

**INFLUENCE OF CORPORATE ENTREPRENEURSHIP ON PERFORMANCE
OF SAVINGS AND CREDIT COOPERATIVE SOCIETIES ,THE CASE OF
NYERI COUNTY,KENYA.**

BY

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**A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF ARTS IN
PROJECT PLANNING AND MANAGEMENT,UNIVERSITY OF NAIROBI.**

2014

DECLARATION

This research report is my original work and has not been presented for award of any Degree in any other university.

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This research report has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This research project is dedicated to my Wife Mary and DaughterTamarah for their undivided support, encouragement and patience during my studies.

ACKNOWLEDGEMENT

I am deeply indebted to all those individuals who helped me in one way or another during the preparation of this research project. I would particularly like to thank my supervisor, Professor H.Kidombofor her invaluable advice and encouragement. I thank her for her constant advice and constructive criticism.I acknowledge the co-operation given to me by classmates and all the lecturers in the department of extra mural studies. Finally, I owe my special gratitude to God, my wife, Mary and my daughter Tamarah, for their patience, support and encouragement in my entire program.

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ABBREVIATION AND ACRONYMS

D.T Saccos	Deposit Taking Savings and Credit Cooperative Societies
SASRA	The Sacco Societies Regulatory Authority
Saccos	Savings and Credit Cooperative Societies
C.V	Corporate Venturing

ABSTRACT

In modern business setup, corporate managers are unanimous in their desire to make their employees and organizations more entrepreneurial. The challenge is to create a supportive environment that attracts, motivates and retains intrapreneurs; to instill a culture of innovation where renegades are empowered to pursue dreams and to fail without retribution. Corporate entrepreneurship is closely related to improved organizational performance in terms of growth and profitability. The outcome ranges from new products to new markets, processes and systems. The purpose of this study was to establish the influence of corporate entrepreneurship on performance of Sacco's. The study aimed to: To establish the influence of corporate venturing on Sacco performance: To establish the influence of innovation on Sacco performance: and to determine the influence of strategic renewal on Sacco's performance. The study took the descriptive design and was undertaken at Nyeri Sub County, in the Sacco's operating in the area. The target population composed of 8 Sacco's, with 457 members composing of the directors, management, staff members, and opinion leaders. Cluster sampling was applied at 30% to ascertain a sample size of 141 respondents. Data collected was both qualitative and quantitative and was collected using structured questionnaires administered to all the respondents in the study. The Quantitative data was analyzed using descriptive statistics i.e. frequencies, percentages, and correlation coefficients, and presented in the form of tables, and pie chart. The study found out that innovation was the corporate strategy that influences the performance of the Saccos and the researcher recommended that the Saccos should enhance communication channels in order to encourage cooperation during formulation and implementation of corporate strategies that focus on innovation for product and service development.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Technological and market changes seem to occur faster than expected, and Peter Drucker's old saying that the only constant thing in business is change seems true and the fast-changing business environments, changing business structures and rules of competition are becoming part of the ordinary life of most companies, as these are prerequisites for staying in business (Drucker, 1958). Firms need to establish competitive advantage through differentiation and continuous innovation, whether it is related to the creation of new products and services, production, organizational processes or business models. This requires adaptability, flexibility, speed, aggressiveness and innovativeness, all boiling down to one word; corporate entrepreneurship. There is increasing demand for faster product development, more features in smaller products, higher and uniform quality, stability and lower prices, requiring an entrepreneurial and flexible company with well-structured and effective organization (Christensen, 2004). In modern business setup, corporate managers are unanimous in their desire to make their employees and organizations more entrepreneurial (Herbert et al, 1999). The challenge is to create a supportive environment that attracts, motivates and retains intrapreneurs; to instill a culture of innovation where renegades are empowered to pursue dreams and to fail without retribution. Corporate entrepreneurship is closely related to improved organizational performance in terms of growth and profitability (Covin&Slevin, 1991). The outcome ranges from new products to new markets, processes and systems (Pearce &Carland, 2001). Therefore, high level of performance is linked with high level of corporate entrepreneurial intensity. Identifying and fostering corporate entrepreneurship within a firm is justified precisely because the intrapreneur will develop new products and ideas, which will ultimately improve the firm's performance. Today's business environment is characterized by a rapidly growing number of new and sophisticated competitors, a sense of distrust in the traditional methods of corporate management and the overall desire to improve efficiency and productivity (Kuratko&Hodgets, 1998); and

corporate entrepreneurship is a response strategy. To survive and thrive, enterprises need to create and continually renew a spirit of disciplined corporate entrepreneurship as the source for continuous generation of disruptive innovations (products and services) that alter the rules of the competitive landscape in their favour (Cole, 1959). There is adequate empirical evidence that corporate entrepreneurship is closely linked to improved enterprise performance (Drejer *et al.*, 2004; Lindsey, 2001; Herbert & Brazeal, 1999; Holt, 1992; Covin & Slevin, 1991; Pinchot 1985 & Schumpeter, 1934). Ayudurai and Sohail (2005) contend that if corporate entrepreneurship can be used as a competitive tool, then its development and significance must be explored and highlighted.

1.1.1 Sacco's in Kenya

The Sacco sub sector comprises both Deposit Taking and non-Deposit Taking Saccos. Deposit Taking Sacco's (D.T. Sacco's) are licensed and regulated by SASRA while non-Deposit Taking Sacco's are supervised by the Commissioner for Cooperatives. SASRA licenses Sacco's that have been duly registered under the Cooperative Societies Act CAP 490. The total Sacco sub sector assets stand at Kshs. 293 billion and total membership for the sector is 3 million persons as at December 2012. Total deposits for the sector stand at Kshs. 213 billion and Loans to members are at Kshs. 221 billion. As at 31st December 2012, the total number of Deposit Taking Sacco's was 215 of which 124 had been licensed. The remaining 91 Sacco's were at different levels of compliance with the provisions of the law. All Deposit Taking Sacco's were in operation prior to establishment of SASRA in 2009 and have applied to be considered for licensing as undertaking D.T Sacco business. (Sacco's supervisory report, 2011)

1.1.2 The Sacco Societies Regulatory Authority (SASRA)

The Sacco Societies Regulatory Authority (SASRA) is a semi-autonomous Government Agency under the Ministry of Industrialization and Enterprise Development. It is a creation of the Sacco Societies Act 2008 and was inaugurated in 2009 charged with the prime responsibility to licence and supervise Deposit Taking Sacco Societies in Kenya. The establishment of SASRA falls within the Government of Kenya's reform process in the financial sector which has the dual objectives of protecting the interests of Sacco members and ensuring that there is confidence in the public towards the Sacco

sector and spurring Kenya's economic growth through the mobilization of domestic savings.

1.2 Statement of the problem

The SACCO movement in Kenya is billed as the largest in Africa and among the top 10 globally. With over Ksh 230 billion in assets and a savings portfolio estimated at Ksh 190 billion, the SACCO movement in Kenya constitutes a significant proportion, about 20 per cent, of the country's domestic savings (Sacco supervisory report 2011). Sacco's have thus become a vital component of Kenya's economic and social development. Despite the fundamental socio-economic role of Sacco's in Kenya, most of the savings and credit cooperatives are faced with a number of challenges, such as weak governance, low uptake of information technology, and low level of professional skill development in management in senior and junior staff, traditional products, capitalization, developing competitive business models. There is also a challenge of strong competition from the mainstream commercial banks and lack of institutional capacity development. The lack of entrepreneurial leaders at the top of organizations, rigid operating processes, and the inability of organizations to respond effectively to a rapidly changing world is stifling innovation and growth. Most of the problems facing cooperatives arise from bad governance and poor economic management. (SASRA report 2011) There is adequate empirical evidence that corporate entrepreneurship is closely linked to improved enterprise performance (Drejer *et al.*, 2004; Lindsey, 2001; Herbert & Brazeal, 1999; Holt, 1992; Covin & Slevin, 1991; Pinchot 1985 & Schumpeter, 1934). Ayudurai and Sohail (2005) contend that if corporate entrepreneurship can be used as a competitive tool, then its development and significance must be explored and highlighted. This study therefore seeks to establish the influence of corporate entrepreneurship on performance of Sacco's, and the variables include corporate venturing, innovation and strategic renewal.

1.3 Purpose

The purpose of this study was to establish the influence of corporate entrepreneurship on performance of Saccos and the variables included corporate venturing, innovation and strategic renewal.

1.4 Objectives of the study

- a) To establish the influence of corporate venturing on Sacco performance.
- b) To establish the influence of innovation on Sacco performance.
- c) To determine the influence of strategic renewal on Sacco's performance.

1.5 Research questions

- a) To what extent does corporate venturing influence Sacco's performances?
- b) To what extent does innovation influence Sacco's performance?
- c) How is strategic renewal influencing Sacco's performance?

