STRATEGIC INNOVATIONS AND PERFORMANCE OF COOPERATIVES IN NANDI COUNTY, KENYA.

CHEPCHUMBA BETTY

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2022

DECLARATION

Student's Declaration

I declare that this research project is my original work and has never been presented for a degree in any other university.

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Supervisor's Declaration

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

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ACRONYMS AND ABBREVIATIONS

GDP: Gross Domestic Product

SACCO: Savings and Credit Cooperative Societies

SMEs: Small and Medium Enterprises

SPSS: Statistical Packages for Social Science

ABSTRACT

High outcomes in addition to continuing attempts in innovations aids organizational learning as well as improving the quality and speed of the operations and ultimately performance. Though research have been undertaken on performance of SACCOs, there is a knowledge gap since most of the studies done revolve on the degree of strategic innovation, strategic innovation management among others, hence necessitating a determination of innovation strategies and how it affects strategic performance of cooperatives in Nandi County. The goals of the research were about establishing strategic innovations adopted and determining influence of strategic innovation on performance of cooperatives in Nandi County. Diffusion of Innovation, Resource Based and the Contingency theories respectively achored the research. Descriptive design utilized and primary data collected by structured questionnaires. To analyze the data, it was first coded was then assigned symbols and then further analyzed using regression and descriptive statistics. The study established that cooperative societies in Nandi County had adopted marketing, process innovation, and product innovations. On the influence on innovation strategies on performance, the study findings indicated that process, then followed by marketing and finally product innovations had a influence on performance of cooperatives in Nandi County. The study concludes that performance of cooperatives in Nandi were majorly being influenced by the efficiency in providing their financial products through process innovations. It can further be concluded that product innovations had the least influence on performance. The study recommends that Cooperatives in Nandi County should diversify their product portfolios in order to improve its results.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Capability to implement value adding innovation strategies is advantageous to a company's performance in today's dynamic and fiercely competitive business environment (Kuria, 2015). Mwangi (2015) and Muchemi and Njoroge (2017) established a positive link between an organization's performance in addition to the extent of strategic innovations set up by management. As competition becomes intense, businesses are being compelled to take a more strategic and innovative approach for improved performance (Danny, 2020). This is because the local and global markets are both experiencing dynamic changes that will significantly affect the performance of the company. An organization's performance is gained by integrating strategic innovation into its overall strategy and making it a strategic plan component (Mugai & Gitau, 2018). However, according to Neely (2021), organization performance is not solely dependent on innovations since performance is dependent on a wide range of factors. Despite Neely's (2021) assertion, Maorwer (2012) argues that innovation enhances business performance since they transforms an organization's internal capabilities making it more adaptive to environmental changes.

The study's relationship between strategic innovations and performance was underpinned by the Diffusion of Innovation theory as well as Dynamic Capability Theory. The Diffusion of Innovation theory looks at how new ideas, concepts, and technologies spread throughout an organization by way of the company's culture. The theory posits when organizations adopts strategic innovations in terms of new products, new processes, and new strategies, it results in improved performance since society has accepted the new innovations. The Dynamic Capability theory posits that organizations strategic innovations help them to configure, build and integrate both internal and external capabilities, thus enhancing organization performance by adapting to an ever-changing environment. (Sanchez & Cralle, 2012). It postulates that whenever there are changes in business working environment, the performance of an organization is also affected and this calls for strategic innovation to cope with the dynamic environment.

Cooperative societies enhance the living standard of both the members and the locals as they strategically play a vital role in wealth creation as well as uplifting the financial capacity of the poor (Nduku, 2013). There are many cooperative societies in Nandi County, including those in the tea and dairy industries, as well as sugarcane and other crops. Economic and macroeconomic factors, such as a lack of modern skills, strong competition from rivals, financial liberalization, and regulation of business, are often to blame for the difficulties faced by cooperatives. As the Cooperatives sub-sector faces extinction, new approaches to management and operation are needed to ensure its long-term viability. Most cooperatives have changed their business practices over the years. Furthermore, banking industry reforms have resulted in a number of structural changes and increased competition in the sector (Nduku, 2013). Because of this, financial institutions like Cooperatives have adopted competitive strategies, such as those involving innovation. Despite the widely acknowledged significance of innovation, cooperatives in the region still face difficulties in thriving.

1.1.1 Strategic Innovations.

Innovation is a process of incremental enhancements to an existing product or product line (Maina, 2016). When a company practices strategic innovation, it seeks to improve its ability to generate wealth and strengthen its position in the market by identifying, applying, and exploiting new products, processes, or marketing opportunities (Wambui, Kinuthia & Gakenia, 2018). New marketing strategies, new or improved products, and new business procedures are all examples of strategic innovation. Innovation, according to the Oslo Manual (OECD, 2005), comprises of the commercial, technical, as well as financial steps vital in successful development as well as marketing of newfound or enhanced manufactured goods, the viable utilization of new or further developed processes or hardware, or the launching of another methodology with social services. Additionally, it includes bringing new products or processes in the market. Maina (2016) used the Oslo manual definition to define innovation, that it involves finding new ways to accomplish tasks.

Product innovation as well as process innovation and market innovation in addition to organizational innovation were all included in the Organization for Economic Cooperation and Development's (OECD, 2015) manual's classification of strategic innovation. Both strategic innovation and organizational performance are intertwined because they have an impact on one another. Process, market, product and organizational innovations are all part of strategic innovation. Strategic innovation is critical to an organization's long-term success and well-being

(Macharia, 2015). Organizational performance and strategic innovation are intertwined. To realize effective strategic innovation, management need to implement innovative techniques.

According to Lilly and Juma (2014) an essential part of any business strategy is the ability to identify and take advantage of new market opportunities through strategic and tactical innovation. Sifuna (2012) argued that irrespective of the risk or uncertainty involved, it is possible that a successful invention will have a major impact on the profitability of a business. Because strategic innovation is all about increasing the efficiency of an organization, Macharia (2015) opined that various techniques are used to achieve this goal. Muigai and Gitau (2018) reasoned that while strategic innovation is important, it is not the only thing an organization should focus on if it wants to succeed. For both long-term and short-term company success, these innovation techniques are essential (Lilly & Juma, 2014).

1.1.2 Organizational Performance

Maina (2016) noted that firm-specific outcome areas such as financial, returns, and product market success are incorporated into organizational performance. It is used to evaluate the effectiveness of an organization (Machuki and Aosa, 2011). An organization's performance is typically defined as its ability to achieve its goals (effectiveness), utilize its resources (efficiency), and meet the needs and expectations of its stakeholders (relevance) (Jenatabadi, 2015). Thus, the contribution of all stakeholders determines the success of a firm.

