EFFECTS OF KNOWLEDGE MANAGEMENT ON THE FINANCIAL PERFORMANCE OF THE DEPOSIT-TAKING SACCOS IN KENYA

BY

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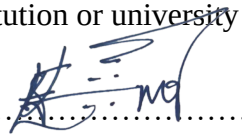
A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN FINANCE, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES, UNIVERSITY OF NAIROBI.

NOVEMBER, 2022

DECLARATION

I, the undersigned, declare that this is my original work and has not been presented to any institution or university other than the University of Nairobi for examination.

Signed:……  …….Date:……24/11/2022…….

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D63/32914/2019

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

Signed:……  …….Date:……November 24, 2022…….

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I want to start by giving thanks to the Almighty God for my health and the resources I have to carry out this research. I also want to thank the following people for helping to bring this idea to an end: Dr. Winnie Nyamute, my supervisor, was always there for me anytime I needed her. I particularly value her concern and the way she keeps me alert. We are grateful to the instructors from the University of Nairobi's Faculty of Business and Management Sciences who diligently shared their knowledge and expertise with the class.

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DEDICATION

May the Almighty God reward my loving wife Ms. Grace Mumo for encouraging me and directing me to complete the project, as well as my other family members who provided support to me during the process.

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OPERATIONAL DEFINITION OF TERMS

Knowledge:	The document defines knowledge as acquaintance with, awareness of, or comprehension of someone or something
Knowledge Management:	The process of managing Knowledge through a specified systematic process of identifying and leveraging the collective useful Knowledge in an organization to help the organization compete successfully.
Knowledge Acquisition:	The procedure gathers knowledge from staff members or other sources.
Knowledge Application:	The method by which people and organizations take advantage of the information acquired by others for their gain.
Knowledge Dissemination:	It is the process of communicating Knowledge to target persons within an organization so that it may be used to lead to change within the organization.
Financial Performance:	An organization can achieve its predetermined financial objectives and aims by growing its market share, increasing its return on assets (ROA), and doing competitive business in the marketplace.
Return on equity (ROE):	This calculation is made by dividing a company's net income by its shareholders' equity. ROE gauges a company's profitability and the effectiveness of its profit-making processes.
Return on assets (ROA):	This gauges how effectively a business turns its resources into revenue and in turn makes profits.
Liquidity:	This is the business's capacity to transform assets or anything else it owns with monetary value.
Firm Size:	This is the size or quantity of work produced by a single company.
Financial Leverage:	With the hope that the income or capital gain from the new asset would outweigh the cost of borrowing, debt is used to fund the operations of the company

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LIST OF ABBREVIATIONS

GDP	Gross Domestic Product
HR	Human Resource
IT	Information Technology
ROA	Return on Assets
ICT	Information and communications technology
KM	Knowledge Management
SME	Small-Medium Size Enterprises
SPSS	Statistical Package for Social Sciences
SACCOs	Savings and Credit Cooperative Organizations.
DT-SACCOs	Deposit Taking Savings and Credit Cooperative Organizations
SASRA	Sacco Societies Regulatory Authority.

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ABSTRACT.

Organizations acquire, use, and store their intellectual capital through Knowledge Management. Information that has been organized and acquired with the goal of efficiently and effectively influencing employees' abilities and experience to preserve consistency and enhance organizational performance is known as Knowledge Management.

The primary cause of poor financial performance is a lack of management awareness among most of the present workforce in the majority of firms. Organizational information gaps have been replaced by data availability. The three main pressures on management from a global perspective are knowledge acquisition, dissemination, and application. Therefore, the main goal of this research was to evaluate how Knowledge Management affected the financial success of Kenya's DT-SACCOs. In this regard, the goal of the study was to determine how knowledge dissemination, application, and acquisition impacted the financial performance of DT-SACCOs in Kenya.

The Resource Based Theory (RBV), Innovation Diffusions Theory, and Learning Organization Theory served as its guiding Theories. Data were gathered for the study using questionnaires, which followed a descriptive research methodology. The target group in Kenya consisted of 70 DT-SACCOS. The Krejcie & Morgan table was used to select the sample size, which resulted in a sample size of 60 respondents for the questionnaire. Frequencies and percentages were used to assess the quantitative data. Tables of frequency distribution were used to present the results.

By determining the association between Knowledge Management and financial performance, regression and correlation analysis was utilized to assess the study hypotheses. The data showed an R2 of 0.638, indicating that 63.8% of performance changes could be attributed to the independent variables that were chosen. In addition, the study discovered that knowledge acquisition (=0.190, p=0.000), firm size (=0.436, p=0.000), and leverage (=-0.158, p=0.007) all significantly and negatively correlated with financial performance among Kenyan DT-SACCOs. Distribution of knowledge and liquidity did not significantly differ

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study.

Knowledge Management is seen as a crucial element of competitiveness ingrained in organizational processes. Knowledge Management is a significant approach to generating wealth and prosperity and propelling corporate success as knowledge-based economies proliferate throughout the world. Knowledge refers to understanding or familiarity with someone or something, like descriptions, facts, information, or abilities. Knowledge may be attained through experience or education. The management of this knowledge is necessary to improve organizational financial performance. Financial performance feeds knowledge, and knowledge feeds performance. The intimate connection between these two components is described by the financial performance loop. It is comparatively clear that management of knowledge and financial performance are closely related.

The Resource-based Theory served as the study's foundation. The theory emphasizes the company's resources as a crucial element that improves performance and competitive advantage. Demarest (1997) avers that because of related competitive advantage companies should concentrate on techniques of managing knowledge to take optimal benefits of their current resources. The firm's top management makes sure that financial performance is improved and maintained, under Resource-based Theory (RBV). Thus, Knowledge Management was taken into account in this article as one of the crucial resources the DT-SACCO might have and use, which will enhance its financial performance.

In Kenya, DT-SACCOS has had to reinvent itself to compete in the highly unstable and constantly changing environment. The danger posed by small DT-SACCOS that have grown to become significant market participants has compelled the leading players to alter their tactics.

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Others have struggled to compete and have seen a continuous reduction in performance over the years, while some have thrived and achieved tremendous growth. The study looked at how DT-SACCOS grew and experienced considerable growth in the industry by implementing critical Knowledge Management to enhance their everyday business operations to stay relevant and boost their financial performance to determine the causes of the research gap.

While there are numerous reasons for the origin of this failure in the United Kingdom in the literature, there is evidence—albeit not much of it—that agricultural cooperatives' inadequate Knowledge Management practices are the main contributor. To maximize the utilization of DT-SACCO resources to enhance member financial security, DT-SACCOs is essential. However, China has not had a strong development of these groups in recent years (Dikötter, 2010). Very few empirical assessments have concentrated on the function of DT-SACCOs in China's economy, even though China's new Cooperatives Law of 2007 has sparked interest in the operations of cooperatives. The performance of agricultural cooperatives is also thought to be determined by a number of factors, although the little study has been carried out specifically focusing on the impacts of Knowledge Management on the financial performance of DT-SACCOS.

This study concentrated on effectively employing Knowledge Management and showed how it impacts DT-SACCOs' financial performance. This study established a link between achieving financial performance and Knowledge Management.

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1.1.1 Knowledge Management

This process used to manage knowledge using a methodical, organizationally defined method of locating and utilizing the key knowledge within an organization to support the organization's competitive success is known as knowledge management.

Only when knowledge assets can be properly shared between people will organizations be able to realize the value of their knowledge assets.

Businesses that utilize all of the inside skills find excellent ways to realize the full potential of their operations. Silos of useless information restricted to particular people or departments exist in the majority of corporations. With the appropriate organizational structures, this knowledge can be discovered, stored, and made available to all employees, leading to substantial economic gains. (Ndinguri, 2012) asserts that although the role of knowledge in organizations has recently received more attention in writing, this has not always been the case.