1.6 Significance of the study

The significance of this study was to establish the influence of corporate entrepreneurship on performance of Saccos. The findings would benefit policy makers, cooperative societies, scholars and stakeholders in the cooperative movement. The innovation of products, services and processes and the formation of new business enterprises are crucially important to every economy. Innovation and new business development can be initiated by independent individuals or by existing enterprises. The latter is referred to as corporate entrepreneurship, which is ever more considered as a valuable instrument for rejuvenating and revitalizing existing companies'. This study therefore sought to establish the influence of corporate entrepreneurship on performance of Saccos, and the variables will include corporate venturing, innovation and strategic renewal.

1.7 Delimitation of the study

The scope of the study was Nyeri sub county, Nyeri County.

1.8 Limitation of the study

Limitations envisaged in this study were that it may not be possible to visit and interview respondents in all the Sacco's in Nyeri sub county due to time and resource constraints, therefore to overcome the anticipated limitations, the scope of the research was reduced to just dealing with a representative sample drawn from the target population in Nyeri sub county to save on time and money.

1.9 Assumptions of the study

The assumptions of the study were that the sample represents the population that the data collection instrument was valid and measured the desired constructs, and that the respondents answered questions correctly and truthfully.

1.10 Definition of Significant Terms

Corporate Entrepreneurship - It is the act of initiating new ventures or creating value with an already established organization or social entity. Generation, development, Implementation of new ideas or behaviors, Innovative skills capabilities.

Strategic Renewal - Concerned with organizational renewal involving major strategic and structural changes.

Innovation - Concerned with introducing something new to the market place. eg products or service.

Corporate venturing - Corporate entrepreneurial efforts that lead to the creation of new business organizations within the corporate organization.

Sacco's Regulatory Authority - Sacco's Regulatory Authority, mandated to and Supervise savings and credit cooperative societies.

Organizational Performance - An analysis of a company's performance as compared to goals and objectives. Financial performance, market performance and shareholder value performance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter aimed at identifying what other researchers had done in the area of corporate entrepreneurship. The review was meant to enhance an understanding of the previous contributions to the problem. The findings of the review helped the researcher to note the gaps in knowledge and create the entry point for this study. It also sharpened and deepened the conceptual frame work of the research by assessing certain challenges that had possible influence on the performance. This chapter also looked at other factors that are said to influence performance. These have been identified as corporate venturing, strategic renewal, and innovation.

2.2 Concept of Corporate Entrepreneurship

Corporate Entrepreneurship involves the pursuit of creative or new solutions to challenges confronting the firm, including the development or enhancement of old and new products and services, markets, and administrative techniques and technologies for performing organizational functions (Antoncic and Hisrich, 2000). In this context, changes in strategy, organizational structures and systems, and methods of dealing with competitors may all be seen as innovations in the broadest sense of the term. It is also defined as a process by which individuals inside organizations pursue opportunities without regard to the resources they currently control (Stevenson and Jarillo, 1990). Previous views of corporate entrepreneurship can be classified on three dimensions; corporate venturing, innovation, strategic renewal. Corporate venturing is the most salient characteristic of corporate entrepreneurship since it can result in new business creation within an existing organization (Stopford and Baden-Fuller, 1994) by redefining the company's products or services and/or by developing new markets (Zahra, 1991). In large corporations, it could also include formation of more formally autonomous or semi-autonomous units or firms (Hisrich and Peters, 1984). For all organizations regardless of size, the corporate venturing dimension refers to the creation of new businesses that are related to existing products or markets regardless of the level

of autonomy. The innovation dimension refers to product and service innovation with emphasis on development and innovation in technology (Covin and Slevin, 1991). The strategic renewal dimension reflects the transformation of organizations through the renewal of key ideas on which they are built, organizational renewal involving major strategic and/or structural changes. (Zahra, 1991).

Corporate entrepreneurship consists of innovation, venturing and renewal activities (Guth and Ginsberg, 1990; Simsek et al., 2007; Yiu and Lau, 2008; Zahra, 1993). Innovation refers to the development and introduction of new products, services and production processes (Zahra, 1996). Opportunities for innovation are most easily spotted by frontline management, who has the best knowledge of the market and products (Burgelman, 1983). Venturing is the creation of new businesses within existing organizations (Block and MacMillan, 1993), which can take place in new or existing markets (Zahra et al., 2000). The role of top management is, however, more significant than in innovation, because of the potential risk and size of the investment that ventures carry (Day, 1994). Strategic renewal involves the reconfiguration of the organization's resource patterns, changing its strategy, competitive approach or product-market domain (Guth and Ginsberg, 1990; Stopford and Baden-Fuller, 1994). Strategic renewal is more a top-down process of redefining existing competence bases. It can follow from the creation of new competences of more bottom-up processes such as innovation or venturing (Burgelman, 1983; Floyd and Lane, 2000). Despite these differences between innovations, venturing and renewal, there is surprisingly little research on corporate entrepreneurship that compares the antecedents and outcomes of the three dimensions of CE. Most corporate entrepreneurship studies focused on one of these dimensions, like innovation (Hitt et al., 1999; Westerman et al., 2006), venturing (Burgelman, 1985; Hill and Birkinshaw, 2007) or strategic renewal (Huff et al., 1992; Simons, 1994).

2.3 Corporate Venturing And Performance of Sacco's

Corporate venturing (CV), the effort of established companies to explore and penetrate new business territories, has drawn considerable scholarly attention (MacMillan & George, 1985; Parker, 2009). Existing research on this topic has revealed various benefits associated with this organizational behavior. Among others, CV can rejuvenate firms'

pools of competences, enhance knowledge construction, foster creative thinking and problem-solving skills, and improve enterprise innovation capacities (Baden-Fuller, 1995; Burgelman, 1983; Kuratko, Montagno, & Hornsby, 1990; McGrath, 1995). More specifically for Sacco's in order to enhance their performance and be competitive as the other financial organizations. Participating in CV can also contribute to organizational performance by providing growth opportunities and generating new sources of revenue (Antoncic&Hisrich, 2001; Zahra, 1991, 1993).

Despite its benefits, CV is generally regarded as a risky decision. Indeed, every year firms waste billions of dollars on unsuccessful venturing projects (Block, 1989; Campbell et al., 2003; Shepherd, Covin, &Kuratko, 2009). Studies (Chesbrough, 2000; Zahra, Newbaum, &Huse, 2000) indicate that the high failure rate of CV may be attributed to conflicts of interests among stakeholders in organizations. Sacco's are member owned, whereby members elect delegates to represent them in annual delegates meetings and directors are elected by the delegates thus governance plays a significant role in ensuring that CV is implemented in Sacco's. Corporate venturing (CV) provides firms a useful means to cope with today's fast changing environments. It allows firms to identify new opportunities, rejuvenate competences, and generate new sources of revenue. Yet, the meaning of opportunities may diverge from person to person, given their different self-interests. The disparity of interests among stakeholders may cause performance problems that affect firms' propensity toward CV activities.

2.3.1 Corporate Venturing and the Challenge of Implementation

Due to rapid technological breakthroughs and the trend of globalization, firms face a more dynamic environment than ever before. Schumpeter (1976) points out that the emergence of new commodity, new technology, new source of supply, and new type of organization has a significant impact on existing firms, which is not just at the margins of their profits or outputs but at their very foundations. For example, facing the competition of emerging computer technology, Encyclopedia Britannica, a once successful company, which had a history of over 200 years, failed to respond quickly, consequently lost its edge and was acquired by another firm. CV allows firms to adapt to fast changing environments. This benefit of CV can be understood from the resource-based perspective

(Penrose, 1959; Barney, 1991). Given the fact that firms' competitiveness is mostly a function of their resource conditions, venturing projects are useful in the sense that they give rise to opportunities for combining and recombining existing resources, facilitating new competence development. CV also cultivates an interactive organizational learning environment that encourages interdepartmental idea exchange, employee communication, and diffusion of knowledge (Burgelman, 1983; McGrath, Venkataraman, & MacMillan, 1994; McGrath, 1995). Additionally, CV enables firms to identify unsatisfied market niches, better fit customer demand, and thus increases their chance of survival.

Despite the evidence that CV is essential to firms, CV implementation is a challenging task (McGrath, 1995; Weiss, 1981). Firms with growth aspirations have several ways of reaching their goals. Mergers, acquisitions, and joint ventures are a few of the better-known approaches to firm growth. Another route, which is of interest to both managers and researchers, is corporate venturing-growing a business from the inside out. The motives for launching a corporate venture include improving corporate profitability, (Zahra, 1996), generating strategic renewal (Guth and Ginsberg, 1990), fostering innovation (Baden-Fuller, 1995) and gaining knowledge that may be parlayed into future revenue streams (McGrath et al., 1994). The corporate venturing has been identified as a vehicle for firm growth (Arrow, 1982; Burgelman, 1983) and has addressed several issues unique to this growth mechanism. The previous studies address the performance implications of corporate ventures

2.4 Product innovation and performance of Sacco's

The innovations of products, services and processes, and the formation of new business enterprises, are crucial to every economy. Innovation and new business development can be initiated by independent individuals or by existing enterprises. The latter is referred to as corporate entrepreneurship, and is ever more considered as a valuable tool for rejuvenating and revitalizing existing companies. It is "brought into practice as a tool for business development, revenue growth, and profitability enhancement, and for pioneering the development of new products, services and processes" (Maes 2004).

