Knowledge Acquisition Processes and Transient Competitive Advantage in International Non-Governmental Organizations in Kenya

Rosemary Kihiu1* and Veronica Kaluyu1
1United States International University – Africa
*Email: roziekihiu@gmail.com

Abstract

The purpose of the study was to explore the relationship between knowledge acquisition processes and transient competitive advantage among International Non-Governmental Organizations (INGOS) in Kenya. The study was driven by positivism philosophy and used a descriptive correlational research design. A sample of 392 respondents, program leads and MEAL (Monitoring, Evaluation, Accountability and Learning) or knowledge management leads was obtained using simple random sampling. Data was gathered using a questionnaire that was administered online using google forms. The questionnaire was pretested and found to be reliable since the overall Cronbach alpha was 0.7. The collected data was analyzed using descriptive statistics (means, percentages, frequencies and standard deviations) and Partial Least Squares Structural Equation Modelling (PLS – SEM). The findings from the study indicated that knowledge acquisition processes have a significant and positive effect on transient competitive advantage among INGOS in Kenya (t = 18.171, p < 0.05) at 5% significance level. The recommendation from the study findings for INGOS is to enhance knowledge acquisition processes to enhance their positioning in order to exploit transient competitive opportunities fully through deliberating acquiring market knowledge from external sources such as clients and competitors, using internal knowledge proficiently and investing in research and development in order to feed into innovation.

Keywords: Kenya, Knowledge Acquisition, INGOS, Transient Competitive Advantage

Introduction

Organizations operating in the current business environment face complex challenges due to volatility in both business and natural environments which has led to the evaporation of traditional sources of competitive advantage (Dagnino et al., 2021). INGOS have not been spared from these challenges as they face continued obstacles including resource constraints caused by disruptions affecting all countries globally which are affecting sources of funding for operations for international NGOs (Tallack, 2020). An increase in the number of NGOs combined with a decline in donor funding (Board, 2020) implies increased competition for reduced donor funding (Arasa & Kioko, 2014), a situation that has been made worse by global disruptions that threaten the economic survival of organizations. The NGO Coordination Act (GoK, 2012) defines an international NGOs as one originally incorporated in one or more countries other than Kenya and operating in Kenya under a certificate of registration.
The decline of firms that once dominated their respective industries through seemingly endless competitive advantages such as Motorola, BlackBerry, Kodak, Ericsson, and Nokia further emphasizes the need to recognize new opportunities in a timely manner (Dąbrowska et al., 2019). Based on the recognition of transient advantages developing from disruptive endogenous and exogenous environments, McGrath (2013) developed the notion of temporary advantages and coined the term transient competitive advantage (TCA) by describing the components of the strategic response needed to thrive and survive in business environments where competitive advantage was temporary and intermittent. She continued to elaborate that firms that will survive each wave of temporary (transient) advantages were those that were positioned to exploit each wave of temporary advantage fully and proceed to the next one before the ongoing one has dissipated. This new approach to strategy, which encompasses considering transient competitive advantage, aims at providing guidance to organizations experiencing difficulties or distress due to the uncertain global business and operating environment.

Four components characterize transient competitive advantage; these are steady reconfiguration, resource allocation, innovation and swift disengagement as described by McGrath (2013b). Steady reconfiguration involves making the strategic decision to ‘shift shape’ as opposed to carrying out dramatic restructuring when faced with disruptions that render previous advantages redundant. ‘Shape shifting’ or continuous morphing is a process of continuously freeing up resources from previous advantages to fund the development of possible new ones. A firm that is positioning itself to take advantage of transient advantages has to have innovation as mainstreamed and continuous in the organization’s activities and as part of employee’s job description (McGrath, 2013). Healthy and swift disengagement needs to be approached as a continuous, deliberate fluid activity that flows from systemic processes to formally terminate unproductive business activities to activities to extract and consolidate learning (Leavy, 2014).

