

**INNOVATIVE STRATEGIES AND THE PERFORMANCE OF SAVINGS  
AND CREDIT COOPERATIVES IN NYERI COUNTY, KENYA**

**BY**

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## DECLARATION

This thesis is my own original work and has not been submitted for an award in degree in any university.

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## **DEDICATION**

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## **ABBREVIATIONS AND ACRONYMS**

DTS	:	Deposit Taking SACCOs
FOSA	:	Front Office Service
ICT	:	Information, Communication and Technology
SACCO	:	Savings and Credit Cooperatives
SASRA	:	Sacco Societies Regulatory Authority
SPSS	:	Statistical Package for Social Sciences
TAT	:	Technology Acceptance Theory

## **OPERATIONAL DEFINITION OF TERMS**

- Innovation:** A new idea, creative thoughts, new imaginations in form of device or method
- Organizational innovation:** Is the creation of valuable and useful new products or services, and more efficient and adaptive administrative mechanisms that support product or service innovation
- Process innovation:** Refers to the new techniques and processes introduced into operations that help to promote efficiency or effectiveness, and lower the costs of production and delivery
- Product innovation:** Is the process of conceiving and implementing new products
- Marketing innovation:** Is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing
- Organizational performance:** Comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives
- Innovative strategies:** These are plans made by a firm to enhance advancements in technology or services in order to accomplish the growth goal of the organization.

## ABSTRACT

Reforms in banking industry have brought about many structural changes in the sector and encouraged competition. As a result, financial institutions like SACCOs have adopted competitive strategies including innovation strategies. Despite the recognized importance of financial innovation and an extensive descriptive literature, there have been surprisingly few empirical studies. This situation has denied SACCOs the much needed information regarding this important area of financial innovations sometimes leading to reverse causality in the innovation-financial performance relationship. The purpose of this study was to investigate innovative strategies and the performance of SACCOs in Nyeri County, Kenya. The study was guided by the following objectives: to establish how product innovation influences the performance of SACCOs, to assess the influence of organizational innovation on the performance of SACCOs, to determine the influence of process innovation on the performance of SACCOs, and to find out how marketing innovation affect the performance of SACCOs. The study utilized descriptive research design. It was carried out as a Census among the 6 licensed SACCOs in Nyeri County. The main instruments for primary data collection were questionnaires which consisted of structured and unstructured questions. Validity and reliability of the instruments were tested through a pilot study of 2 randomly selected SACCOs. A correlation coefficient of 0.84 was obtained which was an indication that the instrument was reliable. The data was then analyzed using descriptive statistics and inferential statistics. Multiple regression was done to determine the relationship between the dependent and independent variables. The study findings were presented in tables and charts. Based on the findings of the study, it was concluded that the four independent variables (product innovation, organizational innovation, process innovation and marketing innovation) were important predictors of performance of SACCOs since each was statistically significant. The findings showed a positive correlation between the independent variables and the dependent variable. The study recommends that SACCOs should find creative ways of adopting and implementing product innovation but within the rules and guidelines of the banking industry. Organizational innovation could be improved through the human resource department getting better ways of freedom and autonomy among the employees. The services within the financial intermediaries in the SACCO should also be improved to become more helpful in facilitating the needs of the customers.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Innovation is as vital for governments as it's far for commercial enterprise for, thru regulation, governments are capable of leverage off the non-public zone to acquire the goals they so ardently preference. This is especially genuine with regards to financial inclusion. Majority international governments are seeking for monetary inclusion as a device for long-term economic boom. However, the needs of customers in majority international locations trade just as hastily as the needs of these in advanced nations (Wu & Yu, 2016). For this reason, monetary establishments need to continuously innovate to preserve relevance for their debtors and to make certain their business operations are financially self-sustainable.

Slivko (2013) counselled that during these days' dynamic and globally competitive surroundings, the incapability of set up companies to give you step forward innovations as a way to assist them perform successfully is a truism. Innovation is part of the method implementation that complements firm overall performance through improving esteem enlargement and threat lower. Development strategies are key in more suitable execution amongst several companies and are contemplated by using improved productiveness and piece of the overall industry improvement. Day (2014) also recognizes innovation strategies as critical enablers for firm's overall performance through creating cost and maintaining the company's higher hand within the undeniably unpredictable and quick evolving environment. subsequently, firms that crave to stay targeted by means of upgrading their development limits and profiting from the

reachable open doors and also beautify their overall performance can acquire these kinds of by means of embracing innovations in its operation.

According to Gokkaya and Ozbag (2015) the connection between innovation and organisation overall performance is receiving interest within the educational international since continuous innovation pastime is the primary foundation for long time company fulfilment. Scholars have argued that groups that don't pick out to innovate are placing their firm at risk (Habidin, Khaidir, Shazali, Ali & Jamaludin, 2015). The capability of firms to generate improvements for shortened life cycles and stage of competition to generate innovations are crucial in allowing companies to keep competitive gain and improve performance (Habidin, *et al.*, 2015). Karanja, Muathe and Thuo (2014) brought that an organisation could be more competitive if it may produce, design, marketplace services and products superior to the ones supplied with the aid of its competition.

### **1.1.1 Innovation Strategies**

Innovation is described because the method with the aid of which, firms master and put in force layout, and the production of products and offerings which are new to them. Improvements usually anticipate one of a kind bureaucracy together with product innovations, advertising and marketing innovations, region innovation, and research and improvement innovation (Davila, 2014). Economic improvements include institutional innovation, product innovation, and procedure innovation. Those innovations have eased the way of doing commercial enterprise for economic establishments along with SACCOs. It remains largely uncertain whether SACCOs are adequately progressive in strolling their agencies for the reason that they're faced by way of the undertaking of restricted boom and growth. Overall performance and growth are associated in that a company cannot grow if it fails to submit sound performance.

Innovation is a critical component of a company's method particularly because it constitutes one of the fundamental way via which it may be looking for new business possibilities. No matter the threat and uncertainty concerned, a success innovation could have a vast impact on companies' economic consequences and monetary performance. The OECD (2015) recognizes 4 unique types of strategic innovations which might be; organizational innovation, process innovation, product innovation and advertising innovation. In step with Lu, Zhu, Bao (2015) product innovation is the manner of conceiving and enforcing new products. This includes sports consisting of the technical design, R&D and industrial sports concerned inside the advertising of a brand new (or advanced) product. Marketplace innovation deals with the marketplace blend and marketplace choice to be able to meet a client's shopping for preference. Marketplace innovation performs an important function in satisfying market desires and responding to marketplace opportunities. In this recognize, any marketplace innovation must be directed at assembly customers' call for and delight (Rosli & Sidek, 2013). Consistent with Poullos (2014), process innovation refers to the new strategies and tactics introduced into operations that assist to sell performance or effectiveness, and decrease the charges of manufacturing and shipping.

Whilst corporations attain technical information and aid and leverage on imported advanced technologies their employees are able to research capabilities and knowledge from overseas competition which could notably enhance method innovation resulting to sustainable aggressive benefits. Organizational innovation is described because the creation of precious and useful new services or products, and more efficient and adaptive administrative mechanisms that support products or services innovation (Shu, Wang, Gao & Liu, 2015). For that reason, organizational innovation refers to all parts of the business enterprise, however innovation can also pertain in particular to

technological or organizational paperwork (Le Bas *et al* 2015). CEOs who show transformational leadership accelerate organizational innovation with the aid of encouraging data sharing, cultivating believe, and fostering shared vision among members. Lilly and Juma (2014) posit that innovation techniques are key additives for long-term company achievement and revolutionary companies are greater a success than others that aren't.

### **1.1.2 Organizational Performance**

A company's monetary performance is explained as how plenty money associated makes use of or goals are being or have been gifted. It is miles the way in the direction of measuring the after outcomes of an association's strategies and operations in monetary phrases. It's far applied to quantify association's preferred financial wellbeing over a given time frame and might likewise be utilized to observe comparative firms over a similar industry or to consider businesses or components in conglomeration. Ahmad *et al*, (2011) contends that the benefit of financial institutions depends intensely at the net of wage developing sporting activities and the related physical games cost. Because of the problem of advantage and firm contention within the banking industry, enterprise banks have modified their earnings assets behaviour with the aid of progressively broadening into non-intermediation profits creating sporting events as opposed to the conventional intermediation income producing physical activities (McKay & Pickens, 2010). For any monetary organization to live competitive there may be need to create and embody new objects and innovation. Such gadgets include selection of Islamic products, utilization of innovation i.e. on-line banking and mobile banking.

Given the complexity in measuring organizational overall performance, pupils have come up with each qualitative/subjective and quantitative/goal measures of

organizational overall performance (Ying, Ramudu & Lockhart, 2015). Whereas some managers may additionally decide on best one form of measures, a few use each and argue that no single degree is conclusive. Objective measures rely on quantifiable financial variables but omit working issues that are extra complicated to assess with a trademark. Overall performance measured on financial metrics is also hard to compare among firms that don't use the equal accounting or running practices (Hajar, 2015). Almatrooshi, Kumar and Farouk (2016) aver that return on assets (ROA), as an accounting-based dimension, gauges the operating and financial performance of the company. A higher ROA indicates that company belongings have been used nicely to the gain of shareholders and has served properly the economic pursuits of its shareholders. Subjective measures on the other hand are especially beneficial for comparing the non-economic dimensions of corporations' performance along with level of client satisfaction, product great, and company image and marketplace share.

### **1.1.3 SACCOs in Kenya**

SACCOs are a self-sufficient affiliation of humans united voluntarily to fulfil their common economic and social needs via at the same time owned and democratically managed businesses, which can be organized and operated beneath the ideas of cooperatives (Alfred, 2011). All SACCOs are fashioned on the idea of values of self-assist, honesty, openness, self-duty, social-obligation, democracy, great, equity, team spirit, mutual worrying, efficiency, transparency and responsibility (Sammy, Philemon & Juma, 2013).

The sub region comprises of big cooperatives, some of which have a complete asset base of over 15 billion Kenya shillings to the very small ones that have fewer than 10 million Kenya shillings in property and are nicely spread throughout the country from the massive towns to the rural Kenya. SACCOs were recognized global as critical

avenues of economic increase. Many nations that have achieved monetary improvement have a vibrant and dynamic cooperative zone which contributes drastically to the boom of those economies (Kwame, 2012).

SACCOs play a substantial position inside the provision of financial services to the negative. They provide financial savings and credit score and funding opportunities to people, establishments and institution participants. Consistent with Muriuki (2013), the primary reason of SACCOs is to satisfy the commonplace wishes of individuals. SACCOs were identified worldwide as important avenues of monetary boom. SACCOs carry out a lively financial intermediation characteristic, specially mediating from urban and semi-urban to rural regions and between internet savers and internet borrowers at the same time as making sure that loan resources stay within the communities from which the financial savings were mobilized.