However, despite the difficulty of measuring organizational performance (Kemoli, 2012), some of the most commonly used approach to evaluate the performance of an organization include survival and subjective measures, financial market measurements, continued existence measures, and financial statement measures. Performance is measured in terms of new ideas produced, revenue generated from new market offerings created, process improvement rates achieved, and productivity gains or cost reductions realized as a result of innovation (Samson, 2010). Product plus process innovation are closely tied to the performance of the company's operations, which includes factors such as quality, speed, efficiency, and adaptability (Kimani, 2016). The organizational performance that is the primary subject of this study is typically measured in terms of profits and equity of a company, as it pertains to the cost efficiency of a company in order to meet its financial objectives (Mwangi & Wambua, 2016). Except for educational cooperatives, the performance of cooperatives was measured in this study using profit and sales growth, after-tax returns on assets and sales. Herein, the performance of cooperatives is judged through the rise in sales, profit, and market growth.

Cherotich, Sang, Shisia, & Mutung'u (2015) carried a study on monetary Innovations and the manner it affects Performance of Kenyas Commercialized Banks and results pointed that financial innovation was good and had a positive impact on banks' performance. The results were gotten through the use of an analytical model which analyzed data and diagnostic tests was utilized to evaluate the connection between monetary innovation and monetary performance. It was found that strategic innovation and implementation had a substantial effect on the performance of commercialized banks in Kenya, affording to a study done by Njagi and Kombo (2014). Researcher Muchoki (2013) looked into how product innovation affects a mobile phone service provider's financial performance. According to the study's findings, greater financial performance for Kenyan mobile service businesses has stemmed from product innovation.

1.1.3 Cooperatives Societies in Nandi County

Economic growth and society as a whole are greatly aided by Cooperative Societies, which play an important role in Kenya's economic development (GDP). The UN Habitat (2010) defines a cooperative society as an institution whose primary intention is to pool the savings of its members in order to provide them with long term financial facilities. Cooperative societies were therefore viewed as a way to fill a market void. Nandi County has cooperatives in various sub counties.

The cooperative movement in Nandi County has experienced a lot of growth as well as a lot of challenges despite the government putting more funds in the cooperative movement (Ruttoh, 2015). Cooperatives are becoming increasingly popular, and there is an urgent need for strategic innovation to create products that satisfy customer needs. But the speed of establishment and going under is actually the same and this can be attributed to the over dependency of contributions from the members while there are no proper innovation strategies meant to catapult the business to success. The dwindling performance of most cooperatives could be due to untimely or lack of strategic innovation programs.

1.2 Research Problem

As evidenced by the existing studies (Muigai and Gitau, 2018), the importance of strategic innovation in organizational performance is clear. Innovation is defined as anything new and creative that is aimed at improving a company's performance. There have been complaints about cooperatives closing and others performing dismally to the extent that they are in the brink of closure. This problem has been experienced by majority of cooperatives. To compete effectively and improve their financial performance and other organizational performance metrics, companies must be able to strategically innovate (Kiragu, 2015). A study by Gomez-Mejia (2012) found that the incorporation of strategic innovation into an organization's overall strategy resulted in accumulative performance and competitive advantages. Cooperatives in the greater North Rift region rely on Nandi County as their foundation. Loans and other financial products offered by SACCOs are frequently used by members of these cooperatives to grow their businesses. Nandi County's SACCOs have made significant investments in the cooperative sector over the years. Some cooperatives have recently been forced to close or merge due to their poor performance, which has prompted concern from stakeholders. The vast majority of Nandi County's cooperative societies have been adversely affected. One explanation for this is that cooperative societies are utilizing various performance-enhancing strategies. The development of cooperatives in the County depends on innovation in the co - operative society.

Mwangi (2015) in his study on factors influencing the performance of SACCOs revealed that strategic innovation is one of the major challenges affecting SACCOs in Kenya. Persons from all walks of life, whether they are poor, wealthy, or in the middle class, have long relied on the infrastructure provided by cooperatives to improve their entire social, cultural, and economic well-being (Kamonjo, 2014). Though numerous research has been conducted on innovation strategies and strategic innovation, relatively few, if any, have emphasized on cooperative performance. Various research studies have been done in Kenya on the impact of strategic innovations on bank performance creating a knowledge gap on SACCOs. Examples include: Cherotich et al. (2015) examined financial innovations and the performance of commercial banks in the Kenyan banking industry, whereas Ngari and Muiruri (2014) scrutinized the effect of innovations on financial matters on the monetary performance of banks in Kenya. Kariuki (2014) undertaken a study examining the impact of strategic innovation on the performance of Kenyan mobile telecommunications providers. Rutto (2015) conducted research on the factors affecting the creation of cooperative societies in Nandi County.

While research on cooperatives' operational performance has been conducted, there is evidence that strategic innovation significantly influences organizational performance in other countries and different sectors in Kenya, such as in Cherotich et al. (2015), Muiruri & Ngari (2014); Rutto (2015); Kariuki (2014); and Ngugi & Karina (2013). According to recent studies in Kenya, while most of the current research has focused on the impact of strategic innovation on a variety of organizational types, a small number of studies have focused on the general variables influencing performance across cooperatives. Consequently, there is a need for further research into the impact of strategic innovation on cooperative performance in Kenya. Because of this, we are left with only one question to address. Is strategic innovation important to the performance of Nandi County cooperatives?

1.3 Research objectives

The study objectives were:

- **i.** To establish the nature of strategic innovation carried out by cooperative societies in Nandi County
- **ii.** To determine the influence of strategic innovation on performance of cooperatives in Nandi County.

1.4 Value of the Study

In and out of government, this study will help policymakers develop and implement good policies on how to best improve and innovate cooperatives so that they do not go under. A better understanding of the value of strategic innovation by policymakers will allow them to align their plans with the company's own innovative efforts. An understanding of the link between cooperatives' performance and strategic innovation will benefit policymakers.

There are numerous cooperative societies that have directors and senior managers who can help devise innovative strategies that will give them an advantage over their rivals. They will point out that strategic innovation is essential to the cooperatives' long-term economic viability. Which will ensure hat innovative strategy is a way of life, particularly by instilling it in the organizational culture.

Because it opens up new fields of inquiry, this work would be beneficial to scholars and academicians. Therefore, the study will contribute to the body of information regarding strategic innovations and the success of cooperative societies. It will expand the existing literature on strategic innovations as well as performance of organizations especially cooperatives societies. The results of this study will act as an important resource for future study, and they will ac as a challenge or support existing theories, depending on how they are interpreted. The researcher will also get an opportunity to argue about existing theories and even develop new theories.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter pinpointed the relevant theories that explained the conceptual relationship. It also included an empirical review, a conceptual framework, literature review summary, and study limitations. Literature review is based on the study objectives in addition to study variables.

2.2 Theoretical Foundation

Diffusion of Innovation theory and complimented by the Dynamic Capability theory was the foundation of the theory. The Dynamic Capability theory focuses mostly on the diffusion of new ideas, concepts, and technologies within an organization's culture (Ngugi & Karina, 2013). Dynamic Capability theory is concerned with developing strategic innovations that meet the organization's objectives and are consistent with the constantly changing environment.