Knowledge acquisition is the first process in the Knowledge Management [KM] process capabilities described by Gold et al. (2001). Acquisition of knowledge is also referred to as seeking, generation, and capture, which all refer to the eventual result of knowledge accumulation. The aim of knowledge acquisition activities is to better understand the business environment and how internal operations function. Through the knowledge acquisition process, new knowledge is developed from data and information from both external sources, through benchmarking and collaboration, and from internal sources such as feedback from existing projects. (Gold et al., 2001) with the result being both time and cost savings for the firm (Hameed et al., 2021 Knowledge acquisition is important in dynamic environments where competitive advantages are dependent on the firm’s ability to innovate and respond quickly to changes in the competitive environment, technology and market needs (Grant, 1996). Dynamic environments also cause obsolescence to a firm’s internal knowledge base making it very important for constant renewal from external sources (Hameed et al., 2021).

Despite a decrease in donor funding available, there has been an increase in the national and international NGOs seeking donor support as a source of funding in order to carry out their humanitarian and development initiatives (Board, 2020) leading to increased competition among NGOs (Arasa & Kioko, 2014). The situation has been further exacerbated by global disruptions that threaten the economic survival of organizations e.g. the COVID 19 pandemic. This situation calls for responsive strategic realignment, a core tenet of deploying a transient
competitive advantage based strategy that exploits the temporary advantages arising from disruptions that cause advantages to come and go (Salgado et al., 2022).

**Statement of the Problem**

The operational and business environment today is global in nature and is characterized by rapid change, volatility, instability and high competition for scarce resources for profit oriented businesses and non-governmental organizations (Sołoducho-Pele & Sulich, 2020; Ramdani, Azis, & Kaltum, 2016; Salgado et al., 2022). This has led to the argument for the end of sustainable competitive advantages and the advent of the era of transient competitive advantages (D’Aveni et al., 2010; McGrath, 2013). Studies on transient competitive advantages, a growing area of research, have been focused on profit-oriented firms (Hwang, Zhang, Deng & Ning, 2020; Botes & Pretorius, 2020; Hermina et al., 2018). The studies on the competitive environment for NGOs in Kenya have been based on the Porter’s five competitive forces model (Arasa & Kioko, 2014) and those on transient competitive advantage for business organizations have been based on the dynamic capability view, innovation theory (Hwang et al., 2020) and the Porters Model (Hermina et al., 2018). This study utilized both the dynamic capability theory and the knowledge-based view to investigate the influence of knowledge management processes on transient competitive advantage for international NGOs.

Deployment of key knowledge management practices and processes such as knowledge acquisition has been identified as necessary in developing a dynamic strategy that is geared towards achieving competitive advantage (Ferreira et al., 2020; Walsh & Lannon, 2020). Previous studies on NGOs in Kenya have investigated use of knowledge management capabilities and processes for improved performance (Omondi & Muthimi, 2019) but have not investigated their use in exploiting transient competitive advantage despite the exogenous environment affecting international NGOs being recognized as rapidly changing and hypercompetitive (Walsh & Lannon, 2020).

Global economic and environmental challenges pushing and more people into poverty (African Development Bank, 2021), yet donor funding has been decreasing across the board. This is confirmed by the NGO annual sector report (2020) which indicated a decrease of 4% decrease in donor funding that NGOs received in the FY 2019/2020 compared to the previous year. In a longitudinal study carried out on four INGOs, Walsh and Lannon (2020) argued that in order to continue in providing assistance in a global turbulent environment caused by volatility due to rapid change in the business and natural environment, NGOs have to dynamically adapt their strategies in order to remain relevant in an environment of increased competition (Bush & Hadden, 2019). This study sought to address the contextual gap of the need for INGOs to position themselves to exploit transient competitive advantages such that they will continue to receive the needed funding to progress with their operations.