These days there are numerous SACCOs being shaped across the country as members are looking for to pool efforts collectively for higher lives and additionally faucet on the guide offered to SACCOs by means of the two tiers of the authorities and non-governmental organisations. Therefore, in pursuit of serving the contributors, contribution to the financial boom and provision of employment opportunities, SACCOs should make certain they report fantastic monetary overall performance in time period of go back to property, liquidity and additionally generate sales to pay dividends to shareholders (Ngui, 2010). But, this has now not been the case since records inside the public domain is that maximum SACCOs are grappling with the venture of non-stop losses notwithstanding the present criminal and regulatory framework subsequently the need to undertake a study to set up the reason of this challenge.

More than 81% of Kenyans rely on SACCO's to get entry to monetary services (Njenga, Kiragu & Opiyo, 2015). but, the use of SACCOs via Kenyans as an economic provider company has been declining during the last 5 years. This fashion in loss of customers is attributed to the competition from banks through proactive outreach and providing of clean get right of entry to transactions bills as well as customer loans via monetary improvements. SACCOs were losing their market proportion regardless of their geographical spread within the use of a in comparison to different financial companies.

#### **1.1.4 SACCOs in Nyeri County**

There have been 77 lively SACCOs in Nyeri County at the end of the year 2018 inside the four market segment namely exchange, urban, rural and delivery industry. From the SASRA 2019 reviews, there are 10 SACCOs running Deposit Taking activity simplest (FOSA) in Nyeri County, out of which simplest 6 were certified.

The variety of SACCOs certified thus far is very low towards the deposit taking SACCOs (SASRA, 2019). Some SACCOs have opted to forestall FOSA sports even as others have not to use for the license. It consequently it implies that SACCOs in Nyeri County are facing myriad of demanding situations that hinders them from complying with the Act accordingly compromising their ability to function FOSAs and affecting their overall performance negatively.

Ngugi (2015) determined out that innovation in terms of ICT ability of the SACCOS in Nyeri County is inadequate and that the SACCOs in the county have no longer attained the required capital ratio and 80% of the SACCOs have now not fully complied with the Societies' Act of 2004 as such, few are licensed. Micheni, Wamitu and Shavulimo (2017) additionally discovered out that there was a nice and vast courting among generation consideration and adoption of open innovation strategy in cooperative

societies in Nyeri County but there was low budgetary allocation for innovation in Cooperative societies in Nyeri County. As such, the monetary overall performance of such establishments suffered. There is additionally wonderful competition with the aid of commercial banks and the numerous cooperative societies and micro finance institutions mushrooming in Nyeri County (Micheni, Wamitu & Shavulimo, 2017). Only the monetary institutions so that it will embrace innovation have a chance of staying ahead of the competition, as a result the want for this observe.

## **1.2 Statement of the Problem**

Traditionally, Savings and Credit Cooperatives (SACCOs) are non-profit making financial organizations of individuals with a common affiliation. SACCOs, just like commercial banks, accept deposits from members, pay interest (dividends) on deposits out of earnings and provide credit to members (SASRA Database, 2013). However, Cooperative Societies need to keep up with changing member or customer demands and regulatory requirements (SASRA Database, 2013). Despite the recognition of SACCOs as participants in the national financial system by various government policy documents, the role of SACCOs in the national payment system has been very limited.

Generally, challenges faced by SACCOs are caused by economic and macro-economic factors like deficiency in contemporary skills, stiff competition from competitors, economic liberalization and regulation of business. The threat to survival of the SACCO sub-sector has called for innovative ways of managing and running the sector to ensure sustainability. For example, SACCOs have reacted to the threat posed by commercial banks by opening Front Office Service Activities (FOSAs), for provision of a wide range of products and services to their members (Noyer, 2007). Some SACCO FOSAs have even opened and extended membership to non-SACCO members to ensure improved performance. Moreover, reforms in banking industry have brought about

many structural changes in the sector and encouraged competition. As a result, financial institutions like SACCOs have adopted competitive strategies including innovation strategies. Despite the recognized importance of financial innovation and an extensive descriptive literature, there have been surprisingly few empirical studies. This situation has denied SACCOs the much needed information regarding this important area of financial innovations sometimes leading to reverse causality in the innovation-financial performance relationship.

Studies conducted to establish the effect of financial innovations on financial performance in Kenya have mainly concentrated on commercial banks, leaving a knowledge gap in SACCOs for instance, Cherotich, Sang, Shisia and Mutung'u (2015) investigated financial innovations and performance of commercial banks in Kenya and Muiruri and Ngari (2014) who investigated the effects of financial innovations on the financial performance of commercial banks in Kenya. Rosli and Sidek (2013) assessed the influence of innovation on firm's performance of SMES in the manufacturing sector in Malaysia. The study was in another country and on manufacturing sector and did not address performance of SACCOs.

Kariuki (2014) found a positive effect of strategic innovation on performance of mobile telecommunication firms in Kenya; however, it was conducted in the communication industry leaving a gap in the financial industry. Therefore, this study sought to fill the knowledge gap by establishing the innovation strategies and the performance of SACCOs in Nyeri County, Kenya.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective was to investigate innovative strategies and the performance of Savings and Credit Cooperatives in Nyeri County, Kenya.

#### **1.3.2 Specific Objectives**

- i. To establish how product innovation influences the performance of SACCOs in Nyeri County.
- ii. To assess the influence of organizational innovation on the performance of SACCOs in Nyeri County.
- iii. To determine the influence of process innovation on the performance of SACCOs in Nyeri County.
- iv. To find out how marketing innovation affect the performance of SACCOs in Nyeri County.

#### **1.4 Research Questions**

- i. How does product innovation influence the performance of SACCOs in Nyeri County?
- ii. How does organizational innovation influence the performance of SACCOs in Nyeri County?
- iii. What is the influence of process innovation on the performance of SACCOs in Nyeri County?
- iv. How does marketing innovation affect the performance of SACCOs in Nyeri County?

### **1.5 Significance of the Study**

It's far predicted that the have a look at will upload to the existing understanding on innovation strategies and their impact on performance. Coverage makers in the finance industry are predicted to use this examine as an assessment in the direction of the effective use of innovation techniques thus assisting in enhancing on current research rules. The findings of the take a look at will make contributions to present literature in addressing destiny research troubles. The SACCOs employees could benefit from this research since it would help them to understand the role of innovative strategies on performance. They could therefore be instrumental in suggesting areas that need improvement in their SACCOs.

### **1.6 Scope of the Study**

The have a look at focused on the selected financial institutions in Nyeri County. The establishments encompassed most effective the SACCOs certified by using SASRA (2019). The numerous innovation techniques focused on encompassed product, organizational, procedure and marketing innovations. The goal populace was the control and personnel of the SACCOs. Data was collected via questionnaires.

### **1.7 Limitations of the Study**

The researcher experienced a few demanding situations in the course of carrying out the have a look at. For instance, there was probably reduced willingness of the respondents to offer the precise information due to worry of ways the records would be used. But, the researcher gave an explanation for the significance of this examine to the respondents in order to undoubtedly alternate their mindset toward the study. Similarly, the researcher visited the respondents and created rapport as well as guarantying them that their identity would not be disclosed in an effort to help them supply the best and correct data. As a result, a high response rate was obtained.

## **1.8 Organization of the Study**

The observer encompassed 5 chapters. Chapter one (introduction) contained the heritage of the study, objectives, research questions, scope and limitations of the have a look at, significance and organization of the look at. Chapter two (literature review) contained theoretical assessment, empirical assessment, summary and conceptual framework. Chapter three (research method) contained of studies layout, goal populace, sample length and sample method, data and statistics series, validity and reliability of contraptions and information analysis. Chapter four (data analysis) comprised the findings of the study, presentation and the interpretation of data. Chapter five involved summary of the study, conclusions and recommendations of the study and the suggestions for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter critiques current literature that is associated either immediately or indirectly to the study on to investigate progressive strategies and the overall performance of SACCOs. The chapter will assess each empirical and theoretical literature. The chapter has additionally discussed the summary and the conceptual framework.

#### **2.2 Theoretical Review**

This section discusses and articulates the pertinent theories and concepts on the role of revolutionary techniques on performance. The theories help to build a case to justify the look at. The observe was guided by the evolutionary version, innovation diffusion theory, transaction cost innovation idea and technology recognition theory.

##### **2.2.1 Evolutionary Model**

In keeping with evolutionary version of the firm with the aid of Nelson, Richard and winter (1982) the behaviour of any company consists of, and is primarily based on, a fixed of discovered ideas or exercises. The best of man or woman firm's workouts determines its position in relation to opponents, analogous to the location of species in the evolutionary chain. Corporations can't, of direction, preserve their superiority completely on the idea of their current exercises. Innovations, which allow companies to broaden new and upgrade existing routines, power the non-stop changes within the economic device (Grossman, Gene & Helpman, 1994).

The endogenous increase literature introduces the simultaneity in the relationship between innovation and performance. In this version the increase of an economic system is decided with the aid of the extent of technology and innovation which, in flip, depend on the proportion of GDP dedicated to those sectors (Aghion & Howitt 1998). The consequences of their new paradigm and analytical framework are impressive. Not only have they been able to develop extra coherent and powerful fashions of aggressive organization dynamics under situations of growth and technological change, but their approach is compatible with findings in psychology and different social sciences. Finally, their work has important implications for welfare economics and for government policy closer to industry.

This theory is relevant to the look at and informs the organizational innovation as improvements enable firms to develop new and improve present routines, force the non-stop modifications in the corporations and financial gadget. This form of innovations in SACCOs could promote overall performance.

### **2.2.2 Innovation Diffusion Theory**

Rogers (1995) outlining the diffusion of innovation concept explains how monetary improvements (new) are common. This concept outlines 5 functions that have an effect on acceptance of an innovation to include; complexity, compatibility, testability, observability and relative benefit. Complexity refers back to the innovation's comprehension hardness and its use (Greenhalgh, 2014). Therefore, any economic innovation that is compatible and provides relative benefit may be visible as an aggressive benefit through SACCOs in Kenya.

However, due to the fact there are greater than four thousand articles throughout many disciplines posted on Diffusion of innovations, with a substantial majority written after

Rogers created a scientific principle, there were few broadly followed modifications to the principle. Although every examine applies the theory in barely distinctive methods, this lack of cohesion has left the idea stagnant and hard to apply with consistency to new troubles. Diffusion is difficult to quantify due to the fact people and human networks are complicated. It's miles extraordinarily tough, if not impossible, to degree what exactly causes adoption of an innovation. Diffusion theories can in no way account for all variables, and consequently may omit important predictors of adoption. This variety of variables has also caused inconsistent outcomes in research, reducing heuristic price.

The principle informs the procedure innovation. If the SACCOs undertake, enforce and placed the innovation techniques into exercise, many clients/clients are sure to come to be participants for this reason increasing purchaser base to these SACCOs which finally translate into more overall performance.

