required for radical innovation procedures vary from those required for incremental innovation methods. In general, empirical study (Forés & Camisón, 2016; Subramaniam & Youndt, 2005) supports this view. However, there is substantial inconsistency in this field of study, and as a result, it is unclear how the necessary innovation skills change depending on market factors. Product innovation, market innovation, organizational innovation, and process innovation are all terms used in this research to describe innovation capabilities..

### 1.1.2 Firm Performance

Many aspects of performance differences can be interpreted differently by different people, and connotations vary depending on the application. It is a standard to which a company adheres. Traditionally, performance evaluations were accounting-based, focusing on a few key financial measures like return on investment. However, the field has changed, and it is now assessed differently depending on the study's goal. Return on investment, market share, competitive position versus direct competitors, and value to the customer were used by Neely, Filippini, Forza, Vinelli, and Hii (2001) to measure business performance, whereas Rujirawanich, Addison, and Smallman (2011) used a measure of success that included return on investment.

Performance can be assessed using either an objective concept or a subjective concept based on self-reported data. For a variety of reasons, many researchers choose to utilize subjective measurements. First, when data is acquired through questionnaires or interview surveys, employing subjective measures is cost efficient, and it is commonly used to assess business performance of public agencies, non-profit organizations, and small businesses. Second, financial data from businesses is often proprietary and difficult to access publicly. Even some of them, particularly small businesses, may lack sufficient financial records (Kapelko, 2006).

Because of its complexity and multidimensionality, literature argues that clear-cut definitions of firm performance are almost impossible. Rather than precise definitions, this research focuses on the characteristics and measurements of company performance. Firm performance is often seen as a multifaceted entity (Damnpour and Evan, 1984; Kaplan and Norton, 1996). There is no universally acknowledged set of performance factors or models (Biggadike, 1976; Damanpour and Evan, 1984; McGee, Dowling, and Megginson, 1995), and it is assessed in various ways depending on the study aims (Hofer, 1983). The current research looks at the link between industrial organizations' innovation capacity and their performance. As a result, three aspects of business success are considered in this study: financial performance, market performance, and innovation performance.

### 1.1.3 Fintech Companies in Kenya

Financial technology enterprises that define and build financial services on digital platforms are known as fintech firms. Fintech businesses are those that compete in the market of conventional financial institutions by using innovation and new technology to serve as

intermediaries in the supply of financial services. The African market has all of the required conditions to serve as a strong basis for Fintech businesses' growth and financial system development (McDowell, 2016). Kenyans have been using mobile money services for eight years, enabling them to make payments by just texting. Kenya's first mobile money service, M-Pesa, is leading the pack. As a consequence of the present prospects, the number of Fintech firm launches has increased, with a focus on providing financial services in all sectors and altering the financial services provider sector to promote inclusive development.

Fintech businesses play a significant part in the Kenyan economy, and thanks to the industry's fast expansion, Kenya is on track to become one of the world's top mobile money economies by 2020. Fintech firms, particularly in payment technologies, lending, retail banking, and SME banking, are in a competitive market, and technological startups are up against conventional considerations (McDowell, 2016). Health-care industries, for example, employ technology to improve their business processes and stimulate innovation. Fintech firms have cost-effective operations and, as a result, will have a competitive advantage over conventional financial firms since they are more cost-effective and have fewer restrictions. Through the digital innovation platform, fintech businesses pave the path for more transparent and efficient operations.

Kenya still has a big undeveloped fintech market, which presents a potential for the thirty-eight Fintech businesses to enter. However, the growing number of enterprises in the sector, globalization, the development of financial innovations, and rising client needs have all resulted in increased rivalry for profitability and market share. In order to be competitive in

the Kenyan market, a fintech firm must develop strategies to deal with the changing business climate. Fintechs located in Nairobi will be the subject of this research.

## 1.2 Research Problem

Because of the complexity and dynamism of the environment in which fintech companies compete, these businesses will need to constantly reconfigure their strategies in order to gain and maintain a competitive edge (Wiersema & Bowen, 2008). Fintech businesses compete in the market of conventional financial institutions by using innovation and new technology to serve as intermediaries in the supply of financial services. These businesses have made significant investments in new methods to lend money to customers as well as new ways to make and receive payments (Polasik & Piotrowski, 2016). Rapid advancements in payments technology have shifted the trend away from conventional banking models, improving financial inclusion as well as efficiency and effectiveness in the delivery of financial services (Mutua, 2013). Diversification, cost leadership, differentiation, focus, merger and acquisition, and strategic alliance are some of the response methods used by Fintech businesses in Kenya. Research on innovation has been undertaken in a variety of sectors and countries throughout the globe (Dalvand et al., 2015; Huhtala et al., 2014; Kalay & Lynn, 2015; Karabulut, 2015).

In recent years, research on bank innovation have been done, with the bulk of the studies taking place in industrialized nations. In China, Nguyen et al. (2014) evaluated consumer satisfaction with bank card payment service quality. Hilal (2015) looked at the technological transition of banks as well as the influence of Information and Communication Technologies (ICT) on the banking industry in Lebanon. In Turkey, Uzkurt et al. (2013) investigated the role

of innovation in moderating the link between organizational culture and company performance. Gunday et al. (2011) investigated the association between different forms of innovation and company performance in Turkey.

Locally, Ngumi (2014) researched the impact of banking innovations on commercial bank financial performance in Kenya, whereas Lilly and Juma (2014) investigated the impact of strategic innovation on commercial bank performance. In Ghana, Angko (2013) investigated the effect of innovation in bank payment systems; Domeher et al. (2015) also investigated financial innovations in the banking sector; Ameme and Wireko (2016) investigated the impact of technological innovations on customer satisfaction in the banking industry; investigated the effect of service innovation on customer satisfaction and loyalty in the banking sector; Obeng and Boachie (2018) investigated the effect of service innovation on customer satisfaction and loyalty in the banking sector; and Obeng and Boachie (2018) However, there seems to be little study on the African continent, particularly in Kenya, on innovation and fintech performance. As a result, this research attempts to close the gap indicated as well as add to the literature on innovation capabilities in emerging economies.