2.2.1 Diffusion of Innovation Theory

Rogers developed this theory in 1995. Basically, it is preoccupied with the diffusion of new ideas, concepts, and technologies within the organization's culture. Organizational procedures and real-world benefits are required for strategic innovation, according to this statement. It mainly has three stages which involves providing information about the strategy to the employees, persuading the staff to accept it and lastly, comparing the pros and cons of the strategy (Sanchez & Cralle, 2012).

Many individuals have various attributes that allow them to either accept or reject an invention, according to the notion. It asserts that employees' attitudes toward new ideas presented by their employers are influenced by a variety of circumstances. When the organization identifies the competencies of their employees then it will be possible to fully utilize their capabilities for the benefit of the organization (Ngugi & Karina, 2013). Proper placement of employees motivates them to be aggressive and initiative hence more innovative and creative at work. Creative and innovative cooperatives will have competitive advantage will in turn will have ripple effect on the performance. This will eventually lead to improved performance of the cooperatives.

2.2.2 Dynamic Capability Theory

Teece (1997) came up with this theory. It is the ideal methodology for companies to organize, construct, and incorporate capabilities that can be changed into new abilities that match their chaotic environment is the primary focus of this research (Sanchez & Cralle, 2012). That a firmcan make the best use of its resources so that it can respond quickly to changes in the business environment concerns this discipline. There is a strong emphasis on identifying and leveraging critical competencies in order to create dynamic competitive advantages, as well as on adopting a new mentality and responding to the changing environment in a different manner. Design for transformation (DfT) and configuration for transformation (DfT) are concepts that can be applied to nearly every aspect of a company's operations, including organizational learning, product and process development; intellectual property; technology transfer; human resources; R&D; manufacturing; and intellectual property management; and intellectual property protection.

The idea was created grounded on the notion that companies with weaker dynamic capabilities will dominate those with better dynamic capabilities (Suresh & Sethuraman, 2014). Leadership and other variables can help a company maintain a long-term competitive advantage, according to this notion. When it comes to these competencies, Sifuna (2012) notes that they are often referred to as "first order competences" because they include the company's deliberate adjustment of its current goods, processes, scales, or even the multiple markets it serves.

An organization's capability to conform to a speedily dynamic business environment is an important indicator of its changing abilities. It is considered that an organization has dynamic capabilities should it be able to adjust its inner as well as external competencies to the constantly changing environment through creation, reconfiguration, and integration (Yusufu, 2013).Capabilities, are focused with how effectively and efficiently new opportunities may be investigated and utilized in the context of a firm's resources (Kariel, 2016). Firms are considered capable if they have even the tiniest capacity to accomplish specified tasks, regardless of how well or how poorly they do them. The environment plays a critical role in organizational performance. Thorough analysis of the environment and responding adequately will enable the organization make some adjustments in order to cope with the dynamic environment thereby promoting greater effect on cooperative performance. With the financial resources, human resources and the equipment being utilized by the cooperatives, the firms can use them to strategically innovate and improve cooperatives performance.

2.3 Strategic Innovations and Organizational Performance

Two things are inseparable: strategic innovation and organizational performance. Various innovations, including marketing, process, product, and organizational, were found to have varying effects on the performance of Pakistani manufacturing companies, according to a study by Commer (2013). These innovation strategies may be appropriate to manufacturing but may not be relevant to service businesses. However, the study did not examine how these factors affected performance. Researchers at a Nigerian bottling firm seeking determination of effect of strategy management on the overall performance of the organization and the company's ability to gain a competitive advantage. They concluded that companies with more strategic planning have a leg up on their competitors. Strategic innovation in conjunction on impact on performance were disregarded, despite the fact that strategy management was researched. The study did not place much emphasis on things like profitability, productivity, or profit.

Macharia (2015) examined the strategies that increases the organizational performance at Stima SACCO Kenya and noted that product is a very essential element in performance enhancement and overall growth of SACCO. In order to find out if Czech companies can obtain a competitive edge through innovation and knowledge exchange, Urbancová (2013) performed a study. According to the conclusions of the study, a company's ability to gain a competitive edge relies heavily on marketing features. In order to gain or maintain market share, it is critical to carefully consider the target market and the approach that will be taken. Nur, Topsakal and Dogan (2014) carried research where they were seeking to establish the extent of strategic innovation as well as identifying the obstacles to strategic innovation in hotels in Antalya. The barriers to strategic innovation in hotels could be dominant in financial institution too but the extent of challenge might be different. Chege, Wang & Suntu (2020) research on the impact of technology firm performance and found that not only banking institutions but also SACCOs offering banking services face global challenges in relation to global competition in terms of nature of products, terms and conditions, price wars, and unfair competition.

Businesses must keep an eye on their competition's moves to maintain a competitive advantage in today's market environment. When Muiruri and Ngari (2014) evaluated the impact of economic innovations on the general economic performance of Kenyas commercialize banks, they found that the choice of product had a major impact on the success economic performance of the banks themselves. Using a quantitative research methodology, Ngure, Kimani, and Kariuki (2017) found that organizations that are aware of their consumers' wants are more likely to come up with items that meet their needs. Stima SACCO Kenya's product was found to be a major factor in the SACCO's improvement in performance and overall growth by Macharia (2015). Thus, a study by Karanja (2011), which attempted to examine if United Bank Of Africa Ltd might get a competitive advantage through innovative ways, found that competitive advantage could be gained by producing products that are satisfactory to customers. Customers' satisfaction with a product is directly related to its power to impact the success of a firm.

Market penetration or market share consolidation requires careful consideration of the target market and the development of an effective strategy. It is imperative that the organization's overall performance and productivity, in particular, increase by identifying the proper market for the products. Commercial banks' overall performance was studied by Mulinge and Kyongo (2017), who came up with a theory that linked strategic innovation to bank performance. The study was done on 150 workers working at the Commercial Bank of Africa in Nairobi headquarters. According to the conclusions, a thorough and continual market revolution is required to be accomplished.

When it comes to strategies that are innovative and organizational performance in Telkom Kenya's confined environment, Wambui, Kahuthia, and Gakenia (2018) conducted an investigation into the subject matter. In their findings, they discovered that the study used a descriptive case-observation approach, and that the data revealed that the structure of organizational activities had an impact on organizations' performance. Leadership affects strategy execution and, as a result, total organization performance, according to the Maina (2016) examination into the influence of innovation strategies on Kenyan insurance businesses' overall performance. Strong leadership was shown to be necessary in this case to ensure that the outlined strategies were implemented effectively. Organizational performance suffers as a result of poor leadership, which has a knock-on effect on how things are done.

Researchers Moronge and Muchemi (2017) investigated the effects of strategic innovations introduced byKenyas industrial banks, with a particular focus on the performance of the equity bank. They found that effective management is essential in making sure that established strategies are implemented. Management is in charge of not only the organization of human resources, but also the organization and reorganization of financial, other material, and equipment resources, among other things. Using a descriptive research approach and a structured questionnaire, Mwangi (2015) investigated the factors that affect the performance of SACCOs in the country. Results from this study showed that well-organized companies had an easier time carrying out their goals exactly as they had been laid out.