### **2.2.3 Transaction Cost Innovation Theory**

The principle is explained with the aid of guidance of transactions price innovative principle which turned into brought through Hicks and Niehans (1983) who championed and said that the foremost aspect of financial innovation is which will lessen fee of transaction which responds to the development in generation and which resulted inside the discount of transaction fee. The potential to lower the fee of transaction brings approximately innovation in monetary and upgrading of economic provider and the same believes that money associated innovations decreases the costs involved in making transactions. The significance of transaction charges innovation idea within the set-up of net-associated facts era (IT) notably lessens an organization's trade expenses because it supplies powerful coordination, administration and utilization of information. Cellular phones which use net related IT brings down trade costs as it

gives both off-web site access to the employer's inner database and other tremendous sources of facts. The outcome similarly reduces the cost of operation by means of the introduction of mobile and organization banking which affects the performance of the monetary institution.

The reduction of transaction cost can stimulate economic innovation and improvement economic service. This theory studied the monetary innovation from the viewpoint of microscopic economic structure change. It thought that the purpose of economic innovation is to minimize the transaction cost. And the theory explained from some other point of view that the radical intent of financial innovation is the economic institutes' reason of earning benefits.

This theory is then believed to be a guiding principle as regards the take a look at on innovation techniques and overall performance of SACCOs. It informs product innovation as adoption of innovative merchandise in SACCOs may want to lower transaction fees and enhance overall performance.

#### **2.2.4 Technology Acceptance Theory**

Davis, Bagozzi, and Warshaw (1989) got here up with the generation reputation concept (TAT) version in a bid to give an explanation for the user's reputation and goal in the use of generation. TAT looks at a generation perceived ease of use and usability.

The perceived usefulness of an era is the notion by the consumer that the generation will enhance his or her on activity performance. The perceived ease of use looks at how without difficulty the user can learn to use the brand new system or the era (Gefen et al., 2003). In keeping with the model, if the new era ease of use is carried out it is possibly to positively cause perceived usefulness.

There are external variables just like the surroundings which could have an effect on the perceived ease of use and value. This theory is frequently used whilst gaining knowledge of on statistics technologies and its foremost emphasis is on the two perceptive factors. Liu and Arnett (2000) checked out the critical elements affecting the growing of an internet site based totally in this model. Gefen et al. (2003) used each TAT and rust and came up with a greater developed version that could be used to explain the net behaviours of clients. Pavlou (2003) shows the usage of the e-trade acceptance model on online clients that makes use of survey and test techniques. Horst, Kuttschreuter and Gutting (2007) did a observe up examine that tested if it turned into prudent for the Netherlands authorities to apply e-government to serve its humans like in different countries. The observe taken into consideration TAT factors, faith, perceived chance and public studies. The findings of the study confirmed that the public trusted the government and resonated with information technology. The empirical look at similarly revealed that TAT isn't best useful for exam of statistics era but it also beneficial ion analyzing the reputation of goal behaviour related to records era and in addition explains the behaviour issues faced by online users of era (Liu & Arnett, 2000).

Nevertheless, the theory has been widely criticised, notwithstanding its familiar use, leading the authentic proposers to strive to redefine it several times. Its disparagement consists of its questionable heuristic value, limited explanatory and predictive power, triviality, and lack of any realistic value (Chuttur 2009). The theory has diverted researchers' interest away from different vital lookup issues and has created an illusion of progress in information accumulation. Furthermore, the impartial tries by using a number of researchers to extend TAT in order to adapt it to the continuously changing IT environments has led to a kingdom of theoretical chaos and confusion. Lunceford (2009) argues that the framework of perceived usefulness and ease of use overlooks

other issues, such as price and structural imperatives that pressure users into adopting the technology.

The idea informs the marketing innovation and its effect on overall performance. Adoption of generation this is gave the impression to have ease of use and with excessive stage usefulness might be greater frequent with the aid of SACCO customers. This would be less complicated to market and might sell performance.

## **2.3 Empirical Review**

### **2.3.1 Product Innovation and Organisational Performance**

Muiruri and Ngari (2014) investigated the outcomes of economic innovations on the economic overall performance of commercial banks in Kenya. The populace of the take a look at consisted of forty-4 business banks which might be presently operating in Kenya, the target population became sixteen banks and at least 4 participants of the management team with representations inside the following dimensions; regionally incorporated banks, banks included someplace else but working in Kenya, banks in which the authorities has a few shareholding and also based on size. Therefore, sixty questionnaires were dispatched. Secondary facts changed into gathered from the banks for the durations 2008-2012. Analyzed data became summarized and supplied in the shape of simple frequency tables of the ratio counts and graphs. The study determined that a few banks in Kenya had followed some financial innovations including credit score playing cards, cellular, net and company banking. The economic improvements had splendid effect on the economic performance of the banks. The examine concludes that banks in Kenya use exceptionally economic innovations to live on inside the cutting-edge environment characterised by means of hard competition and competitive banks merchandise. Adhiambo (2014) examined the consequences of product

innovation on monetary performance of commercial banks in Kenya. This observe adopted explanatory studies layout wherein a populace pattern of 106 senior and branch managers from nine business banks became taken using the census approach. Statistics become gathered the usage of studies questionnaires and face-to-face interviews and secondary records turned into acquired from 2013 audited annual monetary statements of commercial banks.

Analyses have been carried out via descriptive records and ordinary Least square approach to estimate a more than one regression equation. Findings recommend that 6.5 percent ( $R^2=0.1/2$ ) of the variance in monetary performance may be explained with the aid of middle product innovation, formal product innovation and augmented product innovation. The have a look at also yielded conclusive statistics in product innovation that everyone industrial banks have innovated and applied merchandise of every type despite the fact that there has been a negative or no impact In any respect on their economic performance and a sure amount of time is probably vital with a view to look at the reflection of high quality effects of progressive products on monetary overall performance. Ngure, Kimani and Kariuki (2017) investigated the effect of product innovations on financial overall performance of SACCOs in Kenya. The have a look at adopted pass sectional descriptive survey research layout. The target populace become 60 SACCOs registered by means of SASRA to operate in Kirinyaga County. Stratified simple random sampling technique was used to gain the pattern length of fifty-two SACCOs for the study. Number one records were collected the usage of self-administered questionnaires at the same time as secondary records changed into acquired from audited financial statements. number one and secondary facts was analyzed the usage of SPSS. The findings of the have a look at discovered that product innovations have been definitely correlated to economic overall performance. The look

at recommends that SACCOs ought to include product innovations with the intention to enhance their financial performance. Macharia (2015) investigated the strategies that spur boom at Stima SACCO Kenya. The aim of this take a look at became decide the strategies that spur boom in SACCOs. This observe adopted a case examine layout and it used a based interview manual as primary records series device.

The interview guide changed into administered via private interviews with senior personnel of Stima SACCO. Secondary records became gathered with the aid of use of table search techniques from published reviews and other relevant files. Qualitative techniques had been used to research the qualitative facts. The have a look at concluded that Stima Sacco has carried out a few techniques to spur its boom of which the main ones protected developing aggressive products which could affect the increase of the SACCO.

Mulinge and Kyongo (2017) completed a study at the strategic innovation and overall performance of business banks and the corresponding hypothesis turned into formulated and examined. The study centered a hundred and fifty personnel of the commercial bank of Africa positioned at the head office in Nairobi, Kenya and 131 of them spoke back. The observe adopted a descriptive studies layout. SPSS version 21 turned into used to analyze records the use of simple linear regression analysis. Research findings from the take a look at of speculation installed that strategic innovation positively and extensively affected the performance of industrial financial institution of Africa. The study findings help the Blue Ocean principle and useful resource primarily based View concept which explain the position of innovation and internal sources in organizational performance. The have a look at contributes to understanding by establishing that strategic innovation has a nice and enormous effect at the performance of commercial financial institution. The look at adopted both

descriptive and inferential records to analyze the facts. The examine examined and confirmed the speculation that strategic innovation has a wonderful and massive effect on the performance of industrial banks in Kenya. This implies that banks that embody strategic innovation anticipate nice and sizeable impact on their overall performance.

### **2.3.2 Organizational Innovation and Organisational Performance**

Cherotich, Sang, Shisia and Mutung'u (2015) studied economic improvements and overall performance of industrial banks in Kenya. This examine trusted secondary statistics. It adopted a census where all the forty-four banks have been used inside the take a look at and there was no sampling because the population length changed into small. Effects from the information amassed found that monetary innovativeness of commercial banks had a fine and substantial effect on financial overall performance of the banks. From these findings, it's miles obtrusive that innovativeness size of business banks notably impacts economic overall performance of the banking zone in Kenya.

The findings verify that a growth inside the innovation level results to expanded financial performance. Particularly, the look at findings give the relevance of the innovation evolved with a view to meet the clients' wishes in addition to of those evolved so that it will differentiate from the competitors in improving the financial performance. The examine found out that there is a robust relationship between monetary improvements and financial overall performance. The examine concludes that financial improvements undoubtedly have an effect on economic performance of the business enterprise. Kibugo and Maina (2016) tested the impact of financial innovations on performance of microfinance institutions in Nakuru city, Kenya. The look at was guided by principle of brought on institutional innovation, demand-deliver theory of innovation, theory of innovation diffusion, and economic value delivered principle. Descriptive survey research layout changed into used on this take a look at.

The goal population constituted of all personnel operating with MFIs registered with AMF-Kenya and the on hand populations were 187 employees operating with MFIs registered with AMF in Nakuru metropolis, Kenya. Samples of 70 respondents had been drawn from the observe population using stratified random sampling technique.

The examine used questionnaire because the device for number one statistics collection. Secondary statistics was accrued the usage of an information collection sheet. Facts analysis encompassed each descriptive records and inferential data. The result of the evaluation turned into provided in shape of tables, charts, and graphs. From the findings, the research concluded that there is a supervisory framework that video display units MFIs.

Some of the innovations located with the aid of MFIs in mobile banking include partnerships, financial trainings, branch networking and beginning up new branches. It is being also concluded that organizational improvements can be a supply of competitive advantage if a firm is aware customer wishes, competitors' actions and technological improvement and act for that reason to live at par with opponents. The look at recommended that during-order to enhance firm performance the control of microfinance have to focus on the company activities aligned closer to renewing exercises, approaches and techniques in an modern manner in a firm. This may positively improve the performance of microfinance. Sum and Memba (2016) have a look at became on the impact of economic innovation on the monetary overall performance of deposit taking SACCOs in Kenya, a case of Kiambu county. Greater specifically the observe analyzed the position of product, procedure, carrier and institutional innovations inside the overall performance of SACCO's.