Various fintech research in Kenya have been confined to certain institutions and sectors due to the changing business climate. The majority of the research has concentrated on Kenya's banking sector, telecommunications sector, and hotel business. Distinct industries in Kenya are governed by different regulatory frameworks, have varied organizational structures, experience different levels of competition, and use various response methods. Cooperative University College was discovered to be using strategic solutions such as cost leadership and product enhancement. Despite the fact that various studies have been conducted, none have

focused on Fintech startups in Kenya. Gacheri (2010), Langewa (2014), and Nderitu (2009) are only a few examples. Dore (2018) examined innovation capacity and its implications on the performance of health-care product manufacturers in particular. Kariuki (2017) investigated Kenyan commercial banks' innovation capabilities, whereas Auma (2014) investigated the influence of innovation on Kenyan horticultural processors and exporters' performance. There are few inconclusive empirical studies in Kenya that specifically sought to understand the role of innovation capability on performance. The question that this study seeks to answer is; What is the influence of innovation capabilities on the performance of Fintech companies in Kenya?

### 1.3 Research Objective

The objective of this study is to determine the influence of innovation capabilities on the performance of fintech firms in nairobi

### 1.4 Value of the Study

The outcomes of this research study will contribute to theory and help academics and other researchers, policymakers and the Kenyan government, as well as the management of both Fintech companies in Nairobi and across Kenya. This study may be useful to scholars and other researchers in filling the existing research gap on Fintech companies' ability to innovate in response to environmental challenges, bearing in mind that Fintech Companies in Kenya play a significant role in the state's economy, and thus their performance is critical to the government.

The results will also support the study's theoretical foundations, which include Dynamic Capability, Diffusion of Innovation Theory, and Resource Based View. The study contributes to the empirical data on fintech performance and opens the door for further research into the idea of innovation capacity. It also provides readers with new knowledge on how to overcome barriers to innovation capabilities. The results of the research will be useful to Kenyan policymakers in developing regulations that encourage financial technology businesses to innovate.

# CHAPTER TWO: LITERATURE REVIEW

## 2.1 Introduction

This chapter is divided into three parts. The theoretical framework is briefly described in the first part. The second section explains how the dependent and independent variables of the phenomenon under inquiry are linked. The third and last portion of this chapter is a short summary that includes an outline of the suggested theoretical framework for this research.

## 2.2 Theoretical Review

This study draws on Dynamic Capability, Diffusion of Innovation Theory and Resource Based View perspectives to explain how innovation capability influnces the performance of fintech firms.

### 2.2.1 Dynamic Capabilities Theory

According to Teece (2009), resources must be replenished on a regular basis in order to maintain their status as specialized assets that are difficult to replicate or replace by rivals. The phrase dynamic capacities, coined by Teece, Pisano, and Shuen (1997), comprises two components. The term dynamic refers to a company's ability to maintain consistency while adapting to a fast changing business environment by continually renewing key competencies and developing new ones. Capabilities emphasize strategic management's role in allowing a company to quickly adapt, integrate, and reconfigure its talents, resources, and competencies at the functional and organizational levels, resulting in a better fit with the fast-paced business environment.

Teece, Pisano, and Shuen (1997) defined dynamic capacity as a company's ability to respond to a rapidly changing environment, both internally and internationally, by integrating, creating, establishing, and reconfiguring resources and competencies. In an unpredictably changing environment, this leads in a long-term competitive advantage. Eisenhardt and Martin's (2000) conceptualization of dynamic capacity is comparable to that of Teece, Pissano and Shuen (1997) in that it emphasizes the processes of using, amalgamating, reconfiguring, acquiring, and releasing resources to fit market requirements and desires, start market changes, and become an industry leader. When markets emerge, split, develop, mature, and fall, a firm's dynamic capacity is the strategic-level procedures by which it obtains and configures new resources. Different dynamic capabilities are required based on the degree and scope of environmental changes, according to Eisenhardt and Martin. As a result, they split markets into two groups based on market dynamism: moderately dynamic and high-velocity.

Wang and Ahmed (2007) highlighted three common features of dynamic capacity, similar to Teece (2009): adaptable, absorptive, and inventive. The production of a corporation owing to the impact of leaders is characterized as innovation result in this dissertation. A firm's natural propensity to adapt continually in response to severe competition and changes is known as innovation. This competence enables a company to get market-based benefits by developing new products and markets. The key to success is to make sure that a company's innovation creation and execution are in line with its available resources. As a result, the more dynamic a company's strategic direction, organizational processes, and models are, the more dynamic it is.

### 2.2.2 Diffusion of Innovation Theory

Rogers (1962) proposed the Diffusion of Innovation (DOI) idea, which describes how innovation spreads over time among people in a collective system through certain channels. Compatibility, trialability, relative benefit, complexity, and observability are five innovative qualities proposed by the DOI that either boost or diminish the uptake of inventions. Rogers defined the five groups of adapters that make up the innovation continuum: innovators, early adapters, early adopters, early majority, late majority, and laggards. The theory describes how innovation spreads over time inside a single market, as prospective consumers share knowledge and opinions about new technology through communication channels (MacVaugh & Schiavone, 2010). According to the hypothesis, new technology adoption may be implemented in three areas. The industrial market sector is the (macro) area where new technologies are introduced. The second (meso) component is a network of relationships that make up the social system in which adoptive innovators are placed. Finally, there is the individual (micro) element, the third level of study that aids in comprehending the innovation process (Rambocas & Arjoon, 2012).

This hypothesis is relevant in the contemporary environment of innovation capabilities because the development and extension of the financial technology industry helps a company to gain a competitive edge. The idea has also been criticized for having a narrow perspective of how organizations operate. This hypothesis, like other business cycle theories, ignores other variables that influence business environment swings. Innovation is not the single driver of changes in business performance; rather, it is one of many causes (Megha, 2016).