Although there has been significant progress in understanding Knowledge Management and how to use it in companies, a survey of the pertinent literature reveals a dearth of data on the impacts on the financial performance of the DT-SACCOs. Knowledge Management that is efficient and effective can improve financial performance in firms, claim (Ismael & Yosuf, 2010). In Kenya, academics and researchers have not yet invested in Knowledge Management activities to determine its impact on the performance of DT-SACCOS, despite Knowledge Management's growing exposure and popularity over the previous ten years. Despite what has been said thus far, there is a lack of sufficient empirical findings on the impact of Knowledge Management techniques on improving the financial performance of DT-SACCOS in Kenya. Therefore, the objective of this study is to determine how Knowledge Management techniques such as information production, sharing, and application improve the overall profitability of DT-SACCO in Kenya.

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1.1.2 Financial Performance

This is the comprehensive assessment of a business's total position over a specific period, including its assets, liabilities, equity, costs, revenues, and overall profitability, which is known as the firm's financial performance Baba and Nasieku (2016) avers that the financial performance is the way a company makes use of its resources to create income and assist stakeholders in making decisions. The capability of the DT-SACCOS to create income from its assets is how the present research characterizes the financial condition.

The health of the economy as a whole, as well as that of shareholders and investors, depends on financial performance. The Investment returns are desirable to investors, and a performing company can give investors more substantial and long-term income Fatihudin, D. (2018). When a business performs well, it shows that it manages its assets effectively and efficiently for operations, investments, and financial transactions.

There are numerous methods used to gauge financial performance, and they should all be consolidated. Ngatia developed several financial performance indicators, including return on assets (ROA), return on sales (ROS), return on equity (ROE), and firm size. The ROA assesses the profitability of an organization concerning its aggregate assets, while the ROE assesses the net income of a company as a fraction of shareholders' equity. The current study made use of ROA, the most popular performance metric.

It is essential to evaluate DT-SACCO's financial performance to determine how important Knowledge Management is to achieving the organization's goals and objectives. No DT-SACCO can afford to run the company's operations without assessing and keeping track of its financial

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performance. According to some academics, financial performance measures should be in line with the broader corporate goals. In DT-SACCOs, the management team's ability to manage employee knowledge and transform it into strategic decisions is crucial for promoting the synergy between organizational elements and company financial performance.

Financial performance was the dependent variable in this study. The return on Assets performance indicator was used to measure this variable. Endogenizing this research framework aims to achieve and enhance DT-SACCO's financial performance through the selection and application of Knowledge Management.

1.1.3 Knowledge Management and Financial Performance

Knowledge Management makes sure that organizations and individual employees have the competence how to promote the profitability of an organization. Knowledge is therefore derived from performance and feeds financial performance. The intimate connection between these two components is described by the financial performance loop, and clearly, Knowledge Management and financial performance are closely related. You perform better the more knowledgeable and skilled you are. Learning from financial performance helps you become more knowledgeable. Your financial performance will improve if you expand your knowledge.

The DT-SACCOs must think about adaptable and intelligent techniques, such as Knowledge Management if they hope to succeed and thrive in a cutthroat market. According to (Ibrahim & Reid, 2009), Knowledge Management approaches to enhance the operational activities of the company in a few ways, including by lowering costs, cycle times, lead times, costs, product-to-market times, and product quality, which results in greater financial performance.

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1.1.4 Deposit-Taking Savings and Credit Co-operatives Societies

Savings and Credit Co-operatives, a financial institution, assists in mobilizing financial resources by instilling a culture of saving among its members. SACCOs are normally owned jointly by people with similar interests The DT-SACCOs include SACCOs that take deposits and provide services corresponding to those provided by banks for withdrawable savings accounts.

There are 176 operational DT- SACCOs that are registered. The DT-SACCOs face particular difficulties, such as the dynamic regulatory environment, rising client expectations for high-quality services, and quickening technology advancements. For DT-SACCOs to stay competitive in a changing and uncertain market, Knowledge Management is essential.

Due to the fierce competition, they face from other businesses, particularly commercial banks, DT- SACCOs need to have excellent knowledge capabilities. In this regard, the current study aimed to ascertain how, in the Kenyan setting, Knowledge Management strategies may affect the financial performance of DT-SACCOs.

1.2 Research Problem

The notion of Knowledge Management includes several tactics and procedures for gathering, producing, storing, and disseminating expertise inside an organization. When an organization's leaders wish to think about Knowledge Management, they base their tactics on the Knowledge Management vision. The managers could create guidelines for Knowledge Management and give the staff enough resources. Failure to create and nurture a culture in an organization that values learning, changing, sharing, and improving Knowledge is one of the major problems in Knowledge Management. According to Beckham (1999), the failure of many firms' Knowledge Management initiatives can be attributed to the absence of an adequate cultural setting that fosters reciprocal trust, openness, and cooperation. One more difficulty in Knowledge Management is

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the culture of sharing. Managers forbid sharing because they believe it reduces productivity. After all, time is lost through socializing.

The majority of firms view their knowledge as their most significant and strategic asset. These companies are aware that they must carefully manage this resource if they want to stay competitive for a long time. Organizations need to find any gaps in these procedures that could have a detrimental impact on their production, profitability, and advancements. Knowledge Management is therefore the aspect of organizational financial success that can be deemed to be most important.

Wanjiru (2010) did research on the use of Knowledge Management as a market tactic by the Kenyan ABSA bank; the study discovered that financial institutions use knowledge to maintain workers' knowledge after they leave the business and to leverage implicit knowledge. The implementation of the Knowledge Management method has improved the employees' competency, according to Wanjiku's (2010) study, which examined how Kingsway Tyres uses knowledge management as a competitive tool.

Worldwide empirical research on Commercial Banks in Europe on the advantages of Knowledge Management techniques as a strategy was undertaken by (Cross & Weller, 2001). Knowledge Management enabled firms to gain a competitive edge.

Curado (2008) investigated the attitudes that several Portuguese commercial banks had toward Knowledge Management. He also found that some businesses saw the implementation of Knowledge Management strategies as an unnecessary expense. This research aimed to determine whether DT SACCOs are making use of principles of Knowledge Management as a financial performance approach. This research was done to fill the knowledge gap caused by the fact that existing studies have concentrated on contexts outside of the SACCO subsector and do not completely portray the correlation between Knowledge Management and Financial Performance.

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Therefore, the research question of this study was: What is the effect of Knowledge Management on the Financial Performance of DT-SACCOs in Kenya?

1.3 Research Objectives

The Research objective of this study was to examine the effect of Knowledge Management practices on the financial performance of DT-SACCOs in Kenya.

1.4 Value of the study

The research study is helpful in the following ways.

To the organizational management - The research findings will be shared with the organizational management to make them aware of the Knowledge Management roles in the financial Performance of the DT-SACCOs. It will help them develop ways of improving their Knowledge and use Knowledge Management approaches to better the profitability of the DT-SACCOs.

To the Sacco employees. The research aims to enhance the employee's moral performance, leading to better utilization of the Knowledge Management practices among them, thus improving the general financial Performance of the DT-SACCOs.

To the researcher. The researcher is exposed to a real-life situation compared to the theoretical study. The study allowed the researcher to interact with various people in the organization. Therefore, the researcher was able to understand and gain different views concerning Knowledge Management

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CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter comprises of empirical review, theoretical review, and literature on the independent and dependent variables are all included in this chapter. It offers an overview of the study's conceptual framework, literature review, and research gaps. This chapter also acknowledges earlier research and the contributions of other scholars

2.2 Theoretical review.

Every choice taken in the research has repercussions that are affected by the theoretical review (Mertens, 1998). Therefore, a research project's theoretical framework refers to the philosophical underpinnings of the study and serves as a bridge between the theoretical and practical aspects of the examination. In other words, the theoretical review demonstrates the ideas employed, their relevance to the research being conducted, and the depth to which they have been investigated. It also aids in the creation of fresh research hypotheses. Three basic theories about Knowledge Management and financial performance have been taken into consideration in this research.