The variables analysed were located to have a statistically good sized impact on financial performance of SACCOs in Kenya. The take a look at concluded that product innovation, system innovation, carrier innovation and institutional innovation are key determinants of financial overall performance of SACCOs in Kenya. Institutional innovation was located to have statistically tremendous and therefore it was endorsed that managers have to be eager on the institutional innovations modifications taking region. The authorities should beautify and finance activities that are meant to convey institutional innovation within the SACCOs industry.

Maina (2016) investigated the effect of innovation strategies at the overall performance of insurance companies in Kenya. The accrued questionnaires have been checked for consistency before being coded and entered into SPSS (model 21). Descriptive facts including frequency distribution and probabilities have been used to investigate well known records. Approach and general deviations have been used to analyze innovation techniques, operational performance and challenges of e-procurement. Regression evaluation turned into used to give an explanation for the relationship between innovation techniques and the overall performance of coverage firms in Kenya. The findings have been offered in form of tables, graphs and pie charts. The take a look at mounted that there may be a sturdy and tremendous relationship between insurance innovation techniques and firm overall performance. The take a look at therefore recommends that the control of the insurance firms in Nairobi have to enforce in complete the innovation strategies as this can lead to stepped forward company overall performance.

Any other look at become accomplished with the aid of Laban and Deya (2019) on strategic improvements and the overall performance of records communique era companies in Nairobi, Kenya. A descriptive survey layout became adopted. The

populace of observe have been 14 ICT companies inside the cell mobile, data and internet service segments that manage 96.4% of the market percentage working in Nairobi County. Statistics turned into accrued from 98 respondents who covered chief strategy officers, administrators of strategy, directors of innovation and line managers in the companies who had been purposively sampled.

A structured questionnaire with open and closed ended questions designed on a Likert scale was used for statistics collection. Statistics was analyzed using descriptive facts aided by way of the Statistical package deal for Social Sciences (SPSS) version 21 and Microsoft Excel. More than one regression model and analysis of variance changed into used to determine relationships between independent and structured variables. Findings set up that; market innovation changed into the most common and the highest predictor of organizational overall performance accompanied through product innovation then process innovation even as organizational innovation had the bottom impact since it became only fairly used. It's endorsed that managers have to do not forget adopting organizational innovation strategies as a competitive strategy on account that findings suggest that it changed into most effective moderately used.

### **2.3.3 Process Innovation and Organisational Performance**

Kariuki (2014) study changed into at the impact of strategic innovation on overall performance of cell telecommunication corporations in Kenya. The examine used descriptive studies design in records series and analysis. SPSS model 21 was used to investigate the records. The have a look at located out that strategic innovation has nice effect on organizational performance.

Adoption of advanced strategies regarding merchandise, services, procedures and human resources led advanced enterprise overall performance. The look at recommends

that cellular telecommunication corporations should make investments extra in studies and improvement so that it will be capable of innovate greater and undertake greater revolutionary techniques in order to enhance their overall performance.

Masiega (2015) determined the outcomes of latest organizational techniques on monetary overall performance of SACCOs in Kenya. The take a look at was guided by using transaction cost innovation concept. The observe followed a descriptive research layout in determining the relationship of variables and employed primary records. The population of examine became the fifty-three contributors of personnel of Kakamega teachers savings and credit Co-operative Society limited.

A pattern of forty-four contributors of workforce was selected for look at and the outcomes had been generalized. records became accrued with the aid of the use of a closed ended questionnaire. The quantitative data turned into coded on Statistical bundle for Social Sciences (SPSS) version 17 software program and information analyzed by way of use of descriptive and inferential information. The findings of the examine revealed that process improvements were undoubtedly correlated to financial overall performance. A wonderful dating between financial performance and technique innovations became set up. Any other have a look at became carried out by means of Kiragu (2016) on the impact of innovation on overall performance of coverage groups in Kenya. The examiner followed the usage of a descriptive pass-sectional layout. A census survey was used with the examined population comprising all 49 insurance businesses operational in Kenya as at thirty first December 2014.

Number of facts amassed the usage of structured questionnaires. Records became analyzed the use of SPSS statistical bundle program version 22 for descriptive and inferential statistics. The effects of the have a look at discovered that procedure

innovation definitely and considerably impacts organizational performance. The effects additionally confirmed that procedure innovation became the maximum primary kind of innovation within the insurance industry in Kenya. Additionally, the survey observed that a few of the 3 forms of innovation studied, system innovation registered the most powerful correlation to organizational overall performance.

The study recommends that management of coverage corporations in Kenya need to vicinity more emphasis on process innovation so one can improve overall performance. Ouma, Omagwa and Ngaba (2018) performed a have a look at to determine the impact of financial innovations on overall performance of Deposit Taking SACCOs (DTS) in Nairobi city County, Kenya. The target populace turned into certified DTS in Nairobi metropolis County, Kenya while the reachable population become 19 DTS that had been running and licensed by means of SASRA among the years 2010 to 2014. Purposive sampling approach turned into used to pick out respondents; the pattern length became 76 senior personnel though only sixty eight responded. Primary information become accrued the use of questionnaires at the same time as secondary records changed into acquired from monetary assertion of the SACCOs.

A couple of regression evaluation (well known), Hierarchical regression analysis and Descriptive evaluation have been used to examine statistics with the resource of statistical packages SPSS version 21. The look at observed that new merchandise and new carrier techniques had extensive effect at the monetary performance. The look at generally concluded that monetary improvements significantly prompted overall performance of SACCOs in Nairobi city County. The observe encouraged that the SACCOs to adopt financial improvements techniques to enhance efficiency in all their operations increase overall performance and profitability.

Wambui, Kahuthia and Gakenia (2018) investigated innovation strategies and organizational performance in Telkom Kenya restrained. A descriptive case observe design changed into used to establish the influence of the impartial variables (innovation strategies) on the structured variable (performance) of Telkom Kenya Ltd. This have a look at became based totally on four theories which might be open innovation principle, Schumpeter innovative destruction concept, disruptive innovation idea and the resource based view principle. Data for this look at became collected using semi based questionnaires. The look at changed into a census of all the 40 personnel of Telkom Kenya Ltd headquarters. The researcher used Statistical package for social scientists (SPSS) for information evaluation. The look at mounted that system innovation and administrative innovation techniques have a nice impact on organizational performance.

The findings of the observe confirmed that technique innovation has the highest nice effect on organizational overall performance. Process innovations assist companies to improve on excellent in their services and products through better use of technologies, device's ensuing to operational performance, effectiveness logo picture development, sales growth and marketplace rank overall performance .This have a look at advocated that control of agencies need to significantly keep in mind the investigated innovation strategies and enforce them of their organizations if they may be pursuing an improvement within the tiers of their organizational overall performance.

#### **2.3.4 Marketing Innovation and Organisational Performance**

Lilly and Juma (2014) examined the have an impact on of strategic innovation on performance of commercial banks in Kenya: The case of Kenya commercial financial institution in Nairobi County. This became a case observe wherein only one organisation changed into involved within the have a look at, Kenya business bank. The

goal populace turned into one hundred seventy managers of fifty nine branches in Nairobi County. The sample size become 119 respondents out of the viable one hundred seventy managers in Nairobi County branches of KCB. The sample included pinnacle degree managers, centre level managers and low degree managers concerned in formulating and implementing strategy on the department degree. The researcher followed descriptive studies design. number one facts became received with the usage of dependent questionnaires whilst the secondary facts become acquired from the economic statements of the bank to decide the overall performance in terms of return on equity, go back on property and profitability. Data turned into analyzed the usage of a couple of hierarchical regression model and rationalization given in prose.

The look at found out that the strategic innovation measures followed by the bank substantially affects the bank's overall performance. The banks' potential to introduce new techniques to facilitate their access and advent of new markets for their services, software of cutting-edge technologies and innovative strategies to target precise markets in addition to the advent of new product/carrier designs have an effect on their overall performance. This allows them to enter the market and collect a great percentage of the marketplace boosting their purchaser base and consequently bringing about their improved profitability and competitiveness. Therefore, the brand new marketplace for merchandise/offerings acquisition is definitely associated with the overall performance of the commercial banks because of the fact that those markets creates the room for expansion and meeting extra purchaser demands inside the market.

Shisia, Sang, Matoke and Omwario (2014) studied strategic innovation and performance of public universities in Kenya. The populace for the observe changed into the public universities in Kenya from which the sample was selected. The researcher followed descriptive survey layout. Information to establish the relationship become

acquired with the usage of dependent questionnaires. Records analysis become completed using multi hierarchical regression model. Suggest and widespread deviation had been also calculated and the consequences presented in form of tables. From the analysis it become mounted and concluded that certainly there existed a tremendous relationship among strategic innovation and overall performance of public universities in Kenya.

Muchemi and Moronge (2017) studied the outcomes of implementation of strategic innovation at the performance of industrial banks in Kenya; a case examines of equity bank. The target populace for the examine become the body of workers on the fairness bank organization headquarters, with a population of a hundred and sixty employees. The determined sample length become 115 respondents out of a goal populace of a hundred and sixty. The look at used number one data which turned into in large part quantitative and descriptive in nature. After facts series, the filled-in and lower back questionnaires have been edited for completeness, coded and entries made into Statistical package deal for social sciences (SPSS version 21). Each descriptive and inferential data have been further carried out. Findings found out that market innovation techniques and product innovation techniques collectively give an explanation for variations inside the performance. The take a look at concluded that average, strategic innovation, as indicated by market innovation techniques and product innovation strategies definitely and appreciably impacted performance amongst industrial banks in Kenya.

Any other look at changed into executed via Njeri (2017) at the effects of innovation strategy on company overall performance in telecommunications industry: a case of Safaricom Kenya limited. The studies adopted a descriptive survey research layout. The populace for the take a look at become customer support departments at Safaricom (K)

restricted. Those blanketed the Retail, Care Centre/ Patron Operations and customer commercial enterprise departments. The stratified random sampling technique changed into used for the study and the pattern length turned into mounted at 181 group of workers.

The questionnaire became adopted as the number one tool for records series. Descriptive analysis, correlation analysis and regression evaluation had been used to analyse the facts. statistics changed into supplied in charts and tables and the researcher's own interpretation. The findings revealed that there has been an advantageous and massive affiliation among marketplace innovation and performance and regression evaluation confirmed that there was a robust and nice relationship among marketplace innovation and overall performance. The take a look at concluded that marketplace innovation strategy was the second best sized innovation method to have an effect on overall performance of Safaricom (K) restricted.

Muigai and Gitau (2018) studied the impact of innovation techniques on financial overall performance of the banking industry in Kenya. This examine adopted a descriptive survey because the studies layout for the functions of facts collection. The population targeted 153 managers in ICT department, retail banking department and corporate banking departments from the fifty one financial establishments headquarter in Nairobi. The have a look at made use of each secondary and primary information that changed into received from the have a look at respondents the use of a dependent questionnaire. The observe used both descriptive information such frequency distributions, percentages, frequency tables and pie charts to summarize and relate variables received from the administered questionnaire in addition to inferential information of correlation and regression for analysis. Findings found out that

innovation techniques undoubtedly and appreciably affect the economic overall performance of firms inside the banking industry in Kenya.