2.4 Summary of Literature and Knowledge Gaps

SACCOs and other financial institutions have been the subject of several empirical investigations by a variety of academics. Despite this, the most recent studies have left certain gaps in our knowledge. Strategy management's effect on Nigerian bottling companies was studied by Olanipekun *et al* (2015). Without considering alternative innovation techniques, the researchers focused on the performance of bottling companies to establish the impact of strategy management on those firms' performance. An investigation is warranted because of this.

In addition to Nur *et al* (2014), Mbaabu (2013) explored the impact of strategic and technological change on deposit taking SACCOs. There was no research done in Nandi County; only deposit-taking SACCOs and hotels were examined. Because of this, several research has endeavored to identify elements influencing innovation strategy (Mwangi, 2015) in which the result of economical innovations (Muiruri &Ngari, 2014), leaving an open question of how strategic innovation influences the cooperatives performance in Nandi County.

2.5 Conceptual Framework

Strategic innovation has been operationalized as shown in figure 2.1. The product must either be totally redesigned or greatly enhanced in order to be considered innovative. For example, it includes anything from product development and enhancement to complete product replacement. Service delivery methods include the tactics you use to serve the customer, the equipment you use, and the means through which the services are supplied.

In terms of pricing strategy, the medium through which marketing activities are carried out and the promotion strategies employed in product promotion, marketing innovation is a broad term. Structure, communication, and decision-making processes are all factors that go into determining whether or not an organization has successfully innovated. As a result, sales growth, market share, and profit margins all serve as metrics for evaluating the effectiveness of cooperatives.

Independent Variable	**Dependent Variable**
Strategic innovations	**Performance of Cooperatives**
• **Product innovation** • **Process innovation** • **Marketing innovation**	• **Growth in Sales** • **Market share** • **Profits**

Source: Researcher (2022)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the research approach to be used in this study, including the research design and the population to be studied. Additionally, the sampling strategy as well as the technique of data collecting was looked. Finally, the chapter also contained how analysis of the acquired data was examined.

3.2 Research Design

Essentially, a research design is a set of processes and strategies that a researcher chooses to help them emphasize on research methods that are suited for the subject matter and set up their research for success. Research design is sometimes referred to as research methodology. An investigational strategy and framework that is conceived with the goal of discovering solutions to research inquiries (Kerlinger, 1986). An appropriate research design is required in order to carry out an effective research project that addresses these issues (Asenahabi, 2019). Research design utilized was descriptive since information can be acquired through interviews or the distribution of a questionnaire to a representative sample of persons using this methodology (Orodho, 2003).

The research technique was chosen because inferences about correlations between variables are developed without direct intervention from linked fluctuations in independent and dependent variables. To answer the questions of what, where, who, when, and how a variable relates to a certain research topic, researchers must choose a research design. It is useful for gathering important data on the current state of the phenomenon and attempting to define the current conditions in terms of variables.

3.3 Target Population

Nandi County has 185 active registered cooperative societies, according to the budget report for 2020/2021 from the department of cooperatives. The study adopted a census on all the cooperatives in Nandi County.

3.4 Data Collection

Quantitative primary data via structured questionnaires was gathered from the respondents. Researchers can utilize questionnaires because they allow them to anticipate what they was needed and how to measure the variables of interest (Sounders, Lewis & Thornhill, 2007).

Questionnaires was administered to the respondents. The study also utilized secondary data from the reports on cooperatives.

The University Of Nairobi School Of Business in addition to the National Commission of Science, Technology, and Innovation (NACOSTI) was contacted to obtain permission to gather data from respondents. Afterwards, the student and the research assistants visited the site to gather data. Surveys were constructed that require respondents to select from a list of options. Respondents can remain anonymous by filling out the surveys in an anonymous manner. The questionnaires was handed out to the participants, who included cooperative members, management, and staff, and was retrieved at a later time from those who filled them out.

3.5 Data Analysis

The information was first be revised to find and fix any errors and oversights for accuracy and compatibility with the facts gained in the study. The replies were coded by assigning numeric or symbolic values to them. After that, the data was classified, which entails putting the gathered information into groups based on similar features. One-dimensional descriptive analysis is then used to examine the data, which includes measurements of central tendency, dispersion and skewness, as well as a simultaneous study of all the variables in the data set. There are a number of descriptive statistical metrics that can be used to determine the data's central tendency. Pearson moment correlation and regression analysis was used in inferential analysis for determining the nature and degree of the effect of key advancement on firms' performance. The regression model formula was as follows:

$$\mathbf{Y= \beta_0 + B_1PD+ B_2PC+ B_3MK}+e$$

Where:

Y = Performance of cooperatives

β_0 = Constant (Y-intercept)

$B_{(1\text{-}3)}$ = Coefficient of independent variables

X1 = Product Innovation

X2 = Process Innovation

X3 = Marketing Innovation

e = Error

For the research regression model to be properly analyzed, some assumptions must be made and tested. Tests for normalcy, linearity, homogeneity of variance, and independence of mistakes are included in the assumptions tests. The regression model can be examined once the variables have passed these checks.

CHAPTER: FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.0 Introduction

Data was analysed in light of the goal of the review which was to established the nature of vital innovation done by cooperatives societies in Nandi County and to determine the influence of strategic innovation on performance of cooperatives in Nandi County. Inferential and descriptive data were utilized during analysis.

4.1 Questionnaire Response Rate

The respondents were issued with one hundred and eighty five (185) questionnaires. One hundred and seventy one (171) questionnaires were returned dully filled by the respondents. This gave a representation of 92.4% response rate. A 75% response rate is considered sufficient for the study to continue (Kothari, 2010).

Table 4.1 Questionnaire and Interview schedule response rate

Questionnaire Issued	Questionnaire returned	Questionnaire response rate
185	**171**	92.4%

(Source author, 2022)

4.2 Background Information

Background information was meant to gather information related to the respondents and work related. These included information concerning age, gender, position, education as well as experience of work.

Table 4.2 Background information

Categories		Frequency	%	Valid %	Cumulative %
Gender	Male	124	72.5	72.5	72.5
	Female	47	27.5	27.5	100.0
	Total	171	100.0	100.0	
Age bracket	18- 25	3	1.8	1.8	1.8
	26-30	8	4.7	4.7	6.5
	31-55	18	10.5	10.5	17.0
	36-40	60	35.0	35.0	52.0
	41-45	76	44.4	44.4	96.4
	46& above	6	3.6	3.6	100.0
	Total	171	100.0	100.0	

Position held	Marketing	40	23.4	23.4	23.4
	Finance	22	12.9	12.9	36.3
	Reception	9	5.3	5.3	41.6
	Loans and credit	87	50.9	50.9	92.5
	Others	13	7.5	7.5	100.0
	Total	171	100.0	100.0	
Years of experience	0-3	21	12.3	12.3	12.3
	4-6	38	22.2	22.2	34.5
	7-10	83	48.5	48.5	83.0
	Over 10	29	17.0	17.0	100.0
	Total	171	100.0	100.0	
Advance level of education	Postgraduate	9	5.3	5.3	5.3
	Graduate degree	67	39.2	39.2	44.5
	Diploma/certificate	48	28.1	28.1	72.6
	Secondary school	39	22.8	22.8	95.4
	Primary	8	4.6	4.6	100.0
	Total	171	100.0	100.0	

Source: Researcher, 2022)

4.2.1 Gender

The study found out that male respondents were 124(72.5%). On the other side, the female respondents were 47(27.5%).