2.2.1 The Resource-Based theory (RBV).

The theory is a strategic management concept that was developed by Wemerfelt, Rumelt, and Barney in 1984. The three academics claimed that an organization injects resources into its business cycle. The three main categories of these resources are organizational capital, human capital, and physical capital. The groups mentioned above work together to give the organization the ability to handle new difficulties that arise while putting its strategies into practice. Therefore, rather than elements that arise from the external environment, what distinguishes the majority of companies in terms of their success are the various resources and capacities that the company possesses Zack

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Our idea was pertinent to this study since DT-SACCOs benefit from both capable and exposed human capital as well as physical capital through well-coordinated organizational structures and infrastructure. The premise underlying this study's findings is that DT-SACCOs face financial difficulties because the demands of the commercial environment were poor. By coming up with strategies for how the theory might assist in solving such problems, the study aimed to advance this theory.

2.2.2 Innovation Diffusions Theory.

The diffusion of Innovation (DOI) Theory, developed by E.M. Rogers in 1962 is one the eldest social science theories. At first, DOI was used in communication to show how a product or idea gradually spreads among a given section of the population or social system. Due to its dispersion, people adopt innovative ideas, behaviors, or products into social systems.

According to this notion, innovations and fresh ideas spread across civilizations and get embraced by them. The theory aims to investigate key elements in the spread of innovations. Peer-to-peer interactions and networks are crucial factors in how an innovation spreads.

The theory was pertinent to our study since it can serve as a helpful checklist to organize focus groups or project evaluations. When enhancing items or behaviors, they might assist in locating flaws that need to be fixed. Continuous improvement is the key to the financial performance success of DT-SACCO. It also emphasizes the value of interpersonal marketing via peer-to-peer interactions, or what financial institutions today refer to as word of mouth from happy consumers. The theory strongly emphasizes the value of DT-SACCOs comprehending and effectively utilizing the information provided to them to advance their financial performance. For instance, DT-SACCOS saw them discovering innovative approaches to reduce the costs of goods and

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processes and enhance their performance because they understood, valued, and applied information technology early enough.

2.2.3 Learning organization theory.

Learning organization theory is associated with the work of Skinner, who discovered that once a behavior is connected to an outcome, whether a reward or a punishment. According to Skinner, positive reinforcement produces results that persist longer than punishment, which has unfavorable side effects.

Learning theory's detractors criticize behaviorism's stronger scientific foundation than psychosocial or psychoanalytic theory, as well as behaviorism's capacity to understand intricate human behaviors by focusing solely on the visible and disregarding the crucial functions of emotions and cognitions.

Furthermore, opponents challenge the applicability of learning theory to understand behavior that occurs in social reality because behavioral tests are frequently conducted in laboratories. But learning theory increased research into human behavior by stressing the observable and highlighting the value of testing behavior hypotheses. It recognizes the influence that preconditions have on behavior as well as the potential for positive or bad outcomes.

Thus, learning theory focuses on the prospect of lifelong learning during which the consequences of or the stimulus for the behaviors can be changed, in contrast to models emphasizing the influence of early development.

In this study, the theory was applied to make the company multiskilled to the external environment and continuously improve its skills for the benefit of the workers. To achieve better results, the research enhanced consistent learning inside the organization using the idea.

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Knowledge Management procedures protect employee knowledge within the company, giving it a competitive edge and a stronger position relative to rivals.

2.3 Determinants of Financial Performance

The financial success of an organization may be influenced by factors both inside and outside the company. Among the internal factors are firm size, organizational culture, dividend decisions, leverage, liquidity, and leverage. External forces are not influenced by management. They are external factors that the business cannot control, yet they nevertheless need to be dealt with (Athanasoglou et al., 2005).

2.3.1 Knowledge Management

KM is the practice of managing knowledge through a methodical, organizationally defined approach to ascertaining and utilizing the critical knowledge within an organization to support the organization's competitive success.

Only when knowledge assets can be properly shared between people will organizations be able to appreciate the value of their knowledge assets. With suitable organizational systems, this knowledge may be located, stored, and made available to all employees.

Knowledge Management ensures teams of employees have the information and expertise needed to improve the financial performance of an organization (Lee & Choi, 2003). Knowledge is therefore derived from performance and feeds financial performance.

2.3.2 Liquidity

Liquidity is the ability of the company to convert its assets to monetary value. Liquidity is used to quantify a company's capacity to meet short-term financial requirements.

According to Cheluget, Gekara, Orwa, and Keraro's (2014) argument, there is a connection between a company's financial success and its liquidity. They discovered that liquidity has a

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significant impact on performance. Organizations with greater bought-input costs comparable to capital have a worse likelihood of being efficient when considering solvency and liquidity. Cost-effectiveness is significantly impacted by indices of liquidity and solvency.

Any organization that lacks short-term liquidity frequently worries about the potential disruption to daily operations. In a corporate setting, excessive liquidity leads to principal-agent conflict since it has its own opportunity cost. The objective of this research was to find out how the liquidity of these businesses affected their financial performance by examining the working capital procedures of the DT-SACCO in Kenya.

2.3.3 Firm Size

Firm size refers to the quantity of output produced by an individual company. Realizing the size of a company is an important entrepreneurial decision since it influences the company's and business enterprises' profitability.

A company's economies of scale earnings are proportionate to its size. Due to significant economies of scale, a company's size affects both the production scale and operational activity efficiency. Large organizations, regardless of their size, risk losing control of their strategy and operational activities, leading to decreasing proficiency (Burca & Batrinca, 2015).

Large companies have an increased ability to make innovative markets and can diversify assets better. If the company grows quickly, they are also more prone to encounter organizational waste. Company size has a direct influence on the section of cash flow that is invested. When determining a company's size, it's crucial to take its workforce, property holdings, and sales volume into account (Almajali et al., 2012). . This study showed how the DT-SACCO's size had an impact on its financial performance.

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2.3.4 Financial Leverage

This is the practice of financing the acquisition of assets with borrowed funds in anticipation that the income or capital gain from the new asset will outweigh the cost of borrowing. Long-term liabilities are expressed as a percentage of a company's equity to determine financial leverage. Leveraged companies are those that are financed in part by debt and equity. The majority of businesses maintain a high level of liquidity, which is primarily attained through debt. Debt is a common tool used by businesses to increase earnings and capital. This implies that businesses will probably employ debt or leverage to acquire more assets, hence raising productivity and profitability.

Financial leverage may be beneficial or can result in financial suffering contingent on the type of debt and how money is managed. Wise borrowing decisions enhance financial performance (Salazar, Soto & Mosqueda, 2012). The level of such a company's working capital should be impacted by loan funding, which affects the degree of financial performance (Eckbo, 2008).

2.4 Empirical Review

Local and global studies have been conducted to investigate the correlation between knowledge management and financial performance; the segment's goals, procedures, and prior research findings have been covered.

2.4.1 Global Studies

(Abdel, 2013) Using the questionnaire to get the necessary data, this study looked into how Knowledge Management might improve organizational performance in the Egyptian economy. The study aimed to comprehend the variables associated with putting information administration theories into reality. In this case, it sought to identify the gaps in their insight administration frameworks and make suggestions for potential improvements to authoritative execution. The

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study portrayed that all elements of Information management skills are strongly associated with success. This suggests a strong link between effective learning management skills and effective execution.

Ahmed et al., (2015) conducted a study that empirically concentrated on the impact of Knowledge Management techniques on organizational performance. The banking industry in Pakistan was the study's intended audience. Descriptive statistics, questionnaires, and a survey design were all used in the study approach. The study found that by using Knowledge Management methods, the business may better serve its customers, make better use of its resources, increase revenue, and enhance performance.