**Table 2.1 Summary of Knowledge Gaps**

<b>Author</b>	<b>Focus of the study</b>	<b>Findings</b>	<b>Knowledge gap</b>	<b>Focus of the current study</b>
Muiruri and Ngari (2014)	The effects of financial innovations on the financial performance of commercial banks in Kenya.	The study found that some banks in Kenya had adopted some financial innovations such as credit cards, and these had great positive impact on their financial performance	The study focused on commercial banks in Kenya	To establish how product innovation influences the performance of SACCOs
Macharia (2015)	The strategies that spur growth at Stima SACCO Kenya.	Stima Sacco has implemented some strategies to spur its growth of which the major ones included developing competitive products.	The study was specific to StimaSACCO and was on growth	To establish how product innovation influences the performance of SACCOs

Kibugo and Maina (2016)	Effect of financial innovations on performance of microfinance institutions in Nakuru town, Kenya.	Some of the innovations observed by MFIs in mobile banking include partnerships, financial trainings, branch networking and opening up new branches	The study was on financial innovations while the current study is on innovation strategies	To assess the influence of organizational innovation on the performance of SACCOs
Maina (2016)	Effect of innovation strategies on the performance of insurance firms in Kenya.	The study established that there is a strong and positive relationship between insurance innovation strategies and firm performance.	Means and standard deviations were used to analyze innovation strategies and the study was conducted in the insurance industry	To determine the influence of organizational innovation on the performance of SACCOs
Wambui, Kahuthia and Gakenia (2018)	Innovation strategies and organizational performance in Telkom Kenya limited.	The findings of the study showed that process innovation has the highest positive influence on	Performance was measured in terms of operational efficiency, effectiveness	To determine the influence of process innovation on the performance of SACCOs

		organizational performance.	brand image improvement, sales growth and market rank performance	
Lilly and Juma (2014)	The influence of strategic innovation on performance of commercial banks in Kenya.	The new market for products/services acquisition is positively related to the performance of the commercial banks	It was conducted in commercial banks and in Nairobi county	To find out how marketing innovation affect the performance of SACCOs in Nyeri County
Shisia, Sang, Matoke and Omwario (2014)	Strategic innovation and performance of public universities in Kenya	There is a positive relationship between strategic innovation and performance of public universities in Kenya.	The study was conducted in the education sector which is different from financial industry	To find out how marketing innovation affect the performance of SACCOs

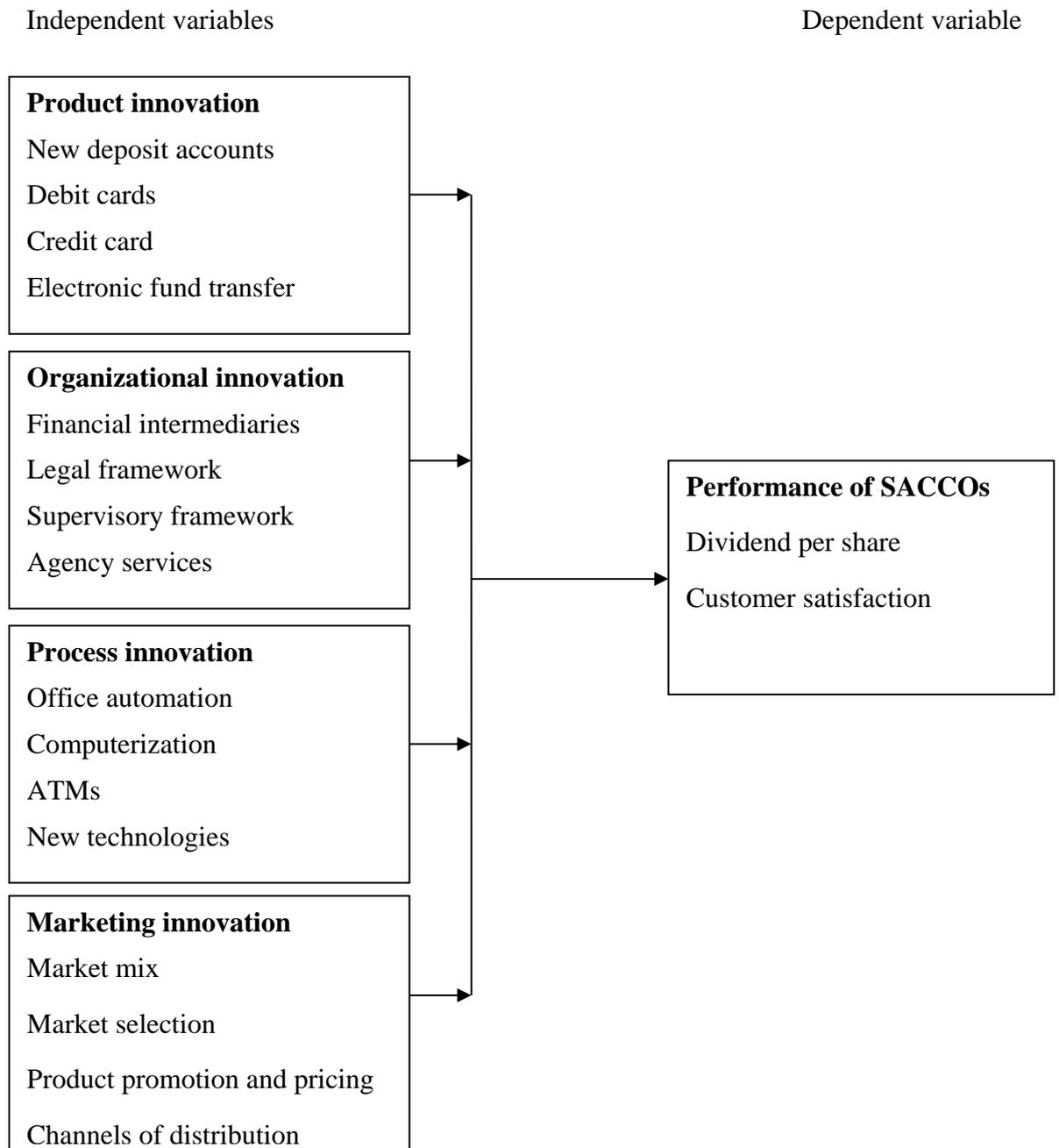
## **2.4 Summary**

This chapter has reviewed literature on innovation strategies and its effect on economic overall performance in the Sacco subsector. One of a kind researchers have had distinct perspectives on how economic innovation has contributed to monetary success of many firms while different researchers have been sceptical and could not establish a relationship between financial innovation and financial performance. Maximum of the studies carried out concerning innovation and performance find a high-quality relationship among the two.

Local researches have targeting business banks and set up a tremendous courting among innovation strategies and overall performance (Muiruri and Ngari, 2014; Cherotich, Sang, Shisia and Mutung'u, 2015; Lilly and Juma, 2014; Muigai and Gitau, 2018; Muchemi and Moronge, 2017). Other studies are in other industries such as coverage (Maina, 2016; Kiragu, 2016), ICT (Laban and Deya, 2019), Telecommunication industry (Kariuki, 2014; Wambui, Kahuthia and Gakenia, 2018 and Njeri, 2017) and schooling sector (Omwario, 2014). There is confined studies on innovation strategies and performance of SACCOs and the studies finished thereof had been done in other counties like Kirinyaga county (Ngure, Kimani and Kariuki, 2017). This examine therefore sought to fill the information hole on innovation techniques and performance of SACCOs in Nyeri County.

## 2.5 Conceptual Framework

The study can be conceptualized as shown in Figure 2.1



### **Figure 2.1 Conceptual Framework**

Performance of SACCOs is the dependent variable. The independent variables are product innovation, organizational innovation, process innovation and marketing innovation. Innovation was measured based on the elements of innovation and their indicators: product innovation, organizational innovation, process innovation and marketing innovation. Performance was measured through dividends per share and the level of customer satisfaction. The SACCOs which have adopted and implemented the innovation strategies are likely to have greater performance.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This section discusses the studies design and methodology with a purpose to be utilized in engaging in this study. It consists of the subsequent statistics; the studies layout, goal population, pattern length and sample method, records and statistics series, validity and reliability of research units and facts evaluation.

#### **3.2 Research Design**

The study utilized descriptive research layout. Descriptive research design is a scientific method of investigation that's cross sectional in nature in which records is collected and analyzed with the intention to describe the current conditions on the relationship among precise elements and their influence at the overall performance of SACCOs. Mugenda and Mugenda, (2012) argue that any researcher who adopts this descriptive survey layout attempts to produce records that is holistic, contextual, descriptive, in-depth and rich in details. The layout was chosen because the variables that were being studied were actually being discovered as they're without making any try to control or manage them. Additionally, the design was chosen due to the fact quantitative facts desires to be collected via the usage of general and structured questionnaire.

#### **3.3 Target population**

The definition of population in step with Mugenda and Mugenda (2012) is that it's miles a whole organization of people, events or gadgets having some commonplace observable characteristics. The target populace beneath the survey are the 6 SACCOs licensed in Nyeri County (SASRA, 2019) as shown in Appendix III.

For the SACCOs with branches, simplest their headquarter branch took part in the look at. In step with Mugenda and Mugenda (2012) a target populace must have the traits that the researcher intends to analyze and need to be on hand. A sampling body is a listing or different device used to outline a researcher's populace of hobby (Zikmund, Babin, Carr & Griffin, 2012). The researcher used listing sampling frame to remember the certified SACCOs in Nyeri County.

**Table 3.1 Target Population**

<b>Category</b>	<b>Target population</b>
<b>Branch managers</b>	6
<b>Departmental heads</b>	23
<b>Staff</b>	173

### **3.4 Sample Size and Sample Procedure**

The observer used census sampling. A census is a have a look at of each unit, everyone or the whole lot, in a populace. Its miles known as a whole enumeration, which means a complete depend (Behrisch, 2016). A census look at takes place if the entire population may be very small or it's miles reasonable to consist of the whole populace (for other motives). In this case, all the 6 licensed SACCOs in Nyeri County took part within the look at.

**Table 3.2 Sample size**

<b>Category</b>	<b>Target population</b>	<b>Percentage</b>	<b>Sample Population</b>
<b>Branch managers</b>	6	100%	6
<b>Departmental heads</b>	23	30%	7
<b>Staff</b>	173	30%	52

Therefore, 6 SACCO branch managers and 30% of the departmental managers and staffs were randomly selected to participate inside the observe.

### **3.5 Data Collection**

The main units for number one data collection are questionnaires that allow you to encompass dependent and unstructured questions. Structured questions confer with questions which are observed by using a list of all viable options from which respondents select the solution that satisfactory describes the scenario. Unstructured questions or open ended questions check with questions which gives the respondent complete freedom of response. These loose reaction questions allow a character to respond in his or her own word. Consistent with Mugenda and Mugenda (2012) a questionnaire enables capture authentic facts successfully. Questionnaires are clean to manage, much less expensive and guarantees greater intensity of reaction.