### 2.2.3 Resource Based View

The resource based view is associated with Penrose (1959). The resources thinking arose as a result of the industrial organization economics perspective and organizational environment approach failing to produce conclusive evidence on organization performance, empirical studies in the strategic management literature have shifted to examining firm internal resource-based factors (Rouse & Daellenbach, 1999). The resources-based view of the company (RBV) has acquired a lot of traction since Wemerfelt's seminal publication in 1984. In explaining differences in firm performance, the RBV emphasizes the importance of firm-specific resources and capabilities, particularly within-firm resources and capabilities (Barney, 1991; Penrose, 1959). The RBV's appeal seems to be based on the idea that businesses can better manage their own distinctive resources and capabilities than they can control their industry (Rumelt, 1984). The RBV's basic premise is that internal idiosyncratic resources and competencies, not external variables like industry and market structures, are the most important drivers of business success. The RBV believes that each company is a unique collection of internal distinctive resources and competencies (Wemerfelt, 1984).

The term 'idiosyncratic' is significant because the RBV suggests that only internal tangible or intangible resources and capabilities that are valuable, difficult to duplicate, scarce, and imperfectly substitutable can lead to superior performance (Barney, 1986; Peteraf, 1993; Rumelt, 1984). In other words, a firm can achieve superior performance by deploying its valuable resources and capabilities, which are not owned or imitated by other firms at the same time. The RBV's two most significant and fundamental features are value and inimitability.

In businesses, innovation usually focuses on the technological novelty of products and processes, and it is the result of a combination of market opportunities and the company's knowledge base and capabilities (Kline & Rosenberg, 1986). These innovative skills are characterized by a high level of 'tacitness, intricacy, and firm-specificity. It implies that innovation is one path to a firm's unique success because, by definition, innovation produces valuable, rare, imperfectly substitutable outputs that are difficult to imitate by other firms in a short period of time. As a result, a company's ability to innovate can be adequately described in terms of the combination of technological resources available, and it can be considered one of the company's internal specific capabilities that contributes to superior performance.

Because of their characteristics of firm-specificity, complexity, imperfect imitation, and substitutability, the literature that has emerged from the resource-based view of the firm suggests that innovation capabilities, the subject of this study, are important determinants of firm performance in firms. As a result, the current research uses the resource-based perspective of the company as a theoretical model to investigate the influence of innovation capacities on firm performance.

### 2.3 Types of Innovation Capabilities

To improve one's ability to innovate, one must "create alternate routines for discontinuous inventions that can sit alongside those for steady state 'do better' innovation" (Bessant et al 2005). A skill that may be created or fostered in order to produce innovation is innovation capability. It is a capacity that turns expertise, vision, and information into an understanding that enables for the consistent conception, development, and diffusion of innovative goods.

Product innovation tactics, according to Tavassolio and Karlsson (2015), include analytical advances in mechanical confirmation, division and substances, joined, or ease of use among various capabilities. Technological advancements, frequent changes in client tastes and preferences, shorter item life cycles, and more competitive rivalry are thought to boost innovation potential. Product innovation may provide an organization with significant protection against market rivalry and risks. There is convincing evidence shown in the research of Ngirigacha and Bwisa (2013) showing there is a strong and positive association between product innovation and commercial company performance.

Most businesses prosper, according to Munyoroku (2014), because of effective operations procedures and the resulting increasing investments in technology that boost company internal efficiency. As a result, it should be underlined that innovation skills should assist the development and investigation of new income prospects as well as the enhancement of customer satisfaction via consistent delivery. According to Tavassoli and Karsson (2015), marketing innovation entails using new marketing approaches and models that significantly alter product design, packaging, positioning, and price. Marketing innovation aims to address consumer wants, establish new markets, or present a company's product as innovative in the market in order to improve sales and profits. Market pricing, product offering, property design, product placement, and promotional activities are all examples of marketing innovation made by businesses. According to Hong (2015), creative marketing improves brand connectedness and customer experiences, and so has an impact on brand marketing efforts that place companies at the center of consumer perception.

In order to ensure and increase the success of innovation, marketing plays a critical role (Drucker, 2015). All innovation management actions that aid in the market success of new goods and services are referred to as marketing innovation. It is the effective marketing of a new product or service to meet the demands of customers. It predicts future requirements and aids in the identification of new and emerging market possibilities. By determining the optimal market mix and market selection, marketing innovation focuses on addressing customers' demands and purchasing preferences (Johne, 1999). It leads to considerable improvements in product, pricing, promotion, and distribution, among other marketing components (Ganzer et al., 2017). Product difference, promotion, distribution, market, or costs, in this instance the pricing, are all factors that influence marketing innovation (Yusheng & Ibrahim, 2019). As a result of marketing innovation, new strategies are used, resulting in substantial changes in product development, packaging, promotion, positioning, and price.

Process innovation is defined as an organization's introduction of a new and improved mode of production or service delivery that incorporates major changes in processes, equipment, and tool and machine technology (Exposito & Sanchis-Llopis, 2019). (Obeng & Boachie, 2018). Any organization that adopts a new or major production process during a time of organizational review is considered to be practicing process innovation. It entails minor, incremental changes made by workers rather than supervisors.

Process innovation focuses on how innovation is applied to the organization and execution process that leads to the creation of new goods or services in the majority of situations.

Customer service, strategy planning, staff evaluation, and project management are all examples of process innovation (Tavassoli & Karlsson, 2015). According to Bharadwaj, Fahy, and Varadarajan (2015), process innovation enhances the capacity to use advanced technologies within the manufacturing process, allowing companies to lower their overhead and production costs. Organizations that place a stronger emphasis on process innovation and the capacity to execute process innovation are better positioned to respond to changes in the business environment and to develop the additional skills required to gain a competitive advantage.