Higher education institutions in the UK were found to be beginning to realize that new managerial processes and tools must be employed to strengthen their competitive advantage, according to Cranfield, 2011 on the management of knowledge in higher education institutions. The study exposed that although there is substantial Knowledge Management activity and awareness in the setting of institutions of higher education in the UK, there is still much to be done to entirely realize the possible usage and benefits of implementing Knowledge Management with leadership support. The study utilized the four Knowledge Management model pillars proposed by Stankovsky and grounded theory in its investigation.

2.4.2 Local Studies

Abebe (2016) did research on the impact of Knowledge Management on the long-term competitiveness of Kenyan nonprofit organizations. They used a descriptive case study approach in their research, and triangulation, structured questionnaires, interviews, and document analysis were used to gather both primary and secondary data. Abebe (2016) found a link between Knowledge Management and a long-lasting competitive advantage. Birasnav (2014) looked at

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the connections between organizational performance, the Knowledge Management process, and transformational and transactional leadership. The study's target audience was service firms, and there were 119 respondents overall, including general managers and human resource managers. He found a direct link between the management of knowledge procedures and transformational leadership and organizational profitability.

In this study, the researcher found that sharing knowledge and information inside an organization increased productivity. Alternatively, a company's location, which is crucial for the flow of information, is a vital factor in the high performance of the business. The study did not directly address the effects of organizational performance as determined by the ROE and the ROA. In the researcher's opinion, it is safe to assume that knowledge acquisition positively affects organizational performance, and in this example, the financial performance of the term under study. In another Aminga (2013) examined the impact of knowledge management approaches on organizational performance using a few Kisii University campuses. The study revealed a good and advantageous effect of Knowledge Management approaches on organizational performance.

2.5 Summary of Literature Review and Research Gaps

This research examined the links between Knowledge Management and financial performance seriously. The studies gave a clear indication that those financial scholars disagree on how Knowledge Management affects financial performance. The study displays the conceptual justifications put forth by various researchers regarding the connections between the established factors. Three fundamental hypotheses that support the connections between Knowledge Management and financial success are highlighted in this comprehensive evaluation of the literature. These are Learning Organization Theory, Innovation Diffusions Theory, and Resource Based Theory (RBV).

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As part of the empirical evaluation, a significant number of applicable publications on the study variables were analyzed in order to identify research gaps and analysis approaches. The research considered indicates that Knowledge Management affects financial performance. The findings, however, were conflicting, with some studies concluding that there is a strong positive correlation and others coming to the opposite conclusion.

The discrepancies in the results, however, may be explained by the fact that each inquiry was carried out using a different methodology and that the data was gathered over a different time frame. Additionally, the study contexts varied, with some researchers concentrating on one industry and others on a few sectors. The variations between earlier research may be explained by the diverse ways in which the study variables have been operationalized. This study took advantage of these knowledge gaps.

2.6 Conceptual framework

The conceptual model below shows how the variables are correlated with one another. Knowledge Management is quantified by the natural logarithm of the independent variables, which are knowledge application, knowledge dissemination, and knowledge acquisition. The controls variable were financial Leverage, firm size, and liquidity. The dependent variable was a financial performance as determined by Return on Assets.

Figure 2.1 shows the conceptual model.

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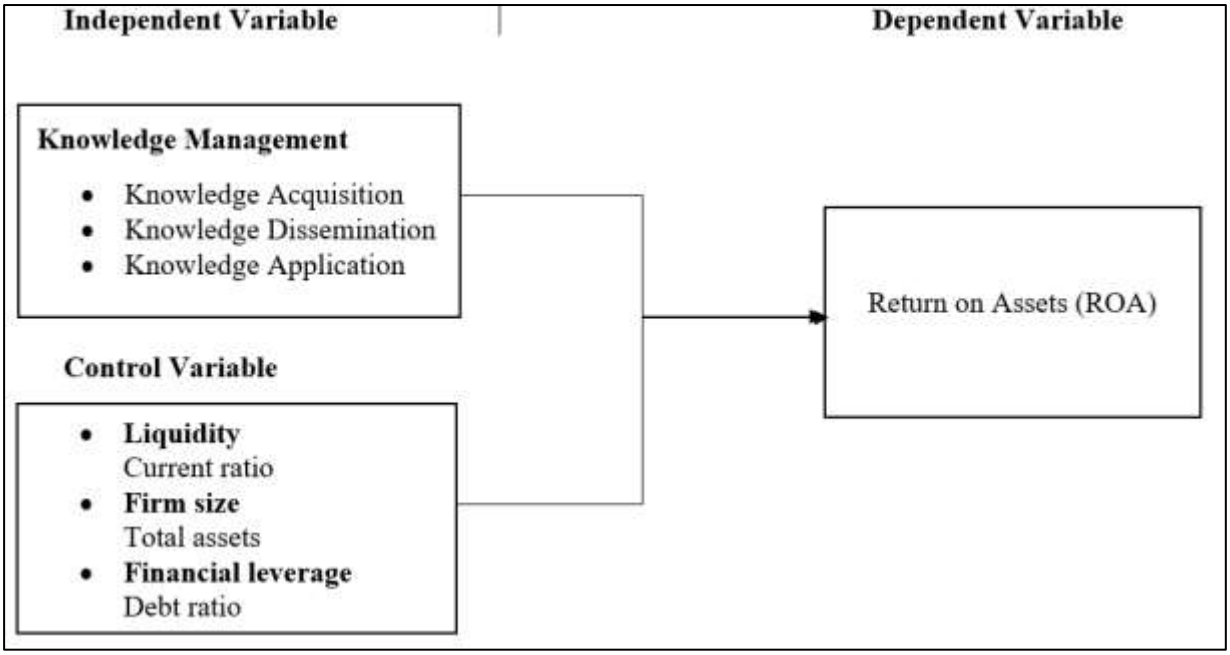

Figure 2.1: The Conceptual Model **Source: Researcher (2022)**

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CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the methodologies used to accomplish the objectives of this study. Specifically, the chapter describes the research design, diagnostic tests done, methods used to collect data, and methods used to do data analysis.

3.2 Research Design

The relationship between a company's Knowledge Management and financial success was examined using a descriptive technique. A descriptive design was used to ascertain how Knowledge Management and Financial performance of DT-SACCOs in Kenya. This design was appropriate because the research chiefly concentrated on the nature of the phenomena (Khan, 2008). Additionally, it was adequate for describing how the phenomena were related to one another. Additionally, the variables were validly and precisely represented in this design, providing adequate responses to the research.

3.3 Population

All elements that have been noticed across a variety of events, such as study inquiries, make form a population (Burns & Burns, 2008). In Kenya, 176 DT-SACCOs are registered. The 70 DT-SACCOs in Kenya that have been given licenses during the past ten years were the subject of this investigation.

3.4 Sample

According to Kombo and Tromp (2006), a researcher can draw generalizations and inferences using a sampling strategy that involves a small percentage of the population and diligent monitoring of the pertinent variables. The formula provided by Yamane in 1967 was used in calculating sample size, where N is the size. *e* was the error term at a 95% confidence level, n

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was the sample size, and p was the population size. with a 5% level of significance. In this case, 60 of the intended population of 70 DT-SACCOS in Kenya served as the sample population.

Formula:

n = N / (1 + N(e) 2)

n =70/ (1 + 70(0.0025) = 60

3.5 Data collection

The primary data needed in this research was gathered using semi-structured questionnaires containing both open and closed questions. Sections 1 through 5 of the questionnaires were separated into separate sections. Information about the respondents' general characteristics was gathered in Section 1, information about their financial performance was gathered in Section 2, information about the first study variable was captured in Section 3, information about the second and third study variables was captured in Section 4, and information about the first study variable was indicated in Section 3. The questions were sent to the respondents by email and physical delivery by the researcher. Before the researcher took the surveys away from the respondents, they had been given plenty of time to fill them out.