The business environment today is all about change. Organizations are not static; they are continually changing in order to keep up in the marketplace. Corporate entrepreneurship represents a framework for the facilitation of ongoing change and innovation within established organizations. Research concerning corporate entrepreneurship has been rapidly increasing over the past few years. A variety of frameworks have been developed to contribute to the understanding of, and the accomplishment of, entrepreneurial activities inside an existing organization. Innovation can be seen as “a process with distinct stages stretching from idea generation to implementation” (McAdam& McClelland, 2002, p. 88). Within this broad definition, Johnson (2001) has identified various forms of innovation, including research and development, product development, new usage of established products or services, changes in markets exploited, operational and logistical innovation, and business model innovation. Martins &Terblanche (2003) argue that organizational culture can stimulate or hinder creativity and innovation. “In attempting to create a culture supportive of creativity and innovation, it has been found that one of the best approaches to describe organizational culture is based on the open system approach”. This is because it offers a holistic approach that allows the investigation of interdependence, interaction and interrelationship. According to Parsons (1991) innovative companies show three key characteristics; they focus on customer value rather than technological advance or clever marketing, they innovate across all their functions and innovate up and down the business system with their suppliers and distributors, they further have higher output. They do more, faster, and more often.

La Vere&Kleiner (1997) attempt to reveal the successful practices of three unique retail operations, and conclude that: “All three organizations are different in their configurations of environment, historical evolution and merit structure, yet in their uniqueness they have similarities of visionary leadership, management that interfaces with leaders and workers on the front lines, empowerment to these workers, and practices of continually institutionalizing new approaches”. The enterprises reviewed are in a constant state of renewal and embrace rapid changes rather than resist them.

Thompson (2004) makes the point that successful enterprises and effective corporate entrepreneurship need ideas and people, not only new product development and processes

of innovation, in order to be successful. Thompson states that it is debate able whether the same degree of attention is given to the people side of innovation as is given to the product development side of innovation. In order to understand our creative thinking processes we need to get “inside the mind” of the innovator.

Martins & Terblanche (2003), however, found that there is little agreement on the type of organizational culture needed to improve creativity and innovation. There also seems to be a paradox in the sense that organizational culture can stimulate or hinder creativity and innovation. However, as Martins and Terblanche conclude, it has been found that one of the best responses is based on the open systems approach.

According to Campell-Allen & Welch (2004) as “with all measurement systems, one designed to manage the innovation process must be firmly tied in and aligned to culture, mission and strategy”. Measuring the positive impact on the organization determines whether an innovation has been a success or failure. The way this is defined will again depend on the nature of the innovation and on the organization’s goals and objectives.

Ozomer, Calantone & Di Bonetto (1997) suggest that innovative firms are generally more successful in both industrial and consumer markets. However, factors that make firms innovative are often elusive and complex, as each firm adapts as necessary to intrapreneurship, and no set rules work for all firms.

“Many people who live and breathe large organizations carry the belief that once an organization reaches a certain size, it inevitably loses its capacity to act entrepreneurially and to stimulate and foster innovation” (Johnson, 2001). This is a dangerous view to be held and one that needs to be challenged. Johnson believes that it is human frailty that in times of stress and crisis we tend to rely upon techniques, skills and abilities that have served us well in the past. This may in many cases achieve little more than a temporary stay of execution. However, those organizations who respond to challenge by proactively seeking new, different and alternative solutions stand most chance of survival in the long run. However, according to Duncan, Ginter, Rucks & Jacobs (2001), there are few organizations that are genuinely committed to attracting staff, hiring, and developing the creative talent they will need in the future. They believe that many managers perceive

creative people to be a “pain in the neck”. They disrupt the established order by asking questions and experimenting with new ways of doing things when well-established procedures are available to provide direction.

Kuczmarski (1996) claims that most CEOs and senior managers are intimidated by innovation as they view it as a high cost endeavour that promises uncertain returns. But, because innovation represents challenge and opportunity, most CEOs deny their reluctance to embrace innovation. This can send mixed signals throughout the organization, leading to reluctance amongst employees to take the risks that the successful development of new ideas demands. As a result, the desire to innovate diminishes. An answer to this problem, according to Kuczmarski, could be that the CEOs must lead and be held accountable for successful innovation and must themselves be committed to and install in others a passion for innovation.

2.5 Strategic renewal changes and performance of Sacco's

Strategic renewal changes the pattern of an organization's existing resource deployments to avoid or overcome stagnation (Grinyer & McKiernan, 1990) or to manage discontinuous change in the environment (Lant & Mezias, 1990; Meyer, Brooks, & Goes, 1990).

Consequently, strategic renewal typically occurs as a response to an internal or external opportunity or threat to an organization that significantly alters the nature of its pre-existing business (Sharma & Chrisman, 1999). Strategic renewal might involve a shift from differentiation to a cost leadership strategy or from narrow to a broad segment scope (Bauerschmidt & Chrisman, 1993). Thus, strategic renewal primarily deals with changes to a company's business strategy within the corporate context. It is a top-down process instigated by top management who select and enact different initiatives to promote changes across the organization.

Peter Drucker's student, Cohen (2008) said that he learned from Drucker .You can't predict the future, but you can invent it. Such invention of the future is an integral part of strategic management, i.e., the result of strategic decisions and actions. .Strategic

management is the formulation and implementation of strategies to achieve the mission, vision, goals, and objectives of an organization. It includes the analysis of the organizations internal and external environments, the establishment of the overall direction of the organization, and coordination with all the firms' functional areas. Strategic and tactical planning is an organizations process to determine where the organization stands, what it needs to do, where it needs to go, and how it will get there. (Taneja, et al., 2010).

Volberda, et al. (2001) emphasize that a firm's strategic renewal journey is reflected by the strategic actions a firm undertakes to alter its path dependence.. As mentioned previously, and as depicted in our organizational renewal model in Figure 1, strategic actions are influenced by the external environmental forces at industry level, and internal factors at the organization level. When the organization responds to the external environment, the market decides about proper strategic renewal resulting in following the rules of the industry.

Allio (2006) lists ten cornerstones of strategic thinking (Long-range planning, Strategic analysis, Quality, Sonia Taneja, Mildred Golden Pryor, Jane Whitney Gibson, and Leslie A. Toombs Portfolio theory, Scenario planning, Resource allocation models, Corporate culture, Leadership craft, Metrics that matter, and Strategic alliances). We concur with Pryor, et al. (2010) who stated that they find it interesting, but not surprising, that strategy implementation or strategy execution did not make the top 10 list. For many years, various authors (e.g., Chandler, 1962/1998, 1977; Mintzberg, 1994; Mintzberg, Ahlstrand, and Lampel, 1998, 2005; Porter, 2008, 1990, 1986, 1985, 1980; and Pryor, et al., 2007) provided in the literature robust examinations of strategic management (particularly strategy formulation). However, Beer and Eisenstat (2000) emphasized that efforts to extend strategic implementation paradigms failed to provide an integrated representation that would be helpful in the effective realignment of structure, systems, leadership behavior, human resource policies, culture, values, and management processes.

Hambrick (1987) reminded us that performance of an organization is ultimately a reflection of its top managers. Hambrick and Mason (1984) postulate that Organizational outcomes. Both strategies and effectiveness are viewed as reflections of the values and cognitive bases of powerful actors in the organization (i.e., the top managers).. Strategic planning is done by the top management of an organization, and it is this process and the execution of the strategic plans that are the bases of decisions and actions. Barnard (1938) emphasized that Executive work is not that of the organization, but the specialized work of maintaining the organization in operation. (as cited in Hurst, et al. (1989). For long-term viability and sustainability, organizations require the ongoing creation and re-creation of processes and how they are managed. This is part of the renewal function for executives in the strategic planning process. Otherwise, if organizational leaders manage their respective organizations based only on what always existed, it is similar to driving a car while looking only in the rear view mirror, without addressing changes needed to confront immediate challenges as well as those things that may confront the driver or the manager in the long term. Strategic management plays an important role because in the execution part of the process it assists in the alignment of people in the top management group (Hurst, et.al., 1989).