Studies on transient competitive advantages, a growing area of research, have been focused on profit-oriented firms (Hwang et al., 2020; Botes & Pretorius, 2020; Hermina et al., 2018). There is a paucity of research on transient competitive advantages effect and exploitation for international NGOs yet they are similarly affected by a disruptive, hypercompetitive operational environment characterized by a shrinking funding base (Pratt, 2020; Shava, 2021). Previous studies have offered insights on how knowledge acquisition affects competitive advantage but not on how it affects transient competitive advantage. Based on this, the hypothesis below was developed:
H0: Knowledge acquisition has no influence on transient competitive advantage among INGOs in Kenya

Literature Review

Theoretical Review

Dynamic Capabilities Theory

The proponents of the dynamic capabilities’ theory, Teece et al. (1997) described dynamic capabilities as a strategic response aimed at achieving competitive advantage in business environment characterized by rapid environmental and technological change. Teece (2007) refined the description of dynamic capabilities further by describing them as a firm’s ability to sense, seize and reconfigure itself to generate and utilize both internal and external firm-specific competencies, and doing this as it responds to and shapes the business environment in which it operates. The dynamic capabilities theory has been identified as the underpinning theoretical foundation for studies investigating various facets of transient competitive advantage. Both transient competitive advantages, as a developing theory, and dynamic capabilities recognize reconfiguration (transformation of structure) ability as core in their response to rapidly changing business and natural environments.

The Knowledge Based View of the Firm

The Knowledge Based View (KBV) of the firm was first proposed by Grant (1996) in his seminal work that put forth an argument on the role of the individual in knowledge creation, organization and eventual application. Employees of the firm generate or create knowledge and participate in its preservation while the managers in the firm play a role in its organization through integration in order to make it easier to apply (Herden, 2020). The KBV has been used widely in studies investigating the influence of knowledge management on firm performance and competitive advantage. Knowledge is now widely recognized as an important resource for the organization as through managing it, the organization is able to influence the success of operations (Davenport, 1997; Maravilhas, 2014; Maravilhas & Martins, 2019). When information is put into action, knowledge is derived, knowledge management’s core function is to make information useful (Torres et al., 2018).

Empirical Review

Influence of Knowledge Acquisition on Transient Competitive Advantage

Several studies have been conducted on the influence of knowledge acquisition on sustainable competitive advantage but there remains a scarcity of research on the influence of knowledge acquisition on transient competitive advantage. Shebaib (2023) for instance examined the influence of knowledge management on increasing innovation and competitive advantage in private universities in Kuwait using data collected from 303 operations and production manager in the private universities. Knowledge acquisition was one of the six constructs of the independent variable in the study. The results showed that knowledge acquisition had an influence in increasing both innovation and the competitive advantage of private universities in Kuwait.

Marczewsk et al. (2020) conducted a qualitative investigation on knowledge, competencies and competitive advantage of the Green-Technology companies in Poland. The aim of the study was to determine the sources of knowledge and indicate where the companies’ competencies lay in acquiring the needed knowledge which is believed to be the basis of their competitive edge in the market. A total of 40 interviews of managers, sales directors and
product managers were conducted in the 40 companies identified for this study. The data was analyzed using NVivo. The findings of the study indicated that situational knowledge was acquired from customers and end-users, competition, local and foreign markets, government policies, scientific articles and trade conferences and this further contributed to development of a model for competitive positioning for the companies.

Thang and Tuan (2020) investigated the relationship between knowledge acquisition and knowledge management strategy and innovation among Vietnamese firms in the manufacturing, service, trading and high-tech industries. Upon administration of the data collection instruments, 130 Chief Executive Officers (CEOs) responded to the questionnaire yielding a 31.6% response rate. Findings from descriptive and inferential analysis of the data indicated that knowledge acquisition has a strong and positive effect on innovation results of a firm, which is consistent with findings from previous studies. Based on these findings, the researchers recommended that it is therefore important for organizations to acquire knowledge from different stakeholders such as customers, partners and previous projects to enhance the organization’s innovation result.

Dost et al. (2019) examined the role of knowledge acquisition from both internal and external sources on frugal innovation. Frugal innovation was developed in the context of emerging economies and developing countries with a focus on products offering low-tech entrepreneurial opportunities that meet the needs of local communities (Radjou et al., 2012). Data was collected from 382 Small and Medium Enterprises (SMEs) in Pakistan using the convenience sampling technique and analyzed using PLS-SEM. The findings indicted a strong relationship between knowledge acquired from both within and without the firms’ boundaries on frugal innovation.