### **3.6 Pilot Study**

The researcher carried out a pilot study to pre-test and validate the questionnaire among 2 branches of the certified SACCOs in Nyeri County. These were randomly decided on. The 2 department managers, 2 departmental heads and a pair of contributors of staffs were randomly selected to take part within the pilot examine. Those did not participate within the important look at. The pilot examine assisted to establish the clarity of the tool items to the respondents so that one can decorate the devices' validity and reliability. The pilot look at permitted the researcher to be familiar with studies and its management method as well as identifying items that require amendment. The result helped the researcher to accurate inconsistencies arising from the gadgets, with the intention to ensure that they measure what's supposed.

### **3.7 Validity and Reliability of Instruments**

#### **3.7.1 Validity of Instruments**

Content material validity that is employed by this study is a degree of the degree to which statistics collected using a particular instrument represents a specific area or content material of a selected idea. Mugenda and Mugenda (2012) contend that the same old system in assessing the content material validity of a degree is to use a professional or professional in a selected area. In this situation, the researcher used research specialists like his supervisor. The contraptions of statistics series were also subjected to a pilot take a look at involving 2 branch managers, 2 departmental heads and a pair of members of staffs in 2 branches of licensed SACCOs in Nyeri County. The beside the point questionnaire gadgets could be discarded, rephrased and/or merged.

The pilot take a look at helped to set up whether the gadgets degree what it intended to measure in addition to estimate the time needed for the actual facts series.

#### **3.7.2 Reliability of Instruments**

Reliability is the extent to which a degree, procedure or device yields the identical end result on repeated trials. Mugenda and Mugenda (2012) define reliability as a measure of the diploma to which a studies tool yields regular consequences or statistics after repeated trials. The research used Cronbach's alpha of zero.70 to test internal reliability; the better the alpha, the extra dependable the research instrument (Mugenda & Mugenda, 2012). To assess the reliability of gadgets in this have a look at, take a look at-retest approach was used. The 2 department managers, 2 departmental heads and a couple of members of staffs were randomly decided on to participate in the pilot look at. The research contraptions were offered to the chosen contributors in the take a look

at location and the result were recorded; the identical instruments were supplied to the identical group after two weeks and the results for both assessments were correlated. A correlation coefficient of 0.84 was obtained which was an indication that the instrument was reliable.

### **3.8 Data Analysis**

Records evaluation is a technique of bringing order, shape and interpretation of mass accrued information. Statistics accrued can be systematically organized in a right manner to facilitate evaluation. Descriptive and inferential statistics were used to analyse facts. The method was aided by means of Statistical Package for Social Sciences (SPSS) computer software program model 24. Inferential statistics was used to establish the relationship among the variables. More than one regression fashions might be used in this look at because it permits simultaneous investigation of the impact of or extra variables. The equation representing the algebraic expression of multiple regression version was as shown

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Where Y = Organizational Performance which is the dependent variable

$\beta_0$  = Constant

X1 = Product innovation

X2 = Organizational innovation

X3 = Process Innovation

X4 = Marketing innovation

$\beta_1-4$  = Regression coefficients- define the amount by which Y is changed for every unit change in independent variable.

The findings of the study were presented in tables and charts. Diagnostic test of Significance F-test and t-distribution test at 5% level of significance and 95% level of confidence were carried out to measure the strength of the association between the dependent and the predictor variables. The tests determined whether the coefficients  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  were significantly different from zero

### **3.9 Ethical Considerations**

The research was designed, reviewed and undertaken to ensure integrity and quality. Research subjects were informed fully about the purpose, methods and intended possible uses of the research, what their participation in research entails and what risks, if any, are involved. The anonymity of respondents was respected. Research participants only participated in a voluntary way, free from any coercion. Any harm to research participants was avoided. The independence of research was clear of any conflicts of interest.

## CHAPTER FOUR

### DATA ANALYSIS, INTERPRETATIONS AND DISCUSSIONS

#### 4.1 Introduction

The chapter covers data analysis, interpretations of the findings and discussions. These were based on the objectives of the study.

#### 4.2 Response Rate

**Table 4.1 Questionnaire Response Rate**

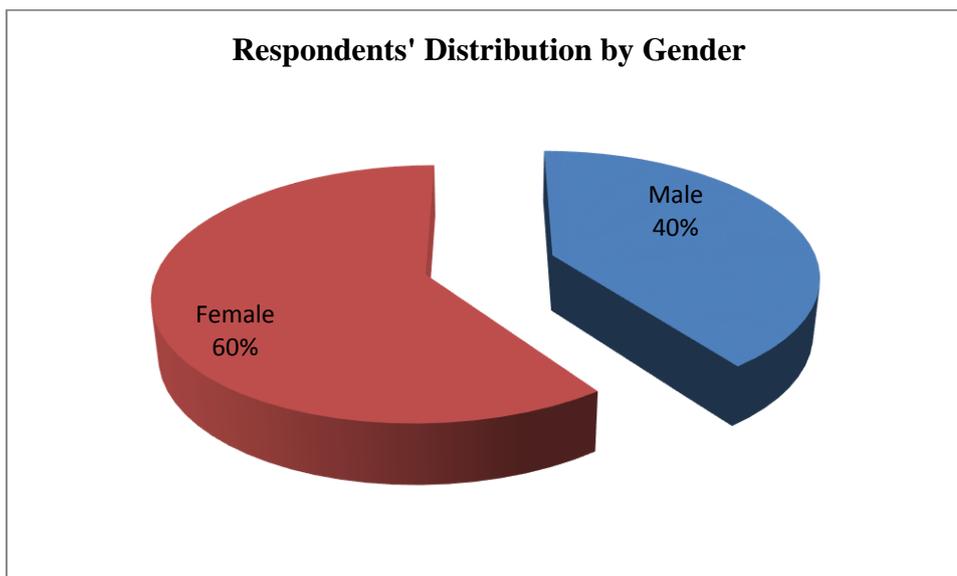
Category	Sample	Responded	Response rate
Branch managers	6	5	83.3%
Departmental heads	7	6	85.7%
Staff	52	44	84.6%

Out of the 6 SACCO branch managers, 5 participated in the study giving a response rate of 83.3%. Out of the 7 departmental heads, 6 returned fully filled questionnaires giving a response rate of 85.7%, while 44 out of 52 staff members returned fully filled questionnaires (84.6% response rate). The non-response rate was consequently 15.4%.

#### 4.3 Demographic Information

The study sought to establish the gender, age, designation and working experience of the respondents. The findings were as discussed below

### 4.3.1 Respondents' Distribution by Gender



**Figure 4.1 Respondents' Distribution by Gender**

As shown in Figure 4.1, 60% of the study participants were female while 40% were male. This shows that both genders were well represented in the study.

### 4.3.2 Respondents' Distribution by Age

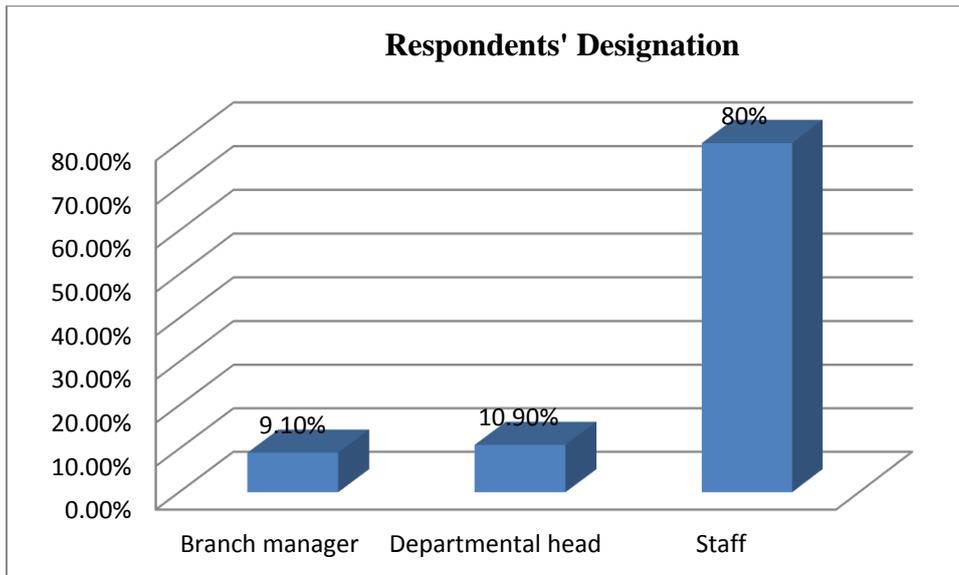
Respondents' distribution by age was as shown in Table 4.2

**Table 4.2 Respondents' Distribution by Age**

Age	Frequency	Percent	Cumulative Percent
Less than 30 years	6	10.9	10.9
31- 35 years	23	41.8	52.7
36 – 40 years	10	18.2	70.9
41 – 45 years	16	29.1	100.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	

As indicated in Table 4.2, 10.9% of the respondents were aged below 30 years, while 41.8% were aged between 31 and 35 years, 18.2% were aged between 36 and 40 years while 29.1% were aged between 41 and 45 years. This indicated that the respondents were mature enough to take part in the study.

#### 4.3.3 Respondents' Designation



**Figure 4.2 Respondents' Designation**

Majority of the respondents (80%) were members of the staff, 10.9% were departmental heads while 9.1% were branch managers. This means that the study considered the views of the people who make and implement innovative strategies in the SACCOs hence they could give relevant information.

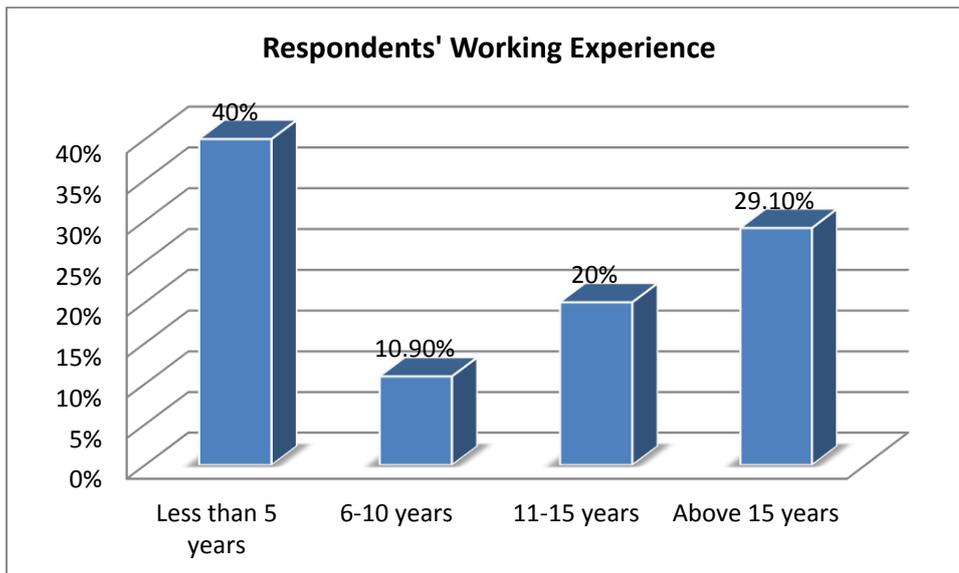
#### 4.3.4 Respondents' Highest Education Level

**Table 4.3 Respondents' Highest Education Level**

Education level	Frequency	Percent	Cumulative Percent
Higher diploma	6	10.9	10.9
Bachelors' degree	43	78.2	89.1
Master degree	6	10.9	100.0
<b>Total</b>	<b>55</b>	<b>100.0</b>	

Most of the study participants (78.2%) were bachelors' degree holders while 10.9% were higher diploma holders and another 10.9% were masters' degree holders. This implies that the respondents were highly educated to understand the issues being investigated.