2.6 A Theoretical Framework for Mapping Corporate Entrepreneurship

Several studies have appeared to advance the development of a theory of corporate entrepreneurship. (Zahra, 1995) developed a model of corporate entrepreneurship based on environmental, strategic and organizational variables and empirically tested the model. (Russell and Russell, 1995) have also developed and tested a model of intrapreneurship based on environmental, structural, strategic, and cultural variables. Hornsby et al have proved an interactive model of the decision to act intrapreneurially, which is focused on individual and organizational variables. (Covin and Slevin, 1995) analyzed strategic and structural variables and tested the relationship between intrapreneuring and firm performance. Their model surveys much of the literature on corporate entrepreneurship and includes the following variables: entrepreneurial posture, external (environmental and industry measures), internal (structural and cultural measures), and strategic (mission strategy and competitive tactics).A complete model of Corporate Entrepreneurship must

provide an explanation of how a flow of creative ideas are produced and how innovation-supporting behaviours become part of the development process in entrepreneurial organizations (Russell,1995).

Building on earlier models of strategic management, (Guth and Ginsberg,1990) present one model that portrays the theoretical connections that can be drawn from Corporate Entrepreneurship to the other conceptual elements of the field of strategic management. In their model, Guth& Ginsberg identified five classes into Corporate Entrepreneurship: environment influences Corporate Entrepreneurship; Strategic leaders influence Corporate Entrepreneurship; organization form/conduct influences Corporate Entrepreneurship; organizational performance influences Corporate Entrepreneurship, and Corporate Entrepreneurship influences performance.

2.6.1 Environment Influences on Corporate Entrepreneurship:

In this category, (Guth and Ginsberg,1990) included: The impact of major environmental shifts, such as deregulation, can influence changes in strategy in a non-random way, with organization's (in the aggregate) moving away from one generic strategy towards other generic strategies; The more dynamic and hostile the environment, the more firms will be entrepreneurial; Industry structure effects opportunities for successful new product development. Clearly, changes in industry competitive structures and the technologies underlying them affect Corporate Entrepreneurship. Opportunities for new products and services stem from development of new technology and/or commercialization of technologies developed by others. Both opportunities and problems stem from the potential of the firm and its competitors in an industry to find new combinations of resources that lead to competitive advantage.

2.6.2 Strategic leaders Influence on Corporate Entrepreneurship:

(Guth and Ginsberg,1990) included, here, the following factors: The management style of top managers effects the level and performance of new corporate ventures; Middle managers effectiveness at building coalitions among peers and higher-level managers in support of their entrepreneurial ideas effects the degree of success in their

implementation; Banks that are more innovative are managed by more highly educated teams, who are diverse with respect to their functional areas of expertise. Many would argue that entrepreneurial behaviour in organizations is critically dependent on the characteristics, values/beliefs, and visions of their strategic leaders. The role of both individual managers and management teams in Corporate Entrepreneurship warrants considerable further research. Since innovation is an uncertain, incremental process, strategic managers cannot apply traditional planning techniques to attempt to control entrepreneurial venturing (Quinn).

2.6.3 Organization Conduct and Form Influences on Corporate Entrepreneurship:

(Guth and Ginsberg,1990) refer two factors :Firms pursuing strategies of acquisitive growth have lower levels of R & D intensity than firms pursuing strategies of internal growth through innovation; Creating new business venture units in larger organizations does not effect the level of sales from new products. Several researchers have noted a relationship between an organization's formal strategy and innovation. (Covin and Slevin,1995) state that mission strategies based upon building market share are more likely to incorporate entrepreneurial ventures based on innovation. They also note that the "entrepreneurial posture" of a firm represents a "strategic philosophy concerning how the firm should operate".

2.6.4 Organizational Performance Influences on Corporate Entrepreneurship:

In this category, (Guth and Ginsberg,1990) included: Successful firms make more radical and more frequent product and process innovations than unsuccessful firms; Organizations which experience performance downturns tend to innovate new practices and change strategic directions only after prolonged decline leads to changes in top management. Innovation and radical change may be precipitated when firms have excess resources that allow them to seize upon opportunities that arise; they also may be induced by crisis or severe external threats. More research is needed to shed light on questions concerning the conditions that moderate the influence of organizational performance on innovation and strategic renewal.

2.6.5 Corporate Entrepreneurship Influences on Performance:

(Guth and Ginsberg,1990) refer, in this category three factors :Scale of entry in new product introductions effects performance; Independent, venture-backed start-ups, on average, reach profitability twice as fast and end up twice as profitable as corporate start-up; Early entry in new-product markets does not effect performance. It is clear than new ventures often take several years to turn into contributors to overall corporate profit performance.

2.7Conceptual Framework

Henderson (1994) argued that the major aim of research should be to relate data to a theory from data. In order to gain knowledge, the theories should provide a conceptual framework, so that knowledge can be interpreted from empirical application in a comprehensive manner. The conceptualization is based on the following variables; corporate venturing, innovation, strategic renewal and a moderating variable, Sacco's regulatory authority.

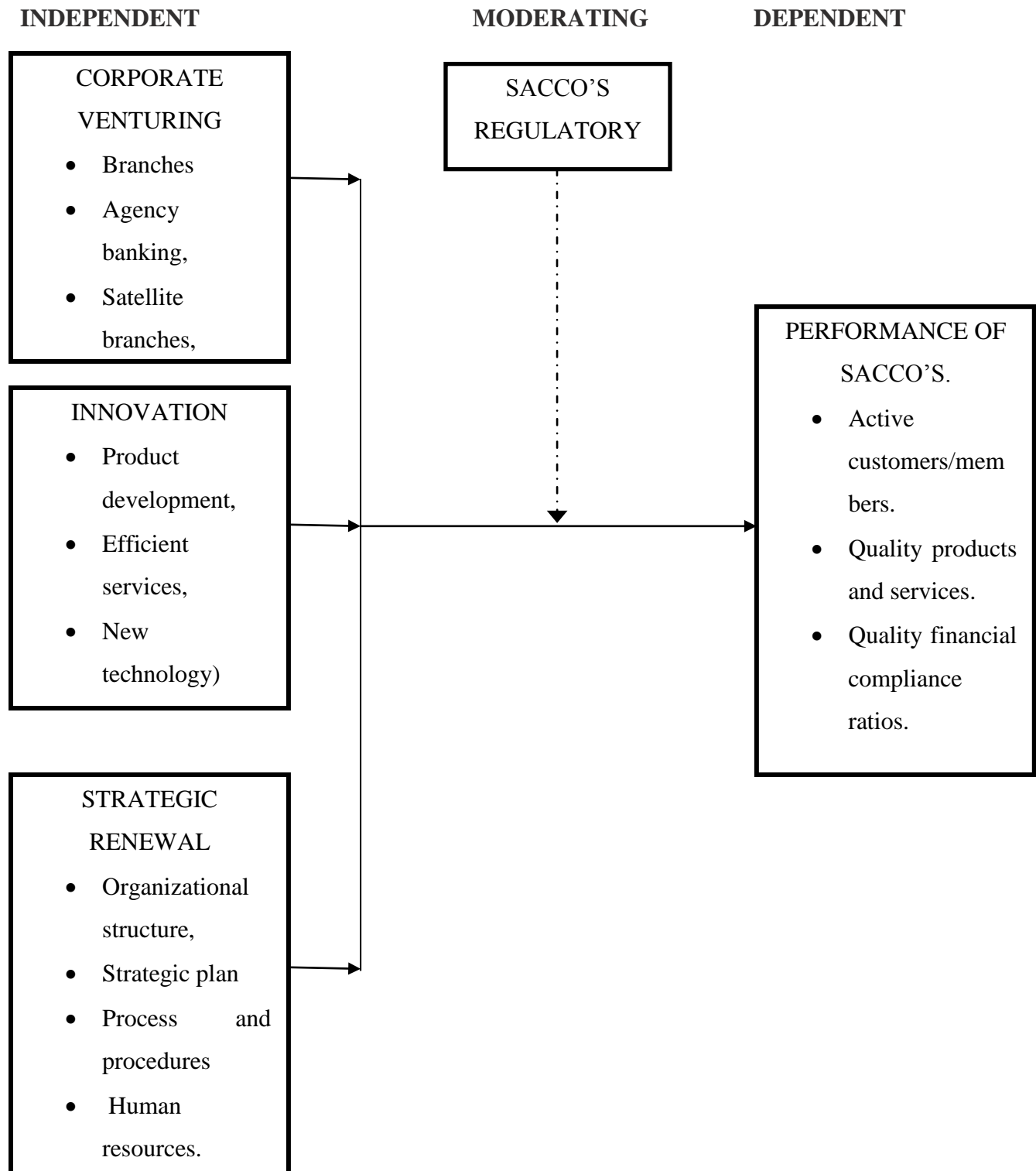


Figure 1 Conceptual framework.