4.2.2Age bracket

Age bracket was meant to determine the respondent's age and the relationship it has with cooperatives in Nandi County. Findings as shown in table 4.2 indicated that those aged 18- 25 were 3(1.8%), those aged 26-30 were 8(4.7%) while those who were aged 31-55 were 18(10.5%). Some 60 (35%) were aged between 36 and 40 while another 76 (44.4%) were aged between 41 and 45 whereas 6 (3.6%) were aged above 46 years. The results showed that the majority of the respondents were aged above 41 years but less than 45 years and closely followed by those aged between 36 and 40. The fewest were aged between 18 and 25 years. This depects staffs as old enough to understand the issues and matters related to cooperatives and performance. It further shows that they have the ability to understand innovation strategies used by cooperative societies.

4.2.3 Position held/section

Respondents were asked to declare the department or position they are holding in the organization. This was important in determining the level of involvement with the customers and daily cooperative activities. Marketing officers were 40(23.4%) while the finance staff were 22(12.9%). Receptionists were 9(5.3%) while those who are in the loans and credit department were 87(50.9%) whereas others in various sections not mentioned were 13(7.5%). Loaning and credit department carried the bulk of the staff followed by those in the marketing department.

4.2.4 Years of experience

Experience was vital in the determination the degree of understanding of the cooperatives and innovation strategies applicable. The findings revealed that those who have worked for 0-3 were 21(12.3%) and 38(22.2%) had an experience of between 4 and 6 years. Respondents who had experience of between7-10 were 83(48.5%) whereas 29(17%) had an experience of over 10 years. An experience of over 6 years is adequate for an individual to understand the elements and dimensions of innovation and performance of cooperative societies. The results showed that most SACCO staff had worked for six years and over but not more than 10 years. The minority had less than three years of work experience. This is a clear indication that most of the respondents are more experience and hence have a clear understanding of the subject matter.

4.2.5 Advance level of education

Postgraduate respondents were 9(5.3%) while those with degree were 67(39.2%). The findings further revealed that diploma holders were 48(28.1%) while at the same time, some 39(22.8%) were secondary certificate holders and some 8(4.6%) were primary school dropout. With majority of the respondents holding post-secondary education, it can be assumed that they have the required intelligence to comprehend on matters innovation and its effects on organizational performance. This when coupled with superior work experience, the respondent is well placed to mitigate matters strategic innovation and how they influence performance of cooperative societies.

4.3 Marketing innovation and organizational performance

Table 4.3: Marketing innovation and organizational performance

Statement	N	Mean	Std. Deviation
Profitability is affected by design changes.	171	3.0320	.79067
The volume of loans is influenced by pricing strategy.	171	4.0712	.62087
Profitability is impacted by product advertising.	171	4.2053	1.07858
Product positioning has an impact on productivity	171	4.4971	.54954
The market share of a product is affected by its packaging	171	3.0752	.78320
Organizational performance can be improved through marketing innovation.	171	4.8703	.77612
Organizations' market share is influenced by the medium of marketing they use.	171	2.5412	.53847
Customer satisfaction is enhanced by new product and service offerings.	171	3.5023	.7849

(Source: Researcher, 2022)

Marketing innovation is about the product is designed, packaged, priced, promoted and positioned in the market. Table 4.3 indicated that profitability is not entirely affected but averagely affected by design changes as represented by an overall mean of 3.0320 and standard deviation of .79067. On the other hand, the volume of loans is influenced by pricing strategy used by the organization as represented by a mean of 4.0712 and standard deviation of .62087. This could be alluded to the fact customers are price conscious and hence would prefer cheap loans as opposed to the ones they deem a bit expensive. This is coupled by the fact that there are many cooperatives offering the same services as well as other financial institutions not forgetting cheap and easily accessible mobile phones loans.

Consequently, the findings revealed that profitability is impacted by product advertising and that product positioning has an impact on productivity of the firm. This is evidenced in table 4.3 by a mean of 4.2053 and standard deviation of 1.07858 and a mean of 4.4971 and standard deviation of .54954 respectively. Advertising of the products being offered by the society as well as the fact that people know the existence of the cooperative will make it easy for the attraction of potential customers. This in effect will lead to high sales volumes and probably increasing the market share. Many customer tend to be attracted to the organization that they keep hearing about. The study further noted that the market share of a product is actually not really affected by its packaging as evidenced by a mean of 3.0752 and standard deviation of .78320. This could be attributed to the fact that there are other factors that determine the market share adversely rather than packaging. This in fact is not applicable to many service firms but applies very well to tangible goods being offered by such companies. With a mean of 4.8703 and standard deviation of .77612, the results indicated that organizational performance can be improved through marketing innovation. This allows the organization to carry out product development as well as market development. By so doing, the organization will be able to venture in the market that they had not explored before and at the same time push for new customers in the same markets. Further they will be able to sell existing products in the new market too.

Organizations' market share is not actually influenced by the medium of marketing they use neither does customer satisfaction enhances new product and service offerings as represented by a mean of 2.5412 and standard deviation of .53847 and mean of 3.5023 and standard deviation of .7849 respectively. There are many other factors that determine the market share of the organization or even the product (Maina, 2016). It has not been proven either that when customers are satisfied with a certain product then the company will think of introducing new products into the market. Introduction of new products should be determined by the market forces that ensures the need to bring on board new product. It must be understood that there is always changes in the tastes and preferences of the customers which the company must always think about. At the same time, there are products that when replaced, there will be adverse effect on the remaining products or even the sales volume of the company due to the fact that customers have attached some sentimental value on the said product(Ngure *et al*, 2017). The findings indicating that marketing innovation is practiced by the cooperatives. It is easy to use various forms of media to reach out to many people including television, newspapers, radio, mobile phones texts as well as roadshows among other forms of media. That is supported by Kaplan (2012) who supports that the growing pressure is on firms to innovate their marketing communication system.

Table 4.4 Marketing innovation and organizational performance

Marketing innovations and performance

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.617	.087	.225	.820[c]
Ordinal by Ordinal	Spearman Correlation	.732	.086	.367	.712[c]
N of Valid Cases		171			

(Source: Researcher, 2022)

From table 4.12 cross tabulation between marketing innovation and level of performance it shows a close relationship with spearman correlation value of 0.732. That means marketing innovation can contribute to the level of performance in firms. The finding is supported by Filippetti (2011) that marketing innovation as a particular type of innovation straightforwardly affects the level of a firm’s performance. It is therefore important for cooperatives to not only craft creative marketing innovations but also ensure stringent implementation of the said innovations so that the performance of the organizations can be improved. This will go a long way in enabling sustainable performance and reduced going under of cooperatives not only in Nandi County but the whole country.