There is a paucity of research considering the impact or influence of knowledge acquisition on transient competitive advantage, yet knowledge has been identified as a strategy resource when positioning an organization to exploit temporary advantages.

**Conceptual Model**

Figure 1 presents the conceptual framework which illustrates the hypothesized relationships.

![Figure 1. Conceptual Framework](image)

**Methodology**

The study was conducted using a descriptive correlational research design and guided by the
Knowledge Acquisition Processes and Transient Competitive Advantage ...

[Kihiu & Kaluyu]

positivist research philosophy. The study's target population consisted of 1784 program, MEAL/KM leads in an INGO (NGO Coordination Board, 2023). Yamane (1967) sample size formula was used to compute a sample size of 360 program, MEAL/KM Leads. Data was collected using an online questionnaire. The findings were summarized using descriptive statistics such as frequencies, means, and standard deviations, and structural equation modelling.

Results

The study targeted 360 respondents but managed to collect data from 291 respondents representing a response rate of 80.3%. Majority of the respondents (55.7%) were male while 44.3% were female; this implies that the study findings represented both genders. Most of the respondents (63.9%) were between the ages of 30 and 45 years, 25.8% were between the ages of 46 and 5 years while 10.3% were below the age of 30 years which implied that the study findings were representative as they incorporated diverse ages. Most (52.76%) of the respondents had attained an education level of a masters degree and above while 47.24 had either a bachelors degree, a diploma or certificate. Almost half (44.14%) of the participants had been in leadership positions for a period of 10 to 16 years, while 43.1% had served in leadership positions in the INGOs for less than 10 years and 12.76% had served in leadership positions for a period of 15 to 20 years implying that the study respondents had relatively good work experience in leadership that would enable them to handle the study variables adequately.

Descriptive Analysis of Variable Measures

Data on both the dependent and independent variables was collected using a 5-point Likert scale where respondents were required to rate their level of agreement with statements on a scale of 1-5, with one indicating strong disagreement and five indicating strong agreement.

Adoption of Transient Competitive Advantage

The four constructs measuring transient competitive advantage were innovation, continuous reconfiguration, healthy disengagement, and resource allocation. Descriptive statistics of the means (M) and standard deviations (SD) were used to analyze the responses, with mean values of 1.0-1.80 representing strongly disagree; 1.81-2.60 representing disagree; 2.61-3.40 representing neither agree nor disagree; 3.41-4.20 representing agree, and 4.21-5.0 representing strongly agree. Table 1 shows the mean and standard deviation results for constructions under TCA.
### Table 1. Adoption of Transient Competitive Advantage

<table>
<thead>
<tr>
<th>Innovation</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My organization has continuous training to improve services and products offered</td>
<td>4.21</td>
<td>.468</td>
</tr>
<tr>
<td>My organization embraces disruptive innovations to create new opportunities</td>
<td>4.19</td>
<td>.472</td>
</tr>
<tr>
<td>5-10% of the staff in my organization are available to be deployed to business areas where they can have significant and speedy impact</td>
<td>3.97</td>
<td>.604</td>
</tr>
<tr>
<td><strong>Continuous Reconfiguration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My organization is able to free up resources quickly from projects that are no longer advantageous.</td>
<td>4.13</td>
<td>.463</td>
</tr>
<tr>
<td>My organization continuously re-configures resources and activities</td>
<td>4.14</td>
<td>.472</td>
</tr>
<tr>
<td>My organization engages in bold moves to engage in new opportunities.</td>
<td>4.24</td>
<td>.494</td>
</tr>
<tr>
<td><strong>Healthy Disengagement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My organization is able to create and maintain focus on a significant competitive opportunity.</td>
<td>4.21</td>
<td>.515</td>
</tr>
<tr>
<td>My organization has an agile organizational structure</td>
<td>4.24</td>
<td>.514</td>
</tr>
<tr>
<td>My organization focuses more on NGO sector and industry opportunities as opposed to sub-sector opportunities.</td>
<td>4.08</td>
<td>.425</td>
</tr>
<tr>
<td><strong>Resource Allocation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My organization is able to reallocate resources to new investments in a timely manner</td>
<td>4.12</td>
<td>.422</td>
</tr>
<tr>
<td>My organization is able to assemble complementary assets, such as human capital and equipment, appropriately</td>
<td>4.40</td>
<td>.557</td>
</tr>
<tr>
<td>My organization’s structure is able to realign accordingly, with the change in resource allocation.</td>
<td>4.14</td>
<td>.449</td>
</tr>
</tbody>
</table>