2.7.1 Corporate Venturing

The discussion on the issues of corporate venturing has received considerable attention in academic literature in the recent past (McNally, 1997) with focus on the later stages of the venturing process (Block, 1982; Block and MacMillan, 1993), such as the organizational designs for carrying out the corporate venture activity (Block and MacMillan, 1993), the criteria for developing a portfolio of ventures into a winning entity (Day, 1994), the development and growth of a venture (Simon et al, 1999), and possible exit strategies (Gompers and Lerner, 2001). It has been found that the research studies also laid strong applied focus on the later stages of the venture process. The process of globalization resulting into the free trade and business development opportunities for multinational companies has further strengthened the corporate venturing as a strategy for international business development. It involves investment in high-risk activities that generate new businesses within or closely related to the activities of the parent corporation. Hence, this may be described as a business development strategy, which seeks to generate new businesses for the corporation in which it resides (Von Hippel, 1977). Corporate venturing is used strategically to encourage corporate renewal in the parent organization (Elfring and Nicolai, 1997), as a growth driver by investing in ventures with high growth potential, or to diversify the core business of the parent by investing in ventures in diverse industries (Block and MacMillan, 1993). The ideas for new businesses can originate either inside the organization or externally. Activities hosted by the corporate venturing unit will often be new to the organization and require the parent company to extend their resources by acquiring new equipment, people or knowledge (Biggadyke, 1979). The corporate venturing activities possess significantly higher risk or failure rate and greater uncertainty (Block and MacMillan, 1993). Such attributes of corporate venturing appear to distinguish this strategy from other business development strategies such as takeovers, corporate R&D, traditional venture capital financing, and joint ventures (Albrinck et al., 2001).

2.7.2 Innovation

Innovation, according to Stopford and Baden-Fuller (1994), means behavior transforming the company and the competitive environment or industry into something completely different than what it used to be. It is all about changing the rules of competition for the organization's industry. It often occurs in new industries and usually represents innovations that are associated with new combinations of resources. These different forms are not mutually exclusive; they may co-exist as entrepreneurial activities within a single organization (Covin& Miles, 1999). They should also be considered as sequences of stages. In stage one, corporate venturing is prevalent, renewal follows and this eventually will result in innovation (Stopford&Baden-Fuller, 1994).

2.7.3 Strategic Renewal

Strategic renewal is a form of corporate entrepreneurship in which the firm 'seeks to redefine its relationship with its markets or industry competitors by fundamentally altering how it competes,' with the focus on the firm's strategy (Covin& Miles, 1999.)

Morris et al., (2007) argue that not all firms are pursuing strategic renewal when they opt for a new strategy, it is considered strategic renewal when they 'represent fundamental repositioning efforts by the firm within its competitive space,' or new ventures that are based on 'unique value propositions that deviate from accepted industry strategic recipes'. Strategic renewal entails fundamentally altering the way the organization competes by redefining its strategy. Since this entrepreneurial initiative occurs rarely it is not necessary to constantly have an environment conducive for corporate entrepreneurship, innovation and creativity. Therefore, it is not a requisite to constantly have an organization which is decentralized or to have a wide span of control. However, if the organization wishes to follow this strategy it should give the employees/managers the opportunities to come up with new strategic initiatives, therefore during the initiation time the organizational members should be given the moments to brainstorm and not be hindered by formal rules, instructions and procedures. Hence, the level of formalization should be moderate during this time. It can have a low to moderate level of centralization and a moderate wide to a wide span of control.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives a detailed outline of how the study was carried out. It described the research design, the target population, the sample and sampling procedure, research instruments, validity and reliability of instruments, data collection and data analysis procedures used.

3.2 Research Design

This study used both qualitative and quantitative research paradigms. Qualitative research involves several methods of data collection, such as focus groups, field observation, in-depth interviews and case studies. In all of these methods, the questioning approach was varied. In other words, although the researcher entered the Sacco's with a specific set of questions, follow-up questions were developed as needed (Wimmer and Dominick, 2003). The study adopted a descriptive survey design to establish the influence of corporate entrepreneurship on performance of Sacco's. Descriptive survey design was used in preliminary and exploratory studies to allow the researcher gather information, summarize, present and interpret it for the purpose of clarification (Orodho 2002). Kothari (2003) also recommends descriptive design as it allows the researcher to describe, record, analyze and report conditions that exist or existed. This design allowed the researcher to generate both numerical and descriptive data that could be used in measuring correlation between variables. Descriptive survey research is intended to produce statistical information about aspects of the influence of corporate entrepreneurship on performance of Sacco's that would interest policy makers. The location of the study was Nyeri Sub County.

3.3 The Target Population

Kombo, and Tromp (2006) define a population as a group of individuals, objects or items from which samples are taken for measurement. The study was carried out in Nyeri Sub County in Nyeri County, Kenya. The target population composed of 8 Sacco's as listed below, with 457 members composing of the directors, management, staff members, and opinion leaders or special key informants who were also members of the Sacco's.

Table 3.1: The Population of the Study

Sacco	Directors		Management		Staff		Opinion Leaders	
	Population	Sample	Population	Sample	Population	Sample	Population	Sample
Wananchi	12	4	15	5	70	21	10	3
Taifa	12	4	20	6	80	24	10	3
Biashara	12	4	10	3	40	12	10	3
Nyeri Teachers	12	4	10	3	30	9	10	3
Mwalimu	12	4	10	3	20	6	10	3
2NK	12	4	5	2	15	5	10	3
TOTAL	72	24	70	22	255	77	60	18

3.4 Sampling and Sampling Procedure

According to Orodho and Kombo (2002) sampling is the process of selecting a number of individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group.

The researcher applied cluster sampling method; this was helpful in achieving the desired representation from various groups in the population. It provided an unbiased estimate of population parameters. The researcher then intended to select a percentage of respondents from each category. Simple random sampling was used to identify those who participated in the study. According to Corchran (1977), a sample of 30% of the population is sufficient for a study. The Sacco's included;

- a) Wananchi Sacco
- b) Taifa Sacco
- c) Nyeri Teachers Sacco.
- d) Biashara Sacco
- e) Mwalimu Sacco
- f) 2NK Sacco

To get appropriate information on governance and leadership of Sacco's, directors and management team was purposively picked as respondents since they were best placed to understand how their Sacco's are run. According to Mugenda and Mugenda (1999), purposive sampling is used when information required can only be obtained from a specific source. This is supported by Kombo, K and Tromp (2006) who observes that the power of purposive sampling lies in selecting information rich cases for in-depth analysis related to the central issues being studied. To be able to cross-check on the information to be given by the directors and the management team, the researcher required the opinions of staff and opinion leaders representing the members. In this case the staff and opinion leaders from the 8 Sacco's of the sub county were identified purposively as the most appropriate. In total the sampling procedure provided the researcher with a sample size of 141 respondents as shown in the table above.

3.5 Methods of Data Collection

This study used questionnaires for the purposes of gathering information from the board of directors, the management, staff and the opinion leaders. The researcher also used observation to enrich responses and filled in the information gaps. Both the primary and secondary data was collected for the purposes of this study. The primary data was collected through the questionnaires, while the secondary was collected from the offices of the Sacco's and other written reports. A questionnaire with both open and closed ended questions was used to collect the primary data. Open ended questions were used to seek in depth information. An interview was also carried out for the key informants. The questionnaires with adequate instructions and easy to understand language were hand delivered to the already identified samples of the population by the researcher. These included the Board of directors and Management, the staff and the opinion leaders. Dates of collecting the filled in questionnaires were agreed upon at the point of delivery and follow-up made over the phone during the process. Observations were made by the researcher while traversing the Sacco's. Observations on key issues which relate to the study with the help of a check list were used to compare with answers given or filled in the information gaps in the study.

3.6 Data Validity

Mugenda and Mugenda, (1999) defines validity as the accuracy and meaningfulness of inferences which are based on the research results; it's the degree to which results obtained from analysis of the data actually represent the phenomenon under study. In order to improve validity the researcher ensured that the research instruments were accurate by making the necessary adjustments by conducting a pilot study and ensuring that the questions were getting the right responses to measure what was intended. Information gathered was also crosschecked with other sources to ensure authenticity and accuracy. To this end, the researcher also used triangulation, which is use of different data collection methods to gather the same information. In this case the researchers used questionnaires, as well as observation to fill in the information gaps.

3.7 Data Reliability

On reliability, Mugenda and Mugenda, (1999) also defines it as a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability is important because it enables the researcher to identify misunderstandings, ambiguities, and inadequate items in the research instruments and make the necessary adjustments so that data collected can have more reliability. This was achieved by the researcher conducting a pilot study and making the necessary changes in the research instruments by way of reframing the questions to make them better understood, giving the necessary instructions and simplifying the language to ensure the correct interpretations were made.

3.7 Operational Definition of Variables

The researcher identified behavioral dimensions, indicators or properties denoted by the main variables under the study in order to render them measurable. The measurement was both objective and subjective.