4.4 Product innovation and organizational performance

Table 4.5 Product innovation and organizational performance

Category	N	Mean	Std. Deviation
Profitability is affected by changes in product.	171	3.2062	.92267
Productivity is negatively impacted by rapid improvements to a product.	171	2.2588	.72400
The market share of a product is affected by a variety of factors.	171	4.6763	.78046
Organizational performance can be improved through product innovation.	171	4.4958	.70065
Customer pleasure is enhanced by new product development.	171	3.6371	.94050

(Source: Researcher, 2022)

Product innovation is about bringing on board new or existing improved products into the market. Table 4.5 shows results concerning product innovation and the influence that it has on organizational performance. Respondents were not very sure whether profitability is affected by changes in product as represented by a mean of 3.2062 and standard deviation of .92267. The respondents also disagreed that productivity is negatively impacted by rapid improvements to a product as represented by a mean of 2.2588 and standard deviation of .72400. It should be noted that rapid improvement of the products may lead to more customers being able to buy and at the same time may discourage some customers from buying the same products with a view of thinking that the product has been mutilated and they are used to the previous product (Ngure *et al*, 2017). Changes in the product must be thoroughly researched before making a decision to introduce a certain product into the market. Haphazard introduction of the products into the market may backfire leaving the organization with gaps in the market. Product is the life line of any organization and much attention should be directed towards, introduction and subsequent product marketing in the market (Ulrich & Eppinger, 2005). Mistakes in the product introduction will lead to adverse changes in the sales volumes of not only the new product but may spread to other products either positively or negatively (Ulrich & Eppinger, 2005)

Respondents further agreed that the market share of a product is affected by a variety of factors as represented by a mean of 4.6763 and standard deviation of.78046. This is in agreement with a study carried out by Borzaga and Galera (2012) on the promotion of cooperatives that product is very essential in ensuring that the cooperatives have steady growth. Investing in research on product ensures that the cooperative is always in line with the needs and wants of the customers and not playing a catching up situation. The study further indicated that majority of the respondents were of the view that organizational performance can be improved through product innovation as presented by a mean of 4.4958 and standard deviation of .70065 in table 4.5. They further averagely agreed that customer pleasure is enhanced by new product development as indicated by a mean of 3.6371 and standard deviation of .94050. From the results of the study, the findings showed that product innovation has a great influence on the performance of the organization.

Table 4.6 Product innovation and performance

Product innovation and performance

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.748	.085	.606	.544[c]
Ordinal by Ordinal	Spearman Correlation	.741	.085	.514	.607[c]
N of Valid Cases		171			

Table 4.6 showed that there is close relationship between product innovation and performance having produced spearman correlation of 0.741. The findings explain that product innovation can contribute to level of organization performance. This in effect means that organizations that engage in product innovation experience increased and or sustained organizational performance.

4.5 Process innovation and performance

Process innovation elements were looked and statement regarding various dimensions were posed and results shown in table 4.7 as follows:

Table 4.7 Process innovation and performance

Statements	N	Mean	Std. Deviation
Productivity can be impacted by a shift in methods.	171	4.8763	.66388
The profitability of a company is affected by the use of new equipment.	171	2.3608	.54246
Delivery methods have a direct impact on market share.	171	4.4633	.86465
Process innovation is effective in enhancing organizational performance	171	4.4725	.80567
Customers are more satisfied when processes are improved.	171	4.2462	.59322

(Source: Researcher, 2022)

Process innovation is about bringing about either new or significantly improved methods of production or methods of delivery of services. Findings of how process innovation affect performance of organizations in particular cooperatives have been highlighted in table 4.7. The results showed that productivity can be impacted by a shift in methods as represented by a mean of 4.8763 and standard deviation of .66388. Delivery method is very critical since it determines the efficiency and effectiveness of the services being offered by the cooperative. These findings are in tandem with the findings of the study by Cherutich *et al* (2015) that shifts in processes, techniques as well as tools used in service delivery is important in speeding up the service delivery in financial institutions. Even though the findings also revealed that the profitability of a company is not actually affected by the use of new equipment as presented by a mean of 2.3608 and standard deviation of .54246. New tool may though help in increasing efficiency, but the effect may not be related to profitability of the firm.

Consequently, the findings showed as represented by a mean of 4.4633 and standard deviation of .86465 that delivery methods have a direct impact on market share. Service delivery in financial institutions like cooperatives is key to ensuring that customer satisfaction is achieved. Spending a lot of time queuing so that one can get services discourages customers from regular consumptions of the products offered by such organization (Mwangi, 2015). The outcomes agrees with Borzaga and Galera (2012) study that cooperatives should invest heavily on delivery systems since is one of the key determinants of a successful cooperative.

Process innovation is effective in enhancing organizational performance and that customers are more satisfied when processes are improved as shown in table 4.7 with a mean of 4.4725 standard deviation of .80567 and a mean of 4.2462 and standard deviation of .59322. These results are in agreement with the findings of the study carried by Maina (2016) on innovation strategies and performance that changes in the techniques used in service delivery, changes in the delivery methods used in addition to changes in equipment used in processing the services have a positive effect on the overall performance of the firm.

Table 4.8 Process innovation & performance

Process innovation and performance

		Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Interval by Interval	Pearson's R	.684	.073	2.251	.024[c]
Ordinal by Ordinal	Spearman Correlation	.783	.074	2.239	.025[c]
N of Valid Cases		171			

The findings in table 4.8 showed spearman correlation value of 0.783 thereby indicating that there is comparative relationship between process innovation and level of performance. The findings show that process innovation can affect level of performance. The findings clearly support Davenport (1993) reasoning that stated that process innovation is about new and suitable approach for making over firms in addition to improving their performance through progressive improvement rather than radical changes.

4.6 Organizational performance

Table 4.9 Organizational performance

Statement	N	Mean	Std. Deviation
Profitability is affected by changes in organizational structure.	171	3.9987	1.07314
External relations have an impact on market share.	171	4.0425	.98605
Productivity is affected by changes in communication hierarchy.	171	4.0639	.93335
Profitability is affected by changes in decision-making systems.	171	3.1897	1.02566
Organizational innovation can help you improve your company's success.	171	4.4206	.98931
Customer satisfaction is aided by organizational innovation.	171	3.0226	.89454

(Source: Researcher, 2022)

Respondents were of the opinion that profitability of cooperatives in Nandi county were being affected by changes in organizational structure as represented by a mean of 3.9987 and standard deviation of 1.07314. The structure changes comes with new personnel in various departments and in effect, they come up with their own changes which may sometimes take time to be instilled into the staff. Furthermore, the new changes may even have negative effect on the operations of the cooperatives especially if the staff don't buy the changes brought forth. Gichana (2015) noted in his study findings on the relationship between innovation and growth that organizational innovation is like a two sided sword which must be keenly looked at otherwise it may derail the progress made by the organization.