There is a combination of process management innovation and change of management in organizational innovation, which pertains to goods, business processes, and organizational innovations. The selection of outstanding innovation is influenced by a number of internal and external factors. Organizational and managerial capability is critical to natural innovation, which is also dependent on the organization's capacity to accomplish it rather than making adjustments to offer it a radical new approach (Bharadwaj et al., 2015).

The amount to which an organization's management is changed is referred to as organizational innovation. "Implementation of a novel organizational approach in the firm's business practice, organization, or external interactions," Rajapathirana and Hui (2018) defined organizational innovation. Thus, organizational innovation may increase corporate performance by lowering costs and increasing employee and customer satisfaction (Yusheng & Ibrahim, 2019). There is a correlation between organizational innovation and company performance, according to empirical research (Reed et al., 2012). This aids in determining the sorts of talents that businesses need to obtain better results (Camison & Villar-Lopez, 2012). Yavarzadeh et al.

(2015) investigated the link between organizational innovation and performance in Iran and discovered that innovative characteristics, such as organizational innovation, had a beneficial impact on organizational performance.

### 2.4 Empirical Review and Knowledge Gaps

New product development, according to Vickery and Droge (1995), is strongly linked to at least one dimension of business success, such as financial performance in terms of return on investment, return on sales, and market share. Data from the pharmaceutical sector was used. Roberts (1999) shows that a firm's capacity to innovate products has an impact on its long-term profitability. Product diversification in China's overseas joint ventures has an impact on business performance, according to Luo (2002). According to Zirger (1997), unconventional goods are related with innovation success. According to Hatch and Mowery's (1998) research, competencies for process creation and managing new process introduction are critical for attaining company success.

Several studies in the literature have looked at the link between marketing competence and business performance as a result of market orientation (Baker and Sinkula, 2012; Mishra, Kim and Lee, 1996). Although some researchers, such as Jaworski and Kohli (1993), argue that market orientation does not appear to be related to market share, the majority of these studies reveal that market orientation has a positive impact on one of firm performance dimensions such as financial performance, market performance, or innovation performance. Other research examines the link between marketing capacity and corporate performance using various definitions of capability. Fawcett, Calantone, and Smith (1997), for example, look at the link

between market capability and company success in terms of delivery capability. Their findings suggest that delivery capabilities connected to marketing needs, customer happiness, and establishing a great reputation may assist a company in reaching high levels of performance. Zhao, Droge, and Stank (2001) also discovered that customer-focused competencies are strongly linked to company success.

Some academics, such as Moorman and Slotergraaf (1999), question popular belief and propose that innovation skills may not be as beneficial as a single asset to business success. Several empirical investigations have also proven that complementarity and interactions between innovation capacities exist, and that they have a greater influence on total business performance. Various creativity talents, for example, might act as crucial complements to each other, according to Dutta, Narasimhan, and Rajiv (1999). The interplay between marketing and research competence is the most crucial driver of a high-tech firm's success, according to their empirical study. Even if a company has a good research capacity, it still requires a strong marketing competence to translate research findings into commercial products in order to obtain better results.

According to Moorman and Slotegraaf (1999), the complements of a firm's product technology and marketing technology capabilities may improve product development results. Another line of study looks at the moderating influence of organizational characteristics. For example, empirical research results show that innovation is one of the most important and positive drivers of corporate success. However, because of a general dearth of empirical studies on the link between innovation capabilities and firm performance, particularly in emerging nations,

in-depth study is required to understand how innovation capabilities contribute to higher fintech performance.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter provides details on the methodology that was used in answering the research question. It lays out the research design, the population of the study, data collection instrument and data collection method and data analysis.

## 3.2 Research Design

A descriptive research technique was used in this study. A descriptive research design was used since it is both accurate and precise, as it enables a comprehensive description of occurrences in a complete and well-planned manner (Mugenda & Mugenda, 2003). Following descriptive research methodologies, the where, what, who, when, and how of occurrences was determined. The descriptive research approach was helpful in identifying the existing link between the independent variables (product innovation, market innovation, organizational innovation, and process innovation) and the dependent variable, firm performance, in this study.

## 3.3 Population of the Study

According to Kumar (2005), the population is the group, family, objects, persons among others from whom data relevant to the study can be collected. The target population explains that part of the population that the researcher has isolated as being both accessible and capable of providing relevant data. The Central Bank Report (March, 2022) indicates that there were 91 registered fintech companies in Kenya. Owing to the size of the population, this study was a

census study. All registered fintech companies as at this date were therefore participatants in this study.

### 3.4 Data Collection

Primary data was used in this study. To obtain primary data, a structured questionnaire was used. The questionnaire included closed-ended questions only. The first component of the questionnaire contained basic information about the business, while the second section contained information about the company's innovation capabilities, and the third section contained information about the firm's performance. The respondents were either business development managers or marketing managers or strategy managers in these fintech companies. These are positions whose holders were likely to be custodians of relevant information. The drop and pick later method was used. Email messages and phone calls were used for follow ups to enhance the response rate.

### 3.6 Data Analysis

Completed questionnaires were checked after data collection to ensure completeness. Data management procedures including editing, tabulation, and coding were utilized thereafter. Data was analyzed using measures of central tendency (mean) and dispersion (variance and standard deviation). The Multiple linear regression model presented below was used to determine the relationship between the independent and dependent variables.

$Y = P_o + P_1X_1 + P_2X_2 + P_3X_3 + P_4X_4 + e$

Where:

Y = Firm Performance

$P_o$ = Model's constant

$P_1$ to $P_4$ = Regression coefficients;

$X_1$= Product Innovation

$X_2$= Process Innovation

$X_3$ = Market Innovation

$X_4$ = Organizational Innovation

e = Error term.

# CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

## 4.1 Introduction

This chapter is about data analysis and interpretation as well as discussion of the resulting findings. This chapter presents the preliminary analysis of the data together with discussion of descriptive and inferential data. The descriptive data analysis shows the characteristics of the population of the firms in the study in terms of the profiles of the individual entrepreneurs, distribution of the livestock businesses in the respective three counties of Garissa, Wajir and Mandera and categories of the ages of the population of firms in the study. The chapter also presents descriptive statistics of the four variables of the study which show the distribution, central tendency and dispersion of each variable. Additionally, the chapter presents an explanation of the nature of the statistics concerning entrepreneurial behaviour, social and economic institutions, and business firm performance. Further this chapter presents the findings, results and discussions of this study. In particular, the chapter presents interpretation of the results of the inferential statistics in the context of the various influences entrepreneurial behaviour, social and economic institutions have on firm performance. The chapter finally examines the hypothesized relationships of all the three study variables and the individual effect of each of the variables on the performance of micro and small enterprises in the livestock sector in North Eastern Kenya.

## 4.2. Response Rate

The study distributed a total of 91 questionnaires to the respondents and out of these 74 were usable thereby resulting in a response rate of 81% . Cooper and Schindler (2011) stated that a

response rate above 60% is satisfactory for a study, similarly, this is consistent with Mugenda and Mugenda (2013) observation as well regarding the response rate.

### 4.3 Demographic

The demographic data was collected on the basis of the category of the institution, structure, ownership and the number of years that the institution has been in operation. The following sections, 4.3.1 through to 4.3.4, are presentations of the findings.

#### 4.3.1 Category of institution

**Table 4.1 Category of Institution**

| Item | Frequency | Percent (%) |
|---|---|---|
| Corporate | 42 | 56.8 |
| limited | 16 | 21.6 |
| general partnership | 16 | 21.6 |
| **Total** | **74** | **100.0** |

The category of institution was assessed on the basis of whether the firm was a corporation, a limited type of firm or a general partnership. Table 4.1 shows the results of the findings: 56.8% of the firms were corporate category, 21.6% were limited category and similarly 21.6% were general partnership. Thus, the inference drawn is that majority of the firms were operating as corporate type of organization.

#### 4.3.2 Structure of institution

**Table 4.2: Structure of the Institutions**

| Item | Frequency | Percent (%) |
|---|---|---|
| local organization | 53 | 71.6 |
| regional | 15 | 20.3 |
| international | 6 | 8.1 |
| **Total** | **74** | **100.0** |

The structure of the institutions was analyzed on the basis of three variables, which included local organization, regional and international parameters. The findings show, as indicated in table 4.2, that 71.6% of the firms were local organizations, 20.3% regional and 8.1% international type of firms. This is an indication that majority of the firms were local organizations.

### 4.3.3 Ownership of the firm

**Table 4.3 Ownership of the Firm**

| Item | Frequency | Percent (%) |
|---|---|---|
| private | 48 | 64.9 |
| public | 10 | 13.5 |
| foreign | 16 | 21.6 |
| **Total** | **74** | **100.0** |

The ownership of the firms was analyzed on the basis of whether they were private, public or foreign in nature. Table 4.3 shows the findings, 64.9% of the firms were private, 13.5%

public, and 21.6% foreign in terms of ownership. Hence, majority of the organizations, based on the findings, were privately owned.

### 4.3.4 Number of years in operation

**Table 4.4 Number of Years in Operation**

| Item | Frequency | Percent (%) |
|---|---|---|
| below 5 years | 14 | 18.9 |
| 5-10 years | 31 | 41.9 |
| 10-15 years | 13 | 17.6 |
| above 15 | 16 | 21.6 |
| Total | 74 | 100.0 |

The number of years that the firms have been in operation was analyzed on the basis of the following criteria: Below 5 years; 5-10 years; 10-15 years and above 15 set of categories. The study findings, as indicated in table 4.4, reveal that 18.9% of the firms had been in operation for less than 5 years, 41.9% had been in operation between 5-10 years, 17.6% had been in operation for 10-15 years and 21.6% had been in operation for more than 15 years. Thus, majority of the firms had been in operation for 5-10 years.

## 4.4 Innovation Capabilities Descriptive Statistics Analysis

The descriptive statistics of innovation capability was analyzed through its dimensions, which included product innovation, marketing innovation, organizational innovation and process innovation. Table 4.5 shows the descriptive statistics of product innovation, which was

measured by 7 factors. The average mean score of product innovation dimensions is 3.82 and the standard deviation 1.190, which is an indication that the business development managers, marketing managers and strategy managers in these fintech companies who participated in the study have on average an agreeable view that product innovation activities are on-going within their organizations. A view that is supported by the low standard deviation of the dimensional scores from the average mean

### 4.4.1 Product Innovation

**Table 4.5 Product Innovation**

| Product Innovation Statements | Mean | Std. Deviation |
|---|---|---|
| The organization introduces new or significantly improved products. | 3.80 | 1.072 |
| Customers' preferences and tastes vary; therefore, the company adjusts its goods accordingly | 3.76 | 1.269 |
| There is recognition of a potential demand for and technical feasibility of an item ending with its widespread utilization | 3.57 | 1.251 |
| Your company's research and development efforts generate new information or address scientific or technological issues. | 4.20 | 1.072 |
| Customers' tastes and preferences vary; therefore, the company adjusts its offerings accordingly. | 3.93 | 1.231 |

| | | |
|---|---|---|
| Individual knowledge structures order the information environment, enabling subsequent interpretation (thought) and action. | 3.69 | 1.215 |
| The firm develops goods that may not be lucrative in the near term but will benefit the company in the long run. | 3.82 | 1.220 |
| **Average mean scores** | 3.82 | 1.190 |

### 4.4.2 Marketing Innovation

Marketing innovation descriptive statistics was measured by five dimensions as indicated in table 4.6. the average mean score and the standard deviation of the dimensions are 3.62 and 1.264 respectively, which was an indication that the respondents agreed marketinig innovtion was an activity within their organization that they were aware of and was being implemented in different forms to attract consumers or to enahnce readiness to future industry demands. Hence, it can be inferred that market innovation is an important factor to the firms' operations and performance in general.