Table 3.2: Operational Definition of Variables

Variable	Indicators	Scale	Objective
1. Corporate Venturing	1. Number of branches	Nominal	To establish the influence of corporate venturing on Sacco performance.
	2. Quality of branch management.	Ordinal	
	3. Number of branches with adequate operations and maintenance systems.	Nominal	
		Nominal	

	4. Number of new ventures.		
2. Innovation	<p>1. Number of current products and services.</p> <p>2. Number of new products and services.</p> <p>3. Quality of products and services and processes.</p> <p>4. Knowledge and skills of staff involved in product development.</p>	<p>Nominal</p> <p>Nominal</p> <p>Ordinal</p> <p>Ordinal</p>	To establish the influence of innovation on Sacco performance.
3.Strategic renewal	<p>1 Number of personnel as per the organizational structure.</p> <p>2 Quality of human resource.</p> <p>3 Quality of strategic plan. maintenance</p>	<p>Nominal</p> <p>Ordinal.</p> <p>Ordinal</p>	To determine the influence of strategic renewal on Sacco's performance.
4. Performance	<p>1 Number of active customers/members.</p> <p>2 Quality of products and services.</p>	<p>Nominal</p> <p>Ordinal</p>	To establish the influence of corporate entrepreneurship on performance of Sacco's

	3 Quality offinancial compliance ratios.	Ordinal	
	4 Number of branches.	Nominal	

3.8 Methods of Data Analysis

After collection, the data was pre-processed to eliminate unwanted and unusable data which could have been contradictory or ambiguous. The researcher organized the data by ensuring that the raw data had been edited to free it from inconsistencies and incompleteness. This involved the scrutiny of the completed instruments in order to detect and reduce as much as possible, errors, incompleteness, misclassification and gaps in the information obtained from the respondents. Then the data was coded to establish how possible answers could be treated by assigning to them numerical values. The data was stored both in electronic and paper formats. Qualitative data generated from questions was organized into themes, categories and patterns pertinent to the study. This helped identify information that was relevant to the research questions and objectives. Data was tabulated and classified into sub-samples for common characteristics with responses being coded to facilitate basic statistical analysis. The data collected was analyzed using descriptive statistics and correlation analysis to capture cross tabulations and relationships. Orodho (2003) argues that the simplest way to present data is in frequency or percentage tables, which summarizes data about a single variable. The data analyzed using descriptive statistics and correlation analysis to capture cross tabulations and relationships. Descriptive analysis involved frequencies and percentages. Pearson correlation coefficient was used to test for relationships between variables. Both Microsoft Excel and the Statistical Package of Social Sciences (SPSS) were used to analyze the data which was presented using frequency tables and, percentage charts.

Table 3.3 Variables and Methods of Data Analysis

Research Questions	Variables		Methods of Data Analysis
	Independent	Dependent	
1. To what extent does corporate venturing enhance Sacco's performances?	<ul style="list-style-type: none"> - Sacco's Ability to create business in the existing business. - Management of member funds collected. - Number of members willing to contribute to Sacco development projects. 	Enhanced performance in Sacco's.	<ul style="list-style-type: none"> ○ Descriptively ○ Correlation
2. To what extent does innovation enhance Sacco's performance?	<ul style="list-style-type: none"> - Well researched products and services. - Number and level of training of personnel. - Number of innovations with functional operations and maintenance systems. -Conducive work environment that encourages intrapreneurship. 	Enhanced performance in Sacco's	<ul style="list-style-type: none"> ○ Descriptively ○ Correlation
3 How is strategic renewal beneficial in enhancing Sacco's performance?	<ul style="list-style-type: none"> -Number and level of training of board of Directors. -Number and level of training of management team and staff. 	Enhanced performance in Sacco's	<ul style="list-style-type: none"> ○ Descriptively ○ Correlation

	-Quality of organizational structure and strategic plan.		
4.How does corporate entrepreneurship influence Sacco performance.	<ul style="list-style-type: none"> Enhanced Sacco Performance 	<ul style="list-style-type: none"> Descriptively Correlation 	

3.9 Ethical Issues

While this research contributed to the knowledge of the influence of corporate entrepreneurship in performance of Sacco's, it also maintained utmost confidentiality about the respondents. All the respondents were given a free will to participate and contribute voluntarily to the study. Necessary research authorities were consulted to seek authority and permission granted while due explanations was given to the respondents before commencement of the study.

3.10 Summary

This chapter highlighted that the study adopted a descriptive survey design to establish the influence of corporate entrepreneurship on performance of Sacco's. Cluster sampling was used in order to give every Sacco an equal chance of being represented. Questionnaires were used as the instruments of data collection and they were pre-tested for validity and reliability. Corporate venturing, innovation and strategic renewal were conceptualized as the independent variables while performance in Sacco's was the dependent variable.

CHAPTER FOUR

DATA ANALYSIS , PRESENTATION AND INTERPLETATION OF THE FINDINGS

4.1 Introduction

The chapter represents the findings of the data collected during the study. The findings were presented in the form of tables, and grouped according to objectives.

4.2 Respondents Profile

4.2.1 Response Rate

The researcher requested the respondents to fill the questionnaires and the results are as shown in Table 4.1.

Table 4.1 Response Rate

Respondents	Frequency	Percentage
141	140	99.3%

The response rate was highly commendable with 140 questionnaires returned out of the total 141 administered. This represented 99.3% response rate that enhanced the credibility of data collected for inference

4.2.2 Gender of Respondents

The researcher requested the respondents to indicate their gender and the results are as shown in Table 4.2

Table 4.2 Gender of Respondents

Response	Frequency	Percentage
Male	65	46.4%
Female	75	53.6%
Total	140	100

There was fair gender representation in the sampling of the respondents since 53.6% of the respondents were female and 46.4% were male. This enhanced equity in sampling and as well reduced study biases based on gender perspectives.

4.2.3 Respondents education level

The researcher requested the respondents to indicate their education level and the results are as shown in Table 4.3

Table 4.3 Respondents education level

Response	Frequency	Percentage
Secondary	6	4.3%
College	114	81.4%
University	20	14.3%
Total	99	100

According to the findings, the highest education level achieved was college at 81.4%, 14.3% university and 4.3% secondary level. This showed that the respondents had post primary education that was suitable in the understanding of the research questions and could thus provide credible and reliable information for the study. Further, the education levels showed that the workforce in the Sacco's had good academic qualifications that were necessary for efficient and effective service delivery and enhancing operational and financial performance.

4.2.4 Respondents age

The researcher requested the respondents to indicate their age and the results are as shown in Table 4.4

Table 4.4 Respondents age

Response	Frequency	Percentage
Over 20 Years	42	30%
Over 30 Years	56	40%
Over 35 Years	20	14.3%
Over 40 Years	16	11.4%
Over 50 Years	6	4.3%
Total	99	100

The study findings on the age of the respondents showed that 30% were over 25 years, 40% over 30 years, 14.3% over 35 years, 11.4% over 40 years and 4.3% over 50 years. Thus, the workforce and other respondents in the Sacco's were mostly youthful and coupled with their experience in the sector could positively contribute to the study and enable the collection of data that would enable the researcher make credible inference and achieve the objectives of the study.

4.2.5 Respondents working experience in the Sacco

The researcher requested the respondents to indicate their working experience and the results are as shown in Table 4.5

Table 4.5 Respondents working experience in the Sacco

Response	Frequency	Percentage
Over 20 Years	5	5%
16-20 Years	7	7%
11-15 Years	25	25.3%
6-10 Years	35	35.4%
1-5 Years	27	27.3%
Total	99	100

In relation to work experience in the Sacco's of management and staff, 35.4% of the respondents cited that they had worked for 6-10 years, 27.3% 1-5 years, 25.3% 11-15 years, 7% 16-20 years and 5% over 20 years. As such, all the respondents had an experience in the Sacco sector and could therefore objectively contribute to the study. Thus, the credibility of the data collected is enhanced.

4.3: Corporate Venturing

4.3.1 The period Saccos take to introduce a new venture within the business

The researcher requested the respondents to indicate the period Saccos take to introduce a new venture within the business and the results are as shown in Table 4.6

Table 4.6 The period Saccos take to introduce a new venture within the business

Response	Frequency	Percentage
16-20 Years	10	7.1%
11-15 Years	14	10%
6-10 Years	66	47.2%
1-5 Years	50	35.7%
Total	140	100

The period Saccos take to introduce a new venture within the business was cited as 6 to 10 years by 47.2% of the respondents, 1 to 5 years by 35.7%, 11 to 15 years by 10% and 16 to 20 years by 7.1%. As such, the Saccos introduced new ventures after 5 years, showing slow advancement in innovation to suit the needs of the customers.

4.3.2 How the Sacco has been performing

The researcher requested the respondents to indicate how the Sacco has been performing and the results are as shown in Table 4.7

Table 4.7 How the Sacco has been performing

Response	Frequency	Percentage
Very Good		
Good	31	22.2%
Moderate	69	49.3%
Slow	30	21.4%
Poor	10	7.1%
Total	140	100

In regards to Sacco performance, the respondents cited 49.3% to be moderate, 22.2% as good, 21.4% as slow and 7.1% as poor, clearly showing that the Saccos performance was not at the expected standards as corporate venturing was not considered highly in Saccos.