3.6 Data analysis

The majority of the research findings were given as an analysis of the quantitative data that was gathered through the open-ended questionnaire. The quantitative data gathered from the surveys were translated into an understandable format and meticulously cleaned to ensure its acceptability for analysis before being evaluated using descriptive statistics. The descriptive statistics used are the mean and standard deviation. The standard Statistical Package for Social Sciences (SPSS) was used to create tables, frequencies, graphs, and charts, and Variable Cronbach's Alpha No. of items graphs and charts to show the study's findings.

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3.6.1 Analytical model

A multiple regression model with a 5% level of significance and a 95% level of confidence was used to ascertain the nature of the correlation (positive or negative) between the independent variables (acquisition of knowledge, dissemination, and application) and the dependent variable in this study.

The regression equation in this instance was written as

$Yt= \beta0 + \beta1X1+ \beta2X2+ \beta3X3 + \beta4X4+ \beta5X5+ \beta6X6 +\varepsilon$

(i) Where:

Y= Financial performance

$\beta0$ = intercept coefficient

X1= Acquisition of knowledge.

X2 = Dissemination of knowledge.

X3= Application of knowledge.

X4 = Firm size

X5 = liquidity

X6 = Financial leverage

ε =error term

$\beta1…\beta3$ = coefficients of regression for the independent variables

3.6.2 Diagnostic Tests

To determine the model's viability, several diagnostic tests were carried out, including those for homogeneity, normality, stationarity, multicollinearity, and autocorrelation. Normality required that the dependent variable's residual be regularly distributed and skewed toward the mean. This test was carried out with the aid of the Jarque-Bera Test. Using the stationarity test, it was possible

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to ascertain if variables like variance, mean, and autocorrelation vary over time. Using the enhanced Dickey-Fuller test, this characteristic was determined. In cases where the data did not satisfy this requirement, a natural logarithm was used to alter the data. Additionally, robust regression was applied to offer superior regression coefficients to conventional least squares (Khan, 2008).

An indicator of how comparable a one-time series is to its lagged value over time is a series' autocorrelation. The Wooldridge test was used to measure this test, and in cases where the assumption was broken, robust standard errors were built into the model. Multicollinearity occurs when many independent variables are linked by a flawless or almost flawless linear relationship. The use of variation inflation factors (VIF) and tolerance levels was made.

Multicolinear variables were removed, and a fresh measurement was used to replace the colinear variable. Heteroscedasticity confirms that variance errors in regression are part of independent variables. This was confirmed using the Levene test. Because robust regression analysis provided better regression coefficients when outliers were included in the data, it was utilized when the data did not satisfy the homogeneity of variances assumption (Burns & Burns, 2008).

3.6.3 Tests of Significance

Parametric tests were used to determine the general model's applicability and the importance of the coefficients. The F-test and ANOVA were used to determine the overall model meaning. The weight of each variable was established via a t-test.

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CHAPTER FOUR: DATA ANALYSIS RESULTS AND FINDINGS

4.1 Introduction

Data analysis is covered in this chapter. Patterns were examined using descriptive and inferential analysis, after which they were examined and conclusions were reached in line with the stated objectives.

4.2 Descriptive Statistics

The research described the data in terms of their standard deviations and means. Clarifying the properties of the acquired data needed descriptive analysis before doing an inferential analysis. Table 4.1 below displays the results.

Table 4.1: Descriptive Results

	N	Min	Max	Mean	Standard Deviation
Return on Assets	44	-1.3224	.3763	.0266854	.2813590
Knowledge Acquisition	44	2.742	6.458	4.67892	1.119620
Knowledge Dissemination	44	3.496	6.369	5.26827	.842589
Knowledge Application	44	3.122	6.270	4.87679	.763121
Firm Size	44	4.8	7.8	6.620	.8297
Liquidity	44	.0	9.5	2.160	1.8763
Financial leverage	44	.1	1.8	.560	.3260
Valid N (listwise)	44				

Source: Research Findings (2022)

The study targeted 60 respondents (sample size) working at DT-SACCOs in Kenya. As a result, this is how many surveys were handed out. 44 of the 60 questionnaires were correctly filled out and returned by the deadline. A study result with a response rate of 65% or above is deemed valid by Fox & Bayot (2010) since it exceeds the minimum required and acceptable criterion. These findings indicated that the study's response rate was 73%, which was higher than anticipated. The study's response rate of 73% was sufficient to examine the study's objectives and derive research-related conclusions.

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4.3 Diagnostic Tests

Several diagnostic tests were run to verify the model's viability, including those for normality, stationarity, the Multicollinearity test, variance homogeneity, and autocorrelation.

4.3.1 Normality Test

The Jarque-Bera Test was used to carry out a normality test to determine whether the acquired data was presumed to have a normal distribution. To presume that the data have a normal distribution, the p-value must be higher than 0.05.

Table 4.2: Test for Normality

	JB	**P-value**
Financial Performance	2.618	0.102
Knowledge Acquisition	3.462	0.270
Knowledge Dissemination	3.780	0.330
Knowledge Application	5.368	0.715
Firm size	2.179	0.231
Liquidity	3.278	0.305
Leverage	3.183	0.205

Source: Research Findings (2022)

The null hypothesis is rejected and the alternate hypothesis is accepted as a consequence of the normality test outcomes, which show a p-value higher than 0.05 and indicate that the data have a normal distribution.

4.3.2 Multicollinearity Test

Multicollinearity includes a perfect linear relationship between numerous variables. Tolerance levels and variation inflation factors (VIF) were both used.

Table 4.3: Test for Multicollinearity

Variable	**Tolerance**	**VIF**
Knowledge Acquisition	0.877	1.457
Knowledge Dissemination	0.660	1.935
Knowledge Application	0.823	1.553
Firm size	0.794	1.607

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Liquidity	0.747	1.710
Leverage	0.716	1.782

Source: Research Findings (2022)

The results in Table 4.3 indicate that multicollinearity was not present because all the variables had VIF values below 10 and tolerance values over 0.2.

4.3.3 Test for Heteroskedasticity

Cross-sectional units frequently show homoskedastic error procedures, while unit-specific variances, also known as group-wise heteroscedasticity, are more frequent. When residuals are used, the Breuch Pagan group-wise heteroscedasticity is computed using the command with the highest weight. For I = 1...Ng, where Ng is the cross-sectional unit number, the null hypothesis read: 2i = 2. The Heteroskedasticity Test Results are displayed in Table 4.4.

Table 4.4: Heteroskedasticity Results

Modified Wald test
H0: sigma (i)^2 = sigma^2 for all i chi2 (44) = 291.66
Prob>chi2 =0.1324

Source: Research Findings (2022)

The data in Table 4.4 demonstrate that the null hypothesis for the homoscedastic error terms is not rejected, which is supported by a p-value of 0.1324.

4.3.4 Autocorrelation Test

Autocorrelation determines the degree of correlation of a similar variable between two successive timings. Wooldridge test was used to do this test.

Table 4.5: Test of Autocorrelation

Wooldridge Test
F(1,44) 0.382

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Prob> F = 0.4598

Source: Research Findings (2022)

Since the p-value is significant (p-value = 0.4598), the findings of Table 4.5 do not refute the null hypothesis that there is no serial correlation.

4.3.5 Stationarity Test

To find out whether statistical properties like mean, variance, and autocorrelation vary over time, the stationarity test was applied. Table 4.6 displays the outcomes of the Levin-Lin Chu unit root test.

Table 4.6 Levin-Lin Chu unit root test

Variables	Hypothesis	p-value	Verdict
Performance	Ho: Panels have unit roots	0.0000	Reject Ho
Knowledge Acquisition	Ho: Panels have unit roots	0.0000	Reject Ho
Knowledge Dissemination	Ho: Panels have unit roots	0.0000	Reject Ho
Firm size	Ho: Panels have unit roots	0.0000	Reject Ho
Liquidity	Ho: Panels have unit roots	0.0000	Reject Ho
Leverage	Ho: Panels have unit roots	0.0000	Reject Ho

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Source: Research Findings (2022)

The study's findings presented in Table 4.6 support the rejection of the null hypothesis that Panels have unit roots. This is because the p-values were all below 0.05.

