ADOPTION OF FINANCIAL TECHNOLOGY AND PERFORMANCE OF MICRO-ELECTRONICS ENTERPRISES IN KIAMBU COUNTY, KENYA

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A Research Thesis Submitted to the Graduate School in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Entrepreneurship and Enterprise Management of Chuka University

CHUKA UNIVERSITY

OCTOBER, 2025

DECLARATION AND RECOMMENDATIONS

Declaration

This research thesis is my original work and has not been presented for the award of diploma or conferment of a degree in any other university or institution.

Signature..... Date 21/10/25

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Recommendations

This research thesis has been examined, passed and submitted with our approval as the University supervisors.

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DEDICATION

To my parents Mr and Mrs Chege and my sister Rose Muthoni.

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ABSTRACT

Kenya's digital economy is growing leading to an increase in number of established micro-electronics enterprises that contribute to employment and GDP. However, the performance of consumer electronics enterprises has recorded a declining trend compared to other sectors which have improved growth patterns in recent years. In this subsector, inventory management challenge has also been of significant concern. Therefore, this study sought to establish the effect of adoption of financial technology on the performance of micro-electronics enterprises in Kiambu County in Kenya. The specific objectives that guided this study were to determine the impact of digital payment, digital borrowing, and digital current asset management on the performance of micro-electronics enterprises in Kiambu County, Kenya. The study also established the moderating effect of enterprise age on the relationship between the adoption of financial technology and the performance of micro-electronics enterprises in Kiambu County, Kenya. Existing literatures indicates that adoption of financial technology can improve operational efficiency, customer's retention and sales volume, however few studies have been done in the context of microelectronics enterprises. The study was anchored on the technology acceptance model and the diffusion of innovation theory. A descriptive research design was adopted to describe feature of enterprises. A questionnaire was used to gather data from owners or designated supervisors of enterprises. A census approach was used in the study. The target population was 108 registered micro-electronics enterprises operating in Kiambu County. Data analysis was done using descriptive analysis, multiple regression and correlation analysis. Presentation of data was done using tables and figures. Out of 108 respondents, 100 responded making a 93% response rate. The study revealed statistically significant positive effect of digital payment (R^2=0.544, t-value=5.819, p=0.000), digital borrowing (R^2=0.634, t-value=6.930, p=0.000) and current asset management (R^2=0.572, t-value=7.425, p=0.000) on enterprise performance with F-statistics as (33.863, 48.020 and 55.128) respectively The study further found that adoption of financial technology jointly comprising of digital payment, digital borrowing and current asset management on enterprise performance had greater influence on enterprise performance. The age of enterprise did not significantly moderate the relationship between adoption of financial technology and enterprise performance where p value of 0.610 was greater than 0.05 significance level. Therefore, the study recommended that microelectronics enterprises need to maintain and consistently optimize adoption of financial technology in order to improve performance. The study also recommended that owners of enterprises should involve their employees in the adoption process and use of financial technology to promote a culture of digital skills and smooth operations within the enterprises.