**Knowledge Acquisition Processes**

Respondents strongly agreed while some agreed to all the statements regarding acquisition from external sources internal resources and the use of technology as detailed in the table below.
Table 2. Knowledge Acquisition Processes

<table>
<thead>
<tr>
<th>Source</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>External Sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My organization has processes for acquiring knowledge about trends and new opportunities in the NGO sector in which we operate</td>
<td>4.15</td>
<td>.384</td>
</tr>
<tr>
<td>My organization has processes for exchanging knowledge with partners and other NGOs in a similar sector</td>
<td>4.23</td>
<td>.474</td>
</tr>
<tr>
<td>My organization recognizes the value of benchmarking against other organizations both in the same sector and outside of the NGO industry and undertakes benchmarking activities.</td>
<td>4.18</td>
<td>.465</td>
</tr>
<tr>
<td>My organization invests in research and development</td>
<td>4.29</td>
<td>.531</td>
</tr>
<tr>
<td><strong>Internal Sources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My organization uses feedback from internally executed projects to improve subsequent projects</td>
<td>4.24</td>
<td>.445</td>
</tr>
<tr>
<td>There is a continuous internal process of information capture in my organization</td>
<td>4.21</td>
<td>.461</td>
</tr>
<tr>
<td>My organization has a team devoted to identifying emerging, promising and best practices and disseminating these throughout the organization</td>
<td>4.30</td>
<td>.561</td>
</tr>
<tr>
<td><strong>Use of technology and digital solutions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital technology is used to scan the environment (political-legal, economic, socio-cultural and technological factors) in my organization</td>
<td>4.28</td>
<td>.508</td>
</tr>
<tr>
<td>MY organization has an intranet that serves as a knowledge exchange and document storage platform</td>
<td>4.20</td>
<td>.449</td>
</tr>
</tbody>
</table>

Inferential Analysis

In this section both Pearson’s correlation analysis and PLS - SEM were conducted to ascertain the relationships between study variables as well as how independent variables influence the dependent variable. The results are illustrated in this section.

Correlation analysis

The results of the correlation analysis, conducted using Pearson test, showed that knowledge acquisition had a moderate and significant positive relationship with transient competitive advantage (r = 0.687, p-value < 0.05). This finding is consistent with that of Shebaib (2023) who in his study on the influence of knowledge management on increasing innovation and competitive advantage in the private university sector in Kuwait found that knowledge acquisition as one of the dimensions of knowledge management studied had the ability to increase innovation capabilities in organizations.
None of the relationship tests had a VIF above 5, they ranged between 1.118 and 1.484 indicating that no multicollinearity existed between the measures of knowledge acquisition.

**Confirmatory Factor Analysis**

The CFA was used to determine the standardized regression weights or factor loadings of the questionnaire items that were used to measure knowledge acquisition. The factor loadings ranged from 0.661 to 0.874 . The findings indicate that all the questionnaire items had factor loadings of above 0.5 and this indicates that they explained more than 50% of the variance in the knowledge acquisition variable. The implication of these findings is that all the questionnaire items had attained the threshold factor loading of 0.5 and this meant that they would be included in further analysis using PLS-SEM.

**PLS-SEM for Knowledge Acquisition Processes**

The study fitted a model using the partial least squares technique using SmartPLS software. To test the study hypothesis and determine the statistical significance of the PLS-SEM model, the structural model was fitted through bootstrapping. The resultant model provides the t tests with t values of above 1.96 showing statistical significance whereas t values of below 1.96 show no statistical significance. The structural model is provided in Figure 2 below.