4.3.6 Knowledge Acquisition Practices.

To evaluate the DT-SACCOs that were sampled for the study, the following statistics are presented in table 4.7.

Table 4.7: Knowledge Acquisition Practices

Methods/Strategy	**(*f*)**	**(%)**
Gathering feedback	39	87
Knowledge Repository	37	82
Involvement in Design	36	80
Brainstorming	37	83

Source: Author (2022)

Table 4.7 shows that a better fraction of respondents, 39 (87%), stated that it was done through obtaining consumer feedback, 37 (82%) chose a knowledge repository, and 36 (80%) indicated engagement in design. In contrast, 37 people (83%) opted to brainstorm. The study's conclusions showed that the DT-SACCOs used the feedback-collecting approach to gather information. The gathered knowledge was then kept in knowledge repositories for later use. To generate new ideas, staff members also participated in brainstorming sessions. Another way of knowledge acquisition discussed was involved in the design process.

4.3.6.1 Opinion on Knowledge Acquisition.

Information was obtained and compiled as stated in table 4.8 below to determine respondents' perspectives on knowledge acquisition.

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Table 4.8: Knowledge Acquisition

Items	Mean	SD
Customers feedbacks are collected	4.76	0.26
Good practices databases are updated frequently	4.42	0.16
I seek help from colleagues in my duties	4.49	0.19
Employees are engaged in the design/development	4.93	0.25
Average	4.64	0.21

Source: Author (2022)

According to the study's findings, with a mean of 4.76 (SD=0.26), the majority of participants thought "Feedback is gathered from customers." A significant portion—a mean of 4.42 (SD=0.16)—cited "Databases of excellent practices are updated regularly." With a mean of 4.49 (SD=0.19) and a mean of 4.93 (SD=0.25), respectively, employees are engaged in development and design, and a common response was "I consult my colleagues when completing my job."

4.3.6.2 Knowledge Acquisition on Financial Performance

The study conducted more research and sought to find out how knowledge development affected financial success. The findings of the field study are summarized in Table 4.9.

Table 4.9: Knowledge Acquisition on Financial Performance

Performance metric	Mean	Standard deviati
Return on Assets (ROA).	4.66	0.564

Source: Author (2022)

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The research's main goal was to ascertain how knowledge acquisition affected DT-SACCO in Kenya's financial performance. A higher Return on Assets is demonstrated by the results in Table 4.9.

The average mean of 4.66 (SD=0.564) suggests that knowledge acquisition had a general impact on the financial performance of the DT-SACCOS. These findings corroborated and backed up a 2012 study by Susana and Joaquin that examined the impact of information technology competency on Knowledge Management processes and performance outcomes. According to the study's conclusions, Knowledge Management procedures are crucial to market performance.

Knowledge acquisition is the process of effectively producing new learning through conversation that is externalized, shared, and used to its fullest extent (Grand. 2016). The initial goal of the study was to determine how knowledge acquisition affected the financial performance of DT-SACCOS Institutions in Kenya.

According to the study's descriptive statistics, the respondents' replies varied by 0.564 standard deviations from the mean, indicating that knowledge acquisition had a significant impact on the organizational financial performance of DT-SACCOs in Kenya.

4.3.7 Knowledge Dissemination and Sharing practices.

The study also aimed to examine how information is shared and distributed within the sampled DT-SACCOs. To determine how Knowledge Management activities affected the performance of DT-SACCOs, information about knowledge-sharing techniques was pursued, and the statistics collected are displayed in table 4.10.

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Table 4.10: Knowledge-Sharing Methods

Method/ Strategy	***(f)***	**(%)**
Socialization	44	100
Internalization	40	90
Externalization	37	87
Combination	36	97

Source: Author (2022)

According to Table 4.10's analysis findings, 44 respondents (100%) indicated socialization, 40 respondents (90%) indicated internalization practice, 37 respondents (87%) indicated externalization, and 36 respondents (97%) indicated externalization.

4.3.7.1 Knowledge Dissemination

The learning process was studied through questionnaire items to determine the impact of information distribution on Financial performance, and the following statistics are presented in table 4.11 as a summary.

Table 4.11: Knowledge dissemination.

Methods	**Mean**	**Standard deviation**
Learning through observation	4.82	0.52
Employees rotation	4.91	0.44
Learning new ideas from manuals and documents	4.86	0.49
Staff getting new knowledge from databases	4.94	0.36
Average	**4.88**	**0.45**

Source: Author (2022)

The findings of the study showed that employees in this company learn by doing, as shown by a mean of 4.82 (SD=0.52), and by rotating through different organizational

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roles, as indicated by a mean of 4.91 (SD=0.44). With a mean of 4.86 (SD=0.49), the selected respondents also reported learning new concepts through publications and manuals, while staff employees reported learning new information from the database with a mean of 4.94 (SD=0.36).

4.3.7.2 Knowledge dissemination and financial performance.

Respondents were questioned regarding the extent to which knowledge conversion techniques impacted financial performance, and the following data was gathered as shown in table 4.12.

Table 4.12: Knowledge dissemination and financial performance.

Items	Mean	SD
Return on assets	4.63	0.52
Average	**4.63**	**0.52**

Source: Author (2022)

The data acquired for this study's statistics demonstrate that conversion of knowledge significantly improved Return on Assets, as shown by 4.63 means (SD=0.52)

The findings of this study supported a previous discovery made by Ngah et al., (2016) who discovered that knowledge transformation might advance an individual's capacity for action, which could improve organizational performance. Furthermore, it was suggested by Ayub et al. 2016 that knowledge transformation has recently improved personal learning, enabling new or improved interpretations of plans and issues as well as more intense task performance.

According to this argument, knowledge sharing is a knowledge management technique that raises the value of current information (Ayub, Hassan & Laghari 2016). Through the methods and exercises of union, improvement, incorporation, blend, coordination, dissemination, and information reconstruction, learning change is made possible.

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4.3.8 Knowledge Application

Table 4.13 presents the statistics that were acquired as part of the study's attempt to assess the knowledge application techniques on DT-SACCOs.

Table 4.13: Knowledge Application

Method/Strategy	**(*f*)**	**(%)**
The firm offers new services	44	100
Seeking expert judgments	42	96
Firm Strict adherence to set rules	44	100
Ease of access for Knowledge to employees	44	100

Source: Author (2022)

The analytical findings in Table 4.13 reveal that 44 respondents (100%) all stated that the business began supplying additional services. 42 respondents—or 96%—also responded that the corporation used expert judgment within the organization. Additionally, 44 (100%) of the respondents said the business strictly followed its established policies and processes. In the same vein, 44 respondents, or 100%, agreed that staff had improved information accessibility.

4.3.8.1 Use of the New Acquired Knowledge in the organization.

To establish how efficiently gained Knowledge is applied, the study aimed to determine how recently obtained Knowledge is used. The results are presented as displayed in table 4.14.

Table 4.14: Use of Newly Acquired Knowledge

Methods	**Mean**	**SD**
New Knowledge utilized in new services	4.87	0.52
The firms utilized the expert's judgment[42]	4.99	0.44
Employees adhering to set rules & policies	4.93	0.49
Ease of access to Knowledge by employees	4.99	0.36
Average	**4.95**	**0.45**

Source: Author (2022)

According to the study's findings, the organization sought the opinion of experts with an average of 4.87 (SD=0.52), new knowledge is utilized in new services with a mean of 4.99 (SD=0.44), and personnel adhere to the regulations with an average of 4.93 (SD=0.49). With an average of 4.99 (SD=0.36), knowledge is easily available to workers in the company.

4.3.8.2 Effects of Knowledge Application on Financial Performance

Table 4.15 displays the summary of the impacts of the knowledge application on financial performance.