The results further revealed that external relations have great impact on market share as represented by a mean of 4.0425 and standard deviation of .98605. The manner in which the cooperative is portrayed to the outside world actually matters since customers believe what they see and what they hear. Relationship with government agencies, customers, the media, local community as well as competitors plays a bigger role in ensuring that the cooperative increases share since it will attract more customers and maintain the already existing customers (Borzaga & Galera, 2012). The finding also indicated that productivity of the cooperatives are affected by changes in communication hierarchy as represented by a mean of 4.0639 and standard deviation of .93335. The communication method and channel used determines the flow of information. The gent of communication is also very vital in determining the positive effect of the communication. Firms that have invested in a good communication systems in the organization are bound to have increased productivity since there is understanding amongst the very many players associated with the organization.

On the contrary, the results showed that profitability is not affected by changes in decision-making systems as represented by a mean of 3.1897 and standard deviation of 1.02566. This is just because decision making systems are not very personal but the decision being made by itself is the one that could affect the profitability of the organization. There is an argument that where the decision making system is fractured, productivity will be affected since there may be lapses in the system of making decision. However, it is prudent to note that even with lapses in the system of decision making, the decision being made is the one that may determine the profitability through productivity.

It was further revealed in the study that organizational innovation can help cooperatives improve their company's success as represented by a mean of 4.4206 and standard deviation of .98931. Organizational innovation is meant to improve the operational efficiency of the cooperative so that the service delivery can be effective and customer satisfaction improved to a greater extent. However, the results showed that customer satisfaction is not really aided by organizational innovation as represented by a mean of 3.0226 and a standard deviation of .89454. This could be attributed to the fact that effective implementation of such organizational innovation is the one that could propel the satisfaction through improved service delivery.

4.7 Strategic innovation and performance of cooperatives

4.7.1 Assumptions of independent of errors

Before regression analysis was carried, Durbin Watson was carried to determine whether the study should continue using regression or not. It is utilized to test the regression model whether development of independence errors were related. Errors are generally considered uncorrelated should the Durbin-Watson measurements be within interval of 1.50 - 2.50. Table 4.10 shows the Durbin-Watson model.

Table 4.10 Durbin-Watson model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.241[a]	.058	.026	.9002	1.612

Outcome of Durbin-Watson indicated that it fell within the range meaning the errors are not correlated thereby allowing the research to continue.

4.7.2 Multiple regression summary

Table 4.11 Regression model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.712[a]	.506	.498	.43664	.506	59.610	9	162	.000	1.612

a. Predictors: (Constant), Marketing innovation , product innovation , process innovation

b. Dependent Variable: Organizational performance

Table 4.11 showed that the adjusted R squared was 0.498 and sig. =0.000. This means that (Marketing innovation, product innovation, and process innovation) contributed to 49.8% on performance of cooperatives. This implies that 50.2% unexplained variance are as a result of factors not included to the variables.

ANOVA was utilized to ascertain the fitness of the regression model

Table 4.12: ANOVA for Combined Effect of Independent Variables on organizational performance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	55.935	9	11.152	59.610	.000[b]
	Residual	54.939	162	.187		
	Total	110.874	171			

F- ratio represents the proportion of improvement in prediction that outcome from fitting regression model, relative to the imprecision that subsists in the model. F- ratio realized was 59.610 which was coincidental and was significant (P< .000). The model considerably improved the ability to predict the degree of performance of cooperatives in Nandi County.

Table 4.13 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.198	.164		1.4	.210
	Marketing innovation	.382	.046	1.124	30.2	.012
	Product innovation	.358	.358	.311	3.4	.222
	Process innovation	.492	.062	.252	7.6	.333

a. Dependent Variable: Performance of cooperatives

Findings on coefficients in table 4.13 showed that 1 unit of marketing innovation contributes to 38.2% of performance of cooperatives while 1 unit of product innovation contributes to 35.8% of performance of cooperatives. Lastly, 1 unit of process innovation contributes to 49.2% of performance cooperatives.

The regression model formula was as follows:

$\mathbf{Y= \beta_0 + B_1PD+ B_2PC+ B_3MK}+e$

Where:

Y = Performance of cooperatives

β_0 = Constant (Y-intercept)

B $(_{1-3})$ = Coefficient of independent variables

PD = Product Innovation

PC = Process Innovation

MK = Marketing Innovation

e = Error

Y= 0.98 + 0.382+ 0.358+ 492+0.162

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section was subdivided into three significant parts; summary, conclusions as well as suggestions for future studies. These parts were informed by the purpose, goals study and the results of the research.

5.2 Summary of Findings

Various indicators were measured and findings resulted. The results showed that performance of cooperatives was majorly influenced by process, market and product innovations respectively. Process innovation influences performance through innovative methods in service delivery. Cooperatives that invest in operational efficiency ensures that there is regular reviews of the operations in order to determine the weakest points and enhance them through remedial actions. The results also revealed that the performance was affected by new equipment which determine the efficiency of operations. Delivery methods have a direct impact on market share and that process innovation is effective in enhancing organizational performance. Delivery method determines the efficiency and general service delivery. Prompt service delivery ensures high productivity and customer satisfaction. The findings further revealed that customers are more satisfied when processes are improved. This ensures that less time is taken to access the services.

Thus, findings also showed that organization performance is not significantly impacted by product innovations but if the product innovations are advertised, it will be very helpful in market development as well as product development. If an organization comes up with a product but poorly advertises for it then the impact will be detrimental. Product positioning has an impact on productivity but on the other hand, market share of a product is actually not affected by its packaging. Properly positioned organizations encourage more prospective customers and this will increase work output and hence increased productivity individually and for the cooperative as a whole. It is revealed that market share is not affected by packaging. This could be due to the fact that cooperatives are service oriented rather than those firms that offer tangible goods to customers. Organizations' performance is not significantly influenced by marketing innovations.

The study concluded that organizational performance can be improved significantly through marketing innovation. The correlation showed close relationship between marketing innovation and performance of cooperatives in Nandi County. Organizations that are very innovative in their marketing activities are said to perform better than those that are poor in marketing innovation. It's not about coming up with marketing innovation plans but also ensuring effective implementation of the creative innovations that are marketing oriented. Determining the influence of product innovation on performance of cooperatives was also very desirable. The findings presented indicated that profitability is not really affected by changes in product. The changes in product does not necessarily translate into better profitability. There are other parameters that are associated with the product and change on product alone is not enough to increase profitability. The results from the findings further indicated that productivity is not negatively impacted by rapid improvements to a product. If anything it positively affects the performance of the firm since improvements on the product means that they is uplifting and probably additional features that never existed previously.