#### 4.3.5 Respondents' Working Experience



### Figure 4.3 Respondents' Working Experience

As shown in Figure 4.3, 40% of the respondents had worked in their current SACCO for less than 5 years, 10.9% had worked for 6 to 10 years, while 20% had worked for 11 to 15 years and 29.1% had over 15 years working experience. This shows that majority of the study participants had over 5 years of working experience hence could have experience the issue being investigated.

### 4.4 Influence of Product Innovation on Performance

The first objective was to establish how product innovation influences the performance of SACCOs. This was achieved through various items

**Table 4.4 Descriptive Statistics for Product Innovation**

Statement	N	Min	Max	Mean	Std. Dev.
Innovative products have the ability of attract diverse consumers with varied needs	55	4	5	4.91	.290
SACCOs with innovative products have the ability to retain customer loyalty	55	4	5	4.71	.458
Innovative SACCO products have high success chances regardless of the SACCO that launches the product	55	3	5	4.18	.611
Continuous cycles of product innovations gives an organization competitive advantage	55	3	5	4.53	.663
Additional features to a product improve the quality of the product	55	3	5	4.27	.651
Successful product innovation is deterred by the rules and guidelines of the banking industry	55	2	5	3.87	.840

Product innovation leads to long term business growth	55	4	5	4.60	.494
Valid N (listwise)	55				

Majority of the respondents agreed (Mean = 4.91, Std dev = 0.290) that innovative products have the ability of attract diverse consumers with varied needs, SACCOs with innovative products have the ability to retain customer loyalty. Majority agreed (mean = 4.18, std dev = 0.611) that innovative SACCO products have high success chances regardless of the SACCO that launches the product. Majority agreed (mean = 4.53, std dev = 0.663) that continuous cycles of product innovations gives an organization competitive advantage. It was agreed (mean = 4.27, std dev = 0.651) that additional features to a product improve the quality of the product. Majority were neutral (mean = 3.87, std 0.840) that successful product innovation is deterred by the rules and guidelines of the banking industry. It was agreed (mean = 4.6, std dev = 0.494) that product innovation leads to long term business growth. These findings showed that different elements of product innovation were critical in improving performance through adding competitive advantage, business growth and customer loyalty. These were in line with Muiruri and Ngari (2014) findings that the financial innovations had great impact on the financial performance and Adhiambo (2014) who found out that improving product innovation led to improved financial performance.

#### **4.5 Influence of Organizational Innovation on Performance**

The second objective was to assess the influence of organizational innovation on the performance of SACCOs. Various items were used to accomplish this objective as discussed below

**Table 4.5 Descriptive Statistics for Organizational Innovation**

<b>Statement</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
Organization structure is that supervisors are able to support their teams within the organisation	55	4	5	4.38	.490
Communication is encourages, free and open within teams	55	3	5	4.38	.828
People feel that top management is enthusiastic and confident about their work and hence all employees feel a part of management	55	2	5	4.33	.883
Organization encourages self-supervisory to instil a sense of confidence on the employees	55	2	5	4.31	.879
Generally, people can get the resources they need for their work	55	2	5	4.09	.967
Employees have the freedom to decide how they are going to do their work	55	1	4	3.53	.900
SACCOs have an established and effective legal framework	55	3	5	4.40	.683
Financial intermediaries in the SACCO are helpful in facilitating the needs of the customers	55	3	5	3.91	.701
The SACCO has effective banking agency services	55	2	5	4.04	.881
Valid N (listwise)	55				

As shown in Table 4.5, most study participants agreed (mean = 4.38, std dev = 0.490) that organization structure allows supervisors to support their teams within the organisation. It was agreed (mean = 4.38, std dev = 0.828) that the organization

encourages free and open communication within teams while majority agreed (mean = 4.33, std dev = 0.879) that people feel that top management is enthusiastic and confident about their work and hence all employees feel a part of management. It was agreed (mean = 4.31, std dev = 0.879) that organization encourages self-supervisory to instil a sense of confidence on the employees. Most respondents agreed (mean = 4.09, std dev = 0.967) that generally, people can get the resources they need for their work. Majority were neutral (mean = 3.53, std dev = 0.9) that employees have the freedom to decide how they are going to do their work. Most respondents agreed (mean = 4.40, std dev = 0.683) that SACCOs have an established and effective legal framework. Majority were neutral (mean = 3.91, std dev = 0.701) that financial intermediaries in the SACCO are helpful in facilitating the needs of the customers while most agreed that the SACCO has effective banking agency services (mean = 4.40, std dev = 0.881). The findings showed agreement with most of the statements regarding organizational innovation. The findings were in line with Kibugo and Maina (2016) who found that organizational innovations can be a source of competitive advantage if a firm understands customer needs, competitors' actions and technological development and act accordingly to stay at par with rivals.

#### **4.6 Influence of Process Innovation on Performance**

The third objective was to determine the influence of process innovation on the performance of SACCOs. It was achieved through the following items

**Table 4.6 Descriptive Statistics for Process Innovation**

	N	Min	Max	Mean	Std. Dev
Ease of making bank payments via the mobile phone has the effect of increasing market share	55	3	5	4.73	.622
Service delivery innovations increase our sales turnover	55	5	5	5.00	.000
Office automation ensures efficiency and improve performance	55	4	5	4.82	.389
Mobile banking has reduced queuing in the banking halls	55	4	5	4.89	.315
Process innovation achieves business process re-engineering	55	4	5	4.49	.505
Process innovation has the ability to cut down on operational costs	55	4	5	4.58	.498
SACCOs have the tendency to adopt new technologies	55	3	5	4.18	.748
Valid N (listwise)	55				

As shown in Table 4.6, majority of the respondents agreed (mean = 4.73, std dev = 0.622) that ease of making bank payments via the mobile phone has the effect of increasing market share. All the study participants agreed (mean = 5.00, std dev = 0.000) that service delivery innovations increase the sales turnover. Majority agreed (mean = 4.82, std dev = 0.389) that office automation ensures efficiency and improve performance. Most also agreed (mean = 4.89, std dev = 0.315) that mobile banking has reduced queuing in the banking halls. Most agreed (mean = 4.49, std dev = 0.505) that

process innovation achieves business process re-engineering. Most agreed (mean = 4.58, std dev = 0.498) that process innovation has the ability to cut down on operational costs. Most were of the opinion (mean = 4.18, sdt dev = 0.748) that SACCOs have the tendency to adopt new technologies.

These findings implied that most SACCOs have adopted process innovation and had seen it improve performance in terms of reduced queuing in the banking hall, improved market share, reducing operational costs and improving efficiency. All these would improve performance. The findings concurred with Kariuki (2014) findings that adoption of superior strategies relating to products, services, processes and human resources led to superior organization performance.

#### **4.7 Influence of Marketing Innovation on Performance**

The fourth objective was to find out how marketing innovation affect the performance of SACCOs.

**Table 4.7 Descriptive Statistics for Market Innovation**

<b>Statements</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
A poorly marketed innovative product will not yield success	55	2	5	4.27	1.044
An organization that invests in market innovation will have increased market share	55	4	5	4.80	.404

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The setting up of branches in different regions	55	4	5	4.78	.417
ensures that the reach of customers is wide					
Information technology has facilitated the	55	4	5	4.80	.404
development of effective ways to market					
Products marketed with highlights on their core	55	4	5	4.38	.490
features have the ability to win consumers					
Development of multiple distribution channels	55	3	5	4.16	.601
for SACCOs is considered a smart way of					
doing business					
Innovative production promotion increases	55	3	5	4.58	.686
sales and customer base					
Valid N (listwise)	55				

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Findings on marketing innovation showed that majority agreed (mean = 4.27, std dev = 1.044) that a poorly marketed innovative product will not yield success. Majority also agreed (mean = 4.8, std dev = 0.404) that an organization that invests in market innovation will have increased market share. Most of the study participants agreed (mean = 4.78, std dev = 0.417) that the setting up of branches in different regions ensures that the reach of customers is wide and that information technology has facilitated the development of effective ways to market. Majority agreed (mean = 4.38, std dev = 0.490) that products marketed with highlights on their core features have the ability to win consumers. Most agreed (mean = 4.16, std dev = 0.601) that development of multiple distribution channels for SACCOs is considered a smart way of doing business and that innovative production promotion increases sales and customer base (mean = 4.58, std dev = 0.686).

These findings showed that marketing innovation was very instrumental in boosting organizational performance. This was in terms of increased market share, increased sales and customer base. The findings were consistent with Lilly and Juma (2014) that new market for products/services acquisition is positively related to the performance of organizations due to the fact that these markets create the room for expansion and meeting more customer demands in the market.

#### 4.8 Performance of SACCOs

Performance of SACCOs was measured against dividends per share and the level of customer satisfaction.

##### 4.8.1 Dividend per Share

**Table 4.8 Descriptive Statistics for Dividend per Share**

<b>Dividend per share</b>	<b>N</b>	<b>Min.</b>	<b>Max.</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>2016</b>	55	1	4	2.05	.803
<b>2017</b>	55	2	5	3.02	.972
<b>2018</b>	55	2	5	3.75	.966
<b>Valid N (listwise)</b>	55				

As shown in Table 4.8, majority of the SACCOs (mean = 2.05, std dev = 0.803) paid a dividend on share capital at a rate of 7-8% in 2016, while in 2017, majority (mean = 3.02, std dev = 0.972) paid at an interest rate of 8-9%. In 2018, most (mean = 3.75, std dev = 0.966) paid at a rate of 9-10%. These findings showed that the SACCOs under investigation were progressively improving in their performance. This was consistent with SASRA (2019).