4.4 Innovation

4.4.1 The likely business obstacle affecting innovation in the Sacco

The researcher requested the respondents to indicate the likely business obstacle affecting innovation in the Sacco the results are as shown in Table 4.8

Table 4.8 The likely business obstacle affecting innovation in the Sacco

Response	Frequency	Percentage
Governance/Leadership	42	30%
Sacco policies	30	21.4%
Unskilled staff	40	28.6%
Resistance to Change	22	15.7%
Government policies	6	4.3%
Total	140	100

The likely obstacle affecting innovation in Saccos was cited as governance by 30% of the respondents, unskilled staff by 28.6% and Sacco policies by 21.4%, resistance to change by 15.7% and government policies by 4.3%. Thus, leadership challenges of the Saccos had the most significant effect on innovation in Saccos.

4.4.2 Respondents description of the working environment in relation to encouraging innovation

The researcher requested the respondents to describe the working environment in relation to encouraging innovation the results are as shown in Table 4.9

Table 4.9 Respondents description of the working environment in relation to encouraging innovation

Response	Frequency	Percentage
Very Good		
Good	20	14.3%
Moderate	90	64.3%
Slow	20	14.3%
Poor	10	7.1%
Total	140	100

The working relations for encouraging innovation in the saccos was rated moderate by 64.3% of the respondents, good and slow by 14.3% respectively and poor by 7.1%. This showed that the working environment was not conducive for innovation in the saccos.

4.4.3 Respondents response on whether the Sacco constantly repackages and develops new products

The researcher requested the respondents to responded on whether the Sacco constantly repackages and develops new products the results are as shown in Table 4.10

Table 4.10 Respondents response on whether the Sacco constantly repackages and develops new products

Response	Frequency	Percentage
Strongly agree	12	8.6%
Agree	15	10.7%
Neutral	33	23.6%
Disagree	30	21.4%
Strongly Disagree	50	35.7%
Total	140	100

The findings on whether the Saccos constantly repackaged and developed new products, 35.7% strongly disagreed, 23.6% were neutral, while 21.4% disagreed. This clearly shows that innovation in Saccos were not to the expected standards thus affecting the overall performance of Saccos.

4.5 Strategic Renewal

4.5.1 The frequency of staff, board, and members training

The researcher requested the respondents to respond on the frequency of staff, board, and members training the results are as shown in Table 4.11

Table 4.11 The frequency of staff, board, and members training

Response	Frequency	Percentage
Weekly		
Monthly	7	5%
Quarterly	20	14.3%
Half yearly	40	28.6%
Yearly	73	52.1%
Total	140	100

The frequency of staff, board and members training was cited as yearly by 52.1% of the respondents, half yearly by 28.6%, quarterly by 14.3% and monthly by 5%. This showed that the trainings were mostly held after six months and thus infrequent.

4.5.2 Comment on whether current strategic plan encourages strategic renewal and is line with current business practices

The researcher requested the respondents to comment on whether current strategic plan encourages strategic renewal and is line with current business practices the results are as shown in Table 4.12

Table 4.12 Comment on whether current strategic plan encourages strategic renewal and is line with current business practices

Response	Frequency	Percentage
Strongly agree		
Agree	10	7.1%
Neutral	35	25%
Disagree	70	50%
Strongly Disagree	25	17.9%
Total	140	100

In regard to whether the Sacco's current strategic plan encouraged strategic renewal and was in line with current business policies, 50% of the respondents commented that they disagreed, 25% were neutral, 17.9% strongly disagreeing, while 7.1% agreed. As such, the strategic plans were not able to encourage strategic renewal, a factor that affects performance in the Saccos.

4.5.3 Rating of the organizational structure, in line with meeting objectives profitably

The researcher requested the respondents to rate the organizational structure, in line with meeting objectives profitably the results are as shown in Table 4.13

Table 4.13 Rating of the organizational structure, in line with meeting objectives profitably

Response	Frequency	Percentage
Very good -	10	7.3%
Good	21	15%
Moderate	38	27.1%
Slow	52	37.1%
Poor	19	13.5%
Total	140	100

Whether the organization structure was in line with meeting sacco objectives profitable was rated as slow by 37.1% of the respondents, moderate by 27.1% and poor by 13.5%. However, 15% rated it good and 7.3% very good, and this reflected that the organization structure was not very effective in meeting the sacco objective profitably and as such needed to be overhauled to enhance innovation. However the reaction of the respondents could have been based on individual saccos, some of who may have good organization structures while others do not.

4.5.4 Does the Sacco encouraged self-appointed intrapreneurs.

The researcher requested the respondents to give their response on whether Sacco encouraged self-appointed intrapreneurs the results are as shown in Table 4.14

Table 4.14 Whether Sacco encouraged self-appointed intrapreneurs

Response	Frequency	Percentage
Yes	126	90%
No	14	10%
Total	140	100

The encouragement of the intrapreneurs in Saccos was not done by saccos, according to 126 of the respondents. However, 14 respondents cited that they did, and this showed that the saccos did not recognize the intrapreneurs contribution to innovation of products

and services for the customers. The reason given for the lack of intrapreneurs encouragement was mainly due to fact that sacco policies and the leadership did not prioritize intrapreneurship.

4.6.1 Whether people in respondents Sacco more concerned with new ideas or with defending their turf

The people in the saccos were cited to be mainly concerned with maintaining their positions, this according a 64.3% significance. However, the concern on new ideas was also acclaimed and had 35.7% significance. As such, the innovation was not a significant concern to the people in the saccos.

4.6.2 Whether systems set up to encourage risk taking and to tolerate mistakes.

The systems set up were not believed to encourage risk taking and to tolerate mistakes. The acclamation responses were 14.3%, while the negating responses were 85.7%. Thus the systems did not encourage innovation and creativity maybe due to the focus on short time income generation that ensures returns to members of the saccos.

4.6.3 Whether staff in respondents' Sacco were permitted to do their jobs in their own way, or are they constantly stopping to explain their actions and ask for permission

The saccos did not allow the employees to undertake their responsibilities individually. All the respondents concurred that the sacco management policies required that the staff should explain and provide regular reports on daily activities. This reduced the chances for innovative activities in the Saccos.

4.7 Correlation analysis

A person correlation was carried out using SPSS version 20 at 95% confidence level. The purpose of the correlation was to assist the researcher carry out a summative assessment on influence of corporate entrepreneurship on performance of SACCO's.

Table 0.15 Correlation analysis

Variable	r	df	P
Corporate venturing	0.296	138	0.532
Innovation	0.651	138	0.04**
Strategic renewal	0.118	138	0.62

**Significant at 95% CI

Findings in Table 4.15 show that corporate venturing had a weak positive correlation ($r=0.296$, $df=138$, $p>0.532$) with performance of SACCOs. The findings also indicate that innovation had a strong positive ($r=0.651$, $df=138$, $p<0.05$) with performance of SACCOs while strategic renewal had a weak positive correlation ($r=0.118$, $df=138$, $p>0.05$). The findings indicate that innovation is the most important factor in enhancing performance of SACCOs. Emphasis on product innovation and technological innovation ensure that SACCOs have a competitive edge in the fiercely competed financial industry. Innovation advantage occurs when a firm leads its competitors in the development and successful commercialization of new goods and/or services. An innovating firm emphasizes research and development and the latest technologies in its new product development and aims at being the first to market with new products. The findings are in agreement with Parsons (1991) who explained that successful companies innovate across all their functions and innovate up and down the business system with their suppliers and distributors resulting in higher output. The findings are also in agreement with Ozomer, Calantone & Di Bonetto (1997) who suggest that innovative firms are generally more successful in both industrial and consumer markets.

CHAPTER FIVE

SUMMARY OF FINDINGS,DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter provides a summary of the data collected during the research. It also presents the conclusions made by the researcher, as well as the implications of the study and the suggestion for further studies.

5.2 Summary of Findings

The purpose of the study was to establish the influence of corporate entrepreneurship on performance of Sacco's and the variables included corporate venturing, innovation and strategic renewal. The response rate was highly commendable at 99.3% and this enhanced the credibility of data collected for inference.