---

**Figure 2. PLS-SEM Structural Model for Knowledge Acquisition**

The t tests are an important component of PLS-SEM as they denote the significance of one variable in relation to the next, as well as the significance of constructs on the variable. The t statistics for the PLS-SEM model are elaborated in Table 2 below.
Table 2. PLS-SEM Coefficients for Knowledge Acquisition and Transient Competitive Advantage

<table>
<thead>
<tr>
<th>Knowledge Acquisition -&gt; Transient Competitive Advantage</th>
<th>Constant</th>
<th>Original sample (O)</th>
<th>Sample mean (M)</th>
<th>Standard deviation (STDEV)</th>
<th>T statistics</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.349</td>
<td>0.719</td>
<td>0.729</td>
<td>0.04</td>
<td>18.171</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>

Table 2 shows a positive and statistically significant influence of knowledge acquisition towards transient competitive advantage at 5% significance level ($t = 18.171$, $p < 0.05$). As a result, the null hypothesis, $H_0$: Knowledge acquisition has no influence on transient competitive advantage among INGOs in Kenya, was rejected and the alternative hypothesis supported.

The model derived from the analysis was:

$$Transient	ext{ }Competitive	ext{ }Advantage = 1.349 + 0.719\text{ (Knowledge Acquisition)} + \varepsilon$$

**Discussion**

The study findings showed that there is a strong correlation coefficient between knowledge acquisition and transient competitive advantage where a unit change of knowledge acquisition processes would lead to units change in transient competitive advantage among INGOs in Kenya. The study findings from the PLS – SEM model demonstrated that knowledge acquisition explained 51.7% of the variation in transient competitive advantage among INGOs in Kenya ($r$ squared $= 0.517$). This is consistent with the view of Aslam et al. (2022) who held that deliberate knowledge acquisition contributed to a competitive edge especially for international alliance partners. The current dynamic business environments in which INGOs operate where competitive advantages come and go rapidly require that the organization has knowledge acquisition processes, both internal and external that constantly renew the internal knowledge base (Hameed et al., 2021).

The study findings showed that INGOs in Kenya have adopted processes that enable them to exchange knowledge with partners and other NGOs in the sector. This in line with Thang and Tuan (2020) who in their study of knowledge acquisition for Vietnamese concluded firms need to develop processes to acquire knowledge from different stakeholders such as customers, partners, competitors, and past projects in order to enhance the firms’ results. This lays the ground for benchmarking and proper positioning in the business environment with regards to short-term opportunities that present themselves in the era of transient competitive advantages.

Results from the study indicated that INGOs in Kenya invest in research and development as a process of acquiring relevant knowledge. This is consistent with the findings of Aslam et al. (2022) which focused specifically on the role of knowledge acquisition in the achieving a competitive edge for an international consultancy alliance. Newly acquired knowledge for the engineering consultancies, which includes concept design, drawing development, operating software, calculations and simulations with adequate meeting with client needs gave the firms a competitive edge for future projects.
The findings also showed that INGOs in Kenya have invested in intranets which serve as knowledge exchange and document storage platforms within the organization. This is consistent with the findings of Xie et al. (2020) who identified important internal sources of knowledge as deliberate feedback loops from extant projects, joint efforts with fellow staff and digital knowledge bases. Intranets ease access and use of information and use of digital knowledge bases.

**Conclusion**

The study concluded that knowledge acquisition has a positive and significant influence to transient competitive advantage in INGOs in Kenya. The study rejected the null hypothesis and concluded that knowledge acquisition influences transient competitive advantage among INGOs in Kenya. Knowledge on opportunities and trends in the industry from other players in the sector, combined feedback mechanisms internally, stored and exchanged on appropriate digital platforms positions the organization to continuously innovate and reconfigure operations as well as to know when the right time is to disengage from existing opportunities.

**Recommendations**

The study recommends that INGOs in Kenya should put in place knowledge acquisition methodologies that position them to exploit transient opportunities competitively. In the current knowledge age, where knowledge is a key resource, timely and relevant knowledge should be deliberately acquired from both internal and external sources and stored and shared appropriately to ensure that it is available for the decision makers responsible for allocating resources, re-configuring operations and disengaging where needed. Furthermore, knowledge acquired from research and development directly feeds into innovation of new goods, services and methodologies.

**References**