5.3 Conclusion of the study

In view of the discoveries of the study conclusion made that most cooperatives in Nandi County had adopted marketing innovation, process innovation, and product innovation that have been the key pillars in enhancing their performance. The study concluded that process innovations positively and significantly affected performance of cooperatives. Marketing innovation was established to have moderately influenced performance of the cooperatives. Cooperatives that practice marketing innovation ensure new products that reflect the needs and wants of the customers are introduced and the existing products are also improved to conform to the emerging tastes and preferences. Emphasis must be put on pricing of the products, media used in marketing the services as well as promotional activities that are effective. The results from the study showed that there is close relationship between product innovation and performance. The findings explain that product innovation can contribute to level of organization performance. Product designing, ensuring changes or introduction of new products in addition to bringing about changes such as new features on the existing products to make them unique is very vital. This in effect means that organizations that engage in product innovation experience increased and or sustained organizational performance.

The findings having indicated that there is comparative relationship between process innovation and level of performance, the study can conclude that process innovation has an influence on performance of cooperatives in Nandi County. The findings showed that process innovation can affect level of performance. The findings showed that review of techniques used in service delivery, review of delivery methods as well as review of equipment and tools used in offering services is very essential so that changes and other remedial actions can be taken. The findings clearly stated that process innovation is a newfound as well as appropriate approach for making over organizations and improving their performance through progressive improvement rather than radical changes

It can also be concluded that profitability of cooperatives in Nandi County were being affected by changes in organizational structure. It can further be concluded that external relations have great impact on market share. The finding also indicated that productivity of the cooperatives are affected by changes in communication hierarchy. The results showed that profitability is not affected by changes in decision-making systems. It was further revealed in the study that organizational innovation can help cooperatives improve their company's success. In general it can be concluded that strategic innovation influences performance of cooperatives in Nandi County. The general conclusion is that process, followed by marketing and then product innovations had contributed to the improved performance of cooperative measured in terms of growth of sales, market share as well as increased profits.

5.4 Recommendations for Practice and Policy

The study concluded that process innovations strongly and positively influenced performance of the cooperatives in Nandi County. The study recommends cooperatives in Nandi County should concentrate on making uninterrupted improvements to its processes. Cooperative societies could carry out new frameworks of work process management since this will decrease delays and thus increase operational efficiency. The study further recommends that funds be set aside by Nandi County cooperative societies so as to engage in research and development and activities that will attract customers. Additionally, recommendation made that cooperatives in Nandi County should focus on improving the quality of their products so as to attract and retain customers. A focus on quality will make their products competitive in terms of price. Cooperatives in Nandi

County should formulate policies that will provide and enhance a framework for strategic innovations to enhance their results.

5.5. Limitations of the Study

This research only centered on cooperative societies in Nandi County and excluded all the other cooperatives in Kenya. Consequently, the findings of this study are limited to cooperative societies in Nandi County and may not apply to other cooperatives. The study was likewise restricted by the technique applied where the researcher broadly depended on qualitative data collected utilizing the questionnaire. While the respondents were entirely made to explain the need to give accurate data, the equivalent couldn't be guaranteed. Further, primary data must be coded to empower scientific examination; an process which was is normally extremely subjective. A conceptual limitation of the study was that it focused on three dimensions of innovations and did not include organizational innovations,

5.6 Suggestions for further Research

This study suggests that for findings to be generalized, an investigation on the strategic innovations and performance of all cooperatives in Kenya be undertaken. Studies should also be conducted on the influence of both process, marketing, product and organization innovations on organizational performance in cooperatives. Study can also be carried on the role of strategic innovation on the operational efficiency of organizations. More studies can be done so as to determine the effect of organizational innovation on cooperatives' performance in Nandi County.

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APPENDIX I: QUESTIONNAIRE

Answer the questions with the right answers in the given boxes

SECTION A: BACKGROUND INFORMATION

1. Gender:

   Male ( ) Female ( )

2. Age:

   18 – 25 ( ) 26 – 35 ( ) 36 – 45 ( ) 46 & above ( )

3. Position held in the cooperative society management

   Marketing and Sales ( ) Finance ( ) Receptionist ( ) Loans and Credit ( ) Others...

4. Years of experience with the organization?

   0 – 5 () 6 – 10 ( ) 11 – 15 ( ) 16 and above ( )

5. The most advanced level of education

   Postgrad ( ) Graduate ( ) Diploma ( ) Secondary ( ) Primary ( ) others...

SECTION B: MARKETING INNOVATION

The purpose of this part is to examine the impact of various marketing innovation actions.

From the below statements, which one best describes your company?

5: Very Large Extent 4: Large Extent 3: Moderate Extent 2: Less Extent 1: Not at All

Statement	**1**	**2**	**3**	**4**	**5**
Profitability is affected by design changes.					
The volume of loans is influenced by pricing strategy.					
Profitability is impacted by product advertising.					
Product positioning has an impact on productivity					
The market share of a product is affected by its packaging					
Organizational performance can be improved through marketing innovation.					
Organizations' market share is influenced by the medium of marketing they use.					
Customer satisfaction is enhanced by new product and service offerings.					

SECTION C: PRODUCT INNOVATION AND ORGANIZATION PERFORMANCE

In your organization, how much do you agree or disagree with the following statement about product innovation?

5: Very Large Extent **4:** Large Extent **3:** Moderate Extent **2:** Less Extent

1: Not at All

Statement	1	2	3	4	5
Profitability is affected by changes in product.					
Productivity is negatively impacted by rapid improvements to a product.					
The market share of a product is affected by a variety of factors.					
Organizational performance can be improved through product innovation.					
Customer pleasure is enhanced by new product development.					

SECTION D: PROCESS INNOVATION AND ORGANIZATION PERFORMANCE

For the purposes of this section, we are interested in how various actions of process innovation can affect the organization's overall performance.

When it comes to process innovation at your company, do you agree or disagree with the following statement?

5: Very Large Extent 4: Large Extent 3: Moderate Extent 2: Less Extent 1: Not at All

Statement	1	2	3	4	5
Productivity can be impacted by a shift in methods.					
The profitability of a company is affected by the use of new equipment.					
Delivery methods have a direct impact on market share.					
Process innovation is effective in enhancing organizational performance					
Customers are more satisfied when processes are improved.					

SECTION E: ORGANIZATION PERFORMANCE

Organizational innovation is examined in this area to understand how it impacts productivity, market share, and profitability.

Which of the following statements about your company's organizational innovation do you agree with or disagree with?

5: Very Large Extent **4:** Large Extent **3:** Moderate Extent **2:** Less Extent **1:** Not at All

Statement	**1**	**2**	**3**	**4**	**5**
Profitability is affected by changes in organizational structure.					
External relations have an impact on market share.					
Productivity is affected by changes in communication hierarchy.					
Profitability is affected by changes in decision-making systems.					
Organizational innovation can help you improve your company's success.					
Customer satisfaction is aided by organizational innovation.					

Any other comments:

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………………………………………………………………………………………………

END