5.2.1 Corporate Venturing

The period Saccos take to introduce a new venture within the business was cited as 6 to 10 years by 47.2% of the respondents, 1 to 5 years by 35.7% and as such, the Saccos introduced new ventures after five years, showing a slow advancement in innovation to suit the needs of the customers, whose tastes and preferences change unprecedented over time. In regards to Sacco performance, the respondents cited 49.3% to be moderate, 22.2% as good, 21.4% as slow and 7.1% as poor, clearly showing that the Saccos performance was not at the expected standards as corporate venturing was not considered highly in Saccos

5.2.2 Innovation

The most likely obstacle affecting innovation in Saccos was cited as governance by 30% of the respondents and unskilled staff by 28.6%. Thus, leadership challenges of the

Saccos had the most significant effect on innovation in Saccos. The working relations for encouraging innovation in the saccos was rated moderate by 64.3% of the respondents, showing that the working environment was not conducive for innovation in the saccos. The findings on whether the Saccos constantly repackaged and developed new products, 35.7% strongly disagreed, 23.6% were neutral, while 21.4% disagreed. This clearly shows that innovation in Saccos were not to the expected standards thus affecting the overall performance of Saccos.

5.2.3 Strategic Renewal

Strategic renewal related to matters of capacity building in encouraging innovation in the Saccos. The frequency of staff, board and members training was cited as yearly showing that the trainings were mostly held after six months and thus infrequent. This reduced the capacity to enhance knowledge of emerging trends as soon as possible, which would especially equip the sacco staff on innovation strategies that enhance performance. The strategic plans were not able to encourage strategic renewal, a factor that affects innovation in the Saccos, the organization structure was not very effective in meeting the sacco objective profitably and as such needed to be overhauled to enhance innovation.

The correlation analysis findings were in agreement with Parsons (1991) who explained that successful companies innovate across all their functions and innovate up and down the business system with their suppliers and distributors resulting in higher output. The findings are also in agreement with Ozomer, Calantone & Di Bonetto (1997) who suggest that innovative firms are generally more successful in both industrial and consumer markets.

5.3 Discussion

The findings indicate that innovation is the most important factor in enhancing performance of SACCOs. Emphasis on product innovation and technological innovation ensure that SACCOs have a competitive edge in the fiercely competed financial industry. Innovation advantage occurs when a firm leads its competitors in the development and successful commercialization of new goods and/or services. An innovating firm

emphasizes research and development and the latest technologies in its new product development and aims at being the first to market with new products. The findings are in agreement with Parsons (1991) who explained that successful companies innovate across all their functions and innovate up and down the business system with their suppliers and distributors resulting in higher output. The findings are also in agreement with Ozomer, Calantone & Di Bonetto (1997) who suggest that innovative firms are generally more successful in both industrial and consumer markets.

5.4 Conclusion

Saccos need to establish competitive advantage through differentiation and continuous innovation, whether it is related to the creation of new products and services, production, organizational processes or business models. This requires adaptability, flexibility, speed, aggressiveness and innovativeness, all boiling down to one word; corporate entrepreneurship. There is increasing demand for faster product development, more features in smaller products, higher and uniform quality, stability and lower prices, requiring an entrepreneurial and flexible company with well-structured and effective organization. Today's business environment is characterized by a rapidly growing number of new and sophisticated competitors, a sense of distrust in the traditional methods of corporate management and the overall desire to improve efficiency and productivity and corporate entrepreneurship is a response strategy. To survive and thrive, Saccos need to create and continually renew a spirit of disciplined corporate entrepreneurship as the source for continuous generation of disruptive innovations (products and services) that alter the rules of the competitive landscape in their favour.

The leadership and governance of the saccos has a significant effect on encouraging innovation in the saccos. The leadership guides on the Sacco operations and is mandated to undertake products development. However the study established that new ventures were undertaken after several years. The saccos need to be more strategic to undertake shorter time in introducing new products that provide a variety to consumers and eventually increase the customer base as well as income. Further staff relation is crucial for creating a conducive environment for interaction and sharing of ideas as well as brainstorming on products development. The working environment in Saccos was rated

moderate and as such inadequate for full cooperation in innovation. Capacity building in the Saccos was undertaken mostly after six months. Capacity building of the staff boards and members was crucial in enabling them get information on modern practices as well as market trends. The low frequency of the trainings thus reduces the capacities for innovation and introduction of new products or development of the existing ones. The organization structure stipulates the duties and responsibilities based on functions in saccos. The structure of the saccos were not effective in enhancing the achievement of objectives profitably. Further, the study found out that the Saccos did not encourage intrapreneurs who would be able to innovate products and services within their firms and enhance performance. The systems created by the saccos did not encourage risk taking and tolerate mistake that are common during innovation. As such the promotion of innovation is very low. Where employees have the freedom to create or exercise new ideas, they are able to come up with different products and services that appeal to the consumers and as such encourage consumption of such and enhance the performance of the Saccos.

5.5 Recommendations

The researcher provides the following recommendations that would enhance corporate entrepreneurship and performance of the saccos.

1. Regular training programmes should be established to enhance the capacity of the staff, board and members to contribute to innovation, strategic renewal and corporate venturing.
2. The managers should be trained on corporate governance in order to encourage staff innovative ventures from within the organizations.
3. The Sacco management should undertake regular staff bonding sessions to improve relationships and focus on innovation and creativity through team work.
4. The Saccos should enhance communication channels in order to encourage cooperation during formulation and implementation of corporate strategies that focus on innovation, strategic renewal and corporate venturing for products and service development.

5. The Saccos should eliminate the bureaucratic processes to encourage individual efforts in the process of work through which innovation thrives.
6. The policies of the Saccos should be regularly reviewed to cope with global development trends in order to enhance corporate renewal.

5.5. Suggestions for Further studies

Further studies should be undertaken to establish the influence of management competencies on the performance of saccos. Further, studies should be undertaken to establish the influence of commercial banks competition on the performance of the saccos.

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APPENDICES

APPENDIX 1; INTRODUCTION LETTER

ALL RESPONDENTS

6thFebruary 2014

Ndiritu Joseph Wambugu

P.O. BOX 685-10100

Nyeri.

Mobile; 0721210679

Dear Sir/Madam

RE; RESEARCH ON THE INFLUENCE OF CORPORATE ENTREPRENEURSHIP
ON PERFORMANCE OF SACCOS SACCO'S.

I am a student at University of Nairobi undertaking a research on the above subject.

I do kindly request you to assist me in this research by filling in the questionnaire attached. This research is for academic purposes only and all information received will be treated with utmost confidentiality it deserves.

Kind regards,

N.J.W

APPENDIX 2 QUESTIONNAIRE FORM

TOPIC: INFLUENCE OF CORPORATE ENTREPRENEURSHIP ON PERFORMANCE OF SACCO'S.

SECTION A-RESPONDENTS PROFILE

1. Date.....

2. Title.....

3. Respondents name
(optional).....

4. Respondents gender

Male

Female

5. Level of education

() Primary

() Secondary

() Tertiary college level

() Other (specify).....

6. In what age bracket do you fall under?

Over 25

Over 30

Over 35

Over 40

Over 50

7. What is your work experience in the Sacco?

1 – 5 Years ☐

6 – 10 years ☐

11 – 15 years ☐

16 – 20 years ☐

More than 20 years ☐

SECTION B: CORPORATE VENTURING

Note: below are items for you to respond to, indicate your responses by putting a tick in the box provided against each item with the answer you feel appropriate.

1. What period does the Sacco take to introduce a new venture within the business?

10-15 years ☐

5-10 years ☐

3-4 years ☐

1-2 years ☐

Less than 1 year ☐

2. How has the Sacco been performing?

Rating	1	2	3	4	5
1.Very Good					
2.Good					
3.Moderate					
4.Slow					
5.Poor					

SECTION C: INNOVATION

3. The Sacco constantly repackages and develops new products?

Rating	1	2	3	4	5
1.Strongly agree					
2.Agree					
3.Neutral					
4.Disagree					
5.Strongly Disagree					

4. What is the likely business obstacle affecting innovation in the Sacco?

Governance/Leadership ☐

Policies (Sacco) ☐

Un-skilled staff ☐

Resistance to change ☐

Government policies ☐

5. How would you describe the working environment in relation to encouraging innovation?

Rating	1	2	3	4	5
1.Very Good					
2.Good					
3.Moderate					
4.Slow					
5.Poor					

SECTION D: STRATEGIC RENEWAL

6. What is the frequency of staff, board, and members training?

Weekly

Monthly

Quarterly

Half yearly

Yearly

7. Our current strategic plan encourages strategic renewal and is line with current business practices.

Rating	1	2	3	4	5
1.Strongly agree					
2.Agree					
3.Neutral					
4.Disagree					
5.Strongly Disagree					

11 How would you rate your organizational structure, in line with meeting your objectives profitably?

Rating	1	2	3	4	5
1.Very Good					
2.Good					
3.Moderate					
4.Slow					
5.Poor					

8. Does your Sacco encourage self-appointed intrapreneurs.

Yes

No

If No explain.

.....

12 Are people in your Sacco more concerned with new ideas or with defending their turf?

.....

.....

.....

13 Are your systems set up to encourage risk taking and to tolerate mistakes.

.....

.....

.....

14. Are staff in your Sacco permitted to do their jobs in their own way, or are they constantly stopping to explain their actions and ask for permission.

.....

.....

.....

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