Table 4.15: Knowledge Application on Financial Performance

Methods/ Strategy	**Mean**	**Standard Deviation**
Return of assets	4.59	0.519
Average	**4.59**	**0.519**

Source: Author (2022)

The findings of this study indicated that improved return on assets, which was measured with a mean of 4.59 (SD=0.519), had an impact on financial performance.

The findings supported a previous assertion made by Delen, Zaim, Kuzey, and Zaim (2013) that efficient knowledge utilization had helped organizations increase productivity and decrease expenses. In addition, information application, according to

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(Evans, Dalkir, and Bidian 2015), refers to the degree to which the business utilizes the learning resources supplied across practical borders.

4.4 Correlation Analysis

A correlation analysis was done to ascertain the direction and strength of the correlation between every predictor variable and the responder variable. Because the p-value is below 0.05, the results of Table 4.16 show that Knowledge Management and ROA are positively and substantially connected at a 5% significance level. Additionally, the findings demonstrate that knowledge management and acquisition are favorable but not substantially connected with ROA, as indicated by p-values above 0.05. Regarding the control variables, firm size showed a positive correlation with performance whereas leverage showed a negative and significant association. A p-value above 0.05 demonstrated the absence of a significant relationship between liquidity and performance.

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Table 4.16 Correlation Results

		ROA	Knw Acq	Knw diss	Knw app	Firm Size	Liquidity	Financial leverage
ROA	Pearson Correlation	1						
	Sig. (2-tailed)							
Knw Acq	Pearson Correlation	.553**	1					
	Sig. (2-tailed)	.000						
Know Diss	Pearson Correlation	.090	.675**	1				
	Sig. (2-tailed)	.561	.000					
Knw app	Pearson Correlation	.227	.568**	.542**	1			
	Sig. (2-tailed)	.139	.000	.000				
Firm Size	Pearson Correlation	.091	.675**	.529**	.942**	1		
	Sig. (2-tailed)	.556	.000	.000	.000			
Liquidity	Pearson Correlation	.190	.058	-.206	-.168	-.212	1	
	Sig. (2-tailed)	.218	.708	.179	.275	.168		
Financial leverage	Pearson Correlation	-.345*	-.151	.140	-.026	.146	-.634**	1
	Sig. (2-tailed)	.022	.328	.366	.867	.345	.000	

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
c. Listwise N=44

4.5 Regression Analysis

Regression analysis displays how independent variables influence the dependent variable.

Table 4.17: Summary of Analytical Model

Model	R	R^2	Adj R^2	Standard Error of the Estimate
1	0.806[a]	0.638	0.659	0.119

Source: Author (2022)

A model fit is established in Table 4.17 by showing how the data fit in the equation analytical model. The adjusted R^2, which was used to determine the study model's predictive power, was found to be 0.638, indicating that knowledge acquisition, knowledge dissemination, and knowledge application account for 63.8% of the variations in the performance of the majority of DT-SACCOs in Kenya, leaving 36.1% percent unaccounted for. To determine the additional aspects (36.2%) affecting the success of Sacco institutions in Kenya, more research should be conducted. This is in line with (Serban & Luan 2011), who found that effective information management aids in change management, altering business techniques, and a huge number of other highly regarded activities that affect the viability of hierarchies.

Table 4.18: Analysis of Variance Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.112	4	0.690	48.423	0.000[b]
	Residual	1.589	39	0.022		
	Total	**4.701**	**43**			

a. **Dependent Variable:** *ROA*

b.**Predictors**:(Constant), Financial leverage, Liquidity, Firm Size Knowledge Acquisition, Knowledge dissemination, and Knowledge

Source: Author (2022)

The likelihood value of 0.000 suggests that the regression link was exceedingly important in forecasting how knowledge acquisition, information distribution, and knowledge application influenced the performance of Sacco organizations in Kenya. Because the calculated F is more than the F critical (value = 2.4495), the entire model was significant, as measured by the F calculated at a 5% significance threshold, which was 48.423.

Table 4.19: Regression Coefficients

Unstandardized Coefficients	**Standardized Coefficients**			**t**	**Significance**
	B	**Standard Error**	**β**		
(Constant)	0.982	0.145	0.000	7.006	0.0000
Acquisition of knowledge	0.713	0.199	0.688	3.739	0.0004
Dissemination of knowledge	0.654	0.115	0.644	5.955	0.0000
Application of Knowledge	0.862	0.151	0.798	5.987	0.0000
a. Dep Variable: Financial Performance					

Source: Author (2022)

The analytical model therefore was: **Y = 0.982+ 0.713 X1 + 0.654 X2 + 0.862 X3**

According to the regression equation above, the financial performance of the DT-SACCOs in Kenya was 0.982 when all components (knowledge acquisition, information dissemination, and knowledge application) were held constant at zero. The results demonstrated that a unit increase in knowledge acquisition will result in a 0.713 rise in the profitability of Kenyan DT-SACCOS, holding all other independent factors constant. The research revealed that the financial performance of DT-SACCOs in Kenya would increase by 0.654 for every unit higher in the knowledge dissemination scores. Additionally, the results demonstrate that a unit rise in the knowledge

application will increase the financial performance by 0.862 in scores of DT-SACCOs in Kenya.

The study also found that for the DT-SACCOs institutions in Kenya, an increase of one unit in the knowledge application scores would translate into an increase of 0.654 in the performance scores. Knowledge acquisition generally had a greater impact on the performance of DT-SACCOs Kenya than information sharing. The performance of Kenya's DT-SACCOs was least affected by the application of knowledge. The knowledge application and dissemination variable was the most significant (p=0.0000), and knowledge acquisition had a significance level of 0.0004 or lower. All of the variables had a significance level of 0.05 or above.

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1 Introduction

Chapter five is the cornerstone for summarizing the study to give a snapshot overview. The study considers the discussion to pinpoint the critical areas. Additionally, provides conclusive information on the findings before giving recommendations. Thereafter, the study accentuates the limitation that faced the study and tries to suggest the preceding researchers.

5.2 Summary

A questionnaire including both open and closed questions was used to collect data in this study. Data from this questionnaire was coded and ordered methodically to make it simpler for the SPSS to analyze. Descriptive statistics were used to examine quantitative analysis. They allowed the collection of pertinent frequency counts, modes, standard deviations, medians, and means.

A regression analysis was used in the study to assess the model's robustness and the effect of knowledge management on the financial performance of DT-SACCOs in Kenya. The study gathered 60 participants from the Kenyan DT-SACCOs that had been granted operating permits over the previous ten years.

The primary objective of this study was to ascertain how Knowledge Management impacted the profitability of Kenyan DT-SACCOs. The major findings of the study are outlined as follows:

The findings of the study disclosed that knowledge acquisition has a big influence on the financial performance of Kenyan DT-SACCOs'. According to the study, data gathered from customers has a bigger impact on financial performance. On the other

hand, Knowledge Management and participation in development and design have a limited impact on financial performance.

The study also established that knowledge dissemination and sharing have a substantial impact on the profitability of organizations. The study shows that socialization—which includes observation and internalization—has a greater effect on financial performance than externalization (documentation) and combination—which includes a database of knowledge—while both have a more limited impact.

Finally, the study demonstrated that knowledge applications have a substantial impact on DT-SACCOs in Kenya's financial performance. According to the study's findings, strict adherence to rules and employee access to knowledge have little impact on financial performance, whereas new services and expert judgment have a greater impact. The findings of the study depicted that factors related to knowledge application, such as people, organizational culture, identity, policies, and documentation, have a considerable impact on the financial performance of DT-SACCOs in Kenya.

5.3 Conclusion

The findings of this study made the researcher to concluded that Knowledge Management methods are crucial to attaining the financial performance of Kenyan DT-SACCOs. Knowledge Management encourages knowledge development, knowledge transfer, and knowledge application in Kenyan DT-SACCOs.