**Table 4.6 Market Innovation**

| **Marketing Innovation Statements** | Mean | Std. Deviation |
|---|---|---|
| The organization renovates the methods of promoting existing and/or new services provided. | 3.14 | 1.275 |

| | | |
|---|---|---|
| The business renews distribution routes, but does not change the logistical procedures connected to product delivery. | 3.20 | 1.238 |
| The organization renews general marketing management activities. | 3.78 | 1.455 |
| The company seeks possibilities based on future consumer demands and develops solutions to fulfill these requirements. | 4.07 | 1.151 |
| The company is attempting to predict future industry | 3.91 | 1.112 |
| **Average mean scores** | **3.62** | **1.264** |

### 4.4.3 Organizational Innovation

The organizational innovation factor was measured using Six dimensions, as the descriptive statistics in table 4.6 indicates. Analysis of the data was done based on the mean and standard deviation of the dimensions of organizational innovation, which inidicated that the average mean and standard deviation scores for the scale items of organizational innovation are 3.86 and 0.933 respectively. This suggested that the respondents were agreed organizational innovation activities are on-going in their respective organizations, although with varied degrees of implementation level and performance.

**Table 4.7 Organizational Innovation**

| **Organizational Innovation** | Mean | Std. Deviation |
|---|---|---|

| | | |
|---|---|---|
| Statements on Organizational Innovation | 2.99 | .166 |
| The firm periodically changes its structure to enable team work | 3.64 | 1.351 |
| The company promotes cooperation across various departments so as to speed up the invention process and get more feedback from the product released | 3.93 | 1.186 |
| The company uses analytical techniques to assist decision-making processes | 4.11 | 1.189 |
| The firm has upgraded its administrative system | 4.16 | .861 |
| There is increasing investment in innovative technology | 4.31 | .843 |
| **Average mean score** | **3.86** | **0.933** |

### 4.4.4 Process Innovation

Table 4.8 shows the descriptive statistics results on assessment of process innovation, which was measured using five dimensions and the means and standard deviations results tabulated. the findings reveal that 3.86 and 0.933 were the average mean and standard deviation scores of the dimensions. This indicates that the respondents were agreed with the process innovation activities taking place in their respective organizations, which is also supported by the low standard deviation of the dimensional distribution of process innovation.

**Table 4.8: Process Innovation**

| Process Innovation | Mean | Std. Deviation |
|---|---|---|
| The organization regularly introduce new application fields | 3.84 | 1.324 |
| The organization has improved logistics, delivery or distribution. | 3.42 | 1.205 |
| The organization engage in acquisition of advanced equipment that result into better improvement process | 3.64 | 1.371 |
| The organization acquires existing know-how, copyrighted works, hence improved processes | 4.31 | .875 |
| The organization identifies in order remove non value adding activities. | 3.64 | 1.351 |
| **Average mean score** | **3.77** | **1.223** |

### 4.5 Regression Analysis

#### 4.5.1 Model Summary

**Table 4.9: Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 1 | .940[a] | .884 | .877 | .053 | .884 | 131.519 | 4 | 69 | .000 |

a. Predictors: (Constant), Process Innovation, Product innovation, Market Innovation, Organizational Innovation

b. Dependent Variable: PERFORMANCE

A simple linear regression analysis was done to establish the impact of product innovation, market innovation, organizational innovation and process innovation on firm performance. The results ( Table 4.9) indicated that product innovation, market innovation, organizational innovation and process innovation had a statistically significant and positive effect on frm performance (R square = 0.884, $p < 0.100$). Adjusted R square value showed that 87.7% of the variation in firm performance was explained by product innovation, market innovation, organizational innovation and process innovation.

### 4.5.2 ANOVA Statistics

**Table 4.10. ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 1.450 | 4 | .363 | 131.519 | .000[b] |
| | Residual | .190 | 69 | .003 | | |
| | Total | 1.640 | 73 | | | |

a. Dependent Variable: PERFORMANCE

b. Predictors: (Constant), Process Innovation, Product innovation, Market Innovation, Organizational Innovation

Table 4.10 shows the results of regression ANOVA test, which was done to evaluate whether there was a significant difference between the factors (the independent variables): product innovation, market innovation, organizational innovation and process innovation and firm performance (the dependent variable). The results showed that there was a significant difference between the independent variables and the dependent variable [$F(4, 69) = 131.519$, $P < 0.01$ ]

### 4.5.3 Regression Coefficients

**Table 4.11. Regression Coefficients**

| | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| Model | B | Std. Error | Beta | t | Sig. |
| (Constant) | 1.480 | .200 | | 7.405 | .000 |
| Product innovation | -.033 | .043 | -.033 | -.770 | .444 |
| Market Innovation | .002 | .003 | .030 | .737 | .464 |
| Organizational Innovation | .858 | .039 | .949 | 21.968 | .000 |
| Process Innovation | -.011 | .041 | -.011 | -.260 | .796 |

Tble 4.11 shows the analysis of regression coefficients. The results revealed that firm performance is negatively influenced by indicators of product innovation (B = -0.033),

similarly process innovation (B = -0.011). On the other hand firm performance is positively influenced by market innovation (B = 0.002) as well as organizational innovation ( B = 0.858), however, onlythe effect of organizational innovation is stattistically significant ( $p < 0.01$). Thus the model derived from the analysis indicated the following equation:

Firm performance = $1.480 – 0.033X_1 – 0.01X_2 + 0.002X_3 + 0.858X_4$

**4.5 Discussions**

This study examined the influence of innovation capabilities influence on firm performance by focusing on organizational innovation, product innovation, process innovation and marketing innovations. The findings showed that 87.7% of the variation in firm performance was explained by product innovation, market innovation, organizational innovation and process innovation, and that only 12.3% was attributed to other unknown factors. The regression analysis further showed that there was a negative influence of product innovation and process innovation on firm performance, which was not statistically significant. Although market innovation had a positive influence on firm performance, the influence was not statistically significant. Analysis of organizational innovation influence on firm performance revealed a positive and statistically significant influence on firm performance. In view of this findings it was concluded that innovation capability influence firm performance. The study findings are consistent with earlier findings of Rajapathirana and Hui (2018) as well as those of Ameme and Wireko (2016) and Yusif (2012).

Innovation capabilities are one of the most important criteria for creating innovative goods and services inside a company, claim Rajapathirana and Hui (2018). Fintechs must consequently

devote a large portion of their time and energy to finding, creating, and applying new innovation capabilities in order to enhance business performance. When businesses increase the kind of innovative activities they conduct and the sorts of innovations combinations they execute, their productivity and market performance are likely to increase more noticeably.

The findings suggest that organizational innovation is a critical factor in firm performance. Managers must therefore pay more attention to organizational innovations, which may arise when innovation capabilities are strong. Organizational innovations not only create an environment that is conducive to other innovation types, but also have a significant and direct impact on firm performance. Although it was found that product and process innovation had a negative impact, research indicates that these factors are just as important as drivers of firm performance (Ameme and Wireko, 2016; Yusif, 2012). Due to these factors, managers should increase their spending on innovation capabilities so that they can competitively enhance the performance of firms they lead.

## CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

This chapter presents the conclusions of the process of data analysis, findings emerging from the study and discussion of the results. Furthermore, the chapter draws conclusions concerning the findings on the study variables relationships. The chapter also presents implications of the study in the context of theoretical approaches, policy and practice and methods. This chapter provides recommendations in terms of areas which scholars, a policy makers, entrepreneurial practitioners and researchers may explore further as appropriate. The chapter presents limitations of this study and suggestions for further research.

## 5.2 Summary

Empirical research results show that innovation is one of the most important and positive drivers of corporate success. However, because of a general lack of empirical studies on the link between innovation capabilities and firm performance, particularly in emerging nations, it is difficult to exploit the potential benefits of innovation capability by firms, especially those in the fintech industry. Hence the need to understand how innovation capabilities contribute to higher fintech performance. Thus, the overall objective of this study was to determine the influence of innovation capabilities on the performance of fintech firms in nairobi. the subsidiary objectives were to establish the influence of product, market, organizational and process innovation on the performance of fintech firms. The study drew on dynamic capability, diffusion of innovation theory and resource based view perspectives to explain how innovation capability influnces the performance of fintech firms. The study used a descriptive research technique to identify the existing link between the independent variables (product innovation, market innovation, organizational innovation, and process innovation) and the

dependent variable, firm performance, in this study. The study distributed a total of 91 questionnaires to the respondents and out of these 74 were usable thereby resulting in a response rate of 81% . The demographic data analyzed revealed that majority of the firms were operating as corporate type of organization and were local organizations, privately owned, and had been in operation for 5-10 years. Subsequent analysis of the descriptive statistics, both the mean and standard deviation results, revealed that the business development managers, marketing managers and strategy managers in these fintech companies were on average agreeable with the view that product innovation, marketing innnovation, organizational innovation and process innovation activities are on-going activities in their respective firms. Further regression analyses revealed that 87.7% of the variation in firm performance was explained by product innovation, market innovation, organizational innovation and process innovation, and that there was a significant difference between the independent variables and the dependent variable and more importantly, the regression model derived from the analysis indicated from the regression coefficients that firm performance is negatively influenced by indicators of product innovation and process innovation. On the other hand firm performance is positively influenced by market innovation as well as organizational innovation, however, only the effect of organizational innovation is stattistically significant.

## 5.3 Conclusion

This study had the main objective of establishing the influence of innovation capability on the performance of fintech firms in nairobi. A theoretical framework was empirically tested existing link between the independent variables (product innovation, market innovation, organizational innovation, and process innovation) and the dependent variable, firm performance, in this study. The study disclosed that four types of innovation capabilities: product innovation, market innovation, organizational innovation, and process innovation affect diverse firm performance aspects. The findings support the claim that innovations performed in fintech firms have positive and significant impacts on firm performance. These findings substantiate our conceptual model and offer several managerial implications, which are elaborated in subsequent recommendation section.

## 5.4 Limitations of the Study

This study provided a simplistic overview of the fintech industry in Kenya. It is also hard to determine the optimal employee levels of a given software firm and the relationship between the number of employees, their individual productivity and group productivity as it related to contribution to performance of the firm. This study was also not able to fully cover the innovation capabilities that were present in the fintech market place in Kenya today. It must be acknowledged that these opportunities are both diverse and dynamic and may be perceived by different fintech firms in different ways depending on the experience of the particular fintech firm, the resources available to that fintech firm to look for opportunities in the market and the degree of implementation of its innovation capabilities. Limited time for the study and respondents availability for interviews due to their role as managers are other limiting factors.

## 5.5 Recommendations for Further Studies

### 5.5.1 Implications for practice

Innovation capabilities would improve the business environment by allowng venture capitalists to invest in highly exceptional fintech firms due to confidence raising capabilities. Also, future studies in the area could adopt a mixed method design to harness the full value of both quantitative and qualitative methods. Other statistical analysis techniques could also be used to provide a robust analysis of the data and clarity of findings. The study was also significant to furtherrance of dynamic capability, diffusion of innovation theory and resource based view theories

### 5.5.2 Policy Recommendations

The policy makers will gain adequate information from the study to be able to develop suitable policies and regulatory structures for fintech players. The necessitation for development of a comprehensive innovation capability training for the fintech industry in Kenya would provide opportunities for academic institutions to develop programs for best practices and enhance the competitive field in innovation capabilities.

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## QUESTIONNAIRE

**SECTION A: Demographics**

You are kindly requested that once you have taken the questionnaire, fill it in and return, within one hour after picking it

Please provide your demographic details below by TICKING ( ) inside the appropriate box

**1 Category of institution**

( ) Incorporated ( )Limited ( ) General Partnership

**2 Structure of institution**

( )Local organization ( ) regional ( ) international

**3. Ownership of the firm**

( ) Private ( ) Public ( ) Foreign

**4. Number of years in operation**

( ) below 5 years ( )5-10 years ( )10- 15years ( ) Above 15

1. **Innovation Capability**

To what degree do you agree with the following assertions about Fintech's innovation capability? Use the scale below to help you.: 1- **Strongly disagree**, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

| **Statements on Product innovation** | **1** | **2** | **3** | **4** | |
|---|---|---|---|---|---|
| The organization introduces new or significantly improved products. | | | | | |
| Customers' preferences and tastes vary; therefore, the company adjusts its | | | | | |
| There is recognition of a potential demand for and technical feasibility of an item ending with its widespread utilization | | | | | |
| Your company's research and development efforts generate new information or address scientific or technological issues | | | | | |
| Customers' tastes and preferences vary; therefore, the company adjusts its offerings accordingly | | | | | |
| Individual knowledge structures order the information environment, enabling subsequent interpretation (thought) and action | | | | | |
| The firm develops goods that may not be lucrative in the near term but will benefit the company in the long run. | | | | | |

| **Statements on Market Innovation** | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| The organization renovates the methods of promoting existing and/or new | | | | | |
| The business renews distribution routes, but does not change the logistical procedures connected to product delivery | | | | | |
| The organization renews general marketing management activities. | | | | | |
| The company seeks possibilities based on future consumer demands and develops solutions to fulfill these requirements. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| The company is attempting to predict future industry | | | | | |

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| **Statements on Organizational Innovation** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| The firm periodically changes its structure to enable team work | | | | | |
| The company promotes cooperation across various departments so as to speed up the invention process and get more feedback from the product | | | | | |
| The company uses analytical techniques to assist decision-making | | | | | |
| The firm has upgraded its administrative system | | | | | |
| There is increasing investment in innovative technology | | | | | |
| **Statements on Process Innovation** | **1** | **2** | **3** | **4** | **5** |
| The organization regularly introduce new application fields | | | | | |
| The organization has improved logistics, delivery or distribution. | | | | | |
| The organization engage in acquisition of advanced equipment that result into better improvement process | | | | | |
| The organization acquires existingknow-how, copyrighted works, hence improved processes | | | | | |
| The organization identifies in order remove non value adding activities. | | | | | |

**2. Firm Performance**

To what degree do you agree with the following assertions about Fintech's performance?

Use the scale below to help you.: 1- Strongly disagree, 2- Disagree, 3- Neutral, 4- Agree, 5- Strongly Agree.

| **STATEMENTS ON FIRM PERFORMANCE** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| Our total sales have grown dramatically in the last five | | | | | |
| Our return on sales has increased over the last | | | | | |
| Our market share in the sector has grown in the last five | | | | | |
| We have lost few customers in the last five | | | | | |
| Our customers are happier than they were in the last five | | | | | |
| Our profit margin has improved in the last five | | | | | |
| The proportion of sales accounted for by the sale of new products has grown in the last five | | | | | |
| Our wastage is lower than it was five years ago | | | | | |
| Our production lines have been upgraded to reduce green house emissions in the last five | | | | | |
| The energy usage per sales has gone down in the last five | | | | | |
| We have developed new partnerships over the last five years | | | | | |
| Our employee satisfaction has gone up in the last five years | | | | | |
| Our employee retention has been very good | | | | | |

## LIST OF FINTECHS IN NAIROBI

1. Impala Pay
2. 3G Direct Pay Group
3. Abacus
4. Afri Kash
5. Afrigroups
6. Afya Plan
7. Alliance Premium Services Limited
8. Alternative Circle
9. Amica Savings & Credit Cooperative Society
10. Bamba Pos
11. BitPesa

12. Bitsoko
13. BlockchainCybertech Limited
14. Branch
15. CA Payments
16. Caytree Partners
17. Cellulant
18. ChamaPesa
19. Chamasoft
20. Chase Iman
21. Cherehani Africa
22. Chura Limited
23. Circle Group Savings and Investment
24. CoinBox
25. Digiduka
26. Direct Pay Online
27. Direct Pay Online Group
28. Eastpesa
29. Eclectics International Limited

30. ESacco
31. FarmDrive.
32. Funtrench Limited
33. Ifarm360
34. ImpalaCoin
35. iNuka Pap
36. inVenture
37. Kanjwa
38. Kenya Commercial Bank Group
39. Kiba
40. Kocela
41. Kopo Kopo
42. Kwanji
43. Lelapa Fund
44. Lipa Card
45. Loniwa
46. M-Changa
47. Mobile Decisioning

48. Moripesh
49. M-Pesa
50. Musoni
51. myNGOVO
52. Netguardians Africa
53. OCharge
54. Once Sync Limited
55. Orion ImageCapital Communication
56. Packline Systems
57. Paysap
58. Paytree
59. PesaBot
60. PesaGuide
61. PesaKit
62. PesaPal
63. Pesatalk
64. Pezesha
65. Professional Digital Systems Limited

66. Quoxient Ltd

67. Ranis Capital

68. Regalia International (k) Ltd

69. RePay Africa

70. Ryanada Limited

71. Saada

72. Safepay Solutions Limited(LipaSpot)

73. Savekubwa

74. Shield

75. Sokohela

76. Superfluid Labs

77. Tala

78. Tanda

79. TangazoLetu Limited

80. The Kueq Limited

81. Tulaa

82. Turaco

83. Umati Capital

84. umba

85. Valuraha

86. WayaWaya

87. Zanifu

88. Zege Technologies

89. Zenka

90. Zipwallet

91. Zoa Tech Limited