#### 4.8.2 Level of customer satisfaction



**Figure 4.4 Level of customer satisfaction**

According to Figure 4.4, 9.1% of the study participants reported that the level of customer satisfaction was very unsatisfactory while the majority (61.8%) reported that it was satisfactory and 29.1% reported that it was very satisfactory. This showed that most of the customers in SACCOs in Nyeri County could be satisfied. This could translate to better SACCO performance.

#### 4.9 Results on Inferential Statistics

**Table 4.9 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757 <sup>a</sup>	.573	.538	.722

The R value of 0.757 means that there was a correlation between independent variables (product innovation, organizational innovation, process innovation and marketing

innovation) and the dependent variable (performance) in SACCOs in Nyeri County. The  $R^2$  value of 0.573 means that 57.3% of performance in SACCOs in Nyeri County could be explained by product innovation, organizational innovation, process innovation and marketing innovation.

**Table 4.10 Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.919	4	8.730	16.748	.000 <sup>b</sup>
	Residual	26.063	50	.521		
	Total	60.982	54			

The findings showed that the F value 16.748 was significant ( $p=0.000$ ) at 95% confidence level. This implied that the model was significant for performance of SACCOs in Nyeri County.

**Table 4.11 Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	9.303	1.336		6.963	.000
	Product innovation	-.710	.240	-.306	-2.961	.005
	Organizational innovation	.870	.148	.720	5.873	.000
	Process innovation	-.678	.197	-.477	-3.442	.001
	Market innovation	-.651	.212	-.300	-3.075	.003

The findings showed that product innovation was statistically significant ( $p=0.005$ ) in predicting performance of SACCOs. This means that product innovation was an important predictor of performance of SACCOs. The findings also showed that

organizational innovation was statistically significant ( $p = 0.000$ ) hence, was an important predictor of performance of SACCOs. Process innovation was statistically significant ( $p = 0.001$ ), consequently was an important predictor of performance of SACCOs. Market innovation was statistically significant ( $p = 0.003$ ), hence, was an important predictor of performance of SACCOs.

### **The resulting model**

$$Y = 9.303 - 0.710PI + 0.870OI - 0.678PI - 0.651MI$$

The new model indicated that without the elements of innovation strategies (product innovation, organizational innovation, process innovation and marketing innovation), performance of SACCOs would be constant at 9.303. The findings also showed that a unit change in product innovation would influence performance of SACCOs by 0.701, while a unit change in organizational innovation would change performance of SACCOs by 0.870. A unit change in process innovation would change performance by 0.678 while a unit change in marketing innovation would change performance of SACCOs by 0.651.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

The chapter covered the summary of the study, conclusions, recommendations and suggestions for further research. These were based on the objectives.

#### 5.2 Summary of the Study

The purpose of this study was to investigate innovative strategies and the performance of SACCOs in Nyeri County, Kenya. The study was guided by the following objectives: to establish how product innovation influences the performance of SACCOs, to assess the influence of organizational innovation on the performance of SACCOs, to determine the influence of process innovation on the performance of SACCOs, and to find out how marketing innovation affect the performance of SACCOs. The study utilized descriptive research design. It was carried out as a census among the 6 licensed SACCOs in Nyeri County. The main instruments for primary data collection were questionnaires which consisted of structured and unstructured questions. The data was then analyzed using descriptive statistics and inferential statistics. Multiple regression was done to determine the relationship between the dependent and independent variables. The study findings were presented in tables and charts.

The first objective was to establish how product innovation influences the performance of SACCOs. The findings showed that different elements of product innovation were critical in improving performance through adding competitive advantage, business growth and customer loyalty. However, it was also reported that product innovation was deterred by the rules and guidelines of the banking industry. The regression

findings showed that product innovation was statistically significant in predicting performance of SACCOs. This means that product innovation was an important predictor of performance of SACCOs.

The second objective was to assess the influence of organizational innovation on the performance of SACCOs. The findings showed agreement with most of the statements regarding organizational innovation (supervisors' support to the teams, top managements' enthusiasm and confidence in their work, employees getting resources they need for their work and established and effective legal framework). Nonetheless, employees did not fully have the freedom to decide how they were going to do their work. The regression analysis findings showed that organizational innovation was statistically significant hence, was an important predictor of performance of SACCOs.

The third objective was to determine the influence of process innovation on the performance of SACCOs. Findings showed that most SACCOs has adopted process innovation and had seen it improve performance in terms of reduced queuing in the banking hall, improved market share, reducing operational costs and improving efficiency. All these would improve performance. Process innovation was statistically significant, consequently was an important predictor of performance of SACCOs.

The final objective was to find out how marketing innovation affects the performance of SACCOs. The findings showed that marketing innovation played a crucial role in improving performance. It increased market share, enabled reaching more customers, it led to development of effective ways to market and increased sales and customer base. Market innovation was found to be statistically significant, hence, was an important predictor of performance of SACCOs.

Multiple regression findings showed that there was a correlation between independent variables (product innovation, organizational innovation, process innovation and marketing innovation) and the dependent variable (performance). The greater part of performance in SACCOs in Nyeri County could be explained by product innovation, organizational innovation, process innovation and marketing innovation. The model was also found to significant for predicting performance of SACCOs in Nyeri County. The findings further showed that the four independent variables were statistically significant, hence, important predictors of performance of SACCOs. A unit change in any of the four independent variables would alter SACCOs' performance.

### **5.3 Conclusions of the Study**

Based on the findings of the study, it can be concluded that the four independent variables (product innovation, organizational innovation, process innovation and marketing innovation) were important predictors of performance of SACCOs since each was statistically significant.

### **5.4 Recommendations of the Study**

Based on the conclusions of the study, the following recommendations were made.

SACCOs should find creative ways of adopting and implementing product innovation but within the rules and guidelines of the banking industry.

Organizational innovation could be improved through the human resource department getting better ways of freedom and autonomy among the employees.

The services within the financial intermediaries in the SACCO should be improved to become more helpful in facilitating the needs of the customers

### **5.5 Suggestion for further Research**

The study focused on SACCOs in Nyeri County, and a connection between innovation strategies and performance was established. Further study could be conducted even among the smaller unregistered SACCOs in the region. A similar study could also be conducted in other sectors other than the banking industry.

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## **APPENDICES**

### **Appendix I: Introduction Letter**

Muriuki Nahashon Mung'ora

P.O Box 1336-10101

Karatina.

Dear sir/ madam,

#### **RE: DATA COLLECTION**

I am a student at Kenyatta University pursuing a Degree in Master of Business Administration (Strategic Option). I am doing research on innovative strategies and the performance of SACCOS in Nyeri County, Kenya as a requirement for partial fulfilment of the degree. I request you to kindly answer to the questionnaire as truthfully as possible. The information gathered will be for academics purposes only. Your response will be highly appreciated.

Thank you in advance

Your faithfully,

**Muriuki Nahashon Mung'ora**

## Appendix II: Questionnaire

Please respond to the questions as accurately and as honestly as possible and tick (√) one response as appropriate or provide the answer in the space provided.

### Section A: Demographic information

1. What is your gender?      Male                          Female
  
2. Kindly indicate your age bracket (Tick as appropriate) Less than 30 Years     31-35 years     36 – 40 years     41 – 45 years     46 – 50 years     Over 51 years
  
3. Kindly indicate your designation Branch manager     Departmental head     Staff
  
4. What is your highest education level Diploma  Higher diploma  Bachelors' degree  Master degree  Any other (specify).....
  
5. For how long have you worked in your current station? (in years) Less than 5 years  6-10 years  11-15 years  above 15 years

### Section B: Product innovation and organizational performance

6. Please indicate with a tick the extent to which you agree with the following statements concerning product innovation and organizational performance. (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree).

Statement	1	2	3	4	5
Innovative products have the ability of attract diverse consumers with varied needs					
SACCOs with innovative products have the ability to retain customer loyalty					

Innovative SACCO products have high success chances regardless of the SACCO that launches the product					
Continuous cycles of product innovations gives an organization competitive advantage					
Additional features to a product improve the quality of the product					
Successful product innovation is deterred by the rules and guidelines of the banking industry					
Product innovation leads to long term business growth					

7. Please indicate with a tick the extent to which you agree with the following statements concerning organizational innovation and organizational performance. (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree).

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Organization structure is that supervisors are able to support their teams within the organisation					
Communication is encourages, free and open within teams					
People feel that top management is enthusiastic and confident about their work and hence all employees feel a part of management					
Organization encourages self-supervisory to instil a sense of confidence on the employees					
Generally, people can get the resources they need for their work					
Employees have the freedom to decide how they are going to do their work					
SACCOs have an established and effective legal framework					

Financial intermediaries in the SACCO are helpful in facilitating the needs of the customers					
The SACCO has effective banking agency services					

8. Please indicate with a tick the extent to which you agree with the following statements concerning process innovation and organizational performance. (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree).

Statement	1	2	3	4	5
Ease of making bank payments via the mobile phone has the effect of increasing market share					
Service delivery innovations increase our sales turnover					
Office automation ensures efficiency and improve performance					
Mobile banking has reduced queuing in the banking halls					
Process innovation achieves business process re-engineering					
Process innovation has the ability to cut down on operational costs					
SACCOs have the tendency to adopt new technologies					

9. Please indicate with a tick the extent to which you agree with the following statements concerning marketing innovation and organizational performance. (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly agree).

Statement	1	2	3	4	5
A poorly marketed innovative product will not yield success					
An organization that invests in market innovation will have increased market share					

The setting up of branches in different regions ensures that the reach of customers is wide					
Information technology has facilitated the development of effective ways to market					
Products marketed with highlights on their core features have the ability to win consumers					
Development of multiple distribution channels for SACCOs is considered a smart way of doing business					
Innovative production promotion increases sales and customer base					

**Section C: Organizational Performance**

10. Please indicate the dividend per share for your organization over the last 3 years:

2018: Kshs. \_\_\_\_\_

2017: Kshs. \_\_\_\_\_

2016: Kshs. \_\_\_\_\_

11. How would you rate the level of customer satisfaction in your organization? Please

indicate with a tick. Very unsatisfactory [  ] Unsatisfactory [  ] Neutral [  ]

Satisfactory [  ]

Very Satisfactory [  ]

**Thank you for your participation!**

### Appendix III: Licensed SACCOS in Nyeri County

S/No.	SACCO	Address
1.	2NK Sacco Society Ltd	P.O Box 12196 – 10109, Nyeri
2.	Biashara Sacco Society Ltd	P.O. Box 1895 – 10100, Nyeri.
3.	New Forties Sacco Society Ltd	P.O. Box 1939 – 10100, Nyeri.
4.	Taifa Sacco Society Ltd	P.O. Box 1649 – 10100, Nyeri.
5.	Wakulima Commercial Sacco Society Ltd	P.O. Box 232 – 10103, Mukurweni.
6.	Wananchi Sacco Society Ltd	P.O. Box 910 – 10106, Othaya.

Source: SASRA (2019)