The study also revealed that acquiring knowledge has a large, positive influence on the monetary success of DT-SACCOs in Kenya. The research discovered that the financial success of Kenysn DT-SACCOs was significantly impacted by the distribution of knowledge. The study found that information sharing significantly and favorably influences the financial success of Kenyan DT-SACCOs. The combination, along with

additional factors like socialization, internalization, and externalization, had a variety of effects on how well DT-SACCOs performed in Kenya. Finally, the research suggests that the use of knowledge had a considerable effect on the profitability of DT-SACCOs in Kenya.

The researcher comes to the overall generalization that knowledge application has the least impact on the financial performance of Kenyan DT-SACCOs, whereas knowledge sharing and dissemination, and knowledge acquisition had the largest effects. As a result, the significance of all research variables (p.0.05) was determined.

5.4 Recommendations.

Policy recommendations on the financial stability of Kenyan DT-SACCOs are based on the research findings. The research findings show that knowledge is a significant factor in financial achievement. As a result of the study's findings, certain suggestions were offered. The study offers the following actions to improve knowledge management in Kenya's DT-SACCOs:

The implementation of a thorough knowledge management strategy that includes procedures for knowledge gathering, dissemination, and application is something that managers of Kenyan DT-SACCOs must learn how to do. To leverage, take advantage of, and sustain the profitability of these Saccos, the linked and complimentary activities must be coupled rather than taken into account separately. The management of these DT-SACCO companies in Kenya should enhance the acquisition of knowledge within their organization.

Regarding the sharing of knowledge, the study suggests that seniors in DT-SACCOs should vehemently affirm the importance of knowledge to business success. They have to make sure that everyone on staff is aware of this practice. They should also encourage

them to take part in knowledge capture and transfer, as well as on-the-job training and learning.

Managers must utilize technology to support knowledge application procedures to address the issue of knowledge application. Particularly, DT-SACCOs should employ technology to locate particular types of knowledge, making it easier for knowledge to be applied and shared across organizational units.

5.5 Limitations of the Study

The emphasis was on a few elements that are deemed to have an impact on Kenyan DT-SACCOs' ability to generate revenue. The study's main explanatory factors were six. However, more factors might also influence an organization's financial performance. A section of these factors are within the control of the company, like effective leadership, but some can be beyond the company's control.

The DT-SACCOs licensed in the last ten years were the subject of the study. It is challenging to tell whether the effects are long-lasting. Determining whether comparable outcomes will be obtained after 2022 is also necessary. For the study to take into consideration key economic developments, a longer time frame should have been used.

An OLS regression method was used to analyze data in this research. It was unlikely to accurately generalize the findings of the research due to the drawbacks of using regression models, like false positives and false negatives that influence the findings of a study. Additionally, if the regression employed additional data, the outcome might have been different.

5.6 Suggestions for Further Research

Studies take into account fresh information, thus the information that has been found may not be comprehensive due to the dynamism in management that has been changing

in the microfinance industry. In light of this, the following ideas for additional study have been made: To determine whether similar outcomes would be attained, research needs to be done to evaluate the effect of knowledge management policies on financial stability in other financial organizations.

The study also urges further investigation into the difficulties DT-SACCO institutions encounter when implementing knowledge management. These difficulties could include macroeconomic variables like labor unrest, political unrest, interest rates, and social-cultural viewpoint, which should be examined for strong solutions. To examine the impacts of technology on the profitability of DT-SACCOs institutions, a research on the influence of knowledge management on technology incorporation in the microfinance sector is needed. This is because technological advancements in the banking sector are significant performance predictors.

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APPENDIX ONE: QUESTIONNAIRE.

SECTION 1: GENERAL INFORMATION

1. Which is your highest level of education……
2. Which is your position in the organization…….

3. How many years have you served at the DT-SACCO?
   0-5 years [ ]

   6-10 years [ ]

   11-15 years [ ]

   16 years and above [ ]

SECTION 2: FINANCIAL PERFORMANCE.

The Return determines financial performance on Assets (ROA)

4. How do you rate the overall organization's performance and success/growth? (Tick multiple answers where appropriate.

   Financial performance determiner **5 4 3 2 1**

   Return on Assets (ROA).

5. Please tick the extent to which you agree or disagree with the statements on financial performance in the table below using the scales provided. Where: Strongly Agree - 5; Agree - 4; No Opinion -3; Disagree - 2; Strongly Disagree -1.

Financial performance determiner.	**5**	**4**	**3**	**2**	**1**
Return on Assets (ROA).					

6. Please assist to fill in the below information regarding the organization.

Sacco Name	**Year**	**Firm Size**	**Leverage**	**Liquidity**	**Return on Asset**
	2021				
	2020				
	2019				
	2018				
	2017				

SECTION 3: KNOWLEDGE ACQUISITION PRACTICES

Knowledge acquisition is the process of extracting, structuring, and organizing Knowledge from one source so it can be stored.

7. How does the organization acquire new Knowledge (Tick multiple answers where appropriate)?

Collecting feedback	
Knowledge Repository	
Involvement in Development/Design	
Brainstorming	

8. Please tick the extent to which you agree or disagree with the statements on Knowledge acquisition in the table below using the scales provided. Where: Strongly Agree -5; Agree - 4; No Opinion -3; Disagree - 2; Strongly Disagree -1

STATEMENT	**5**	**4**	**3**	**2**	**1**
Feedback is collected from customers					
Databases of good practices are updated Regularly					
I consult my colleagues when undertaking my duties					
Employees are involved in the development/design					

9. Do knowledge acquisition practices impact Financial performance? (Tick where appropriate) Key: Strongly Agree = 5; Agree = 4; No Opinion = 3; Disagree = 2; Strongly Disagree=1

Effects of knowledge acquisition on Financial Performance	**5**	**4**	**3**	**2**	**1**
Return on Assets (ROA).					

SECTION 4: KNOWLEDGE DISSEMINATION AND SHARING PRACTICES

Ways through which Knowledge can be shared, transferred, and translated.

10. How is Knowledge shared in the organization (Tick multiple answers where appropriate)?

Socialization (i.e. observation)	
Internalization (i.e., Learning by doing)	
Externalization (i.e. documentation)	
Combination (i.e., Databases)	

11. Please tick the extent to which you agree or disagree with the statements on knowledge conversion using the scales provided. Where. Strongly Agree - 5; Agree - 4; No Opinion - 3; Disagree - 2; Strongly Disagree – 1

STATEMENT	5	4	3	2	1
I usually learn through observation					
Employees are rotated in various functions					
I learn new ideas from documents and manuals					
Members of staff get new Knowledge from databases					

12. Do knowledge dissemination practices impact financial performance? (Tick where appropriate) Key: Strongly Agree = 5; Agree = 4; No Opinion = 3; Disagree = 2; Strongly Disagree =1

Effects of knowledge dissemination on financial performance.	**5**	**4**	**3**	**2**	**1**
Return on Assets (ROA).					

SECTION 5: KNOWLEDGE APPLICATION PRACTICES

Knowledge application is deploying Knowledge to produce better organizational goods and services.

13. How does the organization embrace knowledge application? (Tick multiple answers where Appropriate)

New services	
Expert judgment	
Strict adherence to rules	
Knowledge accessibility to employees	

14. Please tick the extent to which you agree or disagree with the statements on knowledge application in the table below using the scales provided. Key: Strongly Agree - 5; Agree - 4; No Opinion - 3; Disagree - 2; Strongly Disagree – 1

STATEMENT	**5**	**4**	**3**	**2**	**1**
New Knowledge is used in new services					
The organization utilizes an expert's judgment					
Employees adhere to rules in the organization					
Knowledge is accessible to employees in the organization.					

15. Do knowledge application practices impact organizational performance**?** (Tick where appropriate). Key: Strongly Agree -5; Agree - 4; No Opinion - 3; Disagree - 2; Strongly Disagree -1

Effects of knowledge application on financial performance	**5**	**4**	**3**	**2**	**1**
Return on Assets (ROA).					

Thank You for your participation and